



Press Release

Janta Land Promoters Private Limited

August 30, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	8.86	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Total	8.86 (Rupees Eight crore and Eighty Six lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Janta Land Promoters Private Limited (JLPL) factors in the experienced management, strategic location of the project and moderate booking status. The ratings are, however, constrained by high project implementation risk, chance of time and cost overrun and susceptibility to cyclicity inherent in the real estate sector.

Key Rating Sensitivities:

Upward Factors

- Completion of Project within stipulated cost
- Scheduled progress of the project and sale of flats leading to adequate cash flow generation may lead to a positive rating action.

Downward Factors

- Any cost or time overrun in completing ongoing project
- Weaker-than-anticipated sales performance and lower-than-expected collections leading to cash flow mismatches.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management



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Kulwant Singh, Managing Director, has an experience of around 27 years in the real-estate sector. The company would continue benefiting from its promoters' and management personnel's industry experience. JLPL has delivered over 750 acres of real estate over last 15 years and is currently developing another 500 acres for residential and commercial purposes.

Strategic location of the project

JLPL is engaged in developing projects such as Falcon View and Galaxy Heights located at Mohali. Project is in the vicinity of Amity University, Plaksha University, ISB & Infosys and the same is located 5-minute drive to Chandigarh International Airport. The other project is Sanawar Hills which is located at Himachal Pradesh with excellent climate throughout the year, the same is located 15-minute drive to Dharampur Bus Station.

Moderate booking status

The entity is developing a total 1226 units, and until June 30, 2022 the company has sold 847 units (~69% of total inventory). Majority of the unsold inventory accounts to Falcon View, Sanawar Hills and Galaxy Heights 2 (Tower A & B) projects. Concurrently, the company has received customer advances of Rs. 372.52 crore. Ability to sell the remaining space at an attractive price remains a monitorable factor.

Key Rating Weaknesses

High project implementation risk:

Out of ongoing five projects, four of the projects such as "Falcon View (I, J, K, L, M, N, O, V, W), Sanawar Hills, Galaxy Heights 2 (Tower A & B) and Galaxy Heights 2 (Tower D & E)" is still in the mid construction stage. Out of total envisaged project cost (for total five projects) of Rs.835.76 crore, the company has incurred total cost of Rs.574.95 crore as on June 30, 2022, funded by, equity, bank borrowings and advances from customers. The company has sold 847 units till June 30, 2022 and collected Rs. 372.52 crore. Although the company is on its schedule, project implementation risk remains high because of its initial to mid construction stage in some of its projects. Further, a continuous flow of customer advances is essential for smooth physical progress of the project which will depend on the company's ability to sell at attractive prices. The promoter's vast experience in the real estate development of delivering various residential projects in the past mitigates the risk to an extent.

Chance of time and cost overrun



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Even though all precautions and steps are taken by the company to avoid time and cost overrun, there is always a scope of such a happening due to unforeseen circumstances. However, the company has picked up on any time and cost overrun that might have occurred due to the lockdown scenario of the COVID-19 pandemic.

Susceptibility to cyclicity inherent in the real estate sector

Real Estate is highly regulated and completion of the project depends upon a number of internal and external factors amongst which the most common are cost and time overruns and customer defaults, as the project depends on customer advances for its project funding. Also, the industry is highly cyclical to the economic cycles a country undergoes.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Real Estate Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity – Stretched

JLPL is expected to generate cash inflows in the range of Rs.154.99 crore in 9MFY23 (Projection) and Rs.174.00 crore in FY24 (Projection) against expected outflows (includes all costs) in the range of Rs.129.92 crore in 9MFY23 (Projection) and Rs.154.15 crore in FY24 (Projection). JLPL's ability to maintain sales and collection traction in Galaxy Heights 1A (A, B, C, D, E, F) project and improve traction in its Falcon View (I, J, K, L, M, N, O, V, W) project will be key in JLPL's ability to generate cash flows commensurate with its repayment obligations. JLPL is expected maintain a stretched liquidity profile on account of low buffer between cash inflows and outflows.

About the Company

JLPL incorporated in the year 2003 as 'Janta Land Promoters Limited' and its name was changed to Janta Land Promoters Private Limited in the year 2014. JLPL is engaged in developing real estate projects for residential, commercial, industrial, institutional and hospitality purposes.



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JLPL has delivered over 750 acres of prime real estate over the last 15 years. JLPL is currently developing another 500 acres for residential, commercial, industrial, institutional and hospitality purposes at Mohali. JLPL, with over 1250 acres of developed and under development projects, is one of the largest real estate developers in North India. JLPL's portfolio spans across high-end residential developments, plotted and apartments, luxury villas, Industrial & IT parks, commercial and hotel sites etc.

Financials (Standalone):

(Rs. crore)			
For the year ended/As on*	31-03-2020	31-03-2021	31-03-2022
	Audited	Audited	Provisional
Total Operating Income	324.16	319.01	280.00
EBITDA	53.95	67.53	60.10
PAT	31.64	34.52	35.37
Total Debt	193.10	179.79	128.50
Tangible Net Worth	253.76	287.61	323.66
Ratios			
EBITDA Margin (%)	16.64	21.17	21.46
PAT Margin (%)	9.64	10.64	12.37
Overall Gearing Ratio including Quasi Equity (x)	0.76	0.63	0.87

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instruments/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loan	Long Term	8.86	IVR BB-/Stable	-	-	-



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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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Annexure 1: Details of Instruments/ Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	December 2022	8.86	IVR BB-/ Stable



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Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Janta-Land-aug22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.