



Press Release

Express Projects Private Limited

December 14, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Bank Facilities	18.00	IVR BB/ Stable (IVR Double B with Stable Outlook)	Assigned
2.	Proposed Long Term Bank Facility	2.00	IVR BB/ Stable (IVR Double B with Stable Outlook)	Assigned
	Total	20.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of **Express Projects Private Limited** draws comfort from its experienced promoters and top Management and favourable location of the projects. However, these rating strengths are partially offset by its project execution risk, moderate risk profile and the inherent risks involved with the real-estate industry.

Key Rating Sensitivities:

Upward Factor:

- Timely completion of the projects without any delays
- Sale of inventory at competitive rates as compared to other builders

Downward factor:

- Significant delay in completion of projects
- Lower booking status by customers

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with long track record



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The group is promoted by Mr. J.B. Goel in year 1980 and is currently managed by his two sons Mr. Vinay Goel and Mr. Pankaj Goel. Mr. Vinay Goel is a civil engineer with MBA from USA. He is having more than 25 years of experience in construction & real estate industry and currently looks after project execution and marketing. Mr. Pankaj Goel is a Chartered Accountant with prior experience in Ernst & Young and currently looks after finance, accounts and tax planning of the group. The group has already completed 26 projects with 80.45 lakhs square feet area in Bangalore, Hyderabad and NCR region.

Favourable Location

Both the projections have favourable locations. With Greater Noida expanding and the Sonipat project near the National Highway, the projects will attract buyers in the future.

Key Rating Weaknesses

Project Execution Risk

Express Astra is still in construction stage while Express City is in completion stage with many of the units having been already sold, Now, the main concern will be selling all the units in the future. With further phases of the projects in the design and implementation stage, it will be imperative that the company is able to sell the units at an attractive price.

Exposure to risks relating to cyclicity in real estate industry

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realization and sale ability. This may impact the debt servicing ability of the company. EPPL will remain susceptible to the inherent cyclicity in the real estate sector.

Moderate Financial Risk profile:

The financial risk profile of the company is marked by moderate operating income and high gearing. The operating income of the company was moderate at Rs.36.31 in FY20 which has decreased to a great extent in comparison to FY19 (Rs. 60.54 cr). Also, the overall gearing has reduced marginally, from 2.98x as on March 31, 2019 and stood high at 2.89x as on March 31, 2020.

Analytical Approach: For arriving at the ratings, INFOMERICS analytical team has combined the financials of Express Projects Private Limited with Express Builders & Promoters Private Limited, Wiseman Kintfab Private Limited and Solid Properties Private Limited. All the mentioned companies are subsidiaries and associate company where Express Projects



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Private Limited is having major controls and voting rights. Furthermore, subsidiaries and associate companies are having similar kind of business as well as share common management.

Applicable Criteria:

Rating Methodology for Real Estate Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

EPPL is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. It is imperative that the company is able construct to sell the units constructed so that the repayment of the facilities can be done on a timely basis and there is not liquidity crunch.

About the Company

Incorporated in 2000, Express Projects Pvt. Ltd. (EPPL) is a part of Delhi based Express group which is engaged in construction and real estate development. Express Group was promoted by Mr. J.B. Goel in year 1980 and is currently managed by his two sons Mr. Vinay Goel and Mr. Pankaj Goel. Mr. Vinay Goel is a civil engineer with MBA from USA. He is having more than 25 years of experience in construction & real estate industry and currently looks after project execution and marketing. Mr. Pankaj Goel is a Chartered Accountant with prior experience in Ernst & Young and currently looks after finance, accounts and tax planning of the group. The group has already completed 27 residential, commercial and township projects in Bangalore, Hyderabad and NCR area with around 80.45 lakhs sf area.

Financials (Consolidated):

For the year ended*/As on	(Rs. crore)	
	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	60.54	36.31
EBITDA	34.46	30.42
PAT	1.61	1.14
Total Debt	276.94	281.50
Tangible Net worth	54.00	55.37
EBITDA Margin (%)	56.92	83.77
PAT Margin (%)	2.50	2.78



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Overall Gearing Ratio (x)	2.98	2.89
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*Classification as per Infomerics' standards

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	2.58	3.73
EBITDA	10.56	12.44
PAT	0.12	0.25
Total Debt	108.82	117.34
Tangible Net worth	48.36	48.62
EBITDA Margin (%)	409.74	333.31
PAT Margin (%)	4.04	5.69
Overall Gearing Ratio (x)	2.25	2.41

Status of non-cooperation with previous CRA: Issuer not cooperating by CARE Ratings, vide press release dated December 07, 2020 due to non-availability of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Overdraft	Long Term	18.00	IVR BB/ Stable	-	-	-
2.	Proposed	Long Term	2.00	IVR BB/ Stable			

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.

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About Infomerics:



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Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities-Overdraft	-	-	-	18.00	IVR BB/ Stable
Proposed Long Term Bank Facilities	-	-	-	2.00	IVR BB/ Stable