



Press Release

Perfect Megastructures Private Limited September 30, 2020

Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long term - Bank Facilities	125.00	IVR BBB-/Stable Outlook (Pronounced as IVR Triple B Minus with Stable Outlook)	Assigned
Total	125.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating assigned to bank facilities of Perfect Megastructures Private Limited (PMPL) derives comfort from its experienced promoters and management team with its remarkable presence in NCR region through its group companies. The rating also factors in its favourable project location, comfortable project cost structure and pace of the construction with all necessary approval in place. These rating strengths are partially offset by Project implementation risk as it is into the initial phase of construction and exposure to risks relating to cyclicalities in real estate industry.

Key Rating Sensitivities

Upward Factors

- Progress made in completion of the projects
- Minimum 75% of Sale of inventory at competitive rates

Downward Factors

- Significant delay in disbursement of committed lines of funding.
- Delay in completion of project.
- Significant cost overrun of the project.
- Lower than expected booking status

Detailed Description of Key Rating Drivers

Key Rating Strengths

Established track record of ABA Corp group



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Perfect Megastructure Pvt Ltd belongs to 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. IVR believes that Perfect Megastructure Pvt Ltd will get benefitted from the established track record of the group to complete the project on time as well as for sale of inventory.

Resourceful promoters & Repayment through Escrow mechanism

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 above 100.00% of their estimated contribution in the project which reflects their commitment towards timely completion of the project.

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.

Favourable project location

The company is developing residential project “IVY County” located at Noida, Sector – 75. Project location is surrounded by all basic necessities and facilities such as schools, hospitals, restaurants, malls, entertainment, ATM's, Bank, Medical stores etc. which can be accessible easily. Also, the project is having connectivity with Domestic and International Airport, Railways, Roads and metro line.

Comfortable project cost structure

The project is proposed to be funded through mix of customer advances, debt and capital including inter corporate deposits. Total estimated cost of the project is Rs.430.10 crore, which is projected to meet through promoters' fund of Rs.100 crore, debt of Rs.125.00 Cr, and customer advances of Rs.205.10 crore. Loan amount to total cost of project is 29.06% and Promoter and other funds to total cost is 23.25%. Furthermore, promoters has already infused 100% of its proposed funding in the project, customer advances received of Rs.37.89 crore and debt availed remains at lower side of Rs.5.00 Crs. Also, the company



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has strong net worth of Rs.95.52crs as on FY2020, which provides additional comfort over the adverse scenario or cost escalations.

Key Weaknesses

Project implementation risk

Perfect Megastructure Pvt Ltd belongs to ABA Builders group and developing a premium residential project under the name of “IVY County” in Noida, Sector – 75.

The company is developing a housing project “IVY County” which comprises of 4 residential towers of G+27 floors, 1 residential towers of G+26 floors and 1 commercial space of Ground floor, having total saleable area of 11,09,428 lakhs sq ft. This consists of 546 residential units of 3BHK and 4BHK flats having saleable area of 10,97,766 and 12 commercial units having saleable area of 11,662 sft. Construction is in initial stage and scheduled for completion of all towers and commercial construction by December, 2024. Company’s ability to execute projects as per schedule is highly dependent on timely receipt of regulatory approvals along with customer advances, which forms major portion of the total funding requirement of the projects.

Exposure to risks relating to cyclicity in real estate industry

Cyclicity 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. PMPL will remain susceptible to the inherent cyclicity in the real estate sector.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Real estate Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity: Adequate

Perfect Megastructure Pvt Ltd is projected to maintain an adequate level of inflow. Going forward, the long term debt is likely to get increased as the disbursement of the loan will take place. Although, the company is having scheduled to repay its debt from Q3FY2022



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and having sufficient cash flow cover to service its interest/debt repayments. On an overall basis, cash flow position appears to be adequate.

About the Company

Perfect Megastructure Pvt Ltd (PMPL) was incorporated in August 2010 at New Delhi to undertake real estate development activities in the NCR. Perfect Megastructure Pvt Ltd belongs to ABA Builders Limited and developing a premium residential project under the name of “IVY County” in Noida, Sector – 75.

Perfect Megastructure Pvt Ltd has acquired land admeasuring 20639 Sq.mt or 5.1 acre on sub-lease for 90 years from Greater Noida Industrial Development Authority and developing a housing project “IVY County”. The project comprises of 4 residential towers of G+27 floors, 1 residential towers of G+26 floors and 1 commercial space of Ground floor, having total saleable area of 11,09,428 lakhs sq ft. This consists of 546 residential units of 3BHK and 4BHK flats having saleable area of 10,97,766 and 12 commercial units having saleable area of 11,662 sft.

Total cost of the project is Rs.430.10 crs which is projected to finance through mix of bank debt of Rs.125.00 cr, Promoters Contribution of Rs.100.00 cr and rest from customer advances.

Financials (Standalone Basis)

For the year ended / As on*	(Rs. crore)	
	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	0.01	0.13
EBITDA	0.00	0.03
PAT	0.00	0.03
Total debt	1.26	6.16
Tangible Networkth (Adj.)	58.36	95.52
PAT margins (%)	21.13	22.98
EBITDA margins (%)	26.09	22.98
Overall Gearing Ratio (x)	0.02	0.06

*classification as per Infomerics standard

Status of non-cooperation with previous CRA: Nil



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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	Fund based Facilities–Term Loan	Long Term	125.00	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:

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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	-	-	Dec, 2023	125.00	IVR BBB-/Stable Outlook

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lender-Perfect-Megastructures-Private-Limited-30-sep-20-.pdf>