

January 18, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	7.00	SMERA BBB-/Stable (Assigned)
Term Loan	1.53	SMERA BBB-/Stable (Assigned)
Standby Line of Credit	1.25	SMERA A3 (Assigned)
Bank Guarantee	5.00	SMERA A3 (Assigned)
Fund Based/Non Fund Based Facilities (Proposed)	3.22	SMERA BBB-/Stable/SMERA A3 (Assigned)

SMERA has assigned ratings of '**SMERA BBB-**' (read as **SMERA triple B minus**) and '**SMERA A3**' (read as **SMERA A three**) to the abovementioned bank facilities of Jaswantsingh Oberoi Construction Private Limited (JOCPL). The outlook is '**Stable**'. The ratings are supported by the company's established track record of operations, experienced management and long-standing relations with customers. The ratings also benefit from the healthy financial risk profile marked by low gearing, strong net worth base, healthy profitability and coverage indicators. Additionally, the rating also notes the efficient working capital management and comfortable liquidity position. However, the ratings are constrained by the moderate scale of operations, and high dependence of the company on tender-based orders in an intensely competitive segment of the civil construction industry.

Outlook: Stable

SMERA believes JOCPL will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' if 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, deterioration in the financial risk profile or higher than expected working capital requirements.

Rating Sensitivity Factors

- Improvement in scale of operations while maintaining profitability
- Higher than envisaged working capital borrowings

About the Company

Established in 1975 as a proprietorship firm, JOCPL, a Yavatmal-based civil construction company was converted into private limited in 1998. Promoted by Mr. Jaswantsingh Oberoi and family, the company is a registered Class-I contractor and constructs roads and bridges for government authorities such as Maharashtra Public Works Department (PWD), National Highway Authority of India (NHAI) and Maharashtra State Road Development Corporation (MSRDC).

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SMERA RATINGS LIMITED

Jaswantsingh Oberoi Construction Private Limited (JOCPL)

Rating Rationale

For FY2014–15, JOCPL reported profit after tax (PAT) of Rs.2.41 crore on operating income of Rs.54.15 crore, as compared with PAT of Rs.1.89 crore on operating income of Rs.32.49 crore in FY2013–14.

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