

## Press Release

Jra Infrastructure Limited (Erstwhile Jra Infrastructure Private Limite

April 30, 2022



### Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE C   Downgraded	-
Bank Loan Ratings	45.00	-	ACUITE A4   Downgraded
Total Outstanding Quantum (Rs. Cr)	70.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

### Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BBB-**' (read as **ACUITE t riple B minus**), and the short term rating to '**ACUITE A4**' (read as **ACUITE A Four**) from '**ACUITE A3**' (read as **ACUITE A three**) on the **Rs.70.00 crore** bank facilities of JRA Infrastructure Limited (JRAIL).

The downgrade takes into account the recent delays in the debt and interest servicing of loans not rated by ACUITE.

### About the Company

Ahmedabad based, JRA Infrastructure Limited (JRAIL) was established as a partnership firm in 1986, which got converted into a private limited company in 2007. Later in June 2019, the company changed its constitution into a public limited company. The company undertakes civil construction projects related to roads, bridges and railways. The directors of the company are Mr. Jugalkishor R. Agrawal, Mr. Anilkumar R. Agrawal, Mr. Sanjaykumar J. Agrawal, Mr. Rajiv J. Agrawal, Mr. Arpit A. Agrawal and Mr. Yash Agrawal.

### Analytical Approach

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

### Key Rating Drivers

#### Strengths

**Established t rack record of operations with experience management and reputed government clientele**

JRAIL was established in 1986 and has an operational track record of over three decades in the infrastructural construction industry. The directors of the company have an experience of over three decades in the aforementioned line of business. The long track record of operations and experience of management have helped the company to forge healthy relationships with reputed government clients and its suppliers. Further, these healthy

relationships helped the company to maintain a healthy unexecuted order book position of Rs.440.00 crore as on March 2022.

Acuité believes that JRAIL will sustain its existing business profile on the back of an established track record of operations and experienced management.

### **Improved operating margins during FY2022 albeit declined revenues**

The company reported declining revenues for FY2022 (Provisional.) which stood at around Rs.188 crore against Rs.220 crore during FY2021. The revenues have been affected during FY2022 despite sufficient orders in hand (Rs.448 crore) as certain regulatory approvals and land acquisitions from the government are still under process. However, the operating margins still improved during the same period marked by lower raw material consumption. The EBITDA during FY2022 (Provisional.) stood at around Rs. 21.28 crore against Rs. 19.89 crore FY2021.

Acuité believes company's ability to get timely clearance from regulatory bodies and timely execution of orders will remain a key rating sensitivity factor.

### **Weaknesses**

#### **Profitability susceptible to input cost**

Major projects undertaken by JRAIL require regulatory clearances which if delayed affects directly the input cost. The profitability is susceptible to the power cost, labour cost and raw materials (i.e. bitumen, steel and cement) which are highly volatile in nature with labour cost and sub contract cost constituting around ~44 percent of the total expenses incurred by the company. Hence, any adverse movement in input costs can impact the profitability of the company

#### **Delays in debt servicing**

The liquidity profile of JRAIL during FY2022 is stretched marked delays in debt and interest servicing as on March 31, 2022 in an equipment financed term loan and CC accounts. In the term loan, the firm has been lagging behind by at least one installment, with asset categorization of SMA. Further there have also been delays in servicing the interest repayments for the CC limits. However, there are no overdues exceeding 30 days in the working capital facilities.

### **Rating Sensitivities**

- Timely execution of orders
- Regularization of debt servicing track record

### **Material covenants**

None

### **Liquidity Position: Poor**

The liquidity profile of JRAIL during FY2022 is poor marked by delays in debt and interest servicing as on March 31, 2022 in an equipment finance term loan and CC accounts. In the term loan, the firm has been lagging behind by at least one installment, with asset being reported under SMA category. Moreover, the average working capital limits stand almost completely utilised at 95% for last 6 months ended February 2022. Further there have also been delays in servicing the interest repayments for the CC limits.

### **Outlook: Stable**

Not Applicable

### **Other Factors affecting Rating**

Not Applicable

## Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	220.93	187.27
PAT	Rs. Cr.	10.06	10.68
PAT Margin	(%)	4.55	5.70
Total Debt/Tangible Net Worth	Times	0.69	0.40
PBDIT/Interest	Times	4.50	5.19

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

Not Applicable

## Any other information

Not Applicable

## Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
06 Oct 2020	Bank Guarantee	Short Term	45.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB-   Stable (Reaffirmed)
16 Jul 2019	Bank Guarantee	Short Term	20.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	15.00	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
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A4   Downgraded ( from ACUITE A3 )
Axis Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE A4   Downgraded ( from ACUITE A3 )
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE C   Downgraded ( from ACUITE BBB- )
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE C   Downgraded ( from ACUITE BBB- )

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### About Acuité Ratings & Research

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