



Press Release

JCL Infra Private Limited [JCL]

December 20, 2021

Rating

Sr. No.	Instrument/ Facility	Amount (INR Crore)	Rating Assigned	Rating Action
	<u>Long Term Fund based facilities</u>			Assigned
1	Term Loan	6.81	IVR BBB-/ Positive Outlook [IVR Triple B Minus with Positive Outlook]	Assigned
2	Cash Credit	6.50	IVR BBB-/ Positive Outlook [IVR Triple B Minus with Positive Outlook]	Assigned
	<u>Short Term Fund based facilities</u>			
3	Stand-by Line of Credit	1.00	IVR A3 [IVR A Three]	
	<u>Short Term Non-Fund based facilities</u>			
4	Bank Guarantee	45.00	IVR A3 [IVR A Three]	
	Total	59.31		

Details of facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of JCL Infra Private Limited derives strength from long track record of operations, experienced management, reputed clientele, improved scale of operations and profitability, comfortable gearing and healthy order book position. The rating is however constrained by susceptibility to volatility in raw material prices and competition.



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Key Rating Sensitivities:

Upward Factors:

- Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics

Downward Factors:

- Any further decline in revenue and/or EBITDA margin leading to decline in debt protection metrics

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operations

The Company has been engaged in fabrication for over 40 years in the field of Railway track components such as Switches, Switch Expansion Joints etc. and fabrication and erection of Steel Girder Bridges – Plate Girders as well as Open Web Girders.

Experienced Management

Mr. Ajai Kumar Gupta is the Managing Director of the Company. He has been a member of IRC Code Committee for Bridge Bearing and Expansion Joints and Ex. Vice President (I.R.C.). He has around 30 years of experience in the field.

Reputed Clientele

The Company has reputed list of clientele to its credit viz. Indian Railways, TATA Projects, U.P. State Bridge Corporation Limited Unit, U.P. Jal Nigam, DFCC etc. However, top 5 customers in FY21 contributed 73.91% of the total revenue, leading to a moderately concentrated customer base.

Improved scale of operations and profitability

Over a period of last 4 years, the Company's total income from operations shows an increasing trend with revenue of INR 51 Crore in FY18, INR 55 Crore in FY19, INR 107 Crore in FY20 (recording a rise of 93%). Thereafter, it increased further by 7.5% in FY21 to INR 115 Crore. The EBITDA margin has been improving constantly from 7.92% in FY18 to



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8.87%, 9.57% and 11.58% in FY19, FY20 & FY21 respectively. The improvement in margin in FY21 is due to a reduction in raw material consumption cost. Resultantly, PAT margin also improved from 3.51% in FY20 to 5.89% in FY21.

Comfortable Gearing ratio

The Overall Gearing ratio of the Company is comfortable and improved from 0.77x as at FY20 to 0.46x as at FY21 owing to timely repayment of debt. The Total outside liabilities to Tangible Net Worth of the Company also improved from 1.67x as at FY20 to 1.16x as at FY21. The interest coverage ratio has been comfortable & improved from 3.39x in FY20 & 5.50x in FY21.

Healthy Order Book position

The Company has a healthy order book worth INR 260.84 Crore to be executed. This constitutes 2.27 times of FY21 revenues. (Rails order – INR 169.67 Crore & steel girders – INR 91.17 Crore).

Key Rating Weaknesses

Susceptibility to volatility in raw material prices

The profitability of the Company is exposed to variations in raw material prices. However, the same is mitigated to certain extent as JCL has long term relations with major suppliers.

Competition

The industry is characterized by competition from various players to tap the market share at competitive pricing strategy. Due to intense competition in domestic as well as overseas market, there is pressure on Company's scalability, pricing and profitability. However, the same is mitigated to a certain extent owing to long-standing business relationship with market leaders in related industries.

Analytical Approach: Standalone



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Applicable Criteria:

- Rating methodology for Infrastructure Companies
- Financial ratios and Interpretation (Non-Financial Sector)

Liquidity: Adequate

The Company has been earning a moderate level of GCA for the last few years and the same is expected to increase further with an increase in scale of operations. The company maintains moderate cash and bank balance to meet its liquidity requirements. The average utilization of working capital limits remained at 77.09% during the 12 months ended November 30, 2021. The cash accruals are adequate to service its debt obligations. The GCA has improved to INR 8.01 Crore in FY21 as against minimal long term loan repayments. The Current ratio stood comfortable at 1.71x as at FY20 & 1.81x as at FY21. Overall, the liquidity position is Adequate.

About the company

JCL is a growth oriented industrial organization, engaged in fabrication for over 40 years in the field of Railway track components such as Switches, Switch Expansion Joints etc. and fabrication and erection of Steel Girder Bridges – Plate Girders as well as Open Web Girders. They are approved by RDSO for manufacturing switches, SEJs and fabrication and supply of Bridge Girder both welded and riveted, which was based on verification of the fabricators, infrastructure and test facilities installed at their works. They are also approved by MORT&H (Ministry of Road Transport & Highways, Govt. of India) for manufacture and supply of all type of Bridge Bearings such as POT-PTFE Bearing, Elastomeric Neoprene Bearings, Metallic Bearings etc.



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Financials (Standalone)

For the year ended/ As on*	INR in Crore	
	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Operating Income	107.00	115.10
EBITDA	10.24	13.33
PAT	3.76	6.79
Total Debt	21.27	15.68
Tangible Net Worth	27.80	34.42
EBITDA margin (%)	9.57	11.58
PAT margin (%)	3.51	5.89
Overall Gearing Ratio (x)	0.77	0.46

* Classification as per Infomerics' standards

Details of Non Co-operation with any other CRA: Brickwork Ratings has moved the rating of JCL Infra Private Limited to Issuer not Co-operating category vide Press Release dated December 06, 2021.

Any other information: N.A.

Rating History for last three years:

Name of Instrument/ Facility	Current Rating (Year: 2021-22)			Rating History for the past 3 years		
	Type	Amount (INR Crore)	Rating	Rating assigned in 2020-21	Rating assigned in 2019-20	Rating assigned in 2018-19
Long Term Fund based facilities	Term Loan	6.81	IVR BBB-/ Positive Outlook	--	--	--
Long Term Fund based facilities	Cash Credit	6.50	IVR BBB-/ Positive Outlook	--	--	--
Short Term Fund based facilities	Stand-by Line of Credit	1.00	IVR A3	--	--	--
Short Term Non-Fund based facilities	Bank Guarantee	45.00	IVR A3	--	--	--



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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Sr. No.	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
1	<u>Long Term Fund based facilities</u> Common Covid Emergency Credit Line (CCECL) Asset Backed Loan SME Car Loan	--	--	May-2022 Sep-2032 Apr-2024	0.89 5.78 0.14	IVR BBB-/ Positive Outlook
2	<u>Long Term Fund based facilities</u> Cash Credit	--	--	--	6.50	IVR BBB-/ Positive Outlook
3	<u>Short Term Fund based facilities</u> Stand-by Line of Credit	--	--	--	1.00	IVR A3
4	<u>Short Term Non-Fund based facilities</u> Bank Guarantee	--	--	--	45.00	IVR A3

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/JCL-Infra-lenders-dec21.pdf>

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

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr. No.	Instrument	Complexity Indicator
1	Term Loan	Simple
2	Cash Credit	Simple
3	Stand-by Line of Credit	Simple
4	Bank Guarantee	Simple

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.