



Press Release
Jaksons Developers Private Limited
April 19, 2024

Rating Reaffirmed & Partly Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.27	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	75.73	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	75.73	-	-
Total Withdrawn Quantum (Rs. Cr)	24.27	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B Minus**) on the Rs.75.73 Cr. bank facilities of Jaksons Developers Private Limited (JDPL). The outlook is '**Stable**'.

Further Acuite has reaffirmed and withdrawn its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B Minus**) on the Rs. 24.27 Cr. bank facilities of Jaksons Developers Private Limited (JDPL). The withdrawal of rating is on account of request received from the company for withdrawal on account of reduction in term loan due to repayment and is in line with Acuite's Policy on withdrawal of rating as applicable to the respective facility / instrument.

Rationale for Rating Action

The rating reaffirmation factors in the long track record of operations, extensive experience of the promoters and stable business risk profile wherein the revenue is slightly above the pre covid levels on account of improvement in occupancy level, ARR and RevPAR. However the rating is constrained by long working capital cycle as reflected by GCA days of 293 and moderate financial risk profile and strong competition from other players in the market. The improvement in occupancy level, ARR and RevPAR resulting into improved profitability and liquidity will remain key rating monitorable.

About the Company

New Delhi-based Jaksons Developers Private Limited (JDPL) was incorporated in 2006 by Mr. Arun Kumar Gupta and Mr. Virender Gupta. JDPL was originally engaged in real estate development and developed a mall, City Centre, and later the company entered into its maiden hospitality venture, after developing and now operating a hotel-cum-commercial project in the Northern part of Delhi. The hotel is branded as 'Crown Plaza' (brand owned by InterContinental Group) and commenced its operations in May 2011. Crown Plaza has a total of 183 rooms divided into three categories – Standard Rooms (161 rooms), Deluxe Rooms (18 rooms) and Executive Suites (4 rooms). Further, the company is also engaged in the real-estate segment.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of JDPL to arrive at

the rating.

Key Rating Drivers

Strengths

Established track record of operations visible in the brand reputation

Jaksons Developers Private Limited (JDPL) is engaged in real estate business i.e., construction and management of Shopping Mall (City Centre Mall, Rohini) & Commercial Complexes including the hotel (Crown Plaza). JDPL is promoted by Mr. Arun Gupta and Mr. Virender Gupta who have more than two decades of experience in the real estate and the hospitality industry. The promoters backed by their experience have been able to create a market for the hotel in Rohini located in the Northern part of Delhi.

Revenue and profitability

JDPL reported growth in operating income which reached the pre covid level and stood at Rs. 83.55 Cr in FY23 as against Rs. 49.37 Cr. in FY22 due to recovery in occupancy and sharp growth in ARR and RevPAR in FY23. The EBITDA margin saw a dip in FY23 and stood at 30.47% as compared to 38.14%. The dip in margin is attributed to higher repair & maintenance cost, higher management fee paid and higher employee cost on account of increase in staff count as well as better increment to compensate salary cut during COVID period. However the PAT margin of the company has seen improvement and stood at 16.81% in FY23 as compared to 12.62% in FY22.

Weaknesses

Intensive Working Capital Operation

Working capital operations of JDPL stood improved yet intensive as reflected GCA days of 293 days as on 31st March 2023 as compared to 513 days in FY 2022. Debtor days improved to 18 days in FY 2023 in comparison to 40 days in FY 2022. Inventory days stood at 160 days in FY 2023. Inventory days decreased by 120 days in comparison to FY 2022. Creditor days as on 31st March 2023 stood at 111 days in comparison to 160 days as on 31st March 2022.

Moderate Financial Risk Profile

JDPL has moderate financial risk profile marked by strong net worth and moderate debt protection metrics. Company's net worth stood at Rs. 245.33 Cr as on 31st March 2023 as against Rs. 231.28 Cr as on 31st March 2022. Gearing levels (debt-to-equity) decreased to 0.49 times as on March 31, 2023 from 0.58 times as on March 31, 2022. Further, the interest coverage ratio improved and stood at 3.16 times for FY2023 as against 2.35 times in FY2022. Likewise, Debt service coverage ratio improved from 1.08 times in FY2022 to 1.20 times in FY 2023.

