



## Press Release

### Jones Foundations Private Limited

October 24, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	160.82	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Proposed Long Term Bank Facilities	39.18	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
<b>Total</b>	<b>200.00</b> <b>(Rupees Two Hundred Crores Only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics has reaffirmed its rating assigned to bank facilities of Jones Foundations Private Limited (JFPL). The rating continues to derive comfort from experienced promoters, favourable project cost structure with moderate reliance on external debt, availability of land bank, satisfactory momentum of sale with steady booking status. However, these rating strengths remain constrained by the high dependence on customer advances and exposure to risks relating to cyclicity in real estate industry.

The outlook is stable in view of experienced management and long track record of operations.

#### Key Rating Sensitivities:

##### Upward Factors

- Timely receipt of customer advances
- Healthy booking status on a sustained basis leading to adequate cash flow generation



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### Downward Factors

- Lower than expected booking status and lower than expected collections leading to cash flow mismatches.
- Delay in completion of the project alongside cost overrun

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters**

Mr. Jones Manasha, the Managing Director has almost three decades of experience in the real estate industry. Under his mentorship, JFPL has completed and delivered 33 residential real estate properties in Chennai with combined construction area of around 38,06,315 square feet. Further, the company has 8 ongoing projects, with combined saleable area of 10,37,956 square feet.

- **Favourable project cost structure with moderate reliance on external debt**

The total cost of the 8 ongoing projects is budgeted at Rs.311.44 crore, with Rs.91.50 crore (29.38%) to be funded through customer advances, Rs.99.30 crore (31.88%) through promoter's funding and balance Rs.120.50 crore (38.69%) through debt. Out of the total ongoing projects, JFPL has availed term loans for its project Breeze, Cassia VII, Jones Orchird with outstanding loan of Rs 108.97 crore.

- **Satisfactory momentum of sale with steady booking status**

JFPL has successfully sold 303 units of the total 788 units of 8 on going projects, which is around 38.45% upto September 2024 . The sales momentum upto September 2024 for each project is as follows with ~92% of Serene Avenue II sold, 80% of 'Metro Square Ext' sold, ~60% of Serne Nest and Aravind Floral Garden sold, 42.08% of Breeze units sold, Total sales value of ongoing projects is Rs. 514.90 crore, against which consideration of Rs. 129.20 crore has already been received. Maintaining sales momentum for the remaining inventory and ensuring collection efficiency are critical for the project's cash flow, making them key aspects for future rating considerations.



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- **Availability of land bank**

The company owns all its land for its completed/ongoing projects. Hence, there is low/negligible risk pertaining to land.

### Key Rating Weaknesses

- **High dependence on customer advances**

The company primarily depends on advances received from its customers and partly on external borrowings to fund its operations. In case, the company is unable to receive timely advances from the customers as envisaged, the cash flow shall then be impacted, leading to delay in project execution, hence a key monitorable.

- **Exposure to risks relating to cyclicity in real estate industry**

Being a cyclical industry, real estate depends on macro-economic factors and the company's dependence on a particular geography further heightens such risk. The real estate industry also remains susceptible to regulatory risk. Cumulatively, these may have a material bearing on the real estate projects cash flows. This may impact the debt servicing ability of the company. Managing the same thus remains critical.

**Analytical Approach:** Standaloane

**Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

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

### **Liquidity –Adequate**

The projects under development by JFPL are funded by a combination of debt, customer advances and promoter funds. The company is projected to have moderate cash cover to service its debt obligations throughout the projected period FY25 (refers to period from April



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1,2024 to March 31,2025) - FY29 (refers to period from April 1,2028 to March 31,2029). On an overall basis, projected cash flow appears to be adequate.

### About the Company

- Jones Foundations Private Limited (JFPL), set up in 2002, is engaged in real estate development mainly in the Chennai region. The company is led by Mr. M. Jones, the managing director, having an experience of around three decades. The company has successfully constructed 33 projects, with combined construction area of around 3806315 square feet. The company has ongoing projects, with combined saleable area of 10,37,956 square feet, estimating a revenue of Rs.514.90 crore from the same. The upcoming project of JFPL is Cassia VIII which is a residential villa project located at Ottiyambakkam, Chennai with 500 Villas having total saleable area of 175480 sq.ft. Additionally JFPL has entered into the MOU dated October 01,2024 with Shree Sharada Educational Trust (SSET), wherein JFPL shall complete the construction of school building named MS Dhoni Global School building at Ottiyambakkam Village, Chennai, measuring built up area of 1,33,997 Sq ft. The total budgeted cost is Rs 55.34 crores out of which Rs 28.70 crore is incurred till June 2024 which is funded by own capital of Rs Rs 40.30 crore and Term loan from bank of Rs 15.00 crore.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	205.54	240.84
EBITDA	29.52	37.71
PAT	8.72	20.95
Total Debt	162.71	182.18
Tangible Net Worth	56.88	77.84
EBITDA Margin (%)	9.98	15.66
PAT Margin (%)	4.19	8.61
Overall Gearing Ratio (x)	2.86	2.32
Interest Coverage (x)	2.77	2.78

\* Classification as per Infomerics' standards.



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Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Bank Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Date (August 07, 2023) Rating	Date (May 18, 2022) Rating	Date (Month XX, 20XX) Rating
1	Term Loan	Long Term	154.53	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
2	GECL	Long Term	4.29	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
3	Secured OD	Long Term	2.00	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
4	Proposed	Long Term	39.18	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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





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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	NA	NA	NA	May 2032	15.57	IVR BBB-/Stable
Term loan	NA	NA	NA	Jan 2025	1.39	IVR BBB-/Stable
Term loan	NA	NA	NA	June 2025	2.18	IVR BBB-/Stable
Term loan	NA	NA	NA	March 2027	15.49	IVR BBB-/Stable
Term loan	NA	NA	NA	Feb 2026	9.29	IVR BBB-/Stable
Term Loan	NA	NA	NA	Dec 2026	39.61	IVR BBB-/Stable
Term Loan	NA	NA	NA	Jan 2024	15.00	IVR BBB-/Stable
Term Loan	NA	NA	NA	May 2028	40.00	IVR BBB-/Stable
Term loan	NA	NA	NA	May 2028	16.00	IVR BBB-/Stable
GECL 2.0	NA	NA	NA	Jan 2026	1.99	IVR BBB-/Stable
GECL	NA	NA	NA	Dec 2027	2.30	IVR BBB-/Stable
Secured OD	NA	NA	NA	Running Limit	2.00	IVR BBB-/Stable

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Jones-Foundations-oct24.pdf>



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**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: 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](http://www.infomerics.com).

