



Press Release

Cybercity Housing Pvt Ltd (CHPL)

January 29, 2024

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities	49.60	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Upgraded & Removed from ISSUER NOT COOPERATING Category	Simple
	49.60 (Rupees Forty-Nine Crores and Sixty Lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics had migrated the Rating assigned to the bank facilities of Cybercity Housing Pvt Ltd (CHPL) to the 'ISSUER NOT COOPERATING' category vide Press Release dated July 28, 2023, because of non-receipt of information for monitoring the rating. Subsequently, the company has provided the requisite information. Based on this, Infomerics has removed the Rating from the 'ISSUER NOT COOPERATING' category.

The upgrade in the rating assigned to bank facilities of CHPL reflects overall improvement in the credit profile of the group. The ratings continue to factor the established track record of the promoters in real estate development, project execution capability of the group as out of 16 projects in hand 4 projects have been completed at present and another 4 projects are at advanced stage of completion, saleability of completed projects and adequate liquidity profile



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with satisfactory booking progress for the ongoing projects. Further, with high value of unsold inventory that provides the healthy revenue visibility to the Company in next five years and comfortably covers the debt outstanding as on 31 March 2023, the scale of operation is expected to improve in the near future. The rating also takes into account the favourable location of the projects with major regulatory approvals in place for majority of the projects and improving capital structure.

The rating, however, is constrained by the geographic concentration risk, exposure to inherent cyclicity in real estate industry and residual project execution risk associated with the ongoing and upcoming projects.

Key Rating Sensitivities:

Upward Factors

- Timely completion of the project with no cost overruns and stabilization of operations with current booking rate or higher
- Significant reduction in debt level through prepayments

Downward Factors

- Any time and cost overrun impacting the cashflow as projected
- Any further increase in debt level or yearly repayment obligation

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management:

The promoters have been active in the real estate sector for more than two decades. The promoters are resourceful and have the ability to extend funds on a need basis. Cybercity is one of the established realty brands in Hyderabad and has developed more than 8 million sqft of built-up area as of now. It has traditionally been able to achieve healthy sales tie-up at the



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launch of their projects because of the demonstrated execution capability and good project locations.

Established track record of project execution and operations performance:

Cybercity group is one of the established realty brands in Hyderabad and has been operating for than 15 years. The group has delivered more than 8 million sqft of built-up area and an area of ~5.3 million sqft is under development. Rainbow Vistas @ Rock Garden, Hyderabad is a flagship project of Cybercity, of which the Phases 2A, 2B & 2C are fully completed and almost sold out. Rainbow Vista Phase 2D and Project Marina Skies, are the projects under progress, where construction has been mostly completed. Project Oriana, Project West Brooke, Project R45 and Project R36 are the main ongoing projects in Hyderabad, where structure works is in progress. Sreeja Meadows (Villas) is the ongoing project in Chennai. Projects in Visakhapatnam are reported to be under development with Iconica Grande – Villa, being at advance stage and Iconica Grande – Apartment, being at initial stage. The group has started 3 new projects Brooklyn Park at Kothaguda, Villa Project at Kukatpally and Villa Project at Kompally.

Geographical diversification and favourable location of projects:

Cybercity, as a group, being primarily engaged in the construction of residential & commercial real estate projects. The group has six major ongoing residential projects in Hyderabad which includes Rainbow Vistas - Rock Garden, Marina Skies, Oriana, Westbrook, Project R45 and Project R36. Sreeja Meadows is the current ongoing project in Chennai and is being developed under Cybercity Housing Pvt Ltd. Iconica Grande is the ongoing project in Visakhapatnam. The location of its ongoing projects enjoys proximity to IT and financial hub of Hyderabad. The residential projects demand prospects are expected to be favourable given its proximity to various corporate offices in the vicinity and developed social infrastructure.

