

May 10, 2017

## Amanora Future Towers Private Limited

Instrument*	Rated Amount (in crore)	Rating Action
Long term, Fund based limits	20.00	[ICRA]BBB- (Stable) Assigned
<b>Total</b>	<b>20.00</b>	

\*Instrument Details are provided in Annexure-1

### Rating Action

ICRA has assigned a rating of [ICRA]BBB- (pronounced ICRA triple B minus) to the Rs. 20 crore long term fund based bank facilities of Amanora Future Towers Private Limited ('AFTPL', 'The Company'). The outlook on the long term is stable.

### Rationale

The assigned rating reflects significant experience of AFTPL's promoters in construction and real estate business in Pune city and the group's excellent track record of successful project executions over 3 decades. It also takes into account the final stage of construction of the project and its modest exposure to regulatory risk given that necessary approvals for construction activity are in place. The rating further draws comfort from favourable location of the project in key growing areas of the city witnessing new demand. The high level of residential sales (~90% as on March 31, 2017), comfortable booking level of commercial space, robust collection efficiency and healthy accruals through customer advances made AFTPL less reliant on the external debt and also provided funds to expedite pending execution of Future Towers Project.

The ratings are however constrained by the near term substantial repayment obligations in the form of stake buyback from the PE fund and external debt repayment, which if coupled with below than expected incremental sales and timely collection from customers, may lead to stretched cash flows in the near term. The ratings are also constrained by modest customer advances built-up and sales agreement status despite comfortable sales booking of commercial space as on March 2017. The collections from sale of commercial space are expected to improve in near to medium term with pickup in sales agreement registration. The ratings are constrained by market and booking cancellation risks given current slowdown in the real estate sector, exposure to cash flow mismatches in case of below expected sales momentum/collections, competition from other similar projects present in the vicinity and geographic concentration risk with AFTPL's presence limited to the city of Pune.

Going forward, sales and collections momentum in AFTPL's commercial project, the extent of land acquisition expenditure & support provided to the group entities will be the key rating sensitivities.

## **Key rating drivers**

### **Credit Strengths**

- Long standing promoter experience of more than three decades in the real estate industry
- Good brand recognition and established track record of the group in Pune
- Project located in Hadapsar – one of the key growing areas of Pune city
- Final stage of the project (Residential Phase I) since 99% of the construction cost is incurred and over 90% of the sales achieved with better collection efficiency
- Modest exposure to regulatory risk given that necessary approvals for construction activity are in place

### **Credit Weakness**

- Geographic concentration risk with presence limited to Pune
- Competition from other similar projects present in the vicinity
- Exposed to market and booking cancellation risks for commercial space given current slowdown in the real estate sector
- Below than expected sales momentum (Residential plus commercial) may lead to cash flow mismatch, given the substantial repayment obligations in the form of stake buyback and external debt repayment

### **Description of key rating drivers highlighted above:**

AFTPL is one of the premium projects of City group which entered the real estate business in Pune city and has a excellent track record of successful project executions of over 3 decades. The projects of the group are present in key growing areas of the city which are currently witnessing infrastructure development activities resulting in new residential real estate demand. The Future Towers project has sold 90% of the saleable residential area as on March 2017 with high collection efficiency while over 99% of the total project cost has been incurred. Though sales registration status of commercial space remains at modest level despite higher level of bookings achieved in recent months and final stage of construction. AFTPL as part of its business strategy initiates billing post registration of sales agreement. With pickup in registration status in Q4 FY2017 coupled with construction progress, the collections are likely to improve in near to medium term. However AFTPL runs the risk of cancellations of bookings for commercial space given current slowdown in real estate sector. Moreover below than expected sales momentum in residential as well as commercial space may lead to cash flow mismatch, given the substantial repayment obligations in the form of stake buyback and external debt repayment and it remains a key monitorable.

**Analytical approach:** NA

### **Links to applicable Criteria**

[Corporate Credit Rating –A Note on Methodology](#)

[ICRA Rating Methodology: Real Estate Entities](#)

### **About the Company:**

Amanora Future Towers Private Limited ('AFTPL, The Company') is subsidiary of City Corporation Limited (51% stake) floated for the development of Project Future Towers, having residential and commercial space. The project is located in Amanora Park Town, an integrated township project at Hadapsar, Pune. The township has been planned in order to comply with the Township Policy of Government of Maharashtra. The township includes a mall, club house, Schools, proposed hospital and other infrastructure facilities like fire station, Water Treatment Plant, Gas Supply Station etc. AFTPL had received PE investment of Rs. 110 crore from IIRF Indian Realty XXIV Limited in 2012 against stake of



49%. AFTPL is now in process of buying backing stake from the PE fund through the cash inflows of Future Towers Project.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** NA (Fresh case)

**Complexity level of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

**Annexure-1**  
**Details of Instrument**

<b>Name of the instrument</b>	<b>Date of issuance</b>	<b>Coupon rate</b>	<b>Maturity Date</b>	<b>Size of the issue (Rs. Cr)</b>	<b>Current Rating and Outlook</b>
Proposed Dropline Overdraft Facility	-	-	-	20.00	[ICRA]BBB- (Stable)



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