



Press Release

IV County Private Limited August 24, 2020

Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long term - Bank Facilities	34.64	IVR BBB+/Stable Outlook (Pronounced as IVR Triple B Plus with Stable Outlook)	Assigned
Total	34.64		

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating assigned to IV County Private Limited (IVCPL) derives comfort from its experienced promoters and management team with its established presence in real estate development activities in NCR. The rating also factors in its satisfactory progress in the project and sales which leads to significant amount of advances from its customers. Also, the rating draws comfort from its comfortable capital structure along with sufficient free cash flow generation which enables the company to prepay its debt. These rating strengths are partially offset by project execution related risks associated with Phase III and commercial part of Phase-II, inherent risks associated with the real estate sector and exposure to government regulations.

Key Rating Sensitivities

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Upward Factors

- ✓ Faster-than-expected ramp-up of saleability in its residential project.
- ✓ Strengthening the financial risk profile, especially debt protection metrics.
- ✓ Sales of unsold inventory at competitive rates

Downward Factors

- ✓ Weakening of debt protection metrics leading to gearing ratio at beyond 1.2 times.
- ✓ Lower-than-expected cash flow due to delay in completion of the project.
- ✓ Lower-than-expected saleability in its residential segment



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Outlook: Stable outlook: Going forward, IVR believes the company will maintain its credit risk profile, supported by healthy sold inventory which provides satisfactory free cash flow and improved credit risk profile due substantial fall in debt.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Established track record of ABA Corp group

IVCPL is a part of the ABA Corp group which has successfully completed and delivered three projects in the National Capital Region; Olive County in Vasundhara , Orange County in Indirapuram and Cherry County in Greater Noida. The group is carrying out another project, Cleo County in Noida which is being executed phase wise wherein Phase I and II have been completed.

Resourceful promoters

The promoters of the Company have been associated with the real estate industry for over a decade through the group companies of the ABA Corp group. The promoters have already infused their estimated contribution in the project which reflects their commitment towards timely completion of the project.

Repayment through Escrow mechanism

Collections from the project are deposited in to an Escrow Account and are applied towards payment of scheduled interest and principal repayments of the term loan facility. Further, the loan amount has significantly reduced

Receipt of Significant Amount of Advances against its booking

IVCPL has sold an area ad measuring 39.06 Lakhs Sq. Ft. (72.92% of the total area of the project) with a value of Rs. 1904.47 Crs as on June 30, 2020 against the total saleable area of the project is 53.61 Lakhs Sq. Ft. Individually, 89.34% of the area has been sold in Phase I, 75.74% in Phase II, and 43.94% in Phase III. Against the total sales value of the sold area, the company has received advances amounting to Rs. 1704.47 Crs (92.87% of the total value) as on June 30, 2020. Healthy cash generation in the project has helped the company in prepay its borrowings significantly.

Key Weaknesses

Exposure to risks relating to cyclicity in real estate industry



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Cyclicality in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of the company. IVCPL will remain susceptible to the inherent cyclicality in the real estate sector

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Real Estate Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity: Adequate

IVCPL is projected to maintain an adequate level of inflow. Going forward, the long term debt is likely to reduce indicating lower debt servicing obligations and expected to be repaid in full by FY2021. The Cash flow cover is likely to remain comfortable over the medium term. On an overall basis, cash flow position appears to be adequate.

About the Company

IV County Pvt Ltd (IVCPL) was incorporated in the year 2012 to undertake real estate development activities in the NCR. IV County Pvt Ltd is the subsidiary Company of ABA Builders Limited, formed as SPV to develop a premium residential project under the name of “CLEO COUNTY” in Noida, Sector – 121. The CLEO COUNTY project comprises of 26 towers having 2638 flats and 1 tower having 106 commercial shops with a saleable area of 53.56 lacs sq. ft. The project is being developed in three phases –Phase I consisting of 7 towers, Phase II of 15 towers and Phase III of 4 towers. Total number of units to be developed is more than 2700 over an area admeasuring ~53.56 Isf.

The project “CLEO COUNTY” is divided into three phases of which the company has already completed Phase I comprising seven towers and Phase II consisting 15 towers has been completed and commercial part is in progress. Phase III with 4 towers which is under construction and shall be completed by 2022 (OC Received for one tower, Construction work is in progress for other 3 towers).



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Financials (Standalone)

For the year ended / As on*	(Rs. crore)	
	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	525.62	416.58
EBITDA	62.29	43.41
PAT	17.54	20.80
Total debt	246.59	36.48
Tangible Net worth	133.38	153.74
PAT margins (%)	3.31	4.95
EBITDA margins (%)	11.85	10.42
Overall Gearing Ratio (x)	1.85	0.24

*classification as per Infomerics standard

Status of non-cooperation with previous CRA: None.

Any other information: N.A

Rating History for last three years:

S. 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	Long term Fund based Facilities– Term Loan	Long Term	34.64	IVR BBB+/Stable Outlook	-	-	-

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:

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



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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– Term Loan	-	-	July, 22	34.64	IVR BBB+/Stable Outlook