



## Press Release

### Apus Realities Private Limited

July 11, 2023

#### Ratings

Instrument/Facility	Amount (Rs Cr.)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	72.24	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
<b>Total</b>	<b>72.24 (Rs. Seventy Two Crores and Twenty Four Lakhs Only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The rating assigned to Apus Realities Private Limited (ARPL) derives comfort from the experienced promoters and management team, and favourable project cost structure with low reliance on customer advances. These rating strengths are, however, constrained by the project execution risk, low booking status of the project, and exposure to risks relating to cyclicity in the real estate industry.

#### Key Rating Sensitivities:

##### Upward Factor

- Improvement in the collections through a combination of improved sales and construction progress, such that the collections are sufficient to fund the committed costs and debt obligations.

##### Downward Factors

- Weaker than anticipated sales performance and lower than expected collections which may lead to increased funding risk.
- Time and cost overrun in the project.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters and management team**

Apus Realities Private Limited (ARPL) is a part of Pune based, Apus Group, incorporated in 2017 by Mr. Ramesh Chhabria having an experience of more than 20 years in the real estate sector. While construction of Kratos Tower A and Tower B is the first project of ARPL, Apus Group has to date completed 9 projects in Pune under the stewardship of Ramesh Chhabria. The experience of the promoter would thus keep the Company in good stead and help it to complete the Kratos project in a timely manner.

- **Favourable project cost structure with low reliance on customer advances**

The total cost of the ongoing project is envisaged at Rs.195.38 crore, with Rs. 47.88 crore to be funded through customer advances, Rs.58 crore through promoter's funding, and the rest Rs. 89.50 crore through bank debt. The proportions of promoters' contribution, bank debt, and advances received from customers are ~30%, ~46%, and ~24% respectively. Thus, reliance on customer advances is relatively less compared to promoter's contribution and debt. Hence, time and cost overruns may not be an issue for these projects, considering the relatively low proportion of customer advance.

#### Key Rating Weaknesses

- **Project execution risk**

The Company has a total of 1 ongoing project, Kratos Tower A and Tower B. While Tower B has been completed to the extent of 82%, Tower A is only complete to the extent of 23%. Thus, there is a relatively high project implementation risk for Tower A. The scheduled date of completion of Tower A is March 2024, hence looking at the current completion status, Infomerics reckons that there may be time and cost overruns for Tower A, which may impact profitability. Once operational, ability to sell the units would be the key to meet the debt obligations on time. However, it must be noted that only 'bare shell' offices would be constructed and delivered, i.e., offices without tiles, flooring, and plastering.



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- **Low booking status of the project**

While 82% of Kratos Tower B is complete as on date, only 35% of the area has been sold at a sales value of Rs 47 crore, out of which only Rs 18 crores have been received to date. For Kratos Tower A, 100% of the area remains unsold as on date despite 23% completion – this 23% covers the common area of Tower A and Tower B; construction from 3<sup>rd</sup> floor onwards in Tower A started only in May 2023. Thus, apparently the overall figures indicate a low booking status for the Company, which may again impact the timely completion of the project. However, official bookings for Tower A and Tower B have not started yet. Friends of Mr. Ramesh Chhabria have made the initial bookings. Official bookings will open for Tower B when it would be 90-95% complete. Same is true for Tower A.

- **Exposure to risks relating to cyclicity in the real estate industry**

Being a cyclical industry, real estate depends on macro-economic factors and the Company's dependence on a particular geography further heightens such risk. The real estate industry also remains susceptible to regulatory risk. Cumulatively, these may have a material bearing on the real estate project cash flows. This may impact the debt servicing ability of the Company. Managing the same thus remains critical.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Real Estate Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

**Liquidity – Adequate**

The Company's low reliance on booking advances to fund the project compared to promoters' contribution, and debt imparts comfort on the liquidity factor and mitigates the risk of time overrun to a large extent. The average cash flow cover between FY24 and FY26 is at 1.39x, which also signals the adequacy of liquidity. Further, the Company is likely to benefit from the resourcefulness of the promoters. Favourable repayment structure of the debt availed for the projects also provides some comfort. Overall liquidity position is thus expected to be adequate.



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### About the Company

Apus Group has been a part of the real estate industry since 2000. The Group has been consistently designing and delivering projects in commercial real estate. The Group specializes in construction of commercial projects in and around Pune. Backed by 20 years of experience and a team of highly qualified professionals, the group has to its credit quite a few of landmark buildings in prime locations. The Group has completed more than one million sq. ft. of development in commercial/retail space. Apus Realities Private Limited was incorporated to carry out the development of Kratos Tower A and Tower B.

### Financials (Standalone):

For the year ended* / As on	Rs in Crores	
	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	0.00	8.91
EBITDA	-0.73	-10.38
PAT	-0.89	-14.72
Total Debt	55.86	68.87
Tangible Net worth	16.41	1.70
EBITDA Margin (%)	-	-116.50
PAT Margin (%)	-	-165.01
Overall Gearing ratio (X)	3.40	40.60

*\*Classification as per infomerics' standards*

**Status of non-cooperation with previous CRA: Nil**

**Any other information: N.A.**



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### Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loans	Long Term	72.24	IVR BBB-/ Stable	-	-	-

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### About Infomerics Ratings:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).



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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Cr.)	Rating Assigned/ Outlook
Term Loan 1	-	-	April 2024	32.24	IVR BBB-/ Stable
Term Loan 2	-	-	October 2025	40.00	IVR BBB-/ Stable

**Annexure 2: List of companies considered for consolidated analysis: NA**

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-apus-jul23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated facilities: Not Applicable.**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).