

J C Infra Corporation Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	4.00	SMERA BB/Stable(Reaffirmed)
Overdraft	2.00	SMERA BB/Stable(Withdrawn)
Bank Guarantee	15.20	SMERA A4+(Reaffirmed)
Bank Guarantee	10.00	SMERA A4+(Withdrawn)
Proposed Cash Credit	3.00	SMERA BB/Stable(Reaffirmed)
Proposed Bank Guarantee	12.80	SMERA A4+(Reaffirmed)

SMERA has reaffirmed the long term ratings of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.35.00 crore bank facilities of J C Infra Corporation Limited (JCICL). Further, SMERA has withdrawn the long term rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs.2.00 crore and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.10.00 crore bank facilities as the company has not availed the same as confirmed by the banker and management. The outlook continues to remain '**Stable**'.

The ratings continue to be supported by the experienced management and moderate financial risk profile marked by comfortable gearing and coverage indicators. However, the ratings continue to be constrained by the significant decline in revenue and stretched liquidity on account of high gross current assets (GCA) days. SMERA also notes the tender based business and intense competition in the civil construction industry.

JCICL was incorporated as a proprietorship firm in 2002 by Mr. Subhash Kumar Jhunjhunwala and converted into a limited company on 1 April, 2008. The promoters possess experience of over a decade in the abovementioned line of business.

The company has moderate financial risk profile marked by comfortable gearing (debt-to-equity) of 0.68 times in FY2015-16 (provisional) against 0.70 times in FY2014-15. The interest coverage is comfortable at 2.69 times in FY2015-16 (provisional) against 3.24 times in FY2014-15. The company registered Profit After Tax (PAT) margin of 2.22 per cent in FY2015-16 (provisional) against 1.31 per cent in FY2014-15.

JCICL has achieved operating income of Rs.38.00 crore in FY2015-16 (provisional), a decline from Rs.50.90 crore in FY2014-15. The company has stretched liquidity position with high GCA days of 521 days in FY2015-16 (provisional) as compared to 412 days in FY2014-15. Besides, the rating also notes the tender based business and intense competition in the civil construction industry.

Outlook- Stable

SMERA believes that JCICL will continue to maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers higher than expected growth in revenue and net cash accruals. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenue and net cash accruals or deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Management of working capital funds

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

JCICL, established in 2008, is a Meghalaya-based company promoted by Mr. Subhash Kumar Jhunjhunwala, Mr. Chiman Lal Jhunjhunwala and Mrs. Manisha Jhunjhunwala. The company undertakes civil construction projects for government organisations such as PWD Meghalaya and Assam, National Project Construction Corporation Limited (NPCCL), Hindustan Steelwork Construction Corporation Limited (HSCCL) among others.

For FY2015–16 (provisional), the company reported profit after tax (PAT) of Rs.0.84 crore on operating income of Rs.38.00 crore, as compared with PAT of Rs.0.67 crore on operating income of Rs.50.90 crore in the previous year. The net worth stood at Rs.30.06 crore as on March 31, 2016 (provisional) against Rs.29.25 crore a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
24 Aug, 2015	Cash Credit	4.00	SMERA BB (Assigned)	-	Stable
	Overdraft	2.00	SMERA BB (Assigned)	-	Stable
	Bank Guarantee	25.20	-	SMERA A4+ (Assigned)	-
	Proposed Cash Credit	1.00	SMERA BB (Assigned)	-	Stable
	Proposed Bank Guarantee	2.80	-	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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