



Press Release

Jaguar Overseas Limited

April 06, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	0.55	IVR BBB- / Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	63.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	63.55 (Sixty-Three Crores and Fifty-Five Lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Ratings (IVR) has assigned long-term rating of IVR BBB- with a Stable outlook and short-term rating of IVR A3 for the bank loan facilities of Jaguar Overseas Limited (JOL).

The assigned rating takes into account the extensive experience of the promoters, long track of experience in executing projects, satisfactory financial risk profile. However, these rating strengths continues to be constrained by execution of projects in a highly dependent geo-political situation of the country, tender driven nature of business in highly fragmented & competitive construction sector, investment in group company leading to project risk and inherent risk as an EPC contractor.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in scale of business with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Effective working capital management with improvement in liquidity.
- Existence of multilateral agencies such as ADB depicts inherent strength in the projects.



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Downward Factors

- Moderation in scale of operations or profitability impacting the liquidity profile.
- Investment in group companies, some with unrelated line of business operations.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters and long track record of operations**

Dr. Ashok Kumar Saini, CEO of the company is a Masters in Mechanical Engineering from Delhi University and Ph.D. from Uttarakhand Technical University, Dehradun. He has an experience of 27 years in strategy, sales, business development and Project management in the field of power sector, renewable energy sector and Solid Waste Management.

Mr. Vardaan Agarwal, whole-time Director of the company, is associated with the company for over 14 years. He is a management graduate and had undergone management training in Singapore's Keppel FELS amongst others. He has varied experience of Oil & Gas industry, Renewable energy, Exim related business.

- **Long track of experience in executing projects**

JOL has strong presence and exposure in the African countries such as Zambia, Benin, Mauritania, and Mozambique and is supported by GOI's announcement of line of credit to African nations. Apart from Africa, JOL has also executed projects in Afghanistan, Nepal and India. The company has an established track record of executing projects of more than USD 218Mn (INR1639.02 crore) in total value.

- **Negligible counter party risk: Strong counterparty resulting into negligible credit risk**

Secured and established relationship with multilateral agencies leading to smooth execution. As a strategy, company bids for the projects which are awarded by Government of various Nations and financed through secured channels by Exim Bank and other bilateral and multilateral funding agencies viz., Asian Development Bank (ADB), World Bank and Arab Fund for Economic and Social Development. Such a strategy mitigates the counterparty risks to a large extent as these are funded projects and the payments from these agencies carry very low credit risk.



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- **Satisfactory Financial Risk Profile**

The financial risk profile of the company is comfortable marked by satisfactory Tangible Net worth base of INR123.72 crore in FY21 as against INR113.08 crore in FY20. The Overall gearing stands comfortable at 1.51x in FY21 as against 2.16x in FY20.

Key Rating Weaknesses

- **Tender driven nature of business in highly fragmented & competitive construction sector**

Execution risks for newly awarded projects in a timely manner will be key to achieving growth in revenues and profits. Business certainty is dependent on the company's ability to successfully bid for the tenders as entire business is tender based. The infrastructure sector is highly fragmented marked by presence of many players with varied statures & capabilities. Boom in the infrastructure sector, a few years back, resulted in increase in the number of players. While the competition is perceived to be healthy, significant price cut by few players during the bidding process is a matter of serious concern for the users with respect.

- **Project execution highly dependent on Geo-Political situation of the country**

Global construction continues to be deeply impacted by geopolitics as issues, including nationalism, trade, supply chains, financing, labour, security, and the environment, affect the ability to complete projects, regardless of size or scope. Now, the global outbreak of COVID-19, a rapidly spreading virus has adversely affected the lives of billions of people worldwide.

- **Investment in Group Company leading to project risk**

International Gulf Mining FZC-Dubai (IGM) owns a bauxite mining project in Guinea, Africa, whose total project cost is estimated at USD125mn (INR936.50 crore) to be funded by debt and equity and JOL holds 28.175% ownership. The project is currently under development and commercial production is likely to commence from Q2 of CY 2022. JOL has invested a total amount of INR79.88 crore as on March 31, 2021, by ways of equity INR1.10 crore, Investment/ Loans and advances of INR77.54 crore. This Project is an unrelated business area for the company and no further investment is envisaged in this project by JOL.



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- **Inherent risk as an EPC contractor**

Economic vulnerability and regulatory risks in developing markets, delay in payments from the Government, project execution risk and fluctuating input costs are the key business risk faced by the company in the sector.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure](#)

[Financial Ratios & Interpretation Non- Financial Sector](#)

Liquidity – Strong

The liquidity position of the company is strong with free cash and cash equivalents of INR15.08 crore as on March 31, 2021 (FY20:INR21.20). Cash and cash equivalents as on October 31, 2021, was INR31.65 crore.

The company has total working capital limits of INR0.55 crore, which were totally unutilized during the past 12 months. Further, JOL has non-fund based limits of INR63.00 crore. Its average working capital utilization remained comfortable at around 58% for the past 12 months ending October'21.

About the Company

Jaguar Overseas Limited (JOL), established on 24 December 1991, is a global project engineering company engaged in turnkey Engineering, Procurement and Construction (Project Exports) projects as well as supply projects. It is into construction and establishment of facilities for transmission of power, electrical sub-station, rural electrification projects, etc and has delivered projects in the fields of Power, Industrial Plant, Infrastructure, Renewable Energy etc.

JOL is recognized as an ISO 9001:2015 certified company with presence across Africa and South-East Asia and an exporter of products to over 12 countries worldwide.



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Financials (Standalone):

(Rs. Crore)

For the year ended* / As on	31-Mar-20	31-Mar-21
	(Audited)	(Audited)
Total Income	277.18	134.54
EBITDA	13.66	15.26
PAT	14.48	10.42
Total Debt	90.26	74.79
Tangible Net Worth	113.08	123.72
EBIDTA Margin (%)	5.24	11.79
PAT Margin (%)	5.22	7.74
Overall Gearing Ratio (x)	0.80	0.60

*Classification as per Infomerics` standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based	Long Term	0.55	IVR BBB- / Stable (Assigned)	-	-	-
2.	Non Fund Based	Short Term	63.00	IVR A3 (Assigned)	-	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange



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Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not 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
Cash Credit	-	-	-	0.55	IVR BBB- / Stable Outlook
Bank Guarantee/ Letter of Credit	-	-	-	60.00*	IVR A3
Bank Guarantee	-	-	-	3.00	IVR A3

*Interchangeability between Bank Guarantee and Letter of Credit

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



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Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Jaguar-apr22.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.