

## Press Release

### JKG Infratech Private Limited

April 11, 2022



## Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	-	ACUITE A4+   Reaffirmed
Bank Loan Ratings	8.00	ACUITE BB+   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	18.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

## Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and reaffirmed the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.18.00 Crore bank facilities of JKG Infratech Private Limited (JKGIPL). The outlook is '**Stable**'.

## About the Company

Incorporated in 2009, JKG Infratech Private Limited is a Delhi-based company promoted by Mr. Ravi Shankar Goel and Mr. Madhusudan Goel. The company is engaged in the construction of roads, highways and buildings for government authorities including the Airport Authority of India.

## Analytical Approach

Acuite has considered the standalone business and financial risk profile of JKGIPL to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Established track record of operation and experience management

The promoters of JKG Infratech Private Limited (JKGIPL) have long experience in the road and runway construction business. The company is promoted by Mr. Ravi Goel, who started this business in partnership concern in 1990. In 2009, he parted ways from partnership concern and bought already existing company JKG and started fresh business in this company. Mr. J. K. Goel, father of Mr. Ravi Goel, is a civil engineer and has four decades of experience in the construction industry. Presently, the company is promoted by Mr. Ravi Goel and Mr. Madhusudan Goel (brother). Acuite believes that JKGIPL will sustain its existing business profile on the back of experienced management.

#### Above average Financial risk profile

Company's financial risk profile remained above average marked by moderate net worth, low gearing and strong debt protection metrics. The net worth of the company stood at Rs. 11.80 Cr in FY 2021 as against Rs. 10.54 Cr in FY 2020. The net worth levels have seen significant improvement over the last three years on account of healthy accretion to reserves during the same period. The gearing level (debt-equity) stood at 1.26 times in FY 2021 as against 1.37 times in FY 2020. The total debt of Rs. 14.93 Cr in FY 2021 consist of 7.32 Cr of long term debt, Rs. 4.57 Cr of Unsecured loans and Rs. 3.04 Cr of short term debt. The interest coverage ratio (ICR) stood at 4.67 times in FY 2021 as against 3.04 times in FY 2020. NCA/TD (Net Cash Accruals to Total Debt) ratio improved to 0.16 times in FY 2021 as against 0.14 times in FY 2020. Acuité believes that JKGIPL will continue to exhibit an above average financial risk profile on the back of its established position in the industry and absence of any major debt funded capex plan in the near to medium term.

## Weaknesses

### Competitive and fragmented industry

The Company is engaged as civil contractor. The particular sector is marked by the presence of several mid to big size players. The company faces competition from the other players in the sectors. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent as management is operating in this environment for last three decades.

### Tender based nature of business

The firm deals with government organizations and quotes for the contracts on tender basis. Going forward, the company's ability to successfully bid for greater number of large orders remains to be seen. However, the promoter's experience and relationship mitigate this factor to an extent.

## Rating Sensitivities

- Elongation in working capital cycle.
- Fluctuation in revenue profile.

## Material covenants

None.

## Liquidity Position: Adequate

The Company has adequate liquidity marked by its net cash accruals to its maturing debt obligations. Going forward NCA is expected to remain between Rs. 3.00 Cr in FY 2022 and Rs. 3.49 Cr in FY 2023 against CPLTD of Rs. 1.77 Cr each for the respective years. Company maintained unencumbered cash and bank balance of Rs. 0.14 Cr in FY 2021 and the Current Ratio for the year stood at 3.30 times.

## Outlook: Stable

Acuité believes JKGIPL will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics and timely completion of all the projects. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile or higher than expected working capital requirements.

## Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	28.99	33.44
PAT	Rs. Cr.	1.26	1.23
PAT Margin	(%)	4.33	3.68

Total Debt/Tangible Net Worth	Times	1.26	1.37
PBDIT/Interest	Times	4.67	3.04

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

### Any other information

None.

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Jan 2021	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Upgraded from ACUITE BB )
19 Oct 2020	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE BB (Issuer not co-operating*)
08 Aug 2019	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB   Stable (Upgraded from ACUITE BB-)
02 Aug 2019	Cash Credit	Long Term	8.00	ACUITE BB- (Issuer not co-operating*)
	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Issuer not co-operating*)
04 May 2018	Cash Credit	Long Term	8.00	ACUITE BB- (Issuer not co-operating*)
	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Issuer not co-operating*)
22 Apr 2017	Cash Credit	Long Term	8.00	ACUITE BB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Reaffirmed)
09 Nov 2015	Cash Credit	Long Term	8.00	ACUITE BB-   Stable (Assigned)
	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4+   Reaffirmed
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE BB+   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 8,850 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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