

Jangam Infratech Private Limited

May 03, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term bank facilities	10.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short-term Bank Facilities	20.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	30.00 (Rs. Thirty Crore Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 09, 2020, placed the ratings of Jangam Infratech Private Limited (JIPL) under the 'Issuer Non-Cooperating' category as JIPL had failed to provide information for monitoring of the rating. JIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated January 23, 2021, February 02, 2021 and February 12, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings take into account limited track record of operations with small scale of operations and working capital intensive nature of operation. The ratings, however, derives strength from experienced management, moderate financial risk profile and stable industry outlook.

Detailed description of the key rating drivers

At the time of the last rating on March 09, 2020, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key Rating Weaknesses

Working capital intensive nature of operations: JIPL operates in a business which is highly working capital intensive. The operating cycle of the company has remained high at 93 days in FY18 (43 days in FY17) with extended collection period at 129 days during FY18 (140 days in FY17) on account of delayed payments from GJS Infratech Private Limited. Similarly, the operating cycle further increased to 114 days in FY19 majorly on account of increase in the inventory level as on year end.

Limited track record with small scale of operations: JIPL (formerly known as Sri Saphthagiri Infratech Private Limited) was incorporated on February 23, 2010 and promoted by Mr. Vijay Kumar Makthala along with Ms. Shobha Rani Aravandi. During FY17, SSIPL changed its name to current nomenclature and post to that the business operations are handled by Ms. Pavani Ippili and Mr. Joseph Charles. Although the company was incorporated in 2010, the scale of operations has remained small with revenue of Rs.27.14 crore during FY18 and networth of Rs. 3.20 crore as on March 31, 2018. The scale of operations continued to remain small with revenue reducing to Rs.24.28 crore in FY19 and networth of Rs.4.45 crore as on March 31, 2019.

Key rating Strengths:

Experienced management: JIPL is managed and run by Ms. Pavani Ippili (Managing Director) an MBA graduate who has more than a decade of experience and is actively involved in day-to-day operations. She is ably supported by Mr. Charles Joseph (Director) an engineering graduate with vast and wide business experience in real estate, construction and project management.

Moderate financial risk profile: The financial risk profile of JIPL remains moderate with overall gearing at 1.31x as on March 31, 2018 which has improved from 2.06x as on March 31, 2017 on account of accretion of profits to the net worth. The debt coverage indicators of the company were comfortable during FY18. The overall gearing further improved to 0.08x as on March 31, 2019 vis-à-vis 1.31x as on March 31, 2018. Similarly, the other debt coverage indicators like interest coverage ratio & total debt/GCA also improved during FY19.

Healthy growth in total operating income and improvement in profitability margin: The scale of operations of JIPL as indicated by total operating income (TOI) has exhibited improvement trend in last three financial years ended FY18. TOI of the

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

company has improved by 229% to Rs. 23.92 crore in FY17 from Rs.7.27 crore in FY16 owing to increase in sub-contract work from GJS Infratech Private limited (GJSIPL) and the same has improved by 11% to Rs.27.14 crore in FY18. JIPL profitability margin stood moderate during FY18 with PBILDT margin and PAT margin of 6.97% and 4.55% respectively (6.78% and 4.59% during FY17). The revenue of the company declined by about 11% during FY19 to Rs.24.28 crore, however, the PBILDT margin and PAT margin improved marginally by 28 bps and 60 bps during FY19.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology – Construction Sector](#)

[Criteria for Short Term Instruments](#)

[Financial Ratios – Non-Financial Sector](#)

About the Company

Jangam Infratech Private Limited (JIPL) (formerly known as Sri Sapthagiri Infratech Private Limited) was incorporated on February 23, 2010 and has been promoted by Mr. Vijay Kumar Makthala along with Ms. Shobha Rani Aravandi. During FY17, SSIPL changed its business name as JIPL and the same was registered with ROC, Hyderabad on March 31, 2017. JIPL is engaged in the business of mining, infrastructure development and execution of Engineering, Construction facilities in various projects like housing, Hospitals, Buildings, Urban infrastructure etc. for Central/State Governments, other local bodies and private sector. JIPL holds 14% of shares in GJS infratech Private Limited and does sub-contracting for them.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	27.14	24.28
PBILDT	1.89	1.76
PAT	1.24	1.25
Overall gearing (times)	1.31	0.08
Interest coverage (times)	NM	88.00

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument/facility: Detailed explanation of covenants of the rated instrument/facilities is given in Annexure-3

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	-	20.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (09-Mar-20)	1)CARE BB-; Stable (27-Mar-19)
2.	Non-fund-based - ST-Bank Guarantees	ST	20.00	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (09-Mar-20)	1)CARE A4 (27-Mar-19)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument/facilities- NA**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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