

Rating Rationale

Brickwork Ratings assigns long term rating of 'BWR BB' for the Bank Loan Facilities amounting to ₹ 8 Cr of Apex Realty

Brickwork Ratings has assigned the **Rating¹** for bank loan facilities of Rs.8.00 Crores (Rupees Eight Crores) to Apex Realty (**the “Firm”**) as follows:

Limits	Sanctioned Limits (Rs. Crs.)	Tenure	Rating
Fund Based Limits: Term Loan (Sanctioned)	8.00	Long Term	BWR BB (pronounced as BWR Double B) (Outlook : Stable)
Total	8.00		Rs. Eight Crores Only

BWR has essentially relied upon the audited financial results up to FY15, projected financials of the Firm up to FY18, publicly available information and information/clarification provided by the Firm's management.

The rating has factored in the presence of tenured partners in the Firm, locational advantage of the project, first mover advantage to the Firm, as the project has obtained necessary approvals to commence the work, and vast experience of the group companies in planning and execution of real estate projects across Mumbai Metropolitan Region. The rating is, however, constrained by risks involved in project execution, high degree of competition from other players in the market, and nascent stage of the project.

Background

Apex Realty is a partnership firm registered on 1st April 2014. The Firm is part of the Sonal Realty Group and is formed as a Special Purpose Vehicle for construction of Apex Landmark (*an upcoming residential project at Dronagiri, Navi Mumbai*). Sonal Group is engaged into construction of residential, industrial and commercial complexes since 1972.

Board/Management Profile

The key management of the Firm comprises of Mr. Naresh Shah and Mr. Karan Shah with other partners as Mr. Vipul Shah, Mr. Dwijen Shah and Mr. Akash Gupta.

Mr. Naresh Shah is a B. Sc graduate with over 20 years of experience in the real estate industry. He is responsible for overall technical, operational and marketing activities of the group. Mr. Karan Shah is an M. Sc IB graduate and has an experience of 4 years in the real estate industry. He is responsible for the overall operations related to construction and infrastructure development activities of the group projects. Other partners i.e. Mr. Vipul Shah, Mr. Dwijen Shah and Mr. Akash Gupta look after commercial operations, administrative activities and marketing activities of the group.

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

Project Details

The Firm plans to setup a residential project “Apex Landmark” at Plot No 1, Sector 53, Dronagiri, Navi Mumbai in an area of 2100 Sq. Mtr. of land. The land is purchased and will be developed by the Firm. The construction work has commenced and the project is expected to be completed in the third quarter of FY18. The project will be Ground+16 Storey Tower with 80 flats and 16 Shops with a total saleable area of 79,607 sq. ft.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the ability of the Firm to timely execute the project without cost escalations, sell the inventory as envisaged, maintain adequate capital structure and manage the working capital efficiently would be the key rating sensitivities.

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