

## Press Release

### JAKHAPUR JAGDAMBA CONSTRUCTION PRIVATE LIMITED

January 15, 2018

#### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 5.00 Cr.
<b>Long Term Rating</b>	SMERA BB / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4+

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA BB**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs. 5.00 crore bank facilities of JAKHAPUR JAGDAMBA CONSTRUCTION PRIVATE LIMITED. The outlook is '**Stable**'.

Jakhapur Jagdamba Construction Private Limited (JJCPPL) was incorporated in 2013 by Mr. Suraj Damodar Tatode and Mrs. Kumod Tulsiram Barde, the present directors of the company. JJCPPL is engaged in civil construction work and caters to clients like Larsen & Toubro Limited and Elecon Engineering Company Limited among others.

#### Key Rating Drivers

##### Strengths

- **Experienced management**

The management of the company has more than a decade of experience in the civil construction industry. Mr. Suraj Tatode has worked with other civil construction companies prior to incorporating JJCPPL and Mrs. Kumod Barde has more than a decade experience in the similar line of business.

- **Healthy order book**

The company has a healthy order book of Rs.64.28 crore as on November 2017.

- **Moderate financial risk profile**

The company has a moderate financial risk profile marked by networth of Rs. 7.36 crore as on 31 March, 2017 compared to Rs.5.23 crore as on 31 March, 2016. The debt to equity ratio stood at 0.54 times as on 31 March, 2017 as compared to 5.37 times as on 31 March, 2016. The interest coverage ratio improved to 15.84 times for FY2017 as compared to 9.80 times for FY2016.

##### Weaknesses

- **Uneven revenue trend**

JJCPL's revenue declined by 43.04% in FY2017. Revenues are contingent upon tender wins and therefore depict a fluctuating trend. The revenue stood at Rs.35.45 crore in FY2017 as against Rs.62.23 crore in FY2016 and Rs.42.25 crore in FY2015. The company booked revenue of Rs. 15.41 crore for the period April to November, 2017.

- **Limited track record of operations**

The company, having started commercial operations in 2013, has a limited track record of operations, which could restrict the quantum of tender wins.

- **Customer concentration risk**

The company faces customer concentration risk as 90% of the current order book is accounted by three clients, viz Larsen & Toubro Limited, Elecon Engineering Company Limited, and Abhi Engineering

Corporation Private Limited.

### Analytical Approach

SMERA has considered standalone business and financial risk profile of JJCPL to arrive at the rating.

### Outlook: Stable

SMERA believes JJCPL 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 revenue and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected growth in revenue and profitability, witnesses a deterioration in its financial risk profile, or incurs higher-than-expected working capital requirements.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	35.45	62.23	42.25
EBITDA	Rs. Cr.	3.15	5.23	2.48
PAT	Rs. Cr.	2.14	2.95	1.44
EBITDA Margin	(%)	8.88	8.41	5.87
PAT Margin	(%)	6.03	4.74	3.40
ROCE	(%)	33.23	79.67	109.06
Total Debt/Tangible Net Worth	Times	0.54	0.57	0.93
PBDIT/Interest	Times	15.84	9.80	9.52
Total Debt/PBDIT	Times	1.04	0.54	0.85
Gross Current Assets (Days)	Days	251	135	147

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
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### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Not Applicable

### \*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA A4+

### Contacts

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## ABOUT SMERA

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