Total outside liabilities to total net worth (TOL/TNW) stood at 0.59 times as on March 31, 2023 vis-à-vis 0.68 times as on March 31, 2022. However, Debt-EBITA although improved stood high at 4.09 times as on 31st March 2023 vis-à-vis 6.14 times as on 31st March 2022.

Highly competitive industry

The Indian subcontinent with vast opportunities and potential for high growth has become the focus area of major international chains. Several of these chains have established and others have their plans to establish hotels to take advantage of these opportunities. These entrants are expected to intensify the competitive environment. Acuité believes the success of the company will be dependent upon its ability to compete in areas such as room rates, quality of accommodation, service level and convenience of location and also the quality and scope of other amenities, including food and beverage facilities.

Rating Sensitivities

Any Significant incremental exposure in group companies

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.

Liquidity Position

Adequate

Company's liquidity is adequate marked by its net cash accruals to its maturing debt obligations. In FY 2023, company has generated cash accruals of 19.93 Cr as against Rs 15.02 crores debt obligation. Current ratio of the company declined and stood at 1.00 times for FY

23. Fund based Capital limit utilization for last thirteen months ended February 24 stood at 90.29% leaving little headroom for additional growth capital. Acuite believes that the liquidity position of the company will improve in medium term on account of better cash accruals generated and absence of any debt-funded capex.

Outlook: Stable

Acuité believes that JDPL will maintain a 'Stable' outlook in the near to medium term on account of its established track record of the entity supported by extensive experience of the promoters. Further Acuite believes that there will not be incremental exposure in loans and Advances, Security Deposits and other long term investments. The outlook may be revised to 'Positive' if the entity registers higher-than-expected growth in revenues, profitability margins and net cash accruals while maintaining/improving its debt protection metrics and financial risk profile. The outlook may be revised to 'Negative' in case the entity registers substantial decline in revenues, or profitability margins or if the financial risk profile deteriorates due to higher than expected working capital requirements resulting in deterioration of the capital structure.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	83.55	49.37
PAT	Rs. Cr.	14.05	6.23
PAT Margin	(%)	16.81	12.62
Total Debt/Tangible Net Worth	Times	0.49	0.58
PBDIT/Interest	Times	3.16	2.35

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>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Jan 2023	Term Loan	Long Term	35.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Secured Overdraft	Long Term	15.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	50.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
22 Oct 2021	Term Loan	Long Term	50.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	15.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	35.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Karnataka Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE BBB- Stable Reaffirmed
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	22 Jan 2019	Not avl. / Not appl.	22 Feb 2029	Simple	26.51	ACUITE BBB- Stable Reaffirmed
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	06 Mar 2020	Not avl. / Not appl.	06 Mar 2030	Simple	13.52	ACUITE BBB- Stable Reaffirmed
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	20 Jan 2018	Not avl. / Not appl.	19 Jan 2028	Simple	4.29	ACUITE BBB- Stable Reaffirmed
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	25 Mar 2021	Not avl. / Not appl.	25 Feb 2026	Simple	6.25	ACUITE BBB- Stable Reaffirmed
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	05 Jul 2021	Not avl. / Not appl.	05 Jul 2027	Simple	10.16	ACUITE BBB- Stable Reaffirmed
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	05 Jul 2021	Not avl. / Not appl.	05 Jul 2027	Simple	3.95	ACUITE BBB- Reaffirmed & Withdrawn
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	25 Mar 2021	Not avl. / Not appl.	25 Feb 2026	Simple	3.12	ACUITE BBB- Reaffirmed & Withdrawn
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	20 Jan 2018	Not avl. / Not appl.	19 Jan 2028	Simple	5.54	ACUITE BBB- Reaffirmed & Withdrawn
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	06 Mar 2020	Not avl. / Not appl.	06 Mar 2030	Simple	3.23	ACUITE BBB- Reaffirmed & Withdrawn
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	22 Jan 2019	Not avl. / Not appl.	22 Feb 2029	Simple	8.43	ACUITE BBB- Reaffirmed & Withdrawn

*Last year the term loans were clubbed into two however this time all the term loans are being shown separately as per its outstanding value as on 31st March 2024.

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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