

March 29, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	12.00	SMERA A4 (Assigned)
Short Term Bank Loan Facility (Proposed)	2.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs.6.00 crore long term bank facility and short term rating of '**SMERA A4** (read as **SMERA A four**)' on the Rs.14.00 crore short term bank facilities of Jaypee Projects Limited (JPL). The outlook is '**Stable**'. The ratings are supported by the company's established market position backed by the promoters' experience of over two decades in the construction and infrastructure industry. The ratings also draw support from the average financial risk profile marked by comfortable net worth and debt protection metrics. However, the ratings are constrained by the modest scale of operations, low profitability and large working capital requirements.

Rating Sensitivity Factors

- Increase in scale of operations and profitability
- Efficient working capital management

Outlook – Stable

SMERA believes that JPL will maintain a stable business profile in the medium term while benefitting from its promoters' experience, average financial risk profile and reputed clientele. The outlook may be revised to 'Positive' if JPL scales up operations and profitability while improving the working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability or the working capital cycle further elongates.

About the Company

JPL was established in 1994 by Mr. Jay Prakash Mehta. The company is engaged in the construction of residential and commercial buildings including hospitals, educational institutions among others. The company is a Class – I contractor for Central Public Works Department and Public Works Department and has executed contracts of the government in West Bengal, Orissa, Agartala, Hyderabad, Maharashtra to name a few.

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For FY2014-15 (refers to financial year April 01 to March 31), JPL reported net loss of Rs.0.07 crore on operating income of Rs.34.47crore, as compared with profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.23.16 crore in FY2013-14.

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