

## J R C Grid Engineers Private Limited

March 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	48.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from J R C Grid Engineers Private Limited (JRC) to monitor the rating(s) vide e-mail communications/letters dated September 2, 2024, October 3, 2024, October 7, 2024, November 11, 2024, January 15, 2025, February 3, 2025, February 6, 2025, February 24, 2025, etc. among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which, however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The ratings on J R C Grid Engineers Private Limited's bank facilities will now be denoted as **CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING\***.

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

The ratings have been downgraded on account of non-availability of requisite information due to non-cooperation by J R C Grid Engineers Private Limited (JRC) with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. Further, the ratings take into account the constraints relating to company's small scale of operations, single order book concentration risk and elongated debtor's and creditor's period. Further, the ratings continue to remain constrained by risk associated with its exposure towards related concerns in the form of investments, project execution risk inherent in various infrastructure projects and its presence in a highly competitive industry with business risk associated with tender-based orders. The ratings, however, continue to draw comfort from the experienced management coupled with long track record of operations, healthy profitability margins, comfortable capital structure and debt coverage indicators and price escalation clause insulating it from price volatility.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of the key rating drivers:

At the time of last rating on January 30, 2024, the following were the rating strengths and weaknesses:  
(updated based on limited information provided by the client)

#### Key weaknesses

**Small scale of operations:** JRC's scale of operations continue to remain small as marked by total operating income (TOI) and gross cash accruals (GCA) of Rs.40.03 crore and Rs.39.54 crore respectively, during FY24 (FY refers to the period April 1 to March 31) as against Rs.35.64 crore and Rs.9.07 crore respectively, during FY23. The small scale of operations in a competitive industry limits the bidding capability, pricing power and benefits of economies of scale.

**Single order book concentration risk:** JRC has an unexecuted order book position of ~Rs.180.63 crore as on December 31, 2023 which was equivalent to ~5.07x the total operating income achieved in FY23, thereby reflected revenue visibility over the medium term. However, ~88% of the present unexecuted order book was concentrated towards single contract from Management Development Institute Society, Haryana. Thus, the company was exposed to risk of any unfavourable changes in the policies towards award of new contracts. Furthermore, effective and timely execution of the orders has a direct bearing on the total income and margins of the company. In the absence of latest details, CARE Ratings Ltd. is unable to comment on the same.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Elongated debtor's and creditor's period:** The company raises bills on monthly basis for the completion of certain percentage of work and thereon which gets acknowledged by customer after necessary inspection of work done by the respective departments. Post the inspection, department clears the payment within 1-2 months (maximum) by deducting certain percentage of bill raised (4%-5% of bill amount) in the form of retention money, which they refund after submission of bank guarantee/ after one year from the completion of contract. Furthermore, there are procedural delay in relation being customers are mainly government departments/ public sector undertakings. Thus, the average collection period stood at 113 days for FY24. Further, owing to long standing presence in the industry, the company manages to receive healthy payable period from its suppliers and are paid once they received payments from its clients. Moreover, major portion of creditors belong to small sub-contractors wherein the company has leverage to delay the payments until materials are approved from the respective departments resulting into elongated average creditor's period. The inventory is in the form of work in progress at different sites on account of procedural delays involved in the certifications/validation of the invoices for the contracts executed resulting in an average inventory holding period of 81 days for FY24.

**Exposure towards related concerns in the form of investments:** J R C Grid Engineers Private Limited has extended the financial support to its related concern namely; M/s Vision Realtech Private Limited (VRPV)". As on March 31, 2024, there is an exposure by JRC in the form of investments to the tune of Rs.19.40 crore in its related concerns. The funded financial support provided by JRC to related concerns shall be crucial for the company's credit profile and shall remain credit negative.

**Project execution risk inherent in various infrastructure projects:** Given the nature of projects awarded, JRC is exposed to inherent risk in terms of delays in certain projects undertaken by the company due to delay in approvals and sanction from regulatory bodies such as land acquisition issues, thus exposing JRC towards the risk of delay in projects execution resulting in a delay in the realization of revenue growth. Furthermore, the company's ability to execute a project in timely manner would be led by its own operational efficiency and timely stage payments received from its clients which is also crucial from credit prospective.

**Highly competitive industry with business risk associated with tender-based orders:** JRC operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market which has limited the bargaining power of the company and has exerted pressure on its margins. JRC receives all of its majority of work orders from public sector undertakings/private entities. The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large. Furthermore, any changes in the government policy or government spending on projects are likely to affect the revenues of the company. Further, the company majorly undertakes government and private projects which are awarded through the tender-based/bidding system. This exposes the company towards risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

## Key strengths

**Experienced management coupled with long track record of operations:** JRC is a family run business. Mr. Bhuwan Girdhar and his wife Mrs. Shweta Girdhar are the directors of the company and they collectively look after the overall operations of the company. Mr. Bhuwan Girdhar (Managing director) is B.E. (Civil Engineering) qualified and holds an experience of more than three decades in construction industry through his association with this entity. Other director; Mrs. Shweta Girdhar is a graduate and holds an experience of more than a decade in the construction industry through his association with this entity. Furthermore, JRC is also supported by a team of qualified engineers, supervisory staff and a technical team to work on various sites having relevant experience in their respective fields. The company is having a considerable track record in this business which has given them an understanding of the dynamics of the market and enabled them to establish long term relationships with both suppliers and customers.

**Healthy profitability margins:** The profitability margins of the company stood healthy for the past two financial years i.e. (FY23-FY24). Further, the PBILDT margin of the company stood at 23.06% in FY24 as against 27.52% in FY23. However, PAT margin improved and stood at 98.58% in FY23 as against 25.24% in FY23 backed by exceptional items from sale of fixed assets to the tune of Rs.29.37 crore.

**Comfortable capital structure and debt coverage indicators:** The capital structure of the company stood comfortable as marked by overall gearing ratio which stood at 0.04x as on March 31, 2024 as against 0.05x as on March 31, 2023 primarily on account of lower reliance on working capital borrowings to fund its day-to-day operations.

Further, on account of limited debt levels, the debt coverage indicators of the company continue to remain comfortable as marked by interest coverage ratio and total debt to GCA of 614.90x and 0.14x respectively, for FY24 as against 45.17x and 0.55x respectively, for FY23.

**Price escalation clause insulating it from price volatility:** In the absence of any backward integration, the company procures its primary raw materials which includes steel, cement, sand, etc. from approved vendors/regional players specified by the respective clients at market rates and hence, it is susceptible to volatility in the input prices and which may have adverse impact on the profitability of the company. Nonetheless, the company is majorly insulated from any volatility in the input prices of raw materials as most of the contracts have a built-in price escalation clause for change in raw material prices owing to the long tenure of the project. Thus, the ability of the company to pass on increased price burden to the customers in a timely manner and maintain profitability margins is critical from the credit perspective.

#### **Liquidity: Adequate**

The liquidity position of the company remained adequate characterized by moderate average utilization of its working capital limits which stood around 50%-60% for the past 12 month's period ending January, 2025. Furthermore, company's liquidity profile is also supported by liquid investments to the tune of Rs.50.80 crore and unencumbered cash and bank balances which stood ~Rs.50.00 crore as on March 31, 2024. The company has reported net cash accruals (NCA) to the extent of Rs.39.54 crore during FY24 against nil repayment obligations.

#### **Applicable criteria**

[Definition of Default](#)

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

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Delhi based, J R C Grid Engineers Private Limited (JRC) was incorporated in March, 1983 as a private limited company. The company is currently being managed by Mr. Bhuwan Girdhar and Mrs. Shweta Girdhar. The company is engaged in civil construction works such as construction of residential, commercial, industrial and institutional buildings and its entire finishing works including plumbing, water supply, sewerage system, water drainage, internal electrification, HVAC & fire fighting, installation of lifts, DG sets, CCTV and its related development & landscaping works, etc. for different government/ public sector undertakings such as Delhi Metro Rail Corporation Limited (DMRC), Army Welfare Housing Organisation (AWHO), Indian Railway Welfare Organisation (IRWO), Air Force Naval Housing Board (AFNHB), Central Government Employees Welfare Housing Organisation (CGEWHO), etc. and private companies as well.

The company has one associate concern namely; "Habitat Realtech Private Limited" (incorporated in 2012) engaged in real estate business and developed residential township project namely "Dream Terraces" and one wholly-owned subsidiary namely; "M/s Vision Realtech Private Limited" (incorporated in 2008) engaged in providing warehouse rental services.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	35.64	40.03
PBILDT	9.81	9.23
PAT	8.99	39.47
Overall gearing (times)	0.05	0.04
Interest coverage (times)	45.17	614.90

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of 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/Non-fund-based-LT/ST		-	-	-	2.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	46.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for 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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	46.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (30-Jan-24)	-	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST	2.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (30-Jan-24)	-	-

\*Issuer did not cooperate; based on best available information.

LT/ST: Long term/Short term

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

#### Annexure-4: Complexity level of instruments rated

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

**Annexure-5: Lender details**

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

**Note on complexity levels of 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](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Name: Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>  <b>Relationship Contact</b>  Name: Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3444 E-mail: <a href="mailto:ankur.sachdeva@careedge.in">ankur.sachdeva@careedge.in</a>	<b>Analytical Contacts</b>  Name: Puneet Kansal Director <b>CARE Ratings Limited</b> Phone: +91- 120-445 2018 E-mail: <a href="mailto:puneet.kansal@careedge.in">puneet.kansal@careedge.in</a>  Name: Sachin Mathur Associate Director <b>CARE Ratings Limited</b> Phone: +91- 120-445 2054 E-mail: <a href="mailto:sachin.mathur@careedge.in">sachin.mathur@careedge.in</a>  Name: Aashu Singh Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:aashu.singh@careedge.in">aashu.singh@careedge.in</a>
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### About us:

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