

## Rating Rationale

### Brickwork Ratings assigns 'BWR B+' for the Bank Loan facilities aggregating ₹ 177.25 Cr of Apex Homes Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Loan Facilities of Apex Homes Pvt Ltd (AHPL or 'the company').

Facility	Amount (₹ Cr)	Tenure	Rating
Term Loan O/S (Fund Based)	177.25	Long Term	<b>BWR B+</b> (Pronounced as BWR B Plus) <b>Outlook : Stable</b>
<b>Total</b>	<b>177.25</b>	<b>INR One Hundred Seventy Seven Crores and Twenty Five Lakhs only</b>	

BWR has principally relied upon the audited financial results up to FY14 and projected financials up to FY16 of Apex Homes Pvt Ltd (AHPL), publicly available information and information/clarifications provided by the company.

The rating factorstrack record of the group, attractive location of the project, complete area of the tower has been leased out and significant promoters' contribution into the project. The ratings are, however, constrained by relatively high gearing levels, high customer concentration risk and weak liquidity position of the company.

#### Background:

Incorporated in 2006 at New Delhi, Apex Homes Pvt Ltd (AHPL) has completed the construction of a commercial tower at Vasant Kunj and currently possession is handed over to the lessees to carry out the fit outs, interiors and furnishing work. 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 Rs.2.77 crore per month. The lease rentals will commence from January 2015.

#### Ownership & Management:

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

#### Profile of Ambience Group:

Ambience Group was founded by Mr. Raj Singh Gehlot, a Professional Chartered Accountant, in 1986 to undertake construction and development of premium residential apartments in South

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

Delhi. Later on it also started undertaking development of commercial complexes in these colonies. In 1992 it decided to foray into development of township and construction of multi storeyed complexes and for that purpose acquired 132 acres on Delhi -Haryana boarder. In 2003, it decided to enter into modern retail mall development under the brand name “Ambience Mall”. The Group has completed more than 325 such residential and commercial projects covering an area of 12.50 million Sq. Ft. and over 4 million Sq. Ft. of area is presently under construction apart from a township project on 315 acres of land.

### **Financial Highlights:**

AHPL has not reported any revenue in FY14 as the lease rentals would commence in the last quarter of FY15. The Tangible Net Worth of the company as on March 31, 2014 was Rs. 28.42 Cr. The promoters have also infused long term unsecured loans amounting to Rs. 110.60 Cr into the company. The Company’s Bankers have classified the borrowals accounts as standard assets.

### **Rating Outlook:**

The outlook is expected to be stable over the next one year. Going forward, the ability of the company to improve its capital structure, achieve the projected revenue and profitability levels and manage its liquidity position shall remain key rating monitorables.

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