

## Rating Report

### Brickwork Ratings assigns 'BWR BB-' for the Proposed Bank Loan Facilities aggregating ₹ 300 Cr of Amrapali Dream Valley Pvt Ltd

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Proposed Bank Loan Facilities of Amrapali Dream Valley Pvt Ltd (*ADVPL* or 'the Company').

Facility	Amount (₹ Cr)	Tenure	Rating
<b>Proposed Term Loan</b> (Fund Based)	<b>300.00</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B Minus)  <b>Outlook: Stable</b>
<b>Total</b>	<b>300.00</b>	<b>INR Three Hundred Crores only</b>	

BWR has principally relied upon the audited financial results up to FY13, provisional financial results for FY14 and projected financial statements for FY15 of Amrapali Dream Valley Pvt Ltd (ADVPL), publicly available information and information/clarifications provided by the company.

The ratings draw strength from the experienced management, strong and reputed parentage of Amrapali Group, strategic location, significant funds infused by the promoters in the project and healthy booking status. The ratings are, however, constrained by project execution risks with respect to time and cost overruns, funding risk as the loan is not sanctioned yet, high reliance on customer advances, significant repayment obligation to GNOIDA for the land cost and cyclicity associated with the Residential Real Estate sector.

#### Background:

Amrapali Dream Valley Pvt Ltd (ADVPL) is a Special Purpose Vehicle (SPV) incorporated in 2010 by the Amrapali Group. The company was established to undertake a residential project at Greater Noida under the name of 'Amrapali Dream Valley'. The project consists of Independent Villas as well as High Rise Apartments. ADVPL is owned by Ultra Homes Construction Pvt Ltd (75%), Aashirwad Linens Pvt Ltd (15%) and Rainbow Cotton Pvt Ltd (10%).

Ultra Homes Construction Pvt Ltd is the flagship company of the Amrapali Group and has completed multiple Real Estate projects in the past. The Amrapali Group as a whole has completed over 45 projects in more than 22 cities including Group Housing, Commercial Complexes, Townships and Malls etc. Other two promoter companies are into textiles and are investors for the project.

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

---

## **Project Details:**

The project is being developed in Greater Noida with a Total Built up Area of 14.73 million Sq. Ft. The project comprises development of 379 Independent Villas and 8302 High Rise Apartments in different phases. The construction of the project started in 2012 and is expected to get completed by 2018. There will be more than 40 towers for the High Rise Apartments with a structure of G+18 floors. The entire project is being funded by a mix of Promoters' contribution, Bank Financing and Customer Advances.

Currently, the company has spent almost Rs.490 Cr towards construction expenses and the construction is in progress. ADVPL has reported receiving bookings for 311 villas and 6294 apartments and advances from customers amounting to Rs.672 Cr.

## **Management:**

The Board of Directors consists of Mr. Anil Kumar Sharma, Mr. Shivpriya, Mr. Ajay Kumar and Mr. Amresh Kumar. All the directors are well qualified and experienced in the Real Estate segment. The directors are also assisted by a team of well qualified professionals to manage different aspects of the project.

## **Financial Highlights:**

ADVPL is following the Completion of the Contract method for Revenue Recognition wherein the revenue will only be recognised once the villas and apartments are ready for possession by the customers. The promoters have infused share application money of Rs. 99.94 Cr during FY14 which is expected to get allotted during FY15.

## **Key Rating Determinants:**

Reputed Parentage: Amrapali Group is one of the well- known and reputed Real Estate Developers in the NCR region. The group has completed more than 45 projects in the past and already has an established presence which is also advantageous for ADVPL.

Strategic Location of the Project: The project is located in Greater Noida which is one of the fastest growing Real Estate market in the NCR region. More than half of the under construction units in the NCR market are located at Greater Noida and Noida. The absorption levels have also increased four times during 2013 as compared to 2012 with an average price appreciation of 15%.

Healthy Booking Status: The project has received almost 76% bookings of the total units. Of the total 8302 apartments and 379 villas, 6294 apartments and 311 villas were launched and fully sold in the Phase I of the project against which the company has received a booking advance of Rs.672 Cr. The timely sales of the unsold area will be a key factor in the future.

**Project Execution Risks:** The project is still in a very nascent stage of construction with only 20%-25% of the construction complete. The project is vulnerable to execution risks such as time and costs overruns. Any time overrun can also escalate the cost from the estimated numbers.

**Funding Risk:** The funding risk is very high for the project as the loan is not sanctioned yet and majority of the cost is to be funded by customers' advances. Therefore, sanction of the proposed loan along with prompt collection of pending receivables and timely sales of the unsold area are key to the successful completion of the project.

**Significant Repayment Obligations to GNOIDA:** The land for the project has been taken on lease from the Greater Noida Industrial Development Authority on lease for the next 90 years. With respect to the land cost, ADVPL has paid ~Rs. 100 Cr out of the total Rs. 477 Cr and the balance to be paid in equal half yearly instalments.

