

J. K. Infra-Utilities Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Overdraft	0.50	SMERA BBB-/Stable (Assigned)
Overdraft (Proposed)	1.50	SMERA BBB-/Stable (Assigned)
Bank Guarantee	1.00	SMERA A3 (Assigned)
Bank Guarantee (Proposed)	12.00	SMERA A3 (Assigned)
Letter of Credit (Proposed)	5.00	SMERA A3 (Assigned)

SMERA has assigned long term rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) and short term rating of '**SMERA A3**' (**read as SMERA A three**) on the Rs.20.00 crore bank facilities of J. K. Infra-Utilities Private Limited (JK). The outlook is '**Stable**'. The rating is supported by the experienced management, healthy orders in hand and comfortable gearing. However the ratings are constrained by the modest scale of operations, decline in operating margins and working capital intensive operations.

The Mumbai-based JK Infra-Utilities, established in 2008, provides contractual services for plumbing, sanitation and fire security management. The company benefits from its experienced management. Mr. GV Jadhav and Mr. Nitin Sanap, promoters, possess experience of around 22 years in the industry. The company has healthy orders in hand of around Rs.113.40 crore, thus reflecting medium term revenue visibility.

The overall gearing stands low at around 0.09 times in FY2015-16 (provisional). Further, the company would be availing additional debt for its working capital requirement in the medium term which is likely to have minimum impact on the gearing.

However the ratings are constrained by the modest scale of operations with revenue of around Rs.34.94 crore in FY2014-15. Further in FY2015-16 (provisional) the revenues stood at Rs.42.20 crore. The company faces intense market competition thus affecting operating profitability that declined from 7.87 per cent in FY2014-15 to 6.02 per cent in FY2015-16 (provisional). The operations are working capital intensive with Gross Current Asset days of around 207 days in FY2015-16 (provisional).

Rating Sensitivity Factors

- Scaling up operations and improving profitability
- Maintaining comfortable capital structure
- Efficient working capital management

Outlook-Stable

SMERA believes that JK Infra-Utilities will continue to maintain a stable outlook and benefit over the medium term from the extensive experience of its management and healthy order book. The outlook may be revised to 'Positive' if there is substantial increase in revenue and profitability while maintaining a comfortable financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and profitability or stretch in working capital cycle, weakening the financial risk profile, particularly liquidity.

About the Company

JK Infra-Utilities was incorporated in 2008 under the directorship of Mr. GV Jadhav and Mr. Nitin Sanap. The company provides contractual services for plumbing, sanitation and fire security management.

For FY2015-16 (provisional), JK Infra-Utilities reported profit after tax (PAT) of Rs.1.84 crore on operating income of Rs.42.20 crore, as compared with profit after tax (PAT) of Rs.1.98 crore on operating income of Rs.34.94 crore in FY2014-15.

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ABOUT SMERA

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