

Press Release

JLPL Infrastructures Private Limited

November 06, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 10.00 crore bank facilities of JLPL Infrastructures Private Limited (JIPL). The outlook is '**Stable**'.

JIPL had started its operations in November 1995 as a partnership firm and later changed its constitution to private limited company in 2014. It is engaged in civil construction work at Mohali (Punjab). The company is currently working for projects of Janta Land Promoters Private Limited (JLPPL) under sector 66A of Mohali.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

The company was established by Mr. Paramjit Singh and Mr. Kulwant Singh for undertaking civil construction activity. The directors have more than two decades of experience in the industry with their partnership business in the same industry.

- **Average financial risk profile**

The financial risk profile is average marked by tangible net worth of Rs.18.43 crore as on 31 March, 2018 (Provisional) as against Rs.16.28 crore as on 31 March, 2017. The debt-equity ratio stood at 0.52 times as on 31 March, 2018 (Provisional) as against 0.60 times as on 31 March, 2017. Total outside Liabilities to Tangible Net Worth (TOL/TNW) stood at 1.93 times as on 31 March, 2018 (Provisional) as against 2.73 times as on 31 March, 2017. The coverage indicators such as Interest Coverage Ratio (ICR) stood at 4.44 times as on 31 March, 2018 (Provisional) as against 8.06 times as on 31 March, 2017. Debt Service Coverage Ratio (DSCR) stood at 2.51 times as on 31 March, 2018 (Provisional) as against 5.77 times as on 31 March, 2017.

Weaknesses

- **Working capital intensive operations**

The operations are working capital intensive marked by high Gross Current Assets (GCA) of 479 days in FY2018 (Provisional) and 444 days in FY2017. This is due to high inventory days of 384 in FY2018 (Provisional) as against 318 days in FY2017. The average working capital limit utilisation for the past 6 months ended July 2018 is around 88.50 percent.

- **Decline in revenue and order book position**

JIPL has booked revenue of Rs.29.85 crore in FY2018 (Provisional) as against Rs.40.72 crore in FY2017. The decline in revenue is on account of delays in receivables from their only customer, Janta Land Promoters Private Limited. The work order position as on September 30, 2018 is Rs.125.73 crore. The execution of the same is expected in another 2 years.

- **Customer concentration risk**

JIPL has stretched liquidity position marked by customer concentration risk with only one customer JLPPL. It has been observed that there are delays in realisation of receivables. Any further delays in the receivables may impact the business profile of the company and its liquidity position.

• Competitive industry and tender based nature of business

The company is engaged as civil contractor. The particular sector is marked by the presence of several mid to big size players. The company faces intense competition from the other players in the sectors. Risk become more pronounced as tendering is based on minimum amount of bidding on contracts.

Outlook: Stable

Acuite believes that JIPL will maintain a 'Stable' outlook over the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case. JIPL registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in its financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	29.85	40.72	15.33
EBITDA	Rs. Cr.	4.74	7.03	2.22
PAT	Rs. Cr.	2.21	3.98	1.32
EBITDA Margin	(%)	15.89	17.27	14.46
PAT Margin	(%)	7.39	9.78	8.58
ROCE	(%)	15.32	32.80	17.52
Total Debt/Tangible Net Worth	Times	0.52	0.60	0.30
PBDIT/Interest	Times	4.44	8.06	14.02
Total Debt/PBDIT	Times	1.95	1.35	1.55
Gross Current Assets (Days)	Days	479	444	611

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

None

Any other information

None

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)

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	7.00	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.06	ACUITE B / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.94	ACUITE B / Stable

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuите.in</p> <p>Ayushi Rathore Analyst - Rating Operations Tel: 02249294033 ayushi.rathore@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuите.in</p>

About Acuite Ratings & Research:

Acuite Ratings & Research Limited (erstwhile SMERA Ratings 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 6,000 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 Mumbai.

Disclaimer: An Acuite 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. Acuite 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, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite 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. Acuite 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 Acuite.