

Press Release

Jodhpur RBU Infrabuild Private Limited

January 06, 2022



Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.53	ACUITE BB+ Stable Reaffirmed	
Total	17.53	-	-

*Refer annexure for details

Rating Rationale

Acuité has reaffirmed its long-term rating of 'ACUITE BB+' (read as ACUITE double B plus) on the Rs.17.53 crore bank facilities of **Jodhpur RBU Infrabuild Private Limited (JRIPL)**. The outlook is '**Stable**'.

About the Company

Incorporated in the year 2012, JRIPL is a Gurgaon-Haryana based company. The directors of the company are Mr. Pankaj Bansal and Mr. Bhaskar Jain. The company is engaged in the construction and lease of industrial premises. The company has leased a specially constructed factory premises at Jaisalmer (Rajasthan) to Suzlon Energy Limited for the manufacture of rotor blades used in windmills. The company is a 100 percent subsidiary of P B Infrabuild Private Limited, which is engaged in the civil construction business and has provided a corporate guarantee for the borrowings.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of JRIPL to arrive at this rating.

Key Rating Drivers

Strengths

>Established track record of operations and experienced management

The directors of the company are Mr. Pankaj Bansal and Mr. Bhaskar Jain, who have been engaged in the field of construction and leasing of space for around four decades. The extensive experience of the directors along with its established track record of operations is reflected through the long-term lease agreement with the tenant. The total area leased is 18.4 acres with built-up area of 1.867 lakh sq. ft. The facility was rented at a monthly lease rental of about Rs.0.39crore in 2016 with an annual escalation at 3.50 percent with an agreement till January 2025.

Acuité believes that the company will benefit from its established track record of operations and experienced management.

Weaknesses

>Susceptibility of operating performance due to weak counterparty risk

JRIPL generates its revenues by way of lease rentals from Suzlon Energy Limited. The credit profile of SEL had significantly deteriorated thus leading to instances of irregularities in timely receipt of rental payment last year which also resulted in accumulated receivables. SEL has paid all the outstanding amount with the condition of no escalation in rentals in current fiscal year.

Acuité believes that any further disruption in the business dynamics on account of the weak credit profile of the counterparty leading to deterioration in timely cash flows will remain a key monitorable.

>**Susceptibility to lessee' underperformance**

JRIPL primarily generates cash flows via lease rentals from its tenant, SEL. The company's ability to meet its repayment obligations will be dependent on the continued and timely flow of rentals from its tenant. The occurrence of events such as delays in receipt of rentals, or early exits/renegotiation by lessee due to the latter's lower than expected business performance may result in disruption of cash flow streams, thereby affecting JRIPL's debt servicing ability.

Rating Sensitivities

>Any further deterioration in working capital leading to weakening of liquidity

Material covenants

None

Liquidity Position: Adequate

The company generated cash accruals of Rs.2.82crore (Prov.) in FY2021 as against maturing debt obligations of Rs.0.95crore during the same period. As on March 31, 2021, the debtor collection period is 0 days (Prov.) as against 166 days as on March 31, 2020. Last year the company faced irregularity in receiving rent payment but this year all the outstanding amount has been cleared. Acuité believes that the liquidity of the company is exposed to significant counterparty risk and the liquidity could be under pressure in case of further irregularities in receipt of lease rentals.

Outlook: Stable

Acuité believes that the company will maintain a stable outlook over the medium term backed by its experienced promoter's and established track record in the industry. The outlook may be revised to 'Positive' if the company maintains early payment of its loan obligations while maintaining its cash accruals. Conversely, the outlook may be revised to 'Negative', in case of any further stretch in its receivables position leading to deterioration in liquidity.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	5.34	5.20
PAT	Rs. Cr.	2.04	2.00
PAT Margin	(%)	38.25	38.44
Total Debt/Tangible Net Worth	Times	0.79	1.43
PBDIT/Interest	Times	3.27	2.68

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>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.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
13 Aug 2020	Term Loan	Long Term	17.53	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	4.19	ACUITE BB+ (Withdrawn)
23 Jun 2020	Term Loan	Long Term	20.00	ACUITE BB+ (Downgraded from ACUITE BBB- Stable)
	Proposed Bank Facility	Long Term	1.72	ACUITE BB+ (Downgraded from ACUITE BBB- Stable)
10 Apr 2019	Term Loan	Long Term	20.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	21.72	ACUITE BBB- (Withdrawn)
	Proposed Bank Facility	Long Term	1.72	ACUITE BBB- Stable (Assigned)
19 Mar 2018	Term Loan	Long Term	21.72	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Lease Rental Discounting	Not Applicable	Not Applicable	Not Applicable	17.53	ACUITE BB+ Stable Reaffirmed

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in
Dipti Ahire Management Trainee-Rating Operations Tel: 022-49294065 dipti.ahire@acuite.in	

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité