

JK Infra Utilities Private Limited (Revised)

January 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	2.21 (Reduced from 2.32)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	11.00 (Reduced from 13.00)	CARE BB+; Stable / CARE A4+	Reaffirmed
Short Term Bank Facilities	6.79 (Enhanced from 4.68)	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of JK Infra Utilities Private Limited (JKIUPL) continue to be constrained by its modest scale of operations coupled with moderate profit margins, working capital intensive nature of operation and its presence in highly competitive, seasonal and cyclical nature of real estate industry. The ratings, however, continues to derive strength from established track record of operation in installation of plumbing, sanitation & fire-fighting systems, established relationship with reputed clientele coupled with healthy order book position.

Rating sensitivities: Factors likely to lead to rating actions
Positive factors

- Increase in scale of operations with total operating income exceeding Rs. 120 crores on a sustained basis
- Improvement in the profitability margins with the PBILDT and PAT margin exceeding 12% and 8% respectively on a sustained basis
- Improvement in liquidity position with operating cycle improving to 90 days.

Negative factors

- Decline in scale of operations with TOI declining to Rs. 50 crore and PBILDT declining to 3% on sustained basis
- Deterioration in the capital structure with the overall gearing exceeding a unity level on a sustained basis
- Deterioration in liquidity position with operating cycle deteriorating to more than 180 days

Analytical approach: Standalone
Outlook: Stable

CARE Ratings believes that JKIUPL will continue to benefit from the vast experience of promoters in plumbing, sanitation and firefighting systems and their established relationship with reputed clients.

Detailed description of the key rating drivers:
Key weaknesses
Modest scale of operations

The scale of operations has stagnant and modest over the past 3 years in the range of 50-60 crores. Tangible net worth remained low at stood at Rs. Rs. 24.77 cr. in FY24.

Moderate profitability margins

The PBILDT margin of JKIUPL stood moderate in the range of 5%-6% over the past 4 years given the tender driven EPC nature of operations. PAT margin has improved marginally to 3.16% in FY24 as compared to 3.15% in FY23.

Working capital intensive nature of operations

The operations of JKIUPL are highly working capital-intensive, with a substantial portion of funds tied up in receivables and a moderate share in inventory. The company's customers, primarily real estate developers, tend to delay payments significantly. Additionally, inventory turnover is slow due to the company's reliance on the project execution timelines of developers. As a result, the operating cycle slightly worsened to 189 days in FY24, up from 171 days in FY23. Similarly, gross current assets days remained elevated at 436 days in FY24, compared to 453 days in FY23. Hence, the company's operations continue to be heavily working capital-dependent, with a significant portion of funding derived from customer advances.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Presence in highly competitive, seasonal and cyclical nature of real estate industry

JKIUPL operates in a highly competitive industry with a large number of organized & unorganized players engaged in the EPC of plumbing, sanitation & FF. Moreover, the presence of reputed customers intensifies the already prevailing competition with the presence of competitive bidding, which is evident from the moderate profit margins and elongated collection period. Furthermore, the operations are also prone to the seasonality wherein the contracting activities take a halt during the monsoons. Moreover, the fortunes of the company are highly linked to real estate industry which remains cyclical in nature. Thus, the ability of the company to increase the scale of operations and improve profit margins amidst competitive, seasonal and cyclical scenario would be critical from the credit perspective.

Key strengths

Established track record of operations with highly experienced promoters in plumbing, sanitation & fire-fighting systems

JKIUPL possesses an established track record of over twelve years of operations in EPC of plumbing, sanitation & Fire Fighting for various residential & commercial premises across various cities viz. Pune, Mumbai, Thane, Navi Mumbai, Raigad, Latur, Bharuch, Gandhinagar, Virajpet, Aurangabad, Lonavala, Kolhapur, Goa, Baroda, Bangalore, etc. The overall operations of JKIUPL are looked after by the promoters – Mr. Gulabrao Jadhav and Mr. Nitin Sanap, who possess a total experience of more than two decades in the field of plumbing, sanitation & Fire Fighting.

