

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 (NHA) and Maharashtra State Road Development Corporation (MSRDC).

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

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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