Press Release

Jay Builders

August 29, 2025

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	40.00	IVR BB+; Stable (IVR Double B Plus with Stable Outlook)	IVR BB; Stable (IVR Double B with Stable Outlook)	Rating upgraded	Simple
Total	**40.00 (Rupees Forty Crore 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

The upgrade in the rating assigned to the bank facilities of Jay Builders (JB) consider improvement in scale of operations in FY25(Prov.) [FY refers to period from April 01 to March 31] leading to improvement in business performance coupled with improvement in capital structure of the firm. Furthermore, the rating also continues to derive support from long track record of the promoters in the civil construction industry and benefit emanating from group synergy. However, these rating strengths remain constrained due to exposure to geographical concentration and client concentration risk, susceptibility of operating margin to volatile input prices, highly fragmented & competitive nature of the construction sector and risk associated with partnership nature of constitution.

The outlook of the firm is expected to remain stable on the back of expected stable business performance of the firm in the near to medium term and will continue to benefit from the experience of its promoters.

Key Rating Sensitivities:

Upward Factors:

- Growth in scale of operations coupled with improvement in profitability on a sustained basis
- Sustenance of the capital structure with improvement in debt protection metrics
- Improvement in working capital management leading to improvement in liquidity

Downward Factors:

- Dip in the revenue and/or moderation in profitability impacting the debt protection metrics on a sustained basis.
- Moderation in the capital structure with deterioration in overall gearing to more than 1x and/or moderation in interest coverage ratio to below 1.5x.
- Elongation in the operating cycle impacts the liquidity profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record of the promoter in the construction industry**

  Mr. Jay Parikh and Mr. Dhrav Parikh are the partner of the firm having an extensive experience of more than a decade in the field of civil construction services. Benefit derived from partner's experience along with their strong understanding of construction industry and also managing the operations of its group company, Krishna CorpIndia Pvt Ltd (KCPL) which is also in the same line of business.

- **Benefit emanating from group synergy**

  Firm is mostly executing work orders of KCPL under subcontracting. KCPL being a reputed construction player, Firm enjoys operational synergy benefits which supports its business risk profile to an extent.

- **Improvement in scale of operation albeit moderation in operating margin.**

  The total operating income (TOI) of the firm witnessed a sharp increase in its turnover of ~200% i.e. from Rs. 43.90 crore in FY24(A) to Rs. 92.89 crore in FY25(Prov.) on the back of better execution of sub-contracting work received from its group entities like KCPL. However, the operating margin was moderated from 12.59% in FY24(A) to 6.79% in FY25(Prov.) due to increase in electromechanical work, pipeline work and labour cost. The reason for decline in operating margin is mainly because the firm raise invoices and book revenue at the time when principal contractors are ready to release payments to sub-contractor, but the expenses were booked as and when incurred. Despite of decrease in operating margin, the PAT margin improved from 4.89% in FY24 to 5.52 % in FY25 (Prov.) mainly on the back of decrease in finance cost expenditure i.e. from Rs. 4.65 crore in FY24(A) to Rs. 0.48 crore in FY25(P). With reduction in finance cost, net profit of the firm increased from Rs. 2.21 crore in FY24(A) to Rs. 5.18 crore in FY25(Prov.).

- **Satisfactory capital structure**

With increase in overall profitability, the adjusted tangible net worth stood at Rs. 11.91 crore as on March 31, 2025 (Prov.). The capital structure of the firm remains comfortable with negligible term loan in the capital structure leading to debt equity ratio of 0.01x as on March 31, 2025, as against 0.02x as on March 31, 2024. With reduction in bank borrowing level as on account closing date, the overall gearing also improved from 5.37x as on March 31, 2024, to 0.02x as on March 31, 2025. However, Total indebtedness as reflected by TOL/ATNW remained high at 5.97x as on March 31, 2025 [5.71x as on March 31, 2024]. The moderation in TOL/ATNW is mainly due to advances received from principal contractor for execution of work order of Rs. 24.43 crore as on account closing date. The said advances are not interest-bearing loan. The debt coverage indicator stood comfortable with ICR of 10.20x in FY2025 (Prov.) (1.19x in FY2024). Further, with increase in overall profitability, Total debt/EBITDA improved from 7.38x as on March 31, 2024, to 0.04x as on March 31, 2025 (Prov.). Total debt to NCA also improved to 0.05x as on March 31, 2025 (Prov.) [18.18x as on March 31, 2024].

