



Press Release
G S EXPRESS PRIVATE LIMITED
December 23, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	122.00	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	78.00	-	ACUITE A2 Assigned
Total Outstanding Quantum (Rs. Cr)	200.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plusa**) and the short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.200 Cr. bank facilities of G S Express Private Limited (GSEPL). The Outlook is '**Stable**'.

Rationale for Rating

The rating assigned reflects the established track record of management of more than a three decades in the civil infrastructure industry. The rating also factors the strong unexecuted order book of approximately Rs. 2300 Cr. as on 30th October 2024, improving scale of operations & profitability, healthy financial risk profile and liquidity profile of the company. Acuite notes that the company has a reputed clientele consisting of government, thereby reducing the counter party risk. However, the above strengths are partly offset by intensive working capital operations marked by high GCA days of 192 days as on 31st March 2024. It also remains constrained by risk related to tender based nature of business and intense competition in the civil construction industry.

About the Company

Incorporated in 2006, by Late Mr. G.S. Anand, Lucknow (Uttar Pradesh) based G S Express Private Limited (GSEPL) is engaged in contract-based construction and renovation of roads and highways, irrigation work, etc. for various Government bodies/departments. The company is mainly in civil construction and predominantly caters to the government contracts through tender participation largely in Uttar Pradesh and Maharashtra. Directors are Mr. Govind Kaur Anand, Mr. Sandeep Anand and Mr. Shyam Singh.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of GSEPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced Management

The company is managed by Anand family as Mr. Sandeep Anand as Managing Director, son of late Mr. G S Anand along side with Mrs. G K Anand, wife of late Mr. G S Anand. Both have extensive experience in the civil infrastructure industry for more than three decades. The company is supported by a team of well-qualified and

experienced professionals in managing the affairs of the company. Acuité believes that going forward, the growth of the company will be aided by the long track record of operations and the management's strong understanding of market dynamics.

Scale of Operations & Profitability

The company witnessed an improvement in its scale of operations by 15.66% marked by an operating income of Rs. 420.39 Cr. in FY2024 as against Rs. 363.47 Cr in FY2023. The EBITDA margin of the company stood at 10.82% in FY2024 as against 10.59% in FY2023. This is mainly due to ability of the company to bag fresh orders, bidding at low margins for fresh tenders and timely execution of ongoing orders. Though the company's profitability is exposed to volatility in raw material, it has an in-built price escalation clause for major raw materials in most of its contracts. The PAT margin of the company stood at 5.72% in FY2024 against 4.71% in FY 2023. Acuite believes that the company is expected to have better top-line in near to medium term supported by stable margins as compared to previous years on account of strong order book.

Healthy Financial Risk Profile

The financial risk profile of the company is healthy marked by net-worth of Rs. 100.50 Crore as on 31st March 2024 against Rs. 66.88 Crore as on 31st March 2023. The improvement in net worth is mainly due to accretion of profits into reserves and slight increase in the equity share capital of the company. The capital structure of the company is comfortable marked by gearing ratio of the company which stood at 0.82 times as on 31st March 2024 against 0.65 times as on 31st March 2023. Further, the coverage indicators of the company improved reflected by interest coverage ratio and debt service coverage ratio of the company which stood at 4.99 times and 4.16 times respectively as on 31st March 2024 against 4.59 times and 3.44 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 1.94 times as on 31st March 2024 against 1.09 times as on 31st March 2023. The ROCE of the company is 28.39% for FY 2024. Acuite believes that financial risk profile of the company will remain healthy in near to medium term with no major debt funded capex.

Healthy Order Book

GSEPL has an unexecuted order book of approximately Rs. 2300 Cr. as on 30th October 2024 which is 5.45 times operating revenue for FY 23-24. The company has a total of 23 orders in hand and the top 5 in terms of contract value contributes approximately 54% of unexecuted order book. Additionally, the company has diversified its order book portfolio by securing orders in the railway department as well as road & civil work from PWD. Currently the company is having orders from reputed clientele i.e. NHAI, Land Port Authority of India Limited, PWD, Ministry of Railways, PMGSY (Pradhan Mantri Gram Sadak Yojana), etc. Acuite believes that the company stands to gain significantly in the near to medium term from the government's heightened focus on infrastructure development. Going forward, the ability of the company to bag new orders and timely execution of the existing orders will remain a key rating monitor able.

Weaknesses

Working Capital operations

The working capital operations of the company is intensively marked by GCA days which stood similar at 192 days as on 31st March 2024 against 159 days as on 31st March 2023. The project billing and delivery schedule for the material handling business is usually concentrated towards the end of every fiscal, Milestone-based billing along with extensive trials and testing carried out for technically critical products before the final acceptance also results in elongated receivables. The inventory days of the company stood at 39 days in FY24 against 44 days in FY23. Acuite believes that the working capital operations of the company will remain almost at the same levels as the nature of line of business.

Highly competitive industry marked by tender based nature of business

The company's performance is susceptible to the tender based nature of business, where the business depends on the ability to bid for contracts successfully. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts.

Rating Sensitivities

- Movement in scale of operations & profitability margins.
- Timely execution of its order book.
- Movement in Working Capital Operation

Liquidity Position

Strong

The liquidity profile of the company is strong marked by net cash accruals of company stood at Rs. 30.30 Cr. in FY 2024 against the current maturities of debt obligation of Rs. 0.09 Cr. for the same period indicating sufficient cushion for any future endeavours. The company has cash & bank position of Rs. 7.75 Cr. and current ratio stood at 1.47 times for FY 24. The company has a free fixed deposits of Rs. 14 Cr. as on 31st March 2024. The average fund-based bank limit utilization stood high at 92.03% for the 14 months' period ending October 2024. Acuite believes that the company will be able to maintain strong liquidity with steady accruals without any debt funded capital expenditure.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	420.39	363.47
PAT	Rs. Cr.	24.05	17.11
PAT Margin	(%)	5.72	4.71
Total Debt/Tangible Net Worth	Times	0.82	0.65
PBDIT/Interest	Times	4.99	4.59

Status of non-cooperation with previous CRA (if applicable)

IND-RA, vide its press release dated July, 14 2024 had denoted the rating of G S Express Private Limited as IND BB-/ Stable/A4+ 'Reaffirmed and Issuer not co-operating'.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 :

Not applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	43.00	Simple	ACUITE A2 Assigned
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2 Assigned
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A2 Assigned
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB+ Stable Assigned
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	77.00	Simple	ACUITE BBB+ Stable Assigned

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