

## Press Release

JITENDRA CHAUDHARY

09 January, 2018

Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 10.55 Cr.
<b>Long Term Rating</b>	SMERA B / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

\* Refer Annexure for details

## Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.10.55 crore bank facilities of JITENDRA CHAUDHARY (JC). The outlook is 'Stable'.

The Rajasthan-based Jitendra Chaudhary, established in 2008 undertakes short term (i.e. for 1-2 year) toll collection projects through tenders for Rajasthan State Road Development & Construction Corporation Limited. Jitendra Chaudhary is a Class AA contractor.

## Key Rating Drivers

### Strengths

#### • Experienced management

The proprietor, Mr. Jitendra Chaudhary has experience of more than two decades in the real estate industry. Mr. Jitendra Chaudhary is a Director in various group companies including Maharaja Landscape Private Limited, Pukhraj Homes Private Limited and Element InfoTech Private Limited.

### Weaknesses

#### • Nascent stage of operations

JC received Class AA contractor license in 2017. The contractor has two toll way projects namely Manesar to Palwal and Deoli to Ajmer. The rating is constrained by the nascent stage of operations since commercial operations began from 2017. The firm registered revenue of Rs. 2.22 crore in FY2017. SMERA believes that the firm's ability to scale up operations by bidding for larger projects will remain the key sensitivity factor

#### • Vulnerability to traffic risk

JC has two toll way projects namely Deoli to Ajmer and Manesar to Palwal of one and two years tenure respectively. Since the tenure is of a short period, the firm faces renewal risk. The business is tender based and exposed to intense competition from other players bidding for contracts. The cash flows are entirely toll based, thus operations are susceptible to fluctuations in traffic movements. The firm mitigates this risk to a certain extent as JC has a survey team that carries out a survey before bidding.

#### • Risk of capital withdrawal

JC's financial risk profile is susceptible to the inherent risk of capital withdrawal considering the proprietorship constitution of the firm. Significant withdrawal from the proprietor's capital can directly impact the financial risk profile over the medium term.

## Analytical Approach

SMERA has considered the standalone business and financial risk profiles to arrive at the rating.

### Outlook: Stable

SMERA believes that JC will maintain a stable outlook over the medium term owing to its established presence in the industry and extensive experience. The outlook may be revised to 'Positive' in case of significant improvement in toll revenue and cash flows. Conversely, the outlook may be revised to 'Negative' in case of sharp decline in toll revenues, cash flow and/or higher than expected debt intake.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	2.22	0.00	0.00
EBITDA	Rs. Cr.	2.09	0.00	0.00
PAT	Rs. Cr.	0.66	1.51	0.60
EBITDA Margin	(%)	94.18	0.00	0.00
PAT Margin	(%)	29.93	0.00	0.00
ROCE	(%)	29.03	17.99	11.17
Total Debt/Tangible Net Worth	Times	1.70	2.22	4.48
PBDIT/Interest	Times	1.22	2.32	2.86
Total Debt/PBDIT	Times	2.14	3.36	14.63

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Service sector Entities - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### 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. Crore)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	0.55	SMERA B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4

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