



Press Release

Jai Ambey Emergency Services (I) Private Limited

April 24th, 2023

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	90.09	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BB+/ Positive (IVR Double B Plus with Positive outlook)	Upgraded	Simple
Short Term bank Facilities	3.46	IVR A3 (IVR Single A Three)	IVR A4+ (IVR Single A Four Plus)	Upgraded	Simple
Total	93.55 (Rupees Ninety Three Crores and Fifty Five lakhs Only)				

Details of Facilities are in Annexure 1

Detailed Rationale

The upgradation of the rating to the bank facilities of Jai Ambey Emergency Services (I) Pvt. Ltd (JAESPL) derive strength from experience of its promoters in transportation and logistics business, established track record, significant increase in scale of operation and reputed clientele. However it is constrained on account of its tenders based nature of business 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



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Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis
- 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 a similar line of business.

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

Incorporated in June 2015, the scale of operations has remained moderate at Rs 76.08 Cr in FY22 against 62.14 in F.Y 21. The company has received a fresh work order dated 29.11.2021 from National Health Mission (NHM), MP which work started from 01.05.2022. As per tender documents, the agreement executed in a newly incorporated company in the name of 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). Due to revenue receipt from the operation of 860 ambulances of JAESPL, the operating income and margin of the company increased during 9MFY23. The income also increased due to reduction in interest cost on term loan of ambulances which are being utilised for Chhattisgarh Project and 5% annual increment in rental charges of CG project.



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

The group has a satisfactory order book position, the value of o/s orders in hand stands at ~ Rs. 1,491.74 crore which is ~ 19x the combined net receipts of FY22. . All of the work orders are extendable for 2 years.

- **Comfortable Financial Risk Profile**

Coverage ratios with DSCR and ISCR are adequate at 1.60x and 5.19x in FY22. Profitability in FY22 has improved compared to FY21 with NPM of 5.64%. The Net Worth of companies stands at INR 30.27 Cr as on 31st March, 22 marginally improved. 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 JAESPL 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 two 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 operates may not be able to match.

Analytical Approach: Standalone

Applicable Criteria :

[Rating Methodology for Service entities](#)

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

[Criteria for assigning rating outlook](#)

Liquidity – Adequate

Liquidity position of the Comp. is expected to remain adequate marked by expected gross cash accruals in the range of Rs.37.38-57.52 crore in FY23-FY24 as compared to debt obligation in the range of Rs 22.25 – 25.68 crore. Further, with a gearing of 3.19x times as of March 31, 2022, 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 ~69.57 % during the last 12 months ending Dec 31, 2022 indicating a moderate liquidity buffer.

About the Company

Jai Ambey Emergency Services Pvt. Ltd was founded about a decade ago and subsequently is incorporated on the 11th June , 2015 under the Companies Act, 2013 to provide, maintain, hire, undertake and run emergency services.



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Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	62.14	76.08
EBITDA	15.23	21.70
PAT	2.34	4.30
Total Debt	33.47	94.76
Tangible Net worth*	9.51	30.27
EBITDA Margin (%)	24.51%	28.52%
PAT Margin (%)	3.74%	5.64%
Overall Gearing Ratio (x)	3.72x	3.19x

*as per Infomerics standards

Status of non-cooperation with previous CRA : Brickwork Ratings has continued the rating under INC vide Press release dated 31st March, 2023 due to Non submission of information.

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 Dated : 10 th March, 2023	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1	Term Loan	Long Term	83.09	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	-	-
2	Cash Credit	Long Term	7.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BB+/ Positive (IVR Double B Plus with Positive outlook)	-	-
3	Bank Guarantee	Short Term	3.46	IVR A3 (IVR Single A Three)	IVR A4+ (IVR Single A Four Plus)	-	-



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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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Annexure 1: Details of Facilities



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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	83.09				IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)
Long Term Bank Facilities – Cash Credit	7.00				IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)
Short Term Bank Facilities – Bank Guarantee	3.46				IVR A3 (IVR Single A Three)

Annexure 2: List of companies considered for consolidated analysis: Not applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-JaiAmbey-apr23.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