

## Infomerics Valuation And Rating Pvt. Ltd.

### Shirja Real Estate Solutions Private Limited

January 21, 2020

#### Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned
1.	Long Term Bank Facilities	85.00	IVR BBB-/Stable Outlook(IVR Triple B Minus with Stable Outlook)

Details of Facilities are in Annexure 1

#### Detailed Rationale

The rating draws comfort from the established track record of the ABA Corp group and its resourceful promoters. These rating strengths are partially offset by renewal risk and exposure to risks relating to cyclicity in real estate industry.

#### Key Rating Sensitivities:

##### Upward factors

- Timely completion of the projects
- Sale of inventory at competitive rates

##### Downward factors

- Significant delay in completion of projects
- Delay in tie-up of debt funding in SRESPL
- Significant change in proposed debt repayment structure in SRESPL post Term Loan sanction

#### List of Key Rating Drivers with Detailed Description

##### Key Rating Strengths

##### Established track record of ABA Corp group

Shirja Real Estate Solutions Private Limited (SRESPL) and IV County Private Limited (IVCPL) are a part of the ABA Corp group which has successfully completed and delivered three projects



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in the National Capital Region; Olive County in Vasundhara , Orange County in Indirapuram and Cherry County in Greater Noida. While SRESPL is building the Coco County Project in Greater Noida, Cleo County project is being carried out in Noida.

### **Resourceful promoters**

The promoters of the Companies 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 around 76% and 55% of their estimated contribution in the projects Coco County and Cleo County respectively, which reflects their commitment towards timely completion of the projects.

### **Key Rating Weaknesses**

#### **Funding Risk**

The Coco County project is proposed to be funded through Rs.75crore of contribution from the promoters, term loan of Rs.85crore and the rest from customer advances. The proposed loan for the project is under process and the terms are yet to be finalised. Consequently, the project has funding risk at present.

#### **Exposure to risks relating to cyclical in real estate industry**

Cyclical 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. SRESPL and IVCPL will remain susceptible to the inherent cyclical in the real estate sector.

### **Analytical Approach: Combined**

*Infomerics has combined the business and financial risk profile of Shirja Real Estate Solutions Pvt Ltd (SRESPL) and IV County Pvt Ltd (IVCPL) as both the companies belong to the same*

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*group and have a common set of promoters. Further, IVCPL will support the debt repayments in SRESPL, through the surplus generated from the project Cleo County.*

### **Applicable Criteria:**

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

### **Liquidity: Adequate**

SRESPL is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. Further, the company is likely to benefit from the resourcefulness of the promoter group. Overall liquidity position is expected to be adequate.

### **About the Company**

Shirja Real Estate Solutions Pvt Ltd (SRESPL) and IV County Pvt Ltd (IVCPL) are a part of the ABA Corp group. SRESPL was incorporated in 2012. The Company is building the Coco County Project in Sector – 10, Greater Noida(W).The project consists of 838 residential units having saleable area of 965,376sqfeet and 21 commercial shops having area of 9740 sqfeet.

IVCPL was formed as SPV to execute the Group Housing Project “CLEO COUNTY in Noida, Sector – 121.The project consists of 2638 residential units having saleable area of 5,300,882 sqfeet and 106 commercial shops having area of 55020sq.feet.

### **Financials (Consolidated):**

	<b>(Rs. crore)</b>	
<b>For the year ended*</b>	<b>31-03-2018</b>	<b>31-03-2019</b>
	<b>Combined</b>	<b>Combined</b>
Total Operating Income	281.86	525.62
EBITDA	65.04	62.16
PAT	9.70	17.55
Total Debt	480.85	250.87

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For the year ended*	31-03-2018	31-03-2019
Tangible Net worth	115.89	133.32
EBITDA Margin (%)	23.08	11.83
PAT Margin (%)	3.39	3.31
Overall Gearing Ratio (x)	4.15	1.88

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Long Term Bank Facilities-Proposed Term Loan	Long Term	85.00	IVR BBB-/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](http://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 and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining



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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-Proposed Term Loan	-	-	-	85.00	IVR BBB-/Stable