

## Press Release

JLPL Infrastructures Private Limited

February 01, 2022



### Rating Assigned and Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.35	ACUITE D   Assigned	-
Bank Loan Ratings	13.65	ACUITE D   Downgraded	-
Total Outstanding Quantum (Rs. Cr)	15.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

### Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE D** (read as ACUITE D)' from '**ACUITE B** (read as ACUITE B)' on the Rs.13.65 Cr. bank facilities of JLPL Infrastructures Private Limited (JLPL). Further, Acuité has assigned the long-term rating of '**ACUITE D** (read as ACUITE D)' on the Rs.1.35 Cr. bank facilities of JLPL Infrastructures Private Limited (JLPL).

### Rationale for revision of ratings

The revision of ratings takes into account the delay in repayment of the long-term loan bank facilities for the month of Jan 2022 as informed by the banker. The rating also factors in constraints faced in the form of Intensive working capital requirements, stretched liquidity position.

### About the Company

Punjab-based, Janta Estates and Housing Development was established as a partnership firm in 1995 and later changed its name to JLPL Infrastructures Private Limited and its constitution to a private limited company in 2014. The company is engaged in civil construction work at Mohali (Punjab). The company is headed by S. Kulwant Singh and is currently working on projects of Janta Land Promoters Private Limited (JLPL) under sector 66A of Mohali.

### Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of JLPL to arrive at the rating.

### Key Rating Drivers

#### Strengths

#### Established track record of operations and experienced management

The entity was established as a partnership concern in 1995 and later changed its constitution to a private limited company in 2014. Mr. Paramjit Singh (Director) and Mr. Kulwant Singh (Director) have more than two decades of experience in the civil construction industry. The extensive experience of the promoters is reflected through the established relationship with its customers and suppliers.

## Short-term revenue visibility from the current order book

JLPL has an order book of ~Rs.150.00 crore as on date to be executed in the next few years providing revenue visibility for the near-term period.

## Weaknesses

### Stagnant Scale of operations

The scale of operations of JLPL has remained stagnant for the past 3 years during the FY2019-21 period as reflected in the operating income of Rs.29.66 Cr. in FY2021 (Provisional) as against Rs.29.48 Cr. in FY2020.

### Stretched Working capital

The working capital of the company is intensive and stretched marked by gross current assets (GCA) of 513 days in FY2021 (provisional) as compared to 575 days in FY2020. This is on account of stretched debtors' collection period of 153 days in FY2021 (Provisional) as against 133 days in FY2020 and inventory holding period of 385 days in FY2021 (Provisional) as against 461 days in FY2020. The creditors' payment period has also reduced to 96 days in FY2021 (Provisional) as against 158 days in FY2020, resulting in further pressure on working capital. The average working capital utilization for the past six months ended December 2021 stood at ~96 percent.

### Customer concentration risk

The company generates 100 percent of its revenues through a single customer- Janta Land Promoters Private Limited. Further, the company executes projects only in the Mohali region resulting in geographic and customer concentration risks.

### Rating Sensitivities

- Significant improvement in scale of operations, while maintaining its profitability margins.
- Deterioration in the working capital cycle leading to stress on the debt protection metrics or the liquidity position of the entity.

## Material covenants

None

### Liquidity Position: Stretched

The company has stretched liquidity marked by cash accruals of Rs.3.58 crore for FY2021 (Provisional), with debt repayment obligations of less than Rs.1.00 crore for the same period. Nonetheless, there have been delays in servicing of debt facilities as informed by the banker. The company's working capital operations are intensive, marked by a GCA of 513 days for FY2021 (Provisional). The company maintains cash and bank balances of Rs.1.48 crore as on March 31, 2021 (Provisional). The current ratio stood at 1.47 times as on 31 March 31, 2021 (Provisional).

### Outlook: Not Applicable

Not Applicable

## Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	29.66	29.48
PAT	Rs. Cr.	2.74	2.73
PAT Margin	(%)	9.25	9.28
Total Debt/Tangible Net Worth	Times	0.35	0.35
PBDIT/Interest	Times	7.29	6.80

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

**Any other information**

None

**Applicable Criteria**

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

**Note on complexity levels of the rated instrument**

<https://www.acuite.in/view-rating-criteria-55.htm>

**Rating History**

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Dec 2019	Proposed Bank Facility	Long Term	7.44	ACUITE B   Stable (Reaffirmed)
	Cash Credit	Long Term	6.50	ACUITE B   Stable (Reaffirmed)
	Term Loan	Long Term	1.06	ACUITE B   Stable (Reaffirmed)
06 Nov 2018	Cash Credit	Long Term	7.00	ACUITE B   Stable (Assigned)
	Term Loan	Long Term	1.06	ACUITE B   Stable (Assigned)
	Proposed Bank Facility	Long Term	1.94	ACUITE B   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Rating</b>
Small Industries Development Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.90	ACUITE D   Downgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	7.69	ACUITE D   Downgraded
Small Industries Development Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	1.06	ACUITE D   Downgraded
Small Industries Development Bank of India	Not Applicable	Working Capital Term Loan	25-03-2021	8.25	31-03-2025	1.35	ACUITE D   Assigned

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### About Acuité Ratings & Research

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