



Press Release

Shirja Real Estate Solutions Private Limited

February 19, 2021

Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities	85.00	IVR BBB-/ Stable Outlook) (IVR Triple B Minus with stable Outlook)	Reaffirmed
Total	85.00 (INR Eighty-Five Crores Only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating reaffirmed to the bank facilities of Shirja Real Estate Solutions Private Limited (SRESPL) 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 cyclical 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.

A. Key Rating Strengths

Established track record of ABA Corp group:



Press Release

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 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 by IV County Private Limited.

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 their estimated contribution in the projects Coco County and Cleo County respectively, which reflects their commitment towards timely completion of the projects.

Favourable project location:

Shirja Real Estate Solutions Private Limited is developing a residential project under the name of “the Coco County”, situated on land measuring 18,380 Sq metres in Sector – 10, Greater Noida (W). 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.

Comfortable project cost structure & favourable saleability:

Total estimated cost of the project is Rs.310.54 crore, which is projected to meet through promoters’ fund of Rs.75.00 crore, debt of Rs.85.00 Cr, and customer advances of Rs.150.54 crore. Loan amount to total cost of project is 27.37% and Promoter and other funds to total cost is 24.15%. Debt equity ratio in terms to term loan to promoter's contribution is 1.13 times. Furthermore, as on December 31, 2020, promoters have already infused 74.70 (~99%) of its proposed funding in the project, customer advances received of Rs.20.07 crore and debt availed remains at lower side of Rs.9.50 Crs.



Press Release

Total saleable area includes Residential: 838 units with build-up area of 9.65 lacs sq. ft. Commercial: 21 units with build-up area of 0.10 lacs sq. ft. Although as on December 31, 2020, Residential: 177 units with build-up area of 2.03 lacs sq. ft. having sales value of Rs.75.31 crores has already booked as against the demand of Rs.20.07 crores, the company has received Rs.18.44 crores against its demand.

B. Key Rating Weaknesses

Project implementation risk:

Shirja Real Estate Solutions Private Limited belongs to ABA Corp group and developing a residential project under the name of “the Coco County”, situated on land measuring 18,380 Sq metres in Sector – 10, Greater Noida (W). The project comprises of 1 residential tower of G+22 floors, 2 residential towers of G+23 floors and 1 commercial space of Ground floor. This consists of 838 3BHK residential units having saleable area of 9,65,376 and 21 Commercial Units having area of 9,740 Sq Ft.

Construction is in initial stage and scheduled for completion of all towers and commercial construction (DCCO) 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 realization and salability. This may impact the debt servicing ability of the company. Shirja Real Estate Solutions Private Limited will remain susceptible to the inherent cyclicity 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 – IVR Rated IVR BBB+/Stable Outlook on Aug, 2020) as both the companies belong to the same group and have a



Press Release

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 – Real Estate 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. Although, Although as on December 31, 2020, Residential: 177 units with build-up area of 2.03 lacs sq. ft. having sales value of Rs.75.31 crores has already booked as against the demand of Rs.20.07 crores and received Rs.18.44 crores against its demand. Further, the company is likely to benefit from the resourcefulness of the promoter group. Overall liquidity position is expected to be adequate on the account of favourable response of the project, debt tied up and capability of the promoters.

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), Uttar Pradesh.

Shirja Real Estate Solutions Private Limited belongs to ABA Corp group and developing a residential project under the name of “the Coco County”, situated on land measuring 18,380 Sq metres in Sector – 10, Greater Noida (W). The project comprises of 1 residential tower of G+22 floors, 2 residential towers of G+23 floors and 1 commercial space of Ground floor. This consists of 838 3BHK residential units having saleable area of 9,65,376 and 21 Commercial Units having area of 9,740 Sq Ft.

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



Press Release

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 lsf.

Financials (Consolidated Basis)

For the year ended / As On*	(Rs. crore)	
	31-03-2019 (Audited)	31-03-2020 (Audited)
Total Operating Income	525.62	434.37
EBITDA (Operating)	62.16	39.79
PAT	17.55	20.40
Total Debt	250.87	60.54
Tangible Networkth	133.32	16.72
EBITDA Margin (%)	11.83	9.16
PAT Margin (%)	3.31	4.64
Overall Gearing Ratio (x)	1.88	0.37

* Classification as per Infomerics' standards

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 Bank Facilities	Long Term	85.00	IVR BBB-/ Stable	IVR BBB-/ Stable (Jan 21, 2020)	--	--

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.

Name and Contact Details of the Rating Analyst:

Name: Mr. Ravi Prakash Tel: (011) 24655636 Email: rprakash@infomerics.com
--

About Infomerics:



Press Release

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.

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, suspend 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 Bank Facilities- Term Loan	-	-	June, 2024	85.00	IVR BBB-/ Stable