

JCC Infraprojects Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Overdraft	14.00	SMERA BB/Stable (Reaffirmed)
Bank Guarantee	12.00	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BB**' (read as **SMERA double B**) and the short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.26.00 crore bank facilities of JCC Infraprojects Private Limited (JIPL). The outlook is '**Stable**'. The ratings continue to draw comfort from the company's long track record of operations, experienced management and average financial profile. The ratings also factor in the revenue visibility over the medium term and healthy order book. However, the ratings remain constrained by the stretched working capital cycle and intense competition in the civil construction industry.

Update

JIPL reported revenue of Rs.41.93 crore in FY2016 (Provisional) as compared to Rs.32.16 crore in FY2015 registering a CAGR of 29 percent in the last three years due to timely implementation of projects. The operating margin decreased to 13.71 per cent in FY2016 (Provisional) compared to 16.03 per cent in FY2015. It is due to increase in raw material costs. The net profit margin improved to 2.99 per cent in FY2016 (Provisional) compared to loss of 0.32 per cent in FY2015.

The firm continues to have average financial risk profile marked by its moderate gearing, interest coverage ratios, net cash accruals to total debt and average debt protection metrics. The gearing ratio has improved marginally from 2.08 times in FY2015 to 1.47 times in FY2016 (Provisional). The interest coverage has been 2.33 times in FY2016 compared to 2.26 times in FY2015. Moreover, the NCA/TD is at 0.17 times in FY2016 (Provisional). While the networth is at Rs 10.91 crore in FY2016 (Provisional) compared to Rs 9.65 crore in FY2015.

The stretched working capital cycle is marked by high inventory days in the range of 75-150 in the last three years. The stretched liquidity position is also marked by full utilisation of the bank overdraft facility.

Rating Sensitivity Factors

- Sustaining scale of operations and improving profit margins.
- Extent of capex and its funding mix.

Outlook-Stable

SMERA believes that JIPL will maintain a stable outlook owing to its experienced management, long standing operational track record and increasing revenues. The outlook may be revised to 'Positive' in case the company reports better than envisaged sales and net cash accruals while maintaining profitability. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected revenues, profitability or deterioration in the financial risk profile and liquidity position.

About the Company

JIPL, incorporated in 2014 (the erstwhile Jain Construction Co, a partnership firm established in 1986) is an Ajmer-based company promoted by Ajay Kumar Jain and family. The company is engaged in the construction of railway siding, government buildings such as hospitals, colleges and railways stations among others. JCC is a registered contractor catering to government departments such as Public Works Departments (PWD) Rajasthan, Urban Improvement Trust (UIT), Ajmer and Rajasthan Agriculture Marketing Board.

For FY2015-16 (Provisional), JIPL reported profit after tax (PAT) of Rs.1.25 crore on operating income of Rs.41.93 crore, as compared with operating loss of Rs.0.1 crore on operating income of Rs.32.16 crore in FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
7 Aug, 2015	Overdraft	14.00	SMERA BB (Assigned)	-	Stable
	Bank Guarantee	12.00	-	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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