Key Rating Weaknesses

- **Exposure to geographical concentration and client concentration risk**
  Firm is predominantly working in the state of Gujarat for its group entities, hence has a high degree of geographical concentration risk. Further, firm work as a sub-contractor for its related entities like KCPL and Krishna Enviro Engg. leads to customer concentration risk.
- **Susceptibility of operating margin to volatile input prices**
  Major raw materials used in civil construction activities are steel and cement which are usually sourced from suppliers at proximate distances. Historically, the cost of these raw materials and steel products have been volatile in nature and hence, profit margins of the firm are susceptible to fluctuation in raw material prices.
- **Highly fragmented & competitive nature of the construction sector**
  The civil construction industry is intensely competitive on account of its fragmented nature -along with the presence of several players. This coupled with the lowest-bidding-business procurement structure keeps the margins of all players, including Jay Builders under check.
- **Risk associated with partnership nature of constitution**
  Given Jay Builders's constitution as a partnership firm, it is exposed to discrete risks, including the possibility of capital withdrawal by the partners and the dissolution of the firm upon the death, retirement, or insolvency of the partners. Moreover, the partnership nature limits the firm's flexibility to tap external channels of financing.

Analytical Approach: Standalone.

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.]

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

[Criteria for assigning Rating outlook.]

[Policy on Default Recognition]

[Complexity Level of Rated Instruments/Facilities]

Liquidity – Adequate

The liquidity position of the firm is expected to remain adequate in the near term marked by its expected adequate gross cash accruals as against its debt repayment obligations in the near term. The firm has generated gross cash accruals amounting to Rs. 5.21 crore in FY25(Prov.) and is expected to earn gross cash accruals in the range of Rs.6.09 crore to 6.68 crore as against debt repayments obligations in the range of Rs.0.03 crore – Rs.0.05 crore during FY26-FY28. Moreover, the cash credit limit utilisation of the firm stood low and satisfactory at ~5.85% for the past 12 months ended April 2025 indicating sufficient liquidity buffer.

About the Firm

Jay Builder (JB) is established as a proprietorship firm in 2022 by Mr. Jay Parikh of Ahmedabad, Gujarat. In April 2024, the proprietorship firm was converted into partnership firm. The firm was established to execute projects of water supply service, conduit, water sewage and supply, pipeline work etc. for govt entities. Currently, the entity is engaged in executing projects under sub-contracting for its group company Krishna CorpIndia Private Limited. Mr. Jay Parikh and Mr. Dhruv Parikh are the partners of the firm having more than a decade's experience in the construction business by virtue of being associated with KCPL. They are the sons of Mr. Rajashri Mangal Parikh and Mrs. Bela Rajashri Parikh, the promoters of KCPL, and Mr Jay Parikh along with them manages the entire operations of KCPL.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	43.90	92.89
EBITDA	45.27	93.82
PAT	2.21	5.18
Total Debt	40.80	0.26

Adjusted Tangible Net Worth	7.61	11.91
EBITDA Margin (%)	12.59	6.79
PAT Margin (%)	4.89	5.52
Overall Gearing Ratio (x)	5.37	0.02
Interest Coverage (x)	1.19	13.13

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					June 13, 2024	July 21, 2023	-
1	Cash Credit	Long Term	40.00	IVR BB+/Stable	IVR BB/Stable	IVR BB/Stable	-

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About Infomerics:

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	40.00	IVR BB+/Stable

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-jaybuilders-aug25.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.