



## Press Release

### **EM Square Homes Private Limited**

**November 18, 2024**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b>Complexity Indicator</b>
Long Term Bank Facility	75.00	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	-	Assigned	<a href="#"><u>Simple</u></a>
<b>Total</b>	<b>75.00 (INR seventy- five crore 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**

The ratings assigned to the bank facilities of EM Square Homes Private Limited (EMSHPL) derives strength from long track record of operations of the company and experienced management, locational advantage of the project, favourable project cost structure and saleability, and maintenance of DSRA. However, project concentration risk, project implementation Risk, and exposure to risks relating to cyclicity in the real estate industry.

The outlook is expected to remain stable as the entity will continue to benefit from long track record of operations and the extensive experience of the promoters.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Timely receipt of customer advances
- Improvement in financial risk profile
- Scheduled completion of the ongoing projects

##### **Downward Factors**

- Significant delay in disbursement of committed lines of funding
- Weaker than anticipated sales performance and lower than expected collections which may lead to increased funding risk
- Time and cost overrun in the ongoing projects



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Long track record of operations of the company and experienced management**

The company was founded by Mr. Vikash Bansal, Mr. Manoj Kumar Agarwal, Mr. Manish Agarwal, and Mr. Anand Kumar Mittal. The promoters till now had successfully completed four projects in twenty years. Currently, the company has one ongoing project with total build up area of around 4.35 lakh square feet. In addition to this the promoters have an experience over three decades. The company is one of the most premier and prestigious real estate brands in Siliguri.

##### **Locational advantage of the project**

The project is located in the middle of Siliguri, West Bengal, which is a fast developed & upper-middleclass locality having good marketability features. Further, the project is surrounded by affluent residential colonies and the proximity of hospitals and schools will help in attracting a lot of customers. Excellent connectivity, presence of several commercial and entertainment hubs and affordable housing rightly qualifying as the ultimate real estate destination.

##### **Favourable project cost structure & favourable saleability**

The total cost envisaged to the project is Rs. 194.75 Cr, which is projected to be met through promoters' contribution of Rs. 64.75 Cr, term loan of Rs.75.00 Cr, and customer advances of Rs. 55.00 Cr. The loan amount to total cost of the projects is ~39%, while the promoters' fund is ~33% and the remaining ~28% amount is from customer advances. As on date, the project, "Skydale" is in the construction stage and ~38% of the project is completed. Out of the total 228 units, 108 units have been sold, which is ~47% of the total saleable units and the remaining ~53% are still pending for sale. The total sale value of the projects is Rs.268.06 Cr, out of which the value of sold units is Rs. 117.14 Cr of which the firm has received Rs. 21.16 Cr. (demand raised around Rs. 26.00 Cr), depicting robust collection efficiency of ~81%.



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### **Maintenance of DSRA**

The company is required to maintain DSRA equivalent to three months interest and principal repayments which imparts additional comfort over the repayment of debt.

### **Key Rating Weaknesses**

#### **Project concentration risk**

The company is undertaking a single project in Siliguri, West Bengal, which exposes to project concentration risk. The fortune of the project therefore will depend on the overall market sentiment in the region.

#### **Project implementation Risk**

The project is in the mid construction stage which indicates a moderate degree of project implementation risk. As on October 31<sup>st</sup>, 2024, the physical construction of the project “Sykdale” have been completed to ~38%. However, the promoters have vast experience in real estate sector which imparts some comfort.

#### **Exposure to risks relating to cyclicity in the 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:** Standalone

**Applicable Criteria:**

[Rating Methodology for Real Estate Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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



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### **Liquidity – Adequate**

The adequate liquidity position of the company is on account of the total cash inflow during FY25 is to be Rs.109.19 Cr as against a total outflow of Rs.50.32 Cr, thereby having a surplus of Rs.58.87 Cr and an average cumulative cash flow coverage ratio of 1.81 times. Further, the company is projected to maintain an adequate level of inflow and the same is expected to increase gradually with improvement in bookings.

### **About the Company**

Established in 1998, EM Square Homes Private Limited (EMSHPL) is a well-established company based in Siliguri, West Bengal. The company operates in the real estate sector. EMSHPL is currently led and managed by a team of experienced promoters: Mr. Vikash Bansal, Mr. Manoj Kumar Agarwal, and Mr. Manish Kumar Agarwal.

Since its inception, EMSHPL has played a significant role in shaping the real estate landscape of Siliguri. The promoters boast a portfolio of four successfully completed projects and currently has three ongoing developments, all situated within Siliguri. This focus on local expertise demonstrates EMSHPL's commitment to the city and its residents.

### **Financials (Standalone):**

**(Rs. crore)**

<b>For the year ended/ As on*</b>	<b>31-03-2023</b>	<b>31-03-2024</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	0.00	0.02
EBITDA	2.12	3.79
PAT	-0.10	-0.20
Total Debt	0.00	9.03
Tangible Net Worth	0.25	3.97
EBITDA Margin (%)	-	Not meaningful
PAT Margin (%)	Not meaningful	Not meaningful
Overall Gearing Ratio (x)	0.00	0.24
Interest Coverage (x)	0.91	0.93

*\* Classification as per Infomerics' standards.*

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**



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### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 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 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan	Long Term	75.00	IVR BB+/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.

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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accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Jun 2028	75.00	IVR BB+/ Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-EMSsquare-nov24.pdf>

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

**Annexure 4: List of companies considered for consolidated/Combined analysis:** NA

**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).