

Maya Estate

October 03, 2022

Rating/Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	70.00 (Enhanced from 30.00)	CARE BB; Stable (Double B; Outlook: Stable)	Assigned
Total Bank Facilities	70.00 (₹ Seventy Crore Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The ratings assigned to the bank facilities of Maya Estate (ME) factor in the experienced and resourceful promoters, low reliance on debt for the project, moderate sales status, and stable industry outlook for Real Estate market. The ratings, however, continue to remain constrained due to project execution risk, excessive dependence on customer advances and risk associated with real estate industry being subject to regulations and competition from other players.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Ability to increase collections from Green Lotus Utsav to more than Rs.10 cr per month
- Ability to complete the project within envisaged cost and timeline

Negative factors – Factors that could lead to negative rating action/downgrade:

- Time or cost over-run in completion of the project beyond envisaged cost or timeline.

Detailed description of the key rating drivers

Key rating strengths

Experienced and resourceful promoters:

Incorporated in 2019, Maya Estate is engaged in real estate development, mainly in Punjab and Chandigarh. The Firm was promoted by Mr. Amit Mittal and Mrs. Shinu Mittal. The promoters hail from Punjab, and possess vast experience in the construction and real estate development industry. The promoters have also formed two other entities namely, Barnala Developers & Maya Developers, engaged in the same line of business. The promoters are well-qualified and possess over 1.5 decades of experience in the construction and real estate industry. Further, they are assisted by a team of qualified and professionally experienced management team.

Low reliance on debt for its projects

The "Green Lotus Utsav" is 12.51% completed and will be funded majorly through own funds of the partners and customer advances as the firm has taken disbursement for the term loan (Rs.10.20 crores as on July 2022 out of sanctioned loan of Rs.20 crore). However, as per the management additional term loan amounting Rs.50 crore will be taken for this project but this is debt is not tied up yet.

Stable industry outlook for Real Estate market

India's realty sector is showing signs for healthy growth in 2022. The pandemic has helped residential real estate to bounce back, and the recovery was fabulous. The recovery has been attributed to people having to work from home. The rise in salaries has led to people spending more on bigger and better properties over the last year. While some sectors in Real Estate have done pretty well, it has largely been a mixed bag. However, with a rising residential sector, there may be price rise soon. With demand shooting up, developers are expecting buyers to pay more.

Moderate sales status

Maya estate is developing a residential group housing project in Zirakpur namely Green Lotus Utsav. Under this project, the firm is developing 17 towers with 809 units and a total sealable area of 21.14 lsf. The firm launched the sale of 8 towers with sealable area of 11.18 lsf out of 17 towers with total area of 21.14 lsf on March 06, 2022. On the sales front, out of the total area launched for sale 11.18 lsf, 4.65 lsf has been sold at a total sale value of Rs.200 cr as on July 2022 which is about 42%. Out of total sale

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

value of Rs.200 cr, Rs. 29.5 cr has been received till July 31, 2022. Till July 31, 2022, firm has sold 174 units and on August 31, 2022, additional 10 units were sold.

Key rating weaknesses

Project execution risk

Maya estate is developing residential group housing project in Zirakpur namely Green Lotus Utsav, with total saleable area of 21.14 Isf being developed at total estimated cost of Rs.632.1cr. Under this project firm is developing 17 towers with 809 units. The project is at nascent stages of execution as firm started construction of 11 towers and till July 31, 2022, the firm has incurred Rs.79.11 cr i.e. 12.51% of total project cost. Out of the total construction cost of Rs.474.19 cr, only Rs.28.24 cr of construction cost has been incurred till same date. All approvals required for the project are in place. The firm has launched sales of 8 towers in March 06, 2022 and able to sold 184 units i.e. 22.74% till August 31, 2022. With significant cost to be incurred in Green Lotus Utsav and majority of portion yet to be sold, the firm remains exposed to execution and saleability risk.

Excessive dependence on customer advances

Maya Estate is currently developing residential group housing project, "Green Lotus Utsav" in Zirakpur, Punjab. For Green Lotus Utsav, the firm has spent 12.51% of the total project cost (as on July 31, 2022). The same has been funded through partners' funds of Rs.43.83 crore, debt of Rs.10.20 crore & customer advances of Rs.29.5 crore as on July 31, 2022. Remaining cost of Green Lotus Utsav project amounting Rs.632.1 crore has to be funded majorly from customer advances. Therefore, dependence on customer advances for funding the project continues to remain high. Firm has launched 8 towers of sealable area of 11.18 Isf for sales in March 06, 2022 and able to sell 42% of the total saleable area with sale value of Rs.~200 crore till July 30, 2022.

Risk associated with real estate industry being subject to regulations and competition from other players

Real estate sector demand is linked to the overall economic prospect of the country. Change in the economic outlook affects the expected cash inflows to a household, thereby also influencing their buying decision. Besides, as leverage forms an important part of funding for the buyer, availability of loan and interest rates also affects the demand of real estate properties. On the other hand, land, labour, cement and metal prices being some of major cost centres for the sector, availability of these factors plays important role in pricing and supply of new units. Hence, cyclicity associated with economic outlook, interest rates, metal prices, etc., also renders the real estate sector towards cyclicity. Moreover, the companies in the sector are also exposed to regulatory changes, especially in the countries such as India with evolving regulations. Also, there exists competition from up-coming and completed projects of other well-known developers in the region.

Liquidity: Stretched

The liquidity of the firm is stretched as reflected by moderate customer collection and sales momentum. Moreover, pending construction cost of both the projects Rs.445.95 cr to be incurred in near future shall exert further pressure on the future cash flows. However, firm doesn't have term liability in FY23 as quarterly debt repayment of term debt will start from September 2023. As on March 31, 2022, Maya Estate has cash and bank balance of Rs.0.55 cr. In future, timely realization from customer advances for timely payments would be a key rating sensitivity.

Analytical approach: Standalone

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial](#)

[Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Rating methodology for Real estate sector](#)

About the firm

Maya Estate (ME) is engaged in real estate development, mainly in Zirakpur, Punjab. The firm was promoted by Mr. Amit Mittal, Ms Shinu Mittal. The partners hail from Punjab, and possess vast experience in the real estate development industry. Presently firm is developing one project namely Green Lotus Utsav with total sealable area of 21.14 Isf. Partners of the firm are

also engaged in the development of one more project namely Green Lotus Saksham under Maya Builders with total sealable area of 13.81 Lsf. Further in past promoters has completed one project namely Green Lotus Avenues under Barnala Developers with total sealable area of 4.41 Lsf.

Brief Financials (₹ crore)*	FY21 (A)	FY22 (A)	Q1FY23
Total operating income	-	-	-
PBILDT	-	-	-
PAT	-	-	-
Overall gearing (times)	-	-	-
Interest coverage (times)	-	-	-

A: Audited *Currently there is no income from operations as the firm launched its first project in March 2022.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	June 2024	70.00	CARE BB; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	70.00	CARE BB; Stable				

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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