JPW Infratech Private Limited

July 03, 2025

Facilities	Amount (₹ crore)	Ratings[1]	Rating Action
Long-term bank facilities	21.00	CARE BBB+; Stable	Upgraded from CARE BBB; Positive
Long-term / Short-term bank facilities	135.50	CARE BBB+; Stable / CARE A2	Upgraded from CARE BBB; Positive / CARE A3+

Details of facilities in Annexure-1.

Rationale and key rating drivers

The revision in the ratings assigned to the bank facilities of JPW Infratech Private Limited (JPWIPL) take into account the significant increase in total operating income by 79% in FY25 (Provisional; refers to the period April 1 to March 31) as compared to FY24 along with maintenance of operating margin above 14%. Furthermore, the order book position continues to remain satisfactory backed by orders in hand of Rs.1,083.73 crore as on March 31, 2025, which is equivalent to 1.51x of the total operating income of the company for FY25, providing medium term revenue visibility.

The ratings further derive strength from the satisfactory capital structure and debt protection metrics and experienced promoters. The ratings, however, continue to remain constrained by its working capital-intensive nature of business, customer concentration risk, tender based nature of operations & fragmented industry leading to intense competition, volatility in the prices of raw materials which is mitigated to an extent with price escalation clauses in some of the contracts.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in total operating income above Rs.1100 crore while maintaining healthy PBILDT margin above 17% on a sustained basis.
- Improvement in its working capital intensity by reducing its gross current asset days to below 100 days on a sustained basis.
- Improvement in capital structure with overall gearing ratio going below 0.25x on a sustained basis.

Negative factors

- Decline in total operating income below Rs.600 crore with PBILDT margin below 13% on a sustained basis.
- Deterioration in capital structure with overall gearing ratio beyond 0.65x on a sustained basis.
- Elongation in operating cycle beyond 100 days.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings expectations that JPWIPL shall be able to sustain its credit risk profile in near to medium term backed by promoters established track record in execution of construction projects, its healthy orderbook position and comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

Jai Prakash Wassan (Managing Director) has experience of more than two decades in the construction industry. The Board includes Sagar Wassan, son of Jai Prakash Wassan, who is responsible for the administration, financial planning and technical matters related to the execution of the projects. The promoters' extensive industry experience has led to better understanding of local market dynamics and healthy relationships with customers. Furthermore, the board of directors are assisted by a team of qualified and experienced management.

Satisfactory order book position imparting revenue visibility

JIPL has a satisfactory outstanding order book of Rs. 1083.73 crore as on March 31, 2025 (Rs. 1209.54 crore as on November 05, 2024), which is equivalent to 1.51x of the total operating income of the company for FY25, providing medium term revenue

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

visibility. The work includes construction of roads, railway infrastructure, ash dykes construction, site levelling work, water reservoir and transportation services. The work is scheduled to be completed in the next 1 to 2 years for civil & road construction works and railway contracts and around 12 months for transportation services business.
Furthermore, the company has emerged as L1 bidder for two additional contracts with a combined value of Rs.800.96 crore for work related to execution of Ash Dyke construction and associated civil infrastructure works and project involving construction of roadbed, minor bridges, buildings, installation of track (excluding supply of rails, sleepers, and thick web switches).

Improved financial performance in FY25

The company has recorded significant increase in Total operating income (TOI) with y-o-y growth of 79% to Rs.716.79 crore in FY25. PBILDT margin continues to remain comfortable at 14.49% in FY25 (UA) as against 15.06% in FY24. PAT margin witnessed improvement from 7.92% in FY24 to 8.86% in FY25 backed by similar capital costs with significant increase in absolute PBILDT.

Satisfactory capital structure and debt protection metrics

The capital structure of the company remained satisfactory marked by improvement in overall gearing ratio from 0.55x as on March 31, 2024 to 0.51x as on March 31, 2025 despite increase in total debt, on account of accretion of profits to reserves.
The debt profile of the company majorly consists of term loans (availed for purchasing heavy duty vehicles for construction work), working capital borrowings and unsecured loans from promoters/related parties. The net worth of the company has grown over the years and stood at Rs.151.40 crore as on March 31, 2025. PBILDT interest coverage ratio also witnessed significant improvement from 8.02x in FY24 to 13.44x in FY25.
The debt coverage indicators marked by TDGCA stood satisfactory at 1.01x as on March 31, 2025 (1.13x as on March 31, 2024). With no debt availment plans, the capital structure and debt protection metrics of the company is expected to improve further.

Key weaknesses

Working capital intensive nature of business

The operations of the company are working capital intensive due to tender based and medium-term nature of contracts. The company needs to furnish earnest money deposits (EMD) during the bidding process which leads to funds getting blocked even before the project is awarded. The company meets its working capital requirement through a mix of cash credit limits and creditors.
The operating cycle of the company improved from 110 days in FY24 to 62 days in FY25 largely on account of improvement in collection period from 109 days in FY24 to 58 days in FY25. The improvement in collection cycle was on account of company raising its bills fortnightly instead of the earlier practice of raising it monthly. With significant requirements of fuel for transportation, the company receives cash discounts on advance payments to diesel suppliers which adds to the operating profitability of the company. The utilisation of WC limits also remain low as the company enters into agreement with its creditors wherein the payment is made upon receipt of amounts from the contractees, except in respect of purchases made for steel, cement or diesel, wherein generally advance payment is made.

Customer concentration risk

The company has strong counterparties under its portfolio, however customer concentration prevails. Majority of the contract in value term pertains to NTPL Limited and East Central Railway which indicates client concentration risk to the entity. However, strong counterparties largely mitigate the risk to an extent.

Tender-based nature of operations & fragmented industry leading to intense competition

The company receives majority of its work orders from government departments and PSUs. All these are tender based, and the revenues are dependent on the ability to bid successfully for these tenders. Profitability margins remain under pressure due to the competitive nature of the industry. The ability to consistently obtain large orders and maintain revenue growth is vital in this industry. In case of ash transport contracts from NTPC, the five lowest bidders (L1 to L5) are allocated proportionately at L1 prices. There are many small and mid-size players operating in the segment due to which there is intense competition. However, being an old and established player with an established track record and being registered as a Class 1 contractor, the company is in a better place to deal with the competition.

Volatility in the prices of raw materials

The basic input materials for execution of construction projects and works contracts are steel, stone chips, bitumen, cement etc., the prices of which are highly volatile and any sudden spurt in the input material prices or any increase in labour prices, could mark a dent on the profitability. However, current government agencies and PSUs works contract has a price escalation clause which mitigates price volatility risk to some extent.

Liquidity: Adequate

The liquidity position of JPWIPL is adequate with gross cash accruals of Rs. 75.93 crore against debt repayment obligations of around Rs. 18.00 crore for FY25. Going ahead the company is expected to generate sufficient accruals to meet its debt repayment obligations of Rs.25.56 crore in FY26. Furthermore, the company has cash and liquid investments of Rs.24.73 crore as of March 31, 2025 providing liquidity comfort. The average monthly utilisation of fund-based working capital limits stood at around ~44% for the past 12-month period ended May 31, 2025 whilst the non-fund-based utilisation as on March 31, 2025, stood at 60%, with sufficient headroom for bidding for new projects. The current ratio of the company stood at 2.00x as on March 31, 2025.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

JPWIPL, incorporated in 2013, is a Korba, Chhattisgarh-based company that undertakes construction of roads, bridge & civil work, and earthwork for PSUs/Indian railways in Madhya Pradesh, Chhattisgarh, and nearby regions. In FY21, the company started transportation of pond ash from NTPC's thermal power plants to road construction site. Jai Prakash Wassan, Sagar Wassan, Rita Wassan, Disha Wassan, and Isha Dhingra are the promoters. The firm is a Class 1 recognised contractor which allows it to submit tenders for work across the country. The day-to-day operations are looked after by Jai Prakash Wassan and Sagar Wassan who has over 3 decades of experience in the field of civil construction.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	400.67	716.79
PBILDT	60.33	103.85
PAT	31.72	63.49
Overall gearing (times)	0.55	0.51
Interest coverage (times)	9.86	15.27

A: Audited P: Provisional; 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 facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	21.00	CARE BBB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	135.50	CARE BBB+; Stable / CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	21.00	CARE BBB+; Stable	-	1)CARE BBB; Positive (10-Dec-24)	1)CARE BBB; Stable (12-Feb-24) 2)CARE BBB; Stable (05-Jan-24) 3)CARE BBB-; Stable (06-Apr-23)	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	135.50	CARE BBB+; Stable / CARE A2	-	1)CARE BBB; Positive / CARE A3+ (10-Dec-24)	1)CARE BBB; Stable / CARE A3+ (12-Feb-24) 2)CARE BBB; Stable / CARE A3+ (05-Jan-24) 3)CARE BBB-; Stable / CARE A3 (06-Apr-23)	-

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

Annexure-3: Detailed explanation of covenants of rated 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 - 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 for clarifications.

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About us:
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