

Press Release

Jude's Infra Technologies Private Limited

(ERSTWHILE - JUDIE CONSTRUCTIONS PRIVATE LIMITED)

February 11, 2019



Rating Reaffirmed

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

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of „**ACUITE B-**” (**read as ACUITE B minus**) to the Rs. 5.25 crore bank facilities of Jude's Infra Technologies Private Limited. The outlook is '**Stable**'.

Jude's Infra technologies Private limited (previously known as Judie Constructions Private Limited) 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.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of the company to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

Jude's Infra technologies private limited (JIPL) 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 2.34 times as on 31 March, 2018 as against 1.85 times as on 31 March, 2017. The interest coverage ratio (ICR) stood at 2.18 times in FY2018 and debt service coverage ratio (DSCR) stood at 1.92 times in FY2017. Further, the tangible net worth stood at Rs. 3.82 crore as on 31 March, 2018.

Weaknesses

- **Limited operational track record**

The company was incorporated in 2010 and commenced commercial operations only in 2014. It operates on a small scale with operating income declined to Rs. 7.06 crore in FY2018 as against Rs. 12.73 crore in FY2017. Further, the company booked revenue of Rs. 7.83 crore in till December 2018. It has order in hand of Rs. 28.58 crore.

- **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 two decade.

Liquidity Position

JITPL has stretched liquidity marked by high Gross Current Assets (GCA) of 643 days in FY 2017-18 as against 293 days for FY 2016-17. This is mainly on account of high inventory which stood at 697 days for FY 2017- 18 as against 234 days for FY 2016-17. The company maintains unencumbered cash and bank balances of Rs. 0.10 crore as on March 31, 2018. The current ratio of the company stood at 1.91 times as on March 31, 2018. Acuité believes that the liquidity profile will remain key factor to maintain a stable credit profile.

Outlook: Stable

Acuité believes that JIPL will maintain a „Stable” outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if JIPL 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

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 7.60 | 12.73 | 10.18 |
| EBITDA | Rs. Cr. | 1.98 | 1.68 | 0.93 |
| PAT | Rs. Cr. | 0.57 | 0.50 | 0.30 |
| EBITDA Margin | (%) | 26.07 | 13.19 | 9.14 |
| PAT Margin | (%) | 7.51 | 3.91 | 2.96 |
| ROCE | (%) | 15.54 | 17.42 | 16.58 |
| Total Debt/Tangible Net Worth | Times | 2.34 | 1.85 | 2.12 |
| PBDIT/Interest | Times | 2.18 | 2.20 | 3.47 |
| Total Debt/PBDIT | Times | 4.52 | 3.58 | 6.17 |
| Gross Current Assets (Days) | Days | 643 | 293 | 329 |

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

None

Any other information

“Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups”.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|-----------|------------------|-------------------------------|
| 06-Sep-2018 | Cash Credit | Long Term | 5.25 | ACUITE B- (Indicative) |
| 29-Jun-2017 | Cash Credit | Long Term | 5.25 | ACUITE B- / Stable (Assigned) |

*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 | ACUITE B- / Stable (Reaffirmed) |

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About Acuité Ratings & Research:

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