Healthy sales velocity in the completed project's inventory:

The group has sold 4721 units (~72%) of its total units of 6537 units (including apartment and plots). The group currently has 12 ongoing projects out of which 6 projects are in the initial stage



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of development. The projects which are at advanced stage of development are expected to result in steady cash flows improving their debt servicing ability.

Healthy revenue visibility and expected improvement in the scale of operations:

The group has realized ~Rs. 3330 Cr (~81%) of its total booked sales of ~Rs. 4105 Cr and the balance of ~Rs. 775 Cr have been estimated to be realized. Hence, considering current receivable position, expected sale revenue of ~ Rs. 5292 Cr and estimated completion period of 5 years across all its projects, the group has revenue visibility of ~ Rs. 6067 Cr for the next 5 years (Financial Year). The group has delivered more than 8 million sqft of built-up area till date and the scale of operations remained moderate as per the FY23. It has 16 ongoing projects with ~28% of unsold inventory and the cash flows in the near to medium term will be generated largely from the sale of these inventory.

Satisfactory Financial Risk Profile:

On a consolidated basis, the company has reported total operating income of Rs. 395.22 Cr in FY23 as against Rs. 252.53 Cr in FY22. EBITDA and PAT for FY23 were Rs. 127.44 Cr and Rs. 29.25 Cr respectively against Rs. 84.25 Cr and Rs. 21.19 Cr for FY22. On a standalone basis, Revenue and PAT were Rs. 6.78 Cr and Rs. 0.08 Cr respectively during FY23, against Rs. 6.17 Cr and Rs. 0.13 Cr respectively for the previous year. However, collections from the ongoing projects are expected to support the standalone revenue going forward. Gearing ratio, on consolidated basis, continues to be high as reflected by 3.90 times as on 31 Mar 2023. However, the ratio is improving y-o-y backed by the improvement in TNW. Debt protection stood moderate as marked by the DSCR and ISCR of 1.13 times and 1.27 times as on 31 Mar 2023. However, cash flow cover for FY24 stands at 1.11 times and average cash cover for the five years stands at 2.14 times, indicating adequate repayment coverage.

Key Rating Weaknesses

Geographical concentration risk:



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The group currently has projects in Hyderabad, Chennai and Visakhapatnam, and is exposed to geographic concentration as over 80% of their total saleable area comes from the Hyderabad real estate market. However, the ongoing/upcoming projects in Chennai and Visakhapatnam mitigate this risk to some extent. Any adverse movement in the Hyderabad real estate market may adversely impact the sales and collections of the company at least in the short to mid-term.

Exposure to inherent cyclicity in real estate industry:

The real estate sector is marked by volatile prices and a highly fragmented market structure because of the presence of a large number of regional players. In addition, being a cyclical industry, the real estate sector is highly dependent on macro-economic factors, which in turn render the company's sales vulnerable to any downturn in demand. The risks are heightened by the high geographical concentration risks as most of the ongoing and completed projects are in Hyderabad.

Execution and project completion risks associated with upcoming projects:

The construction cost for the ongoing projects and future projects are funded through a mix of debt and customer advances. Any delay in funding would pose a challenge in timely execution of projects. Dependence on customer advances also exposes the company to cash flow mismatches. The projects of the Company are in varying stages of development. Project execution & completion, without any time and cost over-run, would be a key monitorable.

Analytical Approach: Consolidated

For arriving at the rating, Infomerics has taken the consolidated approach by combining financial profiles of Cybercity Builders and Developers Pvt Ltd and its group companies Cybercity Housing Pvt Ltd, Cybercity Mangadu Projects Pvt Ltd, Cybercity Hallmark Projects, Cyberhomes, Cybercity Oriana, Fruition India Pvt Ltd, Cybercity Renewable Pvt Ltd, Jeedimetla Residential Homes Private Limited, Amaravati Mega International Convention Hub Pvt Ltd, Iconica Gateway Amaravati Pvt Ltd, Cybercity Infrastructure Pvt Ltd, Iconica Projects &



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Cybercity Tattva LLP together referred as Cybercity group. The consolidation is on account of common management, and significant operational and financial linkages.

