

Rating Rationale

Brickwork Ratings assigns 'BWR B' for the Bank Loan Facilities aggregating ₹ 6.15 Cr of ASG Developers Private Limited.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for Bank Loan facilities sanctioned by *Union Bank of India* to ASG Developers Pvt. Ltd (*The Company*)

Facility	Tenure	Amount (₹ Cr)	Rating
<u>Fund Based</u> Term Loan	Long Term	6.15	BWR B Outlook : Stable
Total		6.15	(INR Six Crores & Fifteen Lakhs only)

BWR has principally relied upon the audited financial statements from FY11 to FY13, details of the project, publicly available information and information / clarifications provided by the management.

The rating has factored, inter alia, experience of the promoters in the real estate industry. However the rating is constrained by limited track record of the project completion, project execution risk, negative sentiments in real estate and high degree of competition from other established players in the market.

Background:

ASG Developers Pvt. Ltd was incorporated in August 2006 as a private limited company and has its registered office in Delhi. The company is engaged in construction of residential and commercial establishments. The company has taken the real estate project for construction of residential and commercial establishment namely "PANACHE" at Ganga Nagar, Meerut, Uttar Pradesh.

Management Profile:

The key management of the company is Mr. Achalkumar Gupta and Mr. Sanjeev Goyal. Mr. Achalkumar Gupta, Managing Director is a Graduate and has vast experience in the real estate industry. Mr. Sanjeev Goyal, is a Graduate and a business man having experience in the business of banquets and providing power backup to the industry.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

The company has reported revenue from operations of Rs13.69 lakhs in FY13 against Rs0.68 lakhs in FY12. The net worth of the company as on 31st March 2013 stood at ₹ 92.00 lakhs.

Profile of the Project:

Panache - The project is located in Meerut, UP. The project consists of 66 flats in 2 Blocks comprising of 2 BHK, 3BHK and 30 Commercial Shops. It has Basement, Ground floor and 6 floors with saleable area 67419 Sq.ft. The structure work was completed for one block and the construction is going on for another block. The project is expected to be completed in December 2015. 40 flats and 7 shops are already booked. The company has received advance of Rs.651 lakhs from customers against booking till January 2014. The company has incurred Rs.1484 lakhs till January 2014 against total estimated cost of Rs.2011 Lakhs.

Rating Outlook:

The outlook of the firm is expected to be stable for one year. Going forward, the timely completion of project with estimated cost, collection of advances from customers as per schedule and ability to sell un-booked area will remain the key rating sensitivities.

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