**Rating Outlook:**

The outlook is expected to be stable for the current year. The ability of the company to complete the project in a timely manner within the stipulated cost, effectively sell the balance villas and apartments, achieve sanction of the proposed bank financing and promptly collect the receivables from the customers shall remain key monitorables.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**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.

**Amrapali Dream Valley Pvt Ltd**  
**Annexure I – Profit & Loss Account Summary**

<b>Profit and Loss Account</b>	<b>FY11 (A)</b>	<b>FY12 (A)</b>	<b>FY13 (A)</b>
<b>Total Operating Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Raw Material Consumed	417.02	13.17	49.68
Change In Inventory (Increase)/Decrease	-473.67	-70.27	-84.36
Power and Fuel Expenses	0.00	0.29	0.87
Employee Cost	0.94	1.09	2.46
Construction Expenses	27.10	6.02	1.35
<b>Cost of Goods Sold</b>	<b>-28.61</b>	<b>-49.69</b>	<b>-30.00</b>
Selling, General and other Administrative expenses	2.77	5.37	12.62
Less :Expenditure Capitalized	0.00	0.00	0.00
<b>Operating Expenses</b>	<b>-25.84</b>	<b>-44.33</b>	<b>-17.38</b>
<b>OPBDIT</b>	<b>25.84</b>	<b>44.33</b>	<b>17.38</b>
Depreciation/Amortization/Impairment	0.00	0.04	0.12
Interest and Finance Charges	25.84	44.30	30.08
Non Operating Income(Expenses)	0.00	0.02	0.04
<b>PBT</b>	<b>0.00</b>	<b>0.01</b>	<b>-12.77</b>
<b>PAT</b>	<b>0.00</b>	<b>0.00</b>	<b>-12.81</b>

**Amrapali Dream Valley Pvt Ltd**  
**Annexure II – Balance Sheet Details**

LIABILITIES (Rs. Crs)	FY11 (A)	FY12 (A)	FY13 (A)
<b>Equity and Reserves</b>	<b>0.01</b>	<b>0.01</b>	<b>-12.80</b>
Share capital	0.01	0.01	0.01
Share Application money	0.00	0.00	0.00
Reserves and Surplus	0.00	0.00	-12.81
<b>Non-current liabilities</b>	<b>394.14</b>	<b>394.14</b>	<b>348.14</b>
Deferred tax Liabilities (Net)	0.00	0.00	0.04
Other Long Term liabilities	394.13	394.13	348.10
<b>Current liabilities</b>	<b>113.26</b>	<b>248.10</b>	<b>733.03</b>
Short-Term Borrowings	0.13	0.00	0.63
Trade Payables	1.38	2.43	15.61
Other Current Liabilities	111.49	244.47	704.03
Short-Term Provisions	0.27	1.21	12.76
<b>Total Liabilities</b>	<b>507.41</b>	<b>642.25</b>	<b>1068.37</b>
<b>ASSETS</b>	-	-	-
<b>Non-current assets</b>	<b>18.10</b>	<b>82.53</b>	<b>151.72</b>
Net Fixed assets	0.07	0.32	1.27
Long Term Loans and Advances	18.03	82.21	150.44
<b>Current assets</b>	<b>489.30</b>	<b>559.72</b>	<b>916.65</b>
Inventories	473.67	543.94	628.29
Cash and Cash Equivalentents	1.13	1.06	7.96
Short-Term Loans and Advances	14.50	14.73	280.40
<b>Total Assets</b>	<b>507.41</b>	<b>642.25</b>	<b>1068.37</b>

**Amrapali Dream Valley Pvt Ltd**  
**Annexure III – Key Financial Ratios**

Key Ratios	Unit	FY11 (A)	FY12 (A)	FY13 (A)
Total Debt	Crores	0.13	0.00	0.63
Tangible Net Worth	Crores	0.01	0.01	-12.80
Total Debt/TNW	Times	18.14	0.00	-0.05
Long Term Debt/TNW	Times	0.00	0.00	0.00
TOL/TNW	Times	72031.47	56208.54	-84.48
ISCR	Times	1.00	1.00	0.58
DSCR	Times	1.00	1.00	0.58
Net Cash Accruals/Total Debt	Times	0.03	NA	-20.24
Net Cash Accruals/Long Term Debt	Times	NA	NA	NA
Net Profit Margin	%	NA	NA	NA
Operating Profit Margin	%	NA	NA	NA
ROCE	%	18949.08	58915.40	NA
Current Ratio	Times	4.32	2.26	1.25
Net Cash Flow from Operating Activities	Crores	0.00	108.69	152.30
Net Cash flow from Investing Activities	Crores	0.00	-64.47	-69.30
Net Cash Flow from Financing Activities	Crores	0.00	-44.29	-76.09