Applicable Criteria

[Rating Methodology for Real Estate Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

[Criteria on Consolidation of companies](#)

[Guidelines on what constitutes Non-Cooperation by clients](#)

Liquidity- Adequate

The company maintains moderate cash and bank balance to meet its liquidity requirements. The liquidity position looks adequate with the cash cover above unity over FY24-FY28. The overall liquidity position of the company is adequate.

About the company/ Group

Cybercity, as a group, is primarily engaged in the construction of residential & commercial real estate projects. The group has six major ongoing residential projects in Hyderabad which includes Rainbow Vistas - Rock Garden, Marina Skies, Oriana, Westbrook, Project R45 and Project R36. Rainbow Vistas @ Rock Garden, Hyderabad is a flagship project of Cybercity, of which the Phases 2A, 2B & 2C are fully completed and almost sold out. Rainbow Vista Phase 2D is under progress, where construction has been mostly completed.

Cybercity Housing Private Limited was incorporated in February 2017 and was floated to implement a part of Cybercity group's project containing 234 residential villas in 569916 sq.ft. This is a Wholly Owned Subsidiary of Cybercity Builders & Developers Pvt Ltd



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Financials (Consolidated)*:

(INR crore)

For the year ended* / As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	252.53	395.22
EBITDA	84.25	127.44
PAT	21.19	29.25
Total Debt	662.50	667.13
Tangible Net worth	158.81	171.16
EBIDTA Margin (%)	33.36	32.24
PAT Margin (%)	7.67	7.16
Overall Gearing ratio (X)	4.17	3.90

* Classification as per Infomerics' standards

Financials (Standalone)*:

(INR crore)

For the year ended* / As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	6.17	6.78
EBITDA	21.94	18.87
PAT	0.13	0.08
Total Debt	101.48	124.81
Tangible Net worth	0.47	0.54
EBIDTA Margin (%)	355.31	278.52
PAT Margin (%)	2.07	1.13
Overall Gearing ratio (X)	295.41	326.13

* Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr · N o.	Name of Instru ment/ Facility			Current Rating (Year: 2023-24)		Rating History for the past 3 years		
		Type	Amount outstan ding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (July 28, 2023)	Date(s) & Rating(s) assigned in 2022-23 (May 26, 2022)	Date(s) & Rating(s)) assigne d in 2021-22	Date(s) & Rating(s)) assigne d in 2020-21
1.	Term Loan (Outsta nding)	Long Term	49.60	IVR BBB-/ Stable	IVR BB+/ ISSUER NOT COOPERATI NG/ Negative	IVR BBB-/ Stable	-	-
Total			49.60					

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

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 Fund Based Facilities Term Loan (Outstanding)	-	-	Sept 2026	49.60	IVR BBB-/Stable

Annexure 2: List of companies considered for consolidated analysis:



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Name of the Company	Extent of Consolidation
Cybercity Builders and Developers Pvt Ltd	Full*
Cybercity Housing Pvt Ltd	Full*
Cybercity Mangadu Projects Pvt Ltd	Full*
Cybercity Hallmark Projects	Full*
Cyberhomes	Full*
Cybercity Oriana	Full*
Fruition India Pvt Ltd	Full*
Cybercity Renewable Pvt Ltd	Full*
Jeedimetla Residential Homes Private Limited	Full*
Amaravati Mega International Convention Hub Pvt Ltd	Full*
Iconica Gateway Amaravati Pvt Ltd	Full*
Cybercity Infrastructure Pvt Ltd	Full*
Iconica Projects	Full*
Cybercity Tattva LLP	Full*

**Intercompany transactions have been adjusted as per Infomerics standard.*

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-cybercity-housing-jan24.pdf>

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

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