



Press Release

JAES Projects (I) Pvt. Ltd

March 01, 2024

Ratings

Instrument Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	61.00	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)	Assigned	Simple
Short Term bank Facilities	11.15	IVR A4+ (IVR A four Plus)	Assigned	Simple
Total	72.15	Seventy Two Crores and fifteen lakhs only.		

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has assigned long-term rating of IVR BB+ Plus with a positive outlook and short-term rating as IVR A4+ for the bank loan facilities of JAES Projects (I) Pvt Ltd (JPPL).

The Positive outlook reflects improvement in JAES Projects (I) Private Limited improved financial profile during FY23 & 9MFY24 which is expected to sustain in FY24, and beyond which will in turn expected improvement in credit profile.

The rating assigned to the bank facilities of JAES Projects (I) Private Limited derives strength from experienced promoters and track record of operations in logistic industry and O&M of ambulance services, revenue visibility due to long term nature of agreement, financial closure achieved with term loan repayments in line with tenure of the agreement and project being funded under National Health Mission by Government of India. However, the rating are constrained by dependence on a single order with geographically concentrated revenue profile, risk associated with tender-based orders, risk of appointment of new service provider upon expiry of agreement and competition from local hospitals and other private ambulance service providers.

IVR has principally relied on the standalone audited financial results of JAES Projects Pvt Ltd upto 31 March 2023 and Projected Financials for FY24, FY25 and FY26 and publicly available information/ clarifications provided by the entity's management.



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Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in debt protection metrics, cash accruals and liquidity on a sustained basis.
- Improvement in receivable management
- Sustenance of the capital structure.
- Increase in scale of operations on ramping up of operations of existing tender from MP or on allotment of new tender by state government.

Downward Factors

- Cancellation of existing project/inability of the company to renew existing project.
- The average collection period extends beyond 60 days, going forward.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management and long track record of operation

The director Mr. Jogendra Singh has an experience of more than a decade in logistic & transportation business. He looks after sales and marketing of the company by exploiting his wide contacts and relations. His is well supported by Mr. Dharmendra Singh who is experienced in similar line of business.

Moderate Scale of Operations & Increase in Total Operating Income in 9MFY23.

JAES Projects (I) Private limited has started its operations in FY23. Total operating income (TOI) reported as on March 31st, 2023, was Rs. 257.28 crores. Profitability margins remained moderate, with EBITDA in absolute and percentage terms stood at Rs. 18.24 crore and 7.09%



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in FY2023 and PAT stood at Rs. 6.22 crore and PAT margin stood at 2.42% in FY2023. The company has received a work order dated 30.12.2021 from National Health Mission (NHM), MP which work started from 01.05.2022. As per tender documents, the agreement executed by JAES Projects (I) Pvt. Ltd. (JPPL) for operation of 2052 ambulances in MP. Out of 2052 ambulances, 860 ambulances purchased in the name of Jai Ambey Emergency Services (I) Pvt. Ltd. (JAESPL).

Comfortable Financial Risk Profile

Coverage ratios with DSCR and ISCR are adequate at 3.47x and 3.55x in FY23. The Net Worth of companies stands at Rs. 14.54 Cr as on 31st March, 23 improved from Rs. 10.26 crores in FY 2022. Going forward, Infomerics believes the financial risk profile to remain comfortable as the group has lower reliance on external debt and maintained a conservative capital structure.

Key Rating Weaknesses

Tender-based nature of operations.

The contract is received from National Health Mission, Madhya Pradesh. The contract is tender-based, and the revenues are dependent on the JPPL ability to bid successfully for these tenders. The profitability margins of the company may come under pressure because of the competitive nature of the industry. Furthermore, orders are generally tender driven floated by government units indicating a risk of non-receipt of contract in a competitive industry. However, JAESPL promoters' long industry experience in management and operation of ambulance services mitigates this risk to some extent.

Risk of appointment of new service provider upon expiry of agreement

As per tender signed with state government, the agreement is valid for 5 years, unless extended further by mutual agreement for MOUs and extendable maximum up to three years, thereby, exposing the company to the replacement risk.



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Competition from local hospitals and other private ambulance service providers

Currently, there is no clear law in India which clearly defines 'ambulance service'. As a result, any company/individual can register a vehicle as ambulance if there is a stretcher and oxygen cylinder available on board. Hence there are numerous local / private service providers. Also, major healthcare companies are providing similar services. However, competition intensity is expected to be low as the group provides this service free of cost to the public through the support of state Govt. which other private operators may not be able to match.

Analytical Approach: Standalone

Applicable Criteria :

[Rating Methodologies for Service Entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)

Liquidity – Adequate

Liquidity position of the company is expected to remain adequate marked by expected gross cash accruals in the range of Rs.28.42-29.25 crore in FY24-FY26 as compared to debt obligation in the range of Rs 9.69 – 11.59 crore. Further, with a gearing of 3.40x times as of March 31, 2023, the JAESPL has limited gearing headroom, to raise additional debt for its capex though the company has no near-term major capex or debt availment plan. Further, the average utilization of fund-based bank limit was around ~70.19 % during the last 12 months ending Dec 31, 2023 indicating a moderate liquidity buffer.

About the Company

Incorporated in Dec 2021, JAES Projects (I) Private Limited was established to operate ambulances and other activities. The company, JPPL has received a tender from Madhya Pradesh Govt (under National Health Mission) to operate 2052 ambulances and 104 helpline centres.



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Presently, the parent company of JPPL i.e. Jai Ambey Emergency Services (I) Pvt. Ltd. (JAESPL) is engaged in providing ambulance service and mobile medical unit (MMU) services to Government of Chhattisgarh. JAESPL is engaged in medical services since the last 5 years.

Financials (Standalone):

(Rs. crore)		
For the year ended* As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	-	257.28
EBITDA	-	18.24
PAT	0.02	6.22
Total Debt	47.85	66.36
Tangible Net worth*	10.26	14.54
EBITDA Margin (%)	-	7.09
PAT Margin (%)	NM	2.42%
Overall Gearing Ratio (x)	4.66x	4.91x

*as per Infomerics standards

NM- Not Meaningful

Status of non-cooperation with previous CRA : Nil.

Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	33.00	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)	-	-	-
2	Cash Credit	Long Term	28.00	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)	-	-	-



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Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
3	Bank Guarantee	Short Term	11.15	IVR A4+ (IVR A four Plus)	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term Bank Facilities – Term Loan	-	-	-	33.00	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)
Long term Bank Facilities – Cash Credit				28.00	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)
Short term Bank Facilities – Bank Guarantee				11.15	IVR A4+ (IVR A four Plus)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-JAES-mar24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com