Established relationship with reputed albeit moderately concentrated clientele coupled with healthy order book position

The company has established long-term relationships with its various customers, suppliers and other stakeholders. The services rendered by JKIUPL are catered to various reputed real estate players, corporates and industrialists, with whom the company has established long-term relationships. The clientele of the company comprises reputed real estate players viz. Adani Group, Godrej Group, Runwal Group, Lodha Group, Raheja group etc.

Comfortable capital structure and moderate debt coverage indicators

The capital structure of JKIUPL continues to remain at comfortable level owing to lower reliance on external debt. Overall gearing, Total debt to GCA, interest coverage ratio has improved compared in FY24 as compared to FY23.

Liquidity: Stretched

The liquidity position of JKIUPL is stretched, characterized by moderate gross cash accruals of Rs. 2.03 crore in FY24, slightly down from Rs. 2.11 crore in FY23. The company's working capital limits have been fully utilized over the past 12 months (up to October 2024), offering no additional liquidity buffer. However, the current ratio remained relatively healthy at 1.50 times as of March 31, 2024, improving from 1.40 times a year earlier. The operating cycle, which extended to 189 days in FY24, reflects significant funds tied up in receivables. The company has no major term loans, and its gross current assets days remained high at 436 days in FY24, compared to 453 days in FY23.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Incorporated in 2008 as a private limited company by Mr. Gulabrao Jadhav along with his friend Mr. Nitin Sanap, J.K. Infra-Utilities Private Limited (JKIUPL) is an ISO 9001:2008 & ISO 9001:2015 certified company engaged in undertaking EPC (Engineering Procurement Construction) contracts of plumbing, sanitation & fire-fighting (FF) for various residential & commercial premises across various states of India viz. Maharashtra, Gujarat, Karnataka, Goa, Uttar Pradesh and Madhya Pradesh. The company caters to various real estate and hospitality sector. Primary raw materials include various types of pipes, fittings and fasteners which are procured from various dealers in Mumbai.

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	7MFY25 (UA)
Total operating income	61.28	58.96	29.79
PBILDT	3.21	2.75	3.25
PAT	1.93	1.86	2.06
Overall gearing (times)	0.58	0.47	NA
Interest coverage (times)	4.32	5.99	15.47

A: Audited UA: Unaudited NA: Not Applicable; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

JKIUP has not cooperated with Acuite, which has classified it as non-cooperative vide release dated October 3, 2023. The reason provided by Acuite Ratings is non-furnishing of information for monitoring of ratings.

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 instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	2.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	August 2026	0.21	CARE BB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	11.00	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Proposed non-fund-based limits		-	-	-	6.79	CARE A4+

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Bank Overdraft	LT	2.00	CARE BB+; Stable	-	1)CARE BB+; Stable (05-Dec-23)	1)CARE BB+; Stable (06-Dec-22)	1)CARE BB+; Stable (07-Feb-22) 2)CARE BB+; Stable (01-Apr-21)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	11.00	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (05-Dec-23)	1)CARE BB+; Stable / CARE A4+ (06-Dec-22)	1)CARE BB+; Stable / CARE A4+ (07-Feb-22) 2)CARE BB+; Stable / CARE A4+ (01-Apr-21)
3	Non-fund-based - ST-Proposed non fund-based limits	ST	6.79	CARE A4+	-	1)CARE A4+ (05-Dec-23)	1)CARE A4+ (06-Dec-22)	1)CARE A4+ (07-Feb-22) 2)CARE A4+ (01-Apr-21)
4	Fund-based - LT-Term Loan	LT	0.21	CARE BB+; Stable	-	1)CARE BB+; Stable (05-Dec-23)	1)CARE BB+; Stable (06-Dec-22)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Proposed non fund-based limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Krunal Pankajkumar Modi Director CARE Ratings Limited Phone: 079-40265614 E-mail: krunal.modi@careedge.in Arunava Paul Associate Director CARE Ratings Limited Phone: 912267543667 E-mail: arunava.paul@careedge.in Aman Goel Rating Analyst CARE Ratings Limited E-mail: Aman.goel@careedge.in
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About us:

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