



Press Release

Jai Ambey Roadlines Pvt. Ltd.

February 28 , 2022

Ratings

Instrument Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities - Overdraft	12.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Assigned	Simple
Short term Bank Facilities – BG	31.00	IVR A3 (IVR Single A Three)	Assigned	Simple
Total	43.00 (Forty Three Crores Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Jai Ambey Roadlines Private Limited (JARPL) derive strength from experience of its promoters in transportation and logistics business, established track record and reputed clientele. However it is constrained on account of its moderate scale of operations and profitability coupled with leveraged capital structure and moderate debt coverage indicators. The ratings further consider its presence in highly fragmented and competitive road transportation industry.

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

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis



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- Deterioration in receivable position impacting the liquidity
- Moderation in the capital structure

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. Amendra Singh Thakur and Mr. Dharmendra Singh who are experienced in similar line of business.

- **Scale of Operations**

Incorporated in Aug 02, 2020 (Earstwhile a Prop firm Jai Ambey Roadlines established in 2007), the scale of operations has improved at Rs 128.92 Cr in FY21 . This is mainly due to start of Govt. work order from Coal India, Chhattisgarh state power corp. Ltd where margins are better.

- **Satisfactory order book position indicating a near-term revenue visibility**

The group has a satisfactory order book position at ~ Rs. 564.60.00 crore which is ~ 3x the combined net sales of FY21.

- **Reputed Clientele**

The clients of the group consist of reputed players from both private and public sectors. The present order book consists orders from reputed entities like Central Coalfields Limited, Vedanta, Adani Power, Jindal steel & Power, NTPC and Bharat Coking Coal Limited etc.

- **Comfortable Financial Risk Profile**



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Coverage ratios with DSCR and ISCR are adequate at 2.04x and 4.27x in FY21. Profitability in FY21 has improved compared to FY20 with NPM of 1.61%. The Net Worth of companies stands at INR 17.96 Cr as on 31st March, 21 marginally improved, the overall gearing ratio of JARPL improved to 0.61x as on March 31, 2021 from 0.90x as on March 31, 2020 driven by accretion of profit to net worth. Moreover, total indebtedness as indicated by TOL/TNW remained comfortable at 2.11x as on March 31, 2021. 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 and competition from organized and larger number of unorganized private players:**

The JARPL operates in a tender based business sector and faces competition from other national level large players and small unorganized players who generally specialize in one or two business segments only. Revenues are dependent on the company's ability to bid successfully for tenders.

- **Risk of delay in project execution**

Jai Ambey Roadlines Pvt. Ltd business is susceptible to financial loss arising out of delay in project execution, as generally there exists a penalty clause for delay in contract execution.

- **Exposed to execution challenges due to regulatory risks associated with mining**

Coal Mining related operations remain exposed to regulatory risks, which can lead to potential closure in case of violation of statutory norms. Moreover, the mining belts are prone to law and order problems, which may result in unforeseen delays in project execution.



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Analytical Approach: Standalone

Applicable Criteria :

[Rating Methodology for Services entities](#)

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

Liquidity – Adequate

Liquidity position of the Company is expected to remain adequate marked by expected gross cash accruals in the range of Rs.5.68-6.90 crore in FY22-FY24 as compared to debt obligation in the range of Rs.2.48-3.00 crore. Further, with a gearing of 0.61 times as of March 31, 2021, the Jai Ambey Roadlines Pvt. Ltd has sufficient 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 ~66.84 % during the last 12 months ending Dec 31, 2021 indicating a moderate liquidity buffer.

About the Company

Jai Ambey Roadlines Pvt Ltd, formerly known as “Jai Ambey Roadlines” was the Brainchild of Mr. Jogendra Singh. The company started its journey in 2007 with only 2 tracks in the fleet list, and 1st-year turnover s 23 Lakhs. That motivated Mr. Jogendra Singh. Formed dedicated team and started scaling the company, and today company has 138 Cr. turnover with the fleet size of 150+ trucks and other equipment.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	45.50	128.92
EBITDA	2.43	3.60
PAT	0.60	2.10
Total Debt	6.14	7.15
Tangible Net worth*	10.14	17.96
EBITDA Margin (%)	5.34	2.79
PAT Margin (%)	1.30	1.61
Overall Gearing Ratio (x)	0.90	0.61

**as per Infomerics standards*

Status of non-cooperation with previous CRA : NIL



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Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument / Facilities	Current Rating (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.	Cash Credit	Long Term	12.00	IVR BBB-/ Stable Outlook	-	-	-
2	BG	Short Term	31.00	IVR A3 (IVR Single A Three)	-	-	

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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 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



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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
Long Term Bank Facilities- Overdraft	-	-	-	12.00	IVR BBB-/ Stable Outlook
Short Term Bank Facilities- BG	-	-	-	31.00	IVR A3 (IVR Single A Three)

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

Annexure 3: Facility wise lender details

[Jai-Ambey-lenders-feb22.pdf \(infomerics.com\)](#)

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