

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' for the Proposed Bank Loan Facilities aggregating ₹ 300 Cr of Amrapali Dream Valley Pvt Ltd

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Proposed Bank Loan Facilities of Amrapali Dream Valley Pvt Ltd (*ADVPL or 'the Company'*).

Facility	Amount (₹ Cr)	Tenure	Rating
Proposed Term Loan (Fund Based)	300.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable
Total	300.00	INR Three Hundred Crores only	

BWR has principally relied upon the audited financial results up to FY13, provisional financial results for FY14 and projected financial statements for FY15 of Amrapali Dream Valley Pvt Ltd (ADVPL), publicly available information and information/clarifications provided by the company.

The ratings draw strength from the experienced management, strong and reputed parentage of Amrapali Group, strategic location, significant funds infused by the promoters in the project and healthy booking status. The ratings are, however, constrained by project execution risks with respect to time and cost overruns, funding risk as the loan is not sanctioned yet, high reliance on customer advances, significant repayment obligation to GNOIDA for the land cost and cyclicity associated with the Residential Real Estate sector.

Background:

Amrapali Dream Valley Pvt Ltd (ADVPL) is a Special Purpose Vehicle (SPV) incorporated in 2010 by the Amrapali Group. The company was established to undertake a residential project at Greater Noida under the name of '*Amrapali Dream Valley*'. The project consists of Independent Villas as well as High Rise Apartments. ADVPL is owned by Ultra Homes Construction Pvt Ltd (75%), Aashirwad Linens Pvt Ltd (15%) and Rainbow Cotton Pvt Ltd (10%).

Ultra Homes Construction Pvt Ltd is the flagship company of the Amrapali Group and has completed multiple Real Estate projects in the past. The Amrapali Group as a whole has completed over 45 projects in more than 22 cities including Group Housing, Commercial Complexes, Townships and Malls etc. Other two promoter companies are into textiles and are investors for the project.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Project Details:

The project is being developed in Greater Noida with a Total Built up Area of 14.73 million Sq. Ft. The project comprises development of 379 Independent Villas and 8302 High Rise Apartments in different phases. The construction of the project started in 2012 and is expected to get completed by 2018. There will be more than 40 towers for the High Rise Apartments with a structure of G+18 floors. The entire project is being funded by a mix of Promoters' contribution, Bank Financing and Customer Advances.

Currently, the company has spent almost Rs.490 Cr towards construction expenses and the construction is in progress. ADVPL has reported receiving bookings for 311 villas and 6294 apartments and advances from customers amounting to Rs.672 Cr.

Management:

The Board of Directors consists of Mr. Anil Kumar Sharma, Mr. Shivpriya, Mr. Ajay Kumar and Mr. Amresh Kumar. All the directors are well qualified and experienced in the Real Estate segment. The directors are also assisted by a team of well qualified professionals to manage different aspects of the project.

Financial Highlights:

ADVPL is following the Completion of the Contract method for Revenue Recognition wherein the revenue will only be recognised once the villas and apartments are ready for possession by the customers. The promoters have infused share application money of Rs. 99.94 Cr during FY14 which is expected to get allotted during FY15.

Rating Outlook:

The outlook is expected to be stable for the current year. The ability of the company to complete the project in a timely manner within the stipulated cost, effectively sell the balance villas and apartments, achieve sanction of the proposed bank financing and promptly collect the receivables from the customers shall remain key monitorables.

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