

Press Release

Judes Infra Technologies Private Limited

March 11, 2020

Rating Reaffirmed



Total Bank Facilities Rated*	Rs.6.50 Cr. (Enhanced from Rs.5.25 Cr.)
Long Term Rating	ACUITE B-/Stable (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed a long-term rating of '**ACUITE B-**' (read as **ACUITE B minus**) to the above-mentioned bank facilities of JUDE'S INFRA TECHNOLOGIES PRIVATE LIMITED. The outlook is '**Stable**'.

The rating reaffirmation considers modest scale of operations, with modest revenue profile of Rs.8.15 crore in FY2019 coupled with limited financial flexibility. The operations of the company are working capital intensive as indicated by its continued high utilization of the working capital facilities.

Jude's Infra Technologies Private Limited (JTPL) based out of Chennai was incorporated in 2010 by Mr. H.J. Jude Aruldoss and Mrs. Nirupa Jude. The company is engaged in civil construction work for schools, colleges, churches, etc.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of JTPL to arrive at the rating.

Key Rating Drivers

Strengths

- Experienced Management**

JTPL is in the said line of business since 2010. The directors viz Mr. H.J. Jude Aruldoss and Mrs. Nirupa Jude have more than two decades of experience in the civil engineering and design industry. The extensive experience coupled with long track record of operations has enabled the company forge healthy relationships with customers and suppliers. The Company has shown growth in revenues, however modest, from Rs.7.60 crore in FY2018 to Rs.8.15 crore in FY2019. Acuite believes that the company will continue to benefit from its established presence in the aforementioned industry and the directors demonstrated ability to scale up the operations across various cycles.

Weaknesses

- Moderate financial risk profile**

Financial risk profile of the company is moderate marked by moderate gearing (debt to equity ratio), total outside liabilities to total net worth (TOL/TNW), and debt protection metrics. Gearing is moderate at 2.22 times as on 31 March, 2019 as against 2.34 times as on 31 March, 2018. TOL/TNW is moderate at 2.71 times as on 31 March, 2019 as against 2.78 times as on 31 March, 2018. Net worth of the company is modest at Rs.4.37 crore as on 31 March, 2019 as against Rs.3.82 crore as on 31 March, 2018. Of the total debt of 9.69 crore as on 31 March, 2019, unsecured loans stood at Rs.0.04 crore, long-term debt of Rs.2.49 crore and short-term debt of Rs.7.16 crore. Debt protection metrics of interest coverage ratio and net cash accruals to total debt are moderate at 2.42 times and 0.11 times respectively in FY2019. Acuite believes that the financial risk profile is expected to remain moderate on account of modest net worth and moderate debt-protection metrics for the medium term.

- Working capital intensive operations**

The working capital-intensive nature of operations marked by high gross current asset days of 684 days in FY2019 as compared to 643 days in FY2018. The inventory days are at 761 days in FY2019 as compared to 697 days in FY2018. The company is engaged in civil construction of schools, colleges, churches, etc. which

physical stock at client's place and the payments are due for the same. The debtor's days were recorded at 63 days for FY2019 as against 10 days in FY2018. Due to high customer realization cycle, the working capital limits are utilized fully through ten months ending January, 2020. Acuite believes that with high customer realization cycle and fully utilized bank lines, the company's operations are expected to remain working capital intensive for the medium term.

- Highly competitive industry and tender driven business**

JTPL is into the business of civil construction. This particular sector is marked by the presence of several mid to big size players. JTPL faces intense 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 has been operating in this industry for around two decades.

Rating Sensitivities

- Improvement in the scale of operations with improvement in its operating income and profitability.
- Stretch in its working capital management leading to deterioration of its financial risk profile and liquidity.

Material Covenants

None

Liquidity: Stretched

Liquidity of JTPL is stretched marked by high bank limits utilization through ten months ending January 2020. Its expected cash accruals are in the range of Rs.0.57 crore to Rs.1.20 crore over the medium term against which the repayment obligations are about Rs.0.74 crore to Rs.0.95 crore. Working capital intensive operations led to full utilization of its bank lines through ten months of FY2020. The current ratio of the company stood at 1.51 times as on 31 March, 2019. Acuite believes that the liquidity profile continues to be stretched marked by working capital intensive operations and high bank limit utilization.

Outlook: Stable

Acuite believes that JTPL will maintain 'Stable' outlook in the medium term on account of long track record of operations and experienced management in the industry. The outlook may be revised to 'Positive' if the company registers higher than expected growth in revenues while maintaining stable profitability and improving its capital structure. Conversely, the outlook may be revised to 'Negative' in case of any further stretch in its working capital management leading to deterioration of its financial risk profile and liquidity.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	8.15	7.60
PAT	Rs. Cr.	0.62	0.57
PAT Margin	(%)	7.59	7.52
Total Debt/Tangible Net Worth	Times	2.71	2.78
PBDIT/Interest	Times	2.42	2.18

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto three years)

Date	Name of Instrument/ Facility	Term	Amount (Rs. Cr)	Ratings/Outlook
11-Feb-2019	Cash Credit	Long Term	5.25	ACUITE B- /Stable (Reaffirmed)
06-Sept-2018	Cash Credit	Long Term	5.25	ACUITE B- Issuer not co-operating*
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	6.50	ACUITE B- /Stable (Reaffirmed)

Contacts

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About Acuité Ratings & Research:

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