

Press Release

Aum G M Heights

August 28, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.00 Cr.
Short Term Rating	ACUITE A4+

* Refer Annexure for details

Rating Rationale

Acuité has assigned short term rating of '**ACUITE A4+** (read as ACUITE A four plus)' on the Rs. 6.00 crore bank facilities of Aum G M Heights.

Established in 2016, Aum GM heights (AGH) is a Mumbai based firm promoted Mr. Vipul Valia. The firm is engaged in the business of real estate development. Presently the firm is developing a redevelopment residential project, Chandan Co-operative Housing Society located in Vile Parle (West). AGH is a partnership firm with Mr. Vipul Valia (15%), Mr. Harish Valia (15%), Nivasti Developers LLP(55%) and Hiravanti P. Chheda(15%) holding majority stake. The group has undertaken a number of residential and commercial real estate projects along with redevelopment projects.

Key Rating Drivers

Strengths

- **Established track record and experienced management:**

AUM GM Heights is a part of Valia group which comprises two entities AUM GM Heights and G M Developers. The group is promoted by Mr. Vipul Valia and Mr. Harish Valia, having an experience of over two decade in the real estate industry. The group has presence of over two decades in the real estate industry and has executed various Re-development projects. The promoter has undertaken real estate projects predominantly in Mumbai region. The group has successfully executed 19 projects with total saleable area of 8.83 lakh square feet (lsf) till July 31, 2018 and presently has 6 ongoing projects at different stages of construction.

Acuité believes that the promoters established track record of successful project execution will continue to support its business risk profile.

Weaknesses

- **High salability and execution risk:**

'Chandan Co-operative Housing Society' is a redevelopment project which is 51 percent complete wherein of the total cost of Rs. 126 crore, Rs. 64.74 core is incurred till June, 2018 and 17 percent of the total saleable area has been sold. Total flats in the scope of project is 92 of which 51 is for sale portion and remaining is to existing members. The project is expected to complete by December 2020. The firm is presently developing A and C wings and B wings construction is yet to commence. The traction in receipt of customer advances is dependent on project completion. The firm's ability to execute projects as per schedule is highly dependent on timely receipt of regulatory approvals along with customer advances, which forms major chuck of the total funding requirement of the projects. Therefore, Acuité believes that the group's ability to execute the projects as per schedule and achieve sales will remain key rating sensitivity.

- **Susceptibility to Real Estate Cyclical and Regulatory Risks:**

AGH is exposed to the risk of volatile prices on account of frequent demand supply mismatches in the industry. The Real Estate sector is under high stress on account of large amounts of unsold inventory and high borrowing costs. However the same is mitigated at the project is a redevelopment project with locality and connectivity to public transport and the project area is already developed.

Analytical Approach

Acuité has considered standalone business and financial risk profile of AGH to arrive at the rating

Outlook: Stable

Acuité believes that AGH will maintain a stable outlook over medium term on account of established track record in the industry. The outlook may be revised to positive in case the company achieves significantly higher than expected customer advances and achieves project execution as per schedule. Conversely, the outlook may be revised to Negative in case of slower than expected customer advances or in case of delay in project execution.

About the Rated Entity - Key Financials

Not Applicable

Status of non-cooperation with previous CRA

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Real Estate Entities- <https://www.acuite.in/view-rating-criteria-41.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE A4+

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About Acuité Ratings & Research:

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