

Rating Rationale

Brickwork Ratings reaffirms “BWR B+” for the Bank Loan facilities aggregating ₹160.44 Cr of Apex Homes Pvt Ltd

Brickwork Ratings (BWR) has reaffirmed the following **Rating¹** for the Bank Loan Facilities of Apex Homes Pvt Ltd (AHPL or ‘the company’).

Facility*	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Rating after Review	Rating History
Fund Based: Term Loan	177.25	160.44	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Reaffirmation)	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (December 2014)
Total	177.25	160.44	INR One Hundred Sixty Crores and Forty Four Lakhs Only		

BWR has principally relied upon the audited financial results up to FY15 and projected financials up to FY18 of Apex Homes Pvt Ltd (AHPL), publicly available information and information/clarifications provided by the company.

The rating continues to factor track record of the group, attractive location of the project and significant promoters’ contribution into the company. The rating, however, continues to remain constrained by relatively high gearing levels, high customer concentration risk and weak liquidity position of the company. Delay in commencement of the lease rental income is also a negative factor.

Background:

Incorporated in 2006 at New Delhi, Apex Homes Pvt Ltd (AHPL) has completed the construction of a commercial tower at Vasant Kunj. The total leasable area in the project is 1.24 lakhs Sq. Ft. Substantial area has been leased out to a single lessee. The construction of the project was started in 2010 and was completed in 2013. The tower is structured as G+4 floors. The total monthly lease revenue from the complex is estimated at Rs.2.77 crore per month. The lease rental income from the project was expected to commence from January 2015, however, the lessee has taken the possession of only ground floor. The possession of the remaining area is likely to be taken up in the next 2-3 months.

Ownership & Management:

AHPL is fully owned by Gehlot family and Ambience Group’s companies. The Board of Directors include Mr. Sumit Choudhary and Mr. Mohan Singh Gehlot. All the directors are well qualified and experienced in the Real Estate industry and are also assisted by a team of well qualified professionals.

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

Financial Highlights:

AHPL has not reported any revenue in FY15 as the lease rentals did not commence. The Tangible Net Worth of the company as on March 31, 2015 was Rs. 28.23 Crs. The promoters have also infused long term unsecured loans amounting to Rs. 136.70 Crs into the company. The Company's Bankers have classified the borrowals accounts as standard assets.

On a provisional basis, the company has reported revenue of Rs. 1.51 Crs (rental income from ground floor) for FY16.

Rating Outlook:

The outlook is expected to be stable over the next one year. Going forward, the ability of the company to ensure commencement of lease rental income, improve its capital structure, achieve the projected revenue and profitability levels and manage its liquidity position while ensuring regular debt servicing shall remain key rating monitorables.

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