

Rating Rationale

Apex Homes Pvt Ltd

7 Feb 2018

Brickwork Ratings reaffirms rating for the Bank Loan Facilities amounting to Rs. 134.35 Crs of Apex Homes Pvt Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	160.44	134.35	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Reaffirmed)
Total	160.44	134.35	(INR One Hundred Thirty Four Crores and Thirty Five Lakhs Only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY17, projected financial statements, publicly available information and information/clarifications provided by the company.

The rating continues to factor in the track record of the group, experienced promoters & professional management and continuing support from the promoters by way of unsecured loans. The rating is, however, constrained by inability of the promoters to fully lease out the commercial complex leading to weak liquidity position of the company and relatively high gearing level.

Going forward the ability of the company to fully lease out the commercial complex and generate sufficient rental income to meet expenses & debt obligations without the support of the promoters shall remain key rating monitorables.

Key Rating Drivers:

Inability to Lease out the Commercial Tower: The construction of the commercial complex was completed in 2013 and since then, the company has not been able to lease out the area. Presently, only 20% of the total leasable area has been rented out and the remaining tower lies vacant. The rental income generated from the leased area is not sufficient to meet the debt obligations of the company.

Dependence on Promoters: Since, the rental income from the commercial complex is not sufficient to take care of debt obligations, the company is dependent on support from the promoters. As on March 31, 2017, total unsecured loans infused by the promoters in the company amounted to Rs. 202.54 Crs. The incremental loans during FY17 were Rs. 41.72 Crs with which the company has been able to service its debt. BWR expects the support from promoters to continue in the future as well.

Analytical Approach: BWR has assessed the company on a standalone basis. Please refer to the applicable criteria at the end.

Rating Outlook: Stable

BWR believes that Apex Homes Pvt Ltd’s business risk profile will be maintained over the medium term as the promoters’ support is expected to continue till the company becomes self-sufficient. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company is able to ensure commencement of lease rentals by leasing out the balance area. The rating outlook may be revised to 'Negative' if the support from promoters discontinues or is not sufficient to take care of debt obligations.

About the Company:

Incorporated in 2006 at New Delhi, Apex Homes Pvt Ltd (AHPL) has completed the construction of a commercial tower at Vasant Kunj. AHPL belongs to the New Delhi based Ambience Group having its presence in the real estate construction and development activities in the NCR market. The tower is structured as G+4 floors with a total leasable area of is 1.24 lakhs Sq. Ft. The construction of the project was started in 2010 and was completed in 2013.

Ground floor of the tower (20% of the leasable area) has been leased out and the balance area is yet to be rented out.

Company’s Financial Performance:

The company is presently generating rental income only from ground floor of the complex.

Key Financial Figures are given on the table below:

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17 (A)
Operating Income	Rs. Crores	1.40	3.06
EBITDA	Rs. Crores	0.81	2.25
Net Profit	Rs. Crores	-1.48	-1.64
Tangible Networth [#]	Rs. Crores	187.57	227.64
Total Debt [#]	Rs. Crores	160.73	139.24
Total Debt : Equity [#]	Times	0.86	0.61
Current Ratio	Times	0.02	0.02

The said figures are arrived after adjusting for unsecured loans from promoters.

Rating History for the last three years:

Sl. No.	Facility		Current Rating (Feb 2018)		Rating History		
	Fund Based	Type	Amount (Rs Crs)	Rating	2017	2016	2015
1.	TL	Long Term	134.35	BWR B+ Outlook Stable (Reaffirmed)	No Rating Change	BWR B+ Outlook Stable	BWR B+ Outlook Stable
Total			134.35	INR 134.35 Crores (INR One Hundred Thirty Four Crores and Thirty Five Lakhs Only)			

Hyperlink/Reference to Applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

Analytical Contacts	Media
RK Sharma GM - Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the



Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.