



Press Release

Perfect Megastructures Private Limited

December 28, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action
1.	Long Term Bank Facilities	90.00*	IVR BBB/ Stable (IVR Triple B/Stable)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Upgraded
	Total	90.00			

*Sanction limit was Rs. 125.00 Cr. out of which Rs. 35.00 Cr was disbursed and repaid.

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Perfect Megastructures Private Limited continues to derive comfort from established track record of ABA group, resourceful promoters, repayment through escrow mechanism, favourable project location and comfortable project cost structure. However, these factors are offset by project implementation risk and exposure to risks relating to cyclicalities in real estate industry.

Key Rating Sensitivities:

Upward Factors

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

Downward Factors

- Lower-than-expected cash flow due to delay in completion of the project.
- Lower-than-expected salability in its residential segment.
- Significant cost overruns of the project.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of ABA Corp group

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 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 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. 413.31 crore



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(reduced from Rs. 430.10 Cr on account of reduction in interest cost), which is projected to meet through promoters' fund of Rs.100 crore, debt of Rs.125.00 Cr, and customer advances of Rs. 188.31 crore. Loan amount to total cost of project is ~30% and Promoter and customer advances to total cost is ~70.00%. Furthermore, promoters have already infused above 100% of its proposed funding in the project, customer advances received as on 30-Sep-2021 is Rs. 116.30 crore and debt availed remains at lower side of Rs. 35.00 Crs out of which Rs. 4.19 Cr was outstanding as on 30-Sep-2021 which is fully repaid by Dec-2021.

Furthermore, the company has strong net worth of Rs.101.00 crs, which provides additional comfort over the adverse scenario or cost escalations.

Key Rating 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 sq. ft. The project is currently under construction and scheduled for completion of all towers and commercial construction by December 2024. However, the company is expecting to complete the project by Sep-2023. Company's ability to execute projects as per schedule is highly dependent external factors like lockdown 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



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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 to cover their construction and repayment cost. Going forward, the long term debt is likely to get increased as the disbursement of the loan will take place, as on Dec-2021 loan amounting to Rs. 35.00 Cr was disbursed and repaid by the company. The company is projected to have 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.

The company is developing a housing project “IVY County” having FAR of 3.5 as per approved plan from the Noida Authority. 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. As per bank’s record the COD is 31.12.2024.

Financials (Standalone Basis):

	(Rs. crore)	
For the year ended*	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	-0.09	-0.11
PAT	0.02	0.05
Total Debt	6.03	14.80



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For the year ended*	31-03-2020	31-03-2021
Tangible Net worth (Adjusted)	95.51	101.0
EBITDA Margin (%)	-	-
PAT Margin (%)	19.47	26.67
Overall Gearing Ratio (x)	0.06	0.15

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2021-2022)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating (December 28, 2021)	Date(s) & Rating(s) assigned in 2020-21 September 30, 2020)	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based Bank Facilities-Term Loan	Long Term	90.00	IVR BBB/Stable	IVR BBB/Stable outlook	-	-

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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 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	-	-	-	90.00	IVR BBB/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Perfect-Megastructures-lenders-dec21.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Term Loan	Simple

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.