

Call Express Construction India Private Limited

Instruments	Amounts (Rs. Crore ¹)	Rating Action July 2016
Long Term – Fund-Based Limits	50.00	[ICRA]BB-(Stable) (Assigned)
Long Term/ Short Term – Unallocated Limits	10.00	[ICRA]BB-(Stable)/[ICRA]A4 (Assigned)
TOTAL	60.00	

ICRA has assigned a long-term rating of [ICRA]BB- (pronounced ICRA double B minus) to the Rs. 50.00 crore fund based facilities of Call Express Construction India Private Limited (“CECPL” / “the Company”)². ICRA has also assigned a long-term rating of [ICRA]BB- (pronounced ICRA double B minus) and a short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 10.00 crore unallocated limits of CECPL. The outlook on the long-term rating is Stable.

The assigned ratings take into consideration the longstanding experience of the promoters in the real estate business with adequate project management and execution capabilities. The ratings also draw comfort from the achievement of ~30% bookings in the ongoing project ‘Ushera’ as of March 2016 despite the nascent stage of execution. The ratings also factor in the sizeable infusion of ~Rs.45 crore by the promoters which has been applied towards the purchase of land for the Ushera project, obtaining necessary approvals and the initial construction. ICRA also has taken into consideration the land bank (purchased at low historical costs) available with the company which provides visibility with regards to revenues and profits considering that the management proposes to develop these land parcels post completion of Ushera. The ratings further consider the moderate financial profile of the company with low adjusted gearing levels of 0.70 times as on March 31, 2016 (Provisional) and relatively low dependence on external borrowings.

The ratings are however constrained by the small scale of operations and the absence of project execution and sales activity since the completion of its first residential project, Euphoria, in March 2011 owing to time taken to acquire the land and approvals to execute their second residential project Ushera, which was launched in May 2015. The ratings also factor in the subdued sales velocity projected by the company during FY17 as the company is focusing on marketing the project to high net worth customers and such customers prefer to purchase units which are completed/nearing completion. ICRA notes that the company is selling the project upwards of ~Rs 9000 Sq.ft which is very high compared to the prevalent prices in the neighbourhood owing to the premium amenities being offered. The marketing risk is, nevertheless, offset to some extent by the experience of the company in selling premium projects – ‘Euphoria’ developed within the same locality, was sold at a premium price due to the luxury amenities provided. The rating also considers external factors including the cyclical nature of real estate sector, the supply-demand scenario in the market, and the geographical concentration risk.

Going forward, the company’s credit profile will be contingent on achieving timely incremental bookings, which will aid in funding construction, and collecting periodic progress payments from customers. The company is also looking for project funding (by way of pre-closing the current utilized facility with own funds and avail fresh loan) to complete the structure and to avail completion certificate for their ongoing project. Thus timely infusion of additional funds in the form of debt sanction/draw-down would be critical to fund project execution in the absence of incremental sales. As such, ICRA will continue to monitor the developments in this regard and evaluate the impact of the same on CECPL’s credit risk profile.

Company Profile

Incorporated in 2006, Call Express Construction (India) Private Limited is a Chennai based real-estate company involved in the development of residential projects with the focus primarily being on project planning and land acquisition. The company completed its first residential project located at Sholinganallur, Chennai known as Euphoria in March 2011. The company is currently executing its second residential project -Ushera, which is a luxury offering. The project is located in Sholinganallur which is in the early stages of construction and is expected to be completed by March 2019. The construction is carried in-house lead by Call Express

¹ 100 lakhs = 1 crore = 10 millions

² For complete rating scale and definition, refer ICRA’s website (www.icra.in) or other ICRA rating publications



Engineering Private Limited (CEEPL) which is a Group company who has experience in the field of engineering, construction and project management sectors. Some of the projects completed by CEEPL in Chennai include MPL Infinity Towers (IT Park) and MPL Silicon Towers (IT Park). The companies are promoted by Mr. P.K. Ramesh and family who head the Callex Group operations in India, Singapore and Australia.

Recent Results

The company reported a net profit of Rs. 0.54 crore on an operating income of Rs. 8.84 crore during 2015-16 (Provisional).

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