

April 18, 2024

Experion Developers Private Limited: Rating assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
LT- Fund Based Term Loan	375.00	[ICRA] BBB+ (Stable); Assigned
Total	375.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings assigned to the bank facilities of Experion Developers Private Limited (EDPL) factors in the expected growth in the EDPL's sales and collections in FY2024 and FY2025, driven by good sales velocity in its ongoing and completed projects along with strong launch pipeline and healthy end-user demand. Consequently, the cashflow from operations are expected to remain adequate with comfortable leverage and coverage indicators. The company is currently executing one plotted project 'Experion Virsa' at Amritsar with a total saleable area of around 1.7 msf and has unsold inventory of 0.8 msf of area as of December 2023. Moreover, there is a strong launch pipeline of ~4.6 msf in the next 12-18 months across 5 residential projects in Gurgaon and Noida providing medium term cash flow visibility. ICRA estimates the company's sales to grow by about 5-6% in FY2024 (PY: Rs 879 crore) and by about 40-45% in FY2025 and the collections are likely to increase by 6-7% in FY2024 (PY: Rs 847 crore) and further by around 19-20% in FY2025. Despite estimated increase in the external debt to Rs. 375 crores as of March 2024 (nil as of March 2023), the leverage and coverage indicators are expected to remain comfortable. EDPL's leverage measured by External Debt/CFO is expected to remain in the range of around 1.5-1.7 times in FY2024 and around 1.3-1.5 times in FY2025. As of December 2023, the company had total unsold inventory of around ~1.8 msf (ongoing - 0.8 msf and completed - 1.0 msf). The company's current unsold inventory is located at a favourable location in Gurgaon, i.e., near Dwarka Expressway. The rating continues to factor in the established track record of the EDPL in the real estate market in NCR region and it has delivered 6.7 msf of residential project and 0.3 msf of commercial real estate projects till date totalling around ~7.0 msf. The company is a part of AT Group which is based out of Singapore and the group has asset portfolio across various sectors including real estate, renewable energy, private and structured credit and provides venture capital investments.

The rating is, however, constrained by the execution and market risk for the commercial project acquired from Dignity Buildcon Private Limited through NCLT. The acquisition cost of Rs 450 crores has been funded by Rs 75 crore of promoter funds and Rs 375 crores of term loan which has a bullet repayment in FY2027 and FY2028. The loan is expected to be repaid from the liquidation of Rs. 1198 crore of ready to move-in inventory in the residential segment. ICRA notes that the YTS for the ready-to-move inventory on a trailing twelve months (TTM) basis is 1.5-2 years, thereby mitigating the refinancing risk to an extent. Timely liquidation of which will be important from the credit perspective. ICRA notes that currently there is no pre-leasing for the commercial project and a construction cost of Rs. 200 crore is pending to be incurred. The rating also considers the execution and market risk for the ongoing residential project with saleable area of 1.7 msf and future residential project pipeline of ~4.6 msf of saleable area. The company's portfolio is also exposed to geographical concentration risk as majority of the projects are in Delhi NCR region. Moreover, being a cyclical industry, the real estate sector is highly dependent on macro-economic factors, which exposes the company's sales to any downturn in demand.

The stable outlook on the long-term rating reflects ICRA's expectations that the company will receive adequate collections from its ongoing projects as well as new launches while maintaining comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Estimated increase in sales and collections supported by strong project launch pipeline; comfortable debt protection metrics: The company is currently executing one plotted project 'Experion Virsa' at Amritsar with a total saleable area of

around 1.7 msf and has unsold inventory of 0.8 msf of area as of December 2023. Moreover, there is a strong launch pipeline of ~4.6 msf in the next 12-18 months across 5 residential projects in Gurgaon and Noida providing medium term cash flow visibility. ICRA estimates the company's sales to grow by about 5-6% in FY2024 (PY: Rs 879 crore) and by about 40-45% in FY2025 and the collections are likely to increase by 6-7% in FY2024 (PY: Rs 847 crore) and further by around 19-20% in FY2025. Despite estimated increase in the external debt to Rs. 375 crores as of March 2024 (nil as of March 2023), the leverage and coverage indicators are expected to remain comfortable. EDPL's leverage measured by External Debt/CFO is expected to remain in the range of around 1.5-1.7 times in FY2024 and around 1.3-1.5 times in FY2025.

Favourable location of completed and upcoming residential projects and under-construction commercial project: The company has total unsold inventory of around ~1.8 msf and the projects are located at a favourable location in Gurgaon, i.e., near Dwarka Expressway. Further, the location has an attractive catchment area due to presence of premium residential development nearby. The good connectivity and attractive catchment area will likely lead to healthy sales for its projects in the near term.

Experienced promoters with established track record of execution: The rating action favourably factors in the Experion Developer's established track record in the real estate market. The company has completed around 6 projects till date and developed area of around 6.7 msf. The company is a part of AT Group which is based out of Singapore and the group has asset portfolio across various sectors including real estate, renewable energy, private and structured credit and also provides venture capital investments. Further, the group has asset under management of around US dollar 2.4 billion.

Credit challenges

Exposure to market and refinancing risk for the commercial project: The company is exposed to execution and market risk for the commercial project acquired from Dignity Buildcon Private Limited through NCLT. Currently there is no pre-leasing in place for the project and a construction cost of Rs 200 crore is pending to be incurred. The acquisition cost of Rs 450 crores has been funded by Rs 75 crore of promoter funds and Rs 375 crores of term loan which has a bullet repayment in FY2027 and FY2028. The loan is expected to be repaid from the liquidation of Rs. 1198 crore of ready to move-in inventory in the residential segment. ICRA notes that the YTS for the ready to move inventory on TTM basis is 1.5-2 years thereby mitigating the refinancing risk to an extent. Timely liquidation of which will be important from the credit perspective.

Exposure to execution and market risk for ongoing and planned projects – The company is also exposed to the execution and market risk for the ongoing residential project with saleable area of 1.7 msf and future residential project pipeline of ~4.6 msf of saleable area.

Exposed to cyclicity in real estate business – The residential real estate sector, being cyclical in nature is highly dependent on macro-economic factors, which exposes its sales to any downturn in demand and competition within the region from various established developers.

Liquidity position: Adequate

The company's liquidity position remains adequate, supported by unencumbered cash and bank balances of Rs. 289.5 crore and healthy committed receivables of Rs. 644 crores as of December 2023. The company has pending land payments of Rs 270 crores, which will be made in Q1FY2025 using the available cash balances and collections from projects. The Rs 375 crore of term loan availed for the commercial project has bullet repayments falling due in FY2027 and FY2028 (50% each year), however, the sales proceeds from ready to move in inventory will be utilized for making the partial repayments before the scheduled due dates.

Rating sensitivities

Positive factors – The rating could be upgraded if EDPL records a healthy sales and collections in its ongoing and upcoming projects, resulting in higher cash flow from operations while maintaining comfortable leverage and coverage metrics.

Negative factors – Significant delays in project execution and/or subdued sales and collections and/or any significant increase in indebtedness, would be a credit negative. Further, any material slowdown in sales and collections for the ready to move-in inventory leading to refinancing risk could also result in a rating downgrade. Specific trigger resulting in a rating downgrade would be Gross external Debt/CFO of above 3.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Residential/Retail/Commercial Realty – Lease Rental Discounting (LRD)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings ICRA has consolidated the financials of Experion Developers Private Limited along with its subsidiaries, given the close business, financial and managerial linkages between the group entities along with a common treasury team.

About the company

Experion Developers Private Limited was company incorporated in July 2006. The Company is wholly owned subsidiary of Experion Holdings Pte. Ltd., which is based out of Singapore. The Company along with its subsidiaries is engaged in the business of real estate development which includes townships, group housing, commercial premises and recreational facilities. The company has a completed portfolio of around 7 msf and has successfully completed and launched various residential and commercial projects. The company is a part of AT Group which is into real estate, private equity and renewable energy.

Key financial indicators (audited)

EDPL – Consolidated	FY2022	FY2023
Operating income	573.6	955.1
PAT	113.3	403.4
OPBDIT/OI	30.9%	31.9%
PAT/OI	19.7%	42.2%
Total outside liabilities/Tangible net worth (times)	0.8	0.6
Total debt/OPBDIT (times)	2.3	1.3
Interest coverage (times)	3.1	5.0

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation, interest coverage ratio is calculated on OPBDIT; all ratios as per ICRA calculations; Source: Company; ICRA Research

Status of non-cooperation with previous CRA – NA

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years			
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) as on Feb 29, 2024	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	
				April 18, 2024	-	-	-	
1 Fund-based term loan	Long term	375.00	375.00	[ICRA] BBB+ (Stable)	-	-	-	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan 1	FY2024	10.45%	FY2028	375.00	[ICRA] BBB+ (Stable)

Source: Company

Please click [here](#) to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	SCPL Ownership	Consolidation approach
Experion Developers Private Limited	100% (rated entity)	Full Consolidation
Experion Realty Private Limited	100%	Full Consolidation
Experion Real Estate Private Limited	100%	Full Consolidation
Experion Nirman Private Limited	100%	Full Consolidation
Mainage Facility Management Private Limited	100%	Full Consolidation
Studhouz Buildcon Private Limited	100%	Full Consolidation
Parador Developers (Amritsar) Private Limited	100%	Full Consolidation
Studacc Accomodation Private Limited	100%	Full Consolidation
Jovial Buildcon Private Limited	100%	Full Consolidation
Dignity Buildcon Private Limited	100%	Full Consolidation
Ragnor Buildtech India Private Limited	100%	Full Consolidation
Allure Infradevelopers Private Limited	100%	Full Consolidation
Amedeus Town planners Private Limited	100%	Full Consolidation
Carma Town planners Private Limited	100%	Full Consolidation
Felecity Buildcon Private Limited	100%	Full Consolidation
Frida Buildcon Private Limited	100%	Full Consolidation
Radiant town planners private Limited	100%	Full Consolidation
Stella Builtech India Private Limited	100%	Full Consolidation
Trandy Buildtech Private Limited	100%	Full Consolidation
Trandy Realtors Private Limited	100%	Full Consolidation
Spliced Buildhome India Private Limited	100%	Full Consolidation

Source: ICRA Research, SCPL

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