

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB+' for Bank Loan facilities aggregating to ₹ 60.00 Cr of ARG Infra Developers Pvt Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for Bank Loan facilities of ARG Infra Developers Pvt Ltd (ARG or The Company).

Facilities	Proposed Limits (₹ Cr)	Tenure	Rating
Term Loan (Fund Based)	60.00	Long Term	<b>BWR BB+</b> (Pronounced as BWR Double B Plus) <b>Outlook: Stable</b>
<b>Total</b>	<b>60.00</b>	<b>INR Sixty Crores Only.</b>	

\* Company has existing bank loan facilities with Bank Of Baroda, TATA Capital Housing Finance Ltd And AU Financiers Ltd

BWR has essentially relied upon the audited financial results up to FY16, projections up to FY21 and information and clarifications provided by the management of the firm.

The rating draws strength from the established track record of the promoters in real estate business, progress in project construction and locational advantage. However, the ratings are constrained by delay in commercial operation date of the ongoing project, low booking rate, moderate promoters' contribution and high reliance on customer advances towards project funding, project execution risk, intense competition in residential projects and inherent risk of real estate industry.

### Background

ARG Infra Developers Private Limited is a real estate developer and construction company incorporated in the year 2008 at Jaipur, Rajasthan. Mr. Atma Ram Gupta and Mrs Shashi Gupta are the directors in the company. ARG is developing residential apartments and villas under the name of 'Rosewood' on the outskirts of Ajmer with a total land area of 29.31 acres. The project consists of construction of 599 flats which comprises 153 units of 2BHK, 330 units of 3BHK, 60 units of 4BHK flats and 56 Penthouses. The project also included construction of 42 premium villas. The project construction started in February 2011 and expected to be completed by March 2018. Company has sold 324 flats under various categories and 36 villas as on June 2016. The cost of the project is Rs 162.19 Cr and out of which company has spent Rs 113.01 Cr including customer advances of Rs 45.06 Cr as on June 2016.

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

### Financial Performance:

As per FY16 audited Financials, ARG's Tangible Net Worth stood at Rs. 12.91 Cr in FY16 as against Rs. 11.90 Cr in FY15. Total Operating Income in FY16 stood at Rs. 21.82 Cr increased from Rs. 16.23 Cr in FY15. Net profit increased from Rs. 0.78 in FY15 to Rs. 1.01 Cr in FY16, Debt to Equity Ratio decreased from 4.81 times in FY15 to 4.47 times in FY16.

### Rating Outlook:

The rating outlook is expected to be stable over the current year; going forward, the ability of the company to achieve its projected revenue profitability levels, timely execution of the project within the estimated costs, improving its capital structure and sustaining the booking rate would be the key rating sensitivities.

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