

November 09, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	5.00	SMERA A4+ (Assigned)

SMERA has assigned long-term rating of '**SMERA BB-**' (read as SMERA double B minus) and a short-term rating of '**SMERA A4+**' (read as SMERA A four plus) to the Rs.13.00 crore bank facilities of JKG Infratech Private Limited (JKG Infratech). The outlook is '**Stable**'. The rating derives comfort from the company's established track record of operations and experienced management. However, the ratings are constrained by the company's small-scale of operations, average financial risk profile marked by low profitability margins and moderate leverage (debt-to-equity).

Outlook: Stable

SMERA believes JKG Infratech will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability, or deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Efficient working capital cycle

About the Company

JKG Infratech, established in 2006, is a Delhi-based private limited company promoted by Mr. Ravi Shanker Goel and Dr. Madhu Sudan Goel. The company is engaged in the construction of roads, highways and buildings for various government authorities including the Airport Authority of India.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.22 crore on operating income of Rs.26.55 crore, as compared with PAT of Rs.0.13 crore on operating income of Rs.22.57 crore in FY2013-14. JKG Infratech's net worth stood at Rs.4.73 crore as on March 31, 2015, as compared with Rs.4.52 crore a year earlier.

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