

## Press Release



Jra Infrastructure Limited (Erstwhile Jra Infrastructure Private Limite

July 25, 2022

### Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.50	-	ACUITE A4   Assigned
Bank Loan Ratings	12.50	ACUITE C   Assigned	-
Bank Loan Ratings	25.00	ACUITE C   Reaffirmed	-
Bank Loan Ratings	45.00	-	ACUITE A4   Reaffirmed
Bank Loan Ratings	8.00	ACUITE D   Assigned	-
Total Outstanding Quantum (Rs. Cr)	103.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

### Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE C**' (read as **ACUITE C**) on the Rs. 25.00 Cr long term bank facilities and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.45 crore short bank facilities of JRA Infrastructure Limited (JRAIL).

Further, Acuite has assigned the long term rating of '**ACUITE C**' (read as **ACUITE C**) on the Rs 12.50 Cr long term bank facilities and short term rating of ACUITE A4 (read as ACUIT A four) on the Rs. 12.50 Cr short term bank facilities of JRAIL.

Additionally, Acuite has assigned a long term rating of '**ACUITE D**' (read as **ACUITE D**) on the Rs. 8 Cr. long term bank facilities of JRAIL

The downgrade takes into account the recent overdue in the dropline OD facility and delays in the interest and principal repayments of Term loan .

The rating has been reaffirmed for other bank facilities as previously, intermittent delays in the interest servicing have been confirmed.

### 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 track 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

#### **Overdues and delays in debt servicing**

The liquidity profile of JRAIL during FY2022 is stretched marked by delays in debt and interest servicing of Term loan and overdues in the Dropline OD accounts as on June 30, 2022. In the term loan, the firm has been lagging behind for installment repayment, with asset categorization of NPA. Further, there have also been delays recorded previously in servicing the interest repayments for the CC limits.

### **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 and overdue in debt and interest servicing as on June 30, 2022 in an equipment finance term loan and Dropline OD account. In the term loan, the firm has been lagging behind for more than three installments, with asset being reported under NPA category. Further there have also been delays recorded previously in servicing the interest repayments for the CC limits.

### Outlook: 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

### 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
30 Apr 2022	Cash Credit	Long Term	15.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	10.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	Bank Guarantee	Short Term	25.00	ACUITE A4 (Downgraded from ACUITE A3)
	Bank Guarantee	Short Term	20.00	ACUITE A4 (Downgraded from ACUITE A3)
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
Axis Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE A4   Reaffirmed
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A4   Reaffirmed
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	12.50	ACUITE A4   Assigned
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE C   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE C   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE C   Assigned
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE C   Assigned
Kotak Mahindra Bank	Not Applicable	Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE D   Assigned

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## About Acuité Ratings & Research

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