Acuite RATINGS & RESEARCH

**Press Release**
**JASWANTSINGH OBEROI CONSTRUCTION PRIVATE LIMITED**
**March 04, 2025**
**Rating Upgraded and Withdrawn**

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|---|---|---|
| **Bank Loan Ratings** | 17.00 | ACUITE BB+ \| Stable \| Upgraded | - |
| **Bank Loan Ratings** | 7.00 | - | ACUITE A4+ \| Upgraded |
| **Bank Loan Ratings** | 1.25 | - | Not Applicable \| Withdrawn |
| **Total Outstanding Quantum (Rs. Cr)** | 24.00 | - | - |
| **Total Withdrawn Quantum (Rs. Cr)** | 1.25 | - | - |

## Rating Rationale

Acuite has upgraded its long-term rating to **'ACUITE BB+' (read asACUITE double B plus)** from **'ACUITE B+' (read as ACUITE B Plus)**and short-term rating to **'ACUITE A4+' (read asACUITE A four plus)** from **'ACUITE A4' (read as ACUITE A Four)**on the Rs. 24.00 Cr. bank facilities of Jaswantsingh Oberoi Construction Private Limited (JOCPL). The outlook is **'Stable'.**

Further, Acuite has withdrawn its short-term rating on the Rs.1.25 Cr. bank facilities of Jaswantsingh Oberoi Construction Private Limited (JOCPL) without assigning any rating as the instrument is fully repaid. The rating has been withdrawn on account of the request received from the company and NDC (No Dues Certificate) received from the banker. The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating as applicable to the respective facility / instrument.

**Rationale for rating upgrade**
The rating upgrade and transition from 'Issuer non-cooperating' reflects the company's experienced management, established track record of operations, and long-standing relationships with government authorities. The rating also takes into account the JOCPL's healthy order book position, which reflects steady revenue visibility over the medium term. Furthermore, the financial risk profile remains moderate, with moderate net worth, debt protection metrics and low gearing. However, these strengths are partially offset by the working capital-intensive nature of its operations, company's presence in a competitive and fragmented industry, coupled with tender-based nature of operations.
Going forward, JOCPL's ability to sustain improvements in its scale of operations while maintaining profitability will remain a key rating sensitivity.

## About the Company
JOCPL was incorporated in the year 1998 as a private limited company in the state of Maharashtra. The company is mainly engaged in the business of Infrastructure Development. The company mainly deals with the govt. and semi-Govt. agencies such as PWD, NHAI, MSRDC etc. The company is a Class – I contractor with PWD, MAHA, NHAI and Maharashtra State Road Development Corporation (MSRDC). Recently the company has developed the hotel in the name of Jasraj Palace with 69 AC rooms capacity and banquet hall. The directors of the company are Mr. Jagjitsingh Jaswantsingh Oberoi, Mrs. Harpreetkaur Jagjitsingh Oberoi and Mr. Sukhvanshsingh Jagjitsingh Oberoi.

## Unsupported Rating
Not Applicable

## Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the Jaswantsingh Oberoi Construction Private Limited (JOCPL) to arrive at this rating.

## Key Rating Drivers

### Strengths

**Long track record of operation and experienced management**

Incorporated in 1998, JOCPL has a long track record of operations of over two decades in the infrastructure business. The company's directors, Mr. Jagjitsingh Jaswantsingh Oberoi, Mrs. Harpreetkaur Jagjitsingh Oberoi, and Mr. Sukhvanshsingh Jagjitsingh Oberoi, each possess over two decades of experience in the construction industry. The company's revenue declined to Rs. 54.98 Cr. in FY2024 from Rs. 98.06 Cr. in FY2023 on account of lower execution of contracts due to general elections. However, in 9MFY25, it recorded improvement in revenue to Rs. 79.50 Cr. Further, JOCPL has a healthy executable order book position of ~Rs. 544.43 Cr., reflecting steady revenue visibility over the medium term. Furthermore, the operating profit margin improved to 19.39 percent in FY2024 compared to 11.15 percent in FY2023.Additionally, the company developed Jasraj Palace, a hotel in Yavatmal with 69 AC rooms and a banquet hall, operating under the Radisson brand and managed by Nile Management Consultancy Services of Rajasthan. With a current occupancy rate of 30-35%, the hotel has generated ~Rs. 4-5 Cr. in revenue in 9MFY2025.
Acuite believes that going ahead, promoters' extensive experience will help the company to maintain a healthy order book position and support improvement of its overall business risk profile.

**Moderate financial risk profile**

The company's financial risk profile is moderate marked by its moderate net worth, gearing and debt protection measures. The tangible net worth stood at Rs. 65.33 Cr. as on March 31, 2024, as against Rs. 62.57 Cr. as on March 31, 2023. The total debt of the company stood at Rs. 54.09 Cr. as on March 31, 2024, as against Rs. 35.30 Cr. as on March 31, 2023. In FY2024, the company undertook capital expenditure amounting to Rs. 44.08 Cr, with Rs. 41.52 Cr. allocated to the hotel division. For this division, the company secured a term loan of Rs. 25 Cr. and a standby line of credit of Rs. 3 Cr. from Axis Bank. Additionally, the company made general additions to its plant and machinery. The gearing of the company stood at 0.83 times as on March 31, 2024, as compared to 0.56 times as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) of the company stood at 1.08 times as on March 31, 2024, as against 1.19 times as on March 31, 2023. Further, the debt protection metrics of the company stood moderate reflected by debt service coverage ratio of 1.73 times for FY24 as against 2.07 times for FY23. The interest coverage ratio stood at 3.06 times for FY24 as against 5.03 times for FY23. The debt to EBITDA of the company stood at 4.65 times as on March 31, 2024, as against 2.50 times as on March 31, 2023. Acuité believes that, going forward, the financial risk profile of the company will remain at moderate leve over the medium term in the absence of major debt funded capex plan.

### Weaknesses

**Working capital intensive nature of operations**

The working capital management of the company is intensive in nature marked by Gross Current Assets (GCA) of 223 days in FY2024, compared to 166 days in FY2023. The inventory holding period extended to 94 days in FY2024 as compared to 2 days in FY2023. The debtor days have increased significantly to 61 days in FY2024 as against 37 days in FY2023. Further, the creditor days stood at 291 days in FY2024 as compared to 210 days in FY2023. The average utilization of fund-based limits remained high, averaging around ~93.01% over the last eleven months ending January 2025.
Acuité believes that the ability of the company to manage its working capital operations efficiently will remain a key rating sensitivity.

**Competitive and fragmented industry**

The infrastructural construction sector is marked by the presence of several mid to big sized players. The company faces intense competition from other players. Risk becomes more pronounced as tenders are based on the minimum amount of bidding of contracts. However, the risk is mitigated to an extent as the management has been operating in the industry for more than two decades.

### Rating Sensitivities

- Sustained improvement in overall operating performance.
- Any deterioration in working capital cycle and liquidity profile the company.
- Timely Execution of key orders in hand without significant time or cost overruns.

### Liquidity Position

**Adequate**

The company's liquidity position is adequate marked by generation of sufficient net cash accruals of Rs. 6.62 Cr. in FY2024 as against its maturing debt obligations of Rs. 2.22 Cr. in the same tenure. In addition, it is expected to generate sufficient cash accrual against its maturing repayment obligations over the medium term. The cash and bank balances of the company stood at Rs.0.99 Cr. as on March 31,2024. The current ratio stood at 1.00 times as on March 31, 2024, as compared to 1.04 times as on March 31,2023. However, the working capital management of the company is intensive in nature marked by Gross Current Assets (GCA) of 223 days as on 31st March 2024,

further, the reliance on working capital limits remained high with average utilisation of fund-based limits at ~93.01% over the past eleven months ending Jan 2025.
Acuité believes that going forward the company will maintain adequate liquidity position owing to steady accruals.

**Outlook: Stable**

**Other Factors affecting Rating**
None

## Key Financials

| Particulars | Unit | FY 24 (Actual) | FY 23 (Actual) |
|---|---|---|---|
| Operating Income | Rs. Cr. | 54.98 | 98.06 |
| PAT | Rs. Cr. | 2.76 | 5.86 |
| PAT Margin | (%) | 5.03 | 5.98 |
| Total Debt/Tangible Net Worth | Times | 0.83 | 0.56 |
| PBDIT/Interest | Times | 3.06 | 5.03 |

**Status of non-cooperation with previous CRA (if applicable)**
Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**
**Not applicable**
**Any other information**
None

**Applicable Criteria**
- Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
- Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm
- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

**Note on complexity levels of the rated instrument**
In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

## Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|---|---|---|---|---|
| 27 May 2024 | Stand By Line of Credit | Short Term | 1.25 | ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+) |
| | Bank Guarantee/Letter of Guarantee | Short Term | 7.00 | ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+) |
| | Proposed Bank Guarantee | Short Term | 3.00 | ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+) |
| | Cash Credit | Long Term | 12.00 | ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-) |
| | Proposed Cash Credit | Long Term | 2.00 | ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-) |
| 27 Feb 2023 | Stand By Line of Credit | Short Term | 1.25 | ACUITE A4+ (Reaffirmed & Issuer not co-operating*) |
| | Bank Guarantee/Letter of Guarantee | Short Term | 7.00 | ACUITE A4+ (Reaffirmed & Issuer not co-operating*) |
| | Proposed Bank Guarantee | Short Term | 3.00 | ACUITE A4+ (Reaffirmed & Issuer not co-operating*) |
| | Cash Credit | Long Term | 12.00 | ACUITE BB- (Reaffirmed & Issuer not co-operating*) |
| | Proposed Cash Credit | Long Term | 2.00 | ACUITE BB- (Reaffirmed & Issuer not co-operating*) |

**Annexure - Details of instruments rated**

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|---|---|---|---|---|---|---|---|---|
| State Bank of India | Not avl. / Not appl. | Bank Guarantee/Letter of Guarantee | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 7.00 | Simple | ACUITE A4+ \| Upgraded ( from ACUITE A4 ) |
| State Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 15.00 | Simple | ACUITE BB+ \| Stable \| Upgraded ( from ACUITE B+ ) |
| Not Applicable | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 2.00 | Simple | ACUITE BB+ \| Stable \| Upgraded ( from ACUITE B+ ) |
| State Bank of India | Not avl. / Not appl. | Stand By Line of Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 1.25 | Simple | Not Applicable\|Withdrawn |

## Contacts

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**About Acuité Ratings & Research**

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.



**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.