

Rating Rationale

Avantis Unitech LLP

22 May 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Avantis Unitech LLP. ('AULLP' or 'The Firm')

Particulars

Facility	Limits (₹ Crs)	Tenure	Rating*
Fund Based	90.00	Long Term	BWR BB (Pronounced as BWR Double B) (Outlook:Stable)
Total	90.00	Rupees Ninety Crores Only	

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

Rationale/Rating sensitivities:

BWR has essentially relied upon the firm's financial projections up to FY24, publicly available information and clarifications/information provided by the Partners.

The rating draws strength from Strong partners having an extensive experience of the industry and Strategic location of the project. The rating also takes into account that the promoters have successfully completed and sold commercial and residential space projects in the same vicinity in the recent past and the project appears to be in line with the implementation schedule. The ratings are however, constrained by the project execution risk associated with a green field project, financial closure is yet to be achieved, competition from presence of established players in the market and other around the location, sluggish and a slow down in the real estate sector and changes in the government policies have a bearing on the profitability of the firm. The rating also considers that the project is at an initial stage and though bookings have been reported, sales are yet to be seen.

The ability of the firm to achieve the projections, to execute the project without any time and cost overrun, shall be the key rating sensitivity.

Key Rating Drivers:

Credit Strengths:

- Strong partners having an extensive experience of the industry.
- Strategic location in Surat, Gujarat.
- The promoters have successfully completed and sold commercial and residential space projects in the same vicinity in the recent past.
- As on 02.05.2018, Out of total estimated COP of RS. 168.88 Crs, Rs. 61.50 Crs has been expanded. Capital of Rs. 45.00 Crs has been infused against Rs. 45.00 Crs estimated. USLs of Rs. 15.00 Crs has been infused.
- The project appears to be on schedule.

Credit Risks:

- The project execution risk associated with a green field project.
- The project is at an initial stage and though bookings have been reported, sales are yet to be seen.
- Financial closure is yet to be achieved.
- Competition from presence of established players in the market and other around the location.
- Sluggish and a slow down in the real estate sector.
- Changes in the government policies have a bearing on the profitability of the LLP.

Analytical Approach:

While assigning the Ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Avantis Unitech LLP**'s business risk profile will be maintained over the medium term. 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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the firm:

Avantis Unitech LLP was established on 04/05/2017 as a Limited Liability Partnership firm. The firm belongs to the Avantis Group, which is engaged in activity of development and construction of housing projects, commercial complexes, societies, etc. The firm has its registered office in Surat, Gujarat. The firm is developing a residential project named "Ofira Peak", which is located at Vesu, Surat. The proposed project will be having 4 towers, total of 176 flats with 2 floor basement, Ground Floor plus 22 upper Floors with all the luxurious amenities viz swimming pool, tennis court, gym, sona bath, jacuzzi, allocated parking, digital surveillance 24x7, children play area & garden etc. The location of the project is at very upcoming and having immense demand of such luxurious flats and commercial space in the area.

Firm Financial Performance:

As on 02.05.2018 (CA certificate), Out of total estimated COP of RS. 168.88 Crs, Rs. 61.50 Crs has been expanded. Capital of Rs. 45.00 Crs has been infused against Rs. 45.00 Crs estimated. USLs of Rs. 15.00 Crs has been added.

Rating History for the last three years:

Sl. No.	Instrument /Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	90.00	BWR BB (Pronounced as BWR double B) (Outlook:Stable)	--	--	--
Total : Rs. 90.00 Crs (Rupees Ninety Crores Only)							

Status of non cooperation with Previous CRA : NA

Any other information: Non Applicable

Avantis Unitech LLP

Bank Facilities

Annexure - I

Name of the Bank	Facilities	Tenure	Amount (₹ Crores)
State Bank Of India (Proposed)	FBWC	Long Term	90.00
Total			90.00

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

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For print and digital media

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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

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