

January 15, 2013 - Mumbai

Facilities/Instruments	Amount	Rating
Secured Non Convertible Debenture (NCD) Issue	Rs. 98 Crore	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (**pronounced as B plus**) to Marvel Omega Builders Private Limited's (MOBPL) Secured NCD issue of Rs.98 crore. The outlook is '**Stable**'.

The rating is constrained by MOBPL's weak financial risk profile, significant project execution risk and high competition (the project caters to the luxury segment). The rating also considers the inherent risk of cyclical in the real estate sector.

The abovementioned weaknesses are partially offset by MOBPL's experienced management (having an established track record in Pune's residential segment projects). The rating also factors in support from the parent company Marvel Promoters and Developers Private Limited. MOBPL is part of the Marvel group of companies, the group is well established in Pune's property space and the group's projects have witnessed healthy bookings. The current project also benefits from a healthy booking rate. All pre-construction approvals for the project are in place and construction is under-way as per schedule.

The project execution is, however, at an initial stage (The Marvel Selva Ridge project is only 13 per cent complete); this exposes the project to significant execution risks. The company has a policy of booking revenues only upon completion of 30 per cent of the project (as per extant ICAI guidelines), consequently, no revenues have been booked till date. MOBPL had work in progress (WIP) amounting Rs.87.44 crores as on September 30, 2012. SMERA believes, a delay in execution may result in cost and time overruns. The rating also factors in high competition in the luxury segment coupled with inherent risk of cyclical in the real estate sector.

Marvel group is well established in Pune's property space and the group's projects have witnessed healthy bookings in the past. The promoters have a decade-long experience and are ably supported by a professional second line of management. The rating also benefits from the project receiving all the necessary pre-construction approvals.

Outlook - Stable

SMERA believes MOBPL's outlook will remain stable over the medium term driven by a satisfactory project execution rate and healthy bookings going forward. The outlook may be revised to 'Positive' in case the project completion is ahead of schedule and healthy cash flow and profit metrics are sustained. The outlook may be revised to 'Negative' in case of delays in project execution, higher debt funding or lower sales realization.

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About the Company

MOBPL is a special purpose vehicle of Marvel Promoters and Developers (Pune) Private Limited (MPDPL), primarily engaged in developing a residential project "Marvel Selva Ridge" the only project under its name. The project commenced in September 2012 and is slated to complete by December 2015.

Marvel Promoters & Developers (Pune) Private Limited is the major share holder in MOBPL, the company is managed by Mr. Vishwajeet S. Jhavar (CEO Marvel Group).

About the project - Marvel Selva Ridge

Marvel Selva Ridge is a luxury project with a mix of Villas and Apartments, situated at Bavdhan Kurd village in Pune having total plot area of 95,000 sq. meters. The total saleable area of the project is 11.43 lakh sq.ft. The total number of proposed units being constructed in the project is 369. The project will be in two phases; phase-I includes four mid-rise buildings, each having 14 flats and 16 villas; phase-II includes high rise apartments with four towers and 297 flats.

MOBPL has not booked any revenues till date (as per the extant ICAI guidelines); the revenues are likely to be booked in FY 2013-14. However, closing WIP as on September 30, 2012 is Rs.87.44 crores. The company has negative networth of 0.65 crore as on March 31, 2012.

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