



Press Release

Jain Engineering Works India Private Limited

March 20, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	24.23	IVR C/Stable [IVR Single C with stable outlook]	IVR B+/ Negative; INC [IVR Single B Plus with Negative outlook; ISSUER NOT COOPERATING]	Rating downgraded, outlook revised from negative to stable and removed from Issuer Not Cooperating	<u>Simple</u>
Total	24.23	[Rupees Twenty-Four Crore and Twenty-Three Lakh only]			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded its rating assigned to the bank facilities for the long-term facilities to IVR C with stable outlook, revised the outlook from Negative to Stable and has removed the rating from Issuer Not Cooperating category of Jain Engineering Works India Private Limited.

The rating downgrade is on account of stretched liquidity and delays in the facilities not rated by Infomerics, which got regularised within the same month. The rating further takes into consideration working capital intensive nature of operations and geographical concentration of order book. There also exists an execution risk of executing water management infrastructure development projects. However, the rating continues to draw comfort from experienced promoters and improvement in profitability albeit moderation in scale of operations. The rating also factors in the improved capital structure coupled with favourable government policies.

The 'Stable' outlook reflects expected increase in scale of operations along with profitability. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of Jain Engineering Works India Private Limited up to 31 March 2024 (refers to period April 1st, 2023,



Press Release

to March 31st, 2024) and projected cashflow for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the society's management.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the company's revenue and/or profitability.
- Lower utilization of working capital bank borrowings leading to improvement in liquidity position.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of debt protection metrics.
- Further elongation of the working capital cycle, leading to a sustained deterioration of liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The promoters of Jain Engineering Works India Private Limited, Mr Sunil Surana possesses extensive experience of over 3 decades in this field whereas Mr. Rishabh Surana has been in the industry for almost a decade. With experience in engineering sector as EPC Contractor, they have delivered various engineering and civil projects on Turnkey or segment specific basis. In the past they have executed various projects of Government, private sector and MNC entities.

- **Improvement in profitability albeit moderation in scale of operations**

The total operating income of the company has moderated at (CAGR) of 24.43% during the past three years ended as on March 31, 2024. Further, the TOI of the company has declined by 33.67% in FY24 and stood at Rs. 20.19 crore compared to Rs. 30.44 crore in FY23 on account of lower execution of orders because of the land acquisition issue which arose because of the elections.



Press Release

The EBITDA of the company stood at Rs. 8.25 crore in FY24 increased from Rs. 7.52 crore in FY23. The PAT of the company stood at Rs. 0.39 crore in FY24 increased from Rs. 0.26 crore in FY23.

Despite decline in scale of operations, the EBITDA margin of the company improved by 1611 bps and stood at 40.83% in FY24 compared to 24.72% in FY23 on account of higher margins earned on executed orders. PAT margin of the company also improved by 83 bps and stood thin at 1.65% in FY24 compared to 0.82% in FY23, the same stood thin because of the high interest and finance cost.

- **Favourable Government Policies**

Drinking water supply and sanitation has become a prime focus for Government of India and Madhya Pradesh under schemes. Government of Madhya Pradesh and Chhattisgarh have scaled up their outlays for integrated water supply projects for all urban areas and have a mission to cover all rural blocks and villages by 2030 by piped surface water supply schemes which forms a major and continuous business opportunity for the company.

- **Improved capital structure**

The ATNW of the company stood at Rs. 61.73 crore as on March 31, 2024 improved from Rs. 61.57 crore as on March 31, 2023 on account of accretion of profits to general reserve. The total debt stood at Rs. 27.89 crore as on March 31, 2024 moderated from Rs. 34.01 crore as on March 31, 2023. The capital structure of the company stood comfortable marked by overall gearing at 0.45x as on March 31, 2024 improved from 0.55x as on March 31, 2023 on account of reduction in total debt. The indebtedness of the company remained almost same marked by TOL/ATNW at 0.88x as on March 31, 2024, which was 0.82x as on March 31, 2023.

Key Rating Weaknesses

- **Working Capital intensive nature of operations**

The company faces risks in realising revenues from irrigation and drinking water pipeline projects which accounts for majority of its overall revenues. The receivables realisation is delayed due to late realisations. In FY24, the collection period stood at 370 days as against 244 days in FY23, whereas the creditor days stood at 372 days in FY24, which was 230 days in FY23, and the working capital cycle stood elongated at 1021 days in FY24 as compared to 487 days in FY23.



Press Release

- **Geographical concentration of order book**

The unexecuted order book remained concentrated with almost 90-95% from Madhya Pradesh and remaining from Chhattisgarh and Maharashtra. However, the company has adequate experience to execute projects in these states and also operating in a concentrated geography provides efficient control and reduces the logistical expense.

- **Execution risk**

The company's operations are susceptible to many external factors such as timely clearances from various regulatory bodies, the handover of sites, the mobilization of funds, the change in governments policies and directives, cost escalation due to departmental delays, labour unrest and climatic vagaries. The effect of any of these could be substantial on the company's timeline of the completion of projects, working capital utilization level and overall profitability.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Instrument/Facility wise Default Recognition & Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Stretched

The company's liquidity is stretched marked by 99.23% average utilisation of fund-based limits during the past 12 months ended December 2024. The unencumbered cash and bank balance stood at Rs. 0.73 Cr. as on February 2025. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 1.11 Cr. - Rs. 2.07 Cr. during FY25-27 against debt repayment of Rs. 0.90 Cr. in FY25-27. The company has a Current Ratio of 1.99x as on March 31, 2024, compared to 2.45x as on March 31, 2023. The Working Capital Cycle of the company stood at 1021 days in FY24 days which was 487 days in FY23.



Press Release

About the Company

Founded on April 13th, 2004, Jain Engineering Works started as a partnership firm, focusing initially on manufacturing of dam gates for government departments in Chhattisgarh, Maharashtra, and Madhya Pradesh. Going forward, the firm ventured into turnkey water supply projects for MP Jal Nigam, Asian Development Bank and NABARD. In December 2021, the firm was transitioned into a private limited company specialising in dam gates manufacturing, automation projects and turnkey water supply solutions for government departments. Going forward, the company is also planning to venture into sewage turnkey tender projects.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	30.44	20.19
EBITDA	7.52	8.25
PAT	0.26	0.39
Total Debt	34.01	27.89
Adjusted Tangible Net Worth	61.57	61.73
EBITDA Margin (%)	24.72	40.83
PAT Margin (%)	0.82	1.65
Overall Gearing Ratio (x)	0.55	0.45
Interest Coverage (x)	0.98	0.82

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating History for last three years:



Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					May 14, 2024	April 04, 2023	February 09, 2022
1.	Long Term Bank Facilities	Long Term	24.23	IVR C/Stable	IVR B+/Negative; INC	IVR BB-/Negative; INC	IVR BB/Stable

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



Press Release

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Non- Fund Based Facility – Bank Guarantee	-	-	-	-	24.23	IVR C/Stable

Annexure 2: Facility wise lender details (Hyperlink to be added):

<https://www.infomerics.com/admin/prfiles/len-JainEngineering-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: 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.