

J and B Engineering and Construction Company

March 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	12.00	CARE A4; ISSUER NOT COOPERATING*	Rating 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 Limited (CARE Ratings) has been seeking information from J and B Engineering and Construction Company (JBEC) to monitor the ratings vide e-mail communications/letters dated January 30, 2025, March 13, 2025, among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings.

In line with the extant SEBI guidelines, CARE Ratings 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 rating on JBEC's bank facilities will now be denoted as **CARE B+ /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 ratings.

The ratings have been revised on account of non-availability of requisite information due to non-cooperation by JBEC with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile.

The ratings assigned to bank facilities of JBEC continue to be constrained by small scale of operations with moderate and concentrated order book position, elongated operating cycle, profitability margins susceptible to fluctuation in raw material prices, tender driven nature of business with highly competitive intensity and partnership nature of business constitution with inherent risk of withdrawal of capital. The ratings continue to derive strength from experienced promoters with long track record of operations.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on February 02, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Small scale of operations:

The scale of operation in FY23 (refers to the period from April 01 to March 31) had moderated with operating income declining to Rs. 29.79 crore from Rs. 54.16 crore in FY22, due to slowdown in execution of orders following delayed collection of receipts from Kerala Water Authority (KWA).

Moderate and geographically concentrated order book position:

The order book of the firm stood moderate of Rs. 85.30 crore which translates to 2.86x of FY23's revenue as on January 17, 2024, which is executable before August 2026. The order book is geographically concentrated with 100% of orders in Kerala which exposes the firm to changes in state government's policy on infrastructure and political conditions in that region.

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

Moderate capital structure and debt coverage indicators:

The capital structure of the firm remained moderate with overall gearing of 2.04x as of March 31, 2023, as against 2.20x as of March 31, 2022. The debt coverage indicators had deteriorated marked with Total debt/GCA increasing to 11.04x as of March 31, 2023, from 5.68x as of March 31, 2022, on account of reduced accruals. The interest coverage declined to 1.83x in FY23 as against 2.38x in FY22.

Profitability margins are susceptible to fluctuation in raw material prices:

The basic input materials for execution of contracts are steel, bitumen and cement, the prices of which are highly volatile. Hence, the operating margin of the firm is exposed to any sudden spurt in the input material prices along with an increase in labor prices being in labor intensive industry. The absence of price escalation clause leads to raw material fluctuation risk.

Tender driven nature of business with highly competitive intensity:

The firm receives 100% work orders from the State Government of Kerala. All these are tender-based, and the revenues are dependent on the firm's ability to bid successfully for these tenders. Profitability margins come under pressure because of the competitive nature of the industry. However, the promoter's vast experience in a similar industry for than two decades mitigates this risk to some extent. JBEC operates in a highly fragmented and competitive industry having a presence of a large number of medium-sized players. Also, the presence of big-sized players with an established track record and network results in intense competition in the industry.

Partnership nature of business constitution with inherent risk of withdrawal of capital:

JBEC is a partnership nature of business wherein the inherent risk of withdrawal of capital by the partners at the time of their personal contingencies resulting in erosion of capital base leading to adverse effect on capital structure. It is witnessed that the partners had withdrawn Rs. 1.77 crore in FY22 and Rs. 0.11 crore in FY23.

Key strengths
Experienced promoters with long track record of operations:

JBEC was established in 1991 as a partnership firm promoted by Mr. K.A. Abraham, the Managing Partner, with extensive experience in the construction industry for over four decades. He is assisted by his family members' viz. Ms. Jessy Abraham, wife of Mr. K.A. Abraham, who has more than two decades of experience in a similar industry and works for the accounts department in JBEC. Mr. Jeby Abraham and Mr. Juby Abraham completed his Bachelor of Engineering and Mr. Jobin Joseph Abraham completed Bachelor of Architecture and Master of Urban Planning; both the partners have an experience in the same line of business for more than a decade. Further, the firm's long track record of operations for three decades and vast experience of the partners benefits the firm in long run.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

JBEC was established as a partnership firm on April 30, 1991, promoted by Mr. K.A. Abraham along with his family members viz Ms. Jessy Abraham, Mr. Jeby Abraham, Mr. Juby Abraham and Mr. Jobin Joseph Abraham. The firm is engaged in designing and constructing pipelines, water treatment plant for Kerala Water Authority (State Government of Kerala).

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	32.07	54.16	29.79
PBILDT	4.77	6.79	4.54
PAT	1.87	3.40	1.58
Overall gearing (times)	2.23	2.20	2.04
Interest coverage (times)	2.02	2.38	1.83

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 - LT-Cash Credit		-	-	-	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	12.00	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	Fund-based - LT-Cash Credit	LT	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (02-Feb-24)	1)CARE BB-; Stable (24-Jan-23)	1)CARE BB-; Stable (04-Jan-22)
2	Non-fund-based - ST-Bank Guarantee	ST	12.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (02-Feb-24)	1)CARE A4 (24-Jan-23)	1)CARE A4 (04-Jan-22)

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

LT: Long term; ST: 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 - LT-Cash Credit	Simple
2	Non-fund-based - 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 for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Priti Agarwal Senior Director CARE Ratings Limited E-mail: priti.agarwal@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-2850 1001 E-mail: pradeep.kumar@careedge.in	Sandeep P Director CARE Ratings Limited Phone: +91-44-2850 1002 E-mail: sandeep.prem@careedge.in
	Vishnu Raghavan R Analyst CARE Ratings Limited E-mail: Vishnu.Raghavan@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**