Rating Rationale

Agra Infraland Developers Pvt. Ltd

15 July 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 24.70 Crores of Agra Infraland Developers Pvt. Ltd. ('AIDPL' or 'the Company')

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2018)	Present
Fund based	34.00 (Term Loan)	24.70 (Proposed LRD)	Long Term	**BWR BB** (Pronounced as BWR Double B) **Outlook: Stable**	**BWR BB** (Pronounced as BWR Double B) **Outlook: Stable Reaffirmed**
Total	**34.00**	**24.70**	**INR Twenty Four Crores And Seventy Lakhs Only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Audited Financials upto FY18, Provisional Financials of FY19, CMA data, Projected Cash Flow statement and Lease Rentals of the Company, publicly available information and information / clarification provided by the company's management.

The rating derives its strength from the promoters' extensive experience in the real estate sector of Agra City of Uttar Pradesh for more than two decades and the locational advantage the company's commercial project "Corporate Park" enjoys for being situated in a prime commercial centre of Agra city. The rating also positively factors the comfortable networth position of the company as well as the financial support it gets from the directors and body corporates by way of Unsecured Loans. The rating further takes into account the positive response the project has received from the market in its first year.
The rating is, however, constrained by the cyclical nature of the real estate market and muted demand in the sector in recent years. The rating is also affected by the susceptibility of actual cash flows to be lower than the projected ones as was observed in the FY19 provisional financials when compared to the projected FY19 financials provided a year earlier.

Going forward, the ability of the