Press Release

Jai Ambey Roadlines Private Limited

April 24th, 2023

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	67.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Re-affirmed	Simple
Short Term bank Facilities	36.00	IVR A3 (IVR Single A Three)	IVR A3 (IVR Single A Three)	Re-affirmed	Simple
Total	**103.00 (Rupees One Hundred and three Crores Only)**				

Details of Facilities are in Annexure 1

Detailed Rationale

The re-affirmation of the rating to the bank facilities of Jai Ambey Roadlines Pvt. Ltd (JARPL) 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 improvement in scale of operations and profitability
- ✓ Improvement in net worth.

Downward Factors

- ✓ Further deterioration in the overall gearing
- ✓ Substantial decline in the total revenue and profitability

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.

Significant increase in scale of operations in FY22 and 10MFY23

The company's revenue increased by around 116.85% in FY22, from Rs.128.92 crore in FY21 to Rs.279.42 crore in FY22, due to an increase in volume of sales basis completion of work order. In FY21 the revenue increased by around 183.02% from Rs.45.50 crore in FY20 to Rs.128.92 crore in FY21 due to increase in volume of sales. In 10MFY23, company's revenue stood at around Rs. 247.72 Crore due to increase in volume of sales basis completion of work orders

Moderate capital structure and debt protection metrics

Financial risk profile of the company is moderate. Its capital structure has deteriorated with adjusted overall gearing and adjusted TOL/ ATNW ratios at 1.66x and 4.69x respectively as on March 31, 2022 as against 0.36x and 1.90x respectively as on March 31, 2021, due to increase in total debt of the company owing to the capacity expansion. The debt protection metrics remained healthy with interest coverage ratio and Total debt/ GCA ratio of 4.74x and 3.88x respectively in FY22 against 4.29x and 2.15x respectively in FY21.

Efficient working capital management :

The company's working capital cycle is efficient marked by its operating cycle of around 22 days FY22 (FY21: 20 days). The company maintains an average inventory of Nil day of various varieties and grades for smooth running of operations. It generally extends 15-45 days credit to its customers and gets 15 days credit from its suppliers. Accordingly, its average collection period continued to remain comfortable at 83 days in FY22 (FY21: 58 days).

Key Rating Weaknesses

Large sized debt funded capex being undertaken by the company

The company is undertaking a capex of Rs.47.00 crore to procure additional fleet of 82 trucks and loaders. The capex will be funded by way of term loan of Rs. 37.50 Crore from bank of Baroda and Rs. 9.90 Crore from the Union bank of India. Successful and timely completion of the project with no cost or time overrun remains a key rating sensitivity

High customer concentration risk

JARPL is exposed to high customer concentration with around 88.01% of its revenue being derived from the top 3 customers. Moreover, more than 55% of its revenue is derived from 1 customer, namely Gare Pelma -III, Colliers Limited. The company has a long standing relationship with its key customers. The company is engaged in lifting and transportation of coal and minerals business backed by the orders received. Any decline in offtake from its customers will have a huge impact on the company's sales volume. However, the customer concentration is mitigated to some extent by the established relationship of the company with its customers since its inception.

Highly fragmented & competitive nature of business

The road logistics segment is a highly fragmented and competitive sector, with the presence of several unorganized and established companies in the segment, which may constrain the company's revenues and margins. However, entry barriers in the express logistics are significantly high, which limits the threat of any new entrants. Given the lack of product differentiation, maintaining its superior service standards and providing innovative solutions to the evolving customer requirements will be keys for JARPL to expand its market position

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 Company is expected to remain adequate marked by expected gross cash accruals in the range of Rs.27.99-34.96 crore in FY23-FY25 as compared to debt obligation in the range of Rs.15.66 - 27.17 crore in FY23-25. The average utilisation of its working capital facilities is 67.15% in the 12 months ended December 2022, giving it sufficient headroom. Hence JARPL liquidity position remained adequate marked by current ratio of 1.23x as on March 31, 2022.

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 was 23.00 Lakhs. That motivated Mr. Jogendra Singh. Formed dedicated team and started scaling the company, and company has 279.00 Crore Cr. Turnover in FY 2022 with the fleet size of 250+ trucks and other equipment.

Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	128.92	279.42
EBITDA	3.60	17.26
PAT	2.09	7.00
Total Debt	7.14	54.68
Tangible Net worth*	17.97	30.99
EBITDA Margin (%)	2.79%	6.18%
PAT Margin (%)	1.61%	2.49%
Overall Gearing Ratio (x)	0.61x	1.89x

**as per Infomerics standards*

Status of non-cooperation with previous CRA : Brickwork Ratings has continued the rating under INC vide Press release dated 13th April, 2022 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 : 28th Feb, 2022	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1	Term Loan	Long Term	53.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	-	-
2	Overdraft	Long Term	14.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	-
3	Bank Guarantee	Short Term	36.00	IVR A3 (IVR Single A Three)	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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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	53.00				IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)
Long Term Bank Facilities – Overdraft	14.00				IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)
Short Term Bank Facilities – Bank Guarantee	36.00				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-JaiAmbeyRoadlines-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