

Press Release

Judie Constructions Private Limited

June 29, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 5.25 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-** (read as **SMERA B minus**)' on the Rs. 5.25 crore bank facilities of Judie Constructions Private Limited. The outlook is '**Stable**'.

Judie Constructions Private Limited (JCPL) is a Chennai-based company incorporated in 2010 by Mr. H.J. Jude Aruldoss and Mrs. Nirupa Jude. The company undertakes civil construction work for schools, colleges among others.

Key Rating Drivers

Strengths

- **Experienced management**

The company is led by Mr. H. J. Jude Aruldoss, Managing Director, who possesses more than two decades of experience in the civil engineering and design industry.

- **Average financial risk profile**

The average financial risk profile is marked by gearing (Debt-to-equity) of 2.12 times as on 31 March, 2016 as against 1.20 times as on 31 March, 2015. The Interest coverage ratio (ICR) stood healthy at 3.47 times in FY2016 and Debt service coverage ratio (DSCR) at 2.69 times in FY2016. Further, the tangible net worth stood low at Rs.2.71 crore as on 31 March, 2016.

Weaknesses

- **Limited operational track record**

The company was incorporated in 2010 and commenced commercial operations in 2014. JCPL operates on a small scale with operating income of Rs. 10.18 crore in FY2016, an increase from Rs. 9.17 crore in FY2015. Further, the company booked revenue of Rs. 18.42 crore in FY2016-17 (Provisional).

- **Competitive and fragmented industry**

The company faces intense competition from other players in the civil construction sector. The risk is more pronounced considering the tender based system. However, the risk is mitigated to an extent as the management has been operating in the industry for around 20 years.

- **Working capital intensive operations**

The operations are working capital intensive in nature as evident by high Gross Current Assets (GCA) of 240 days for FY2015-16 and 85 days in FY2014-15. This is on account of high inventory which stood 240 days for FY2015-16 as against 85 days for FY2014-15.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of JCPL to arrive at the rating.

Outlook: Stable

SMERA believes that JCPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if JCPL scales up operations and also improves its working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues or if the working capital cycle further deteriorates.

About the Rated Entity - Key Financials

For FY2015-16, JCPL reported net profit of Rs.0.30 crore on operating income of Rs.10.18 crore as compared with net profit of Rs.0.41 crore on operating income of Rs.9.17 crore in the previous year. The net worth stood at Rs.2.71 crore as on 31 March, 2016 as against Rs.0.42 crore in the previous year. For FY2017 (Provisional) the company registered revenue of Rs.18.42 crore with PAT of Rs. 0.38 crore.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.25	SMERA B- / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in Hina Gupta Senior Analyst - Rating Operations Tel: 02267141320 hina.gupta@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in

ABOUT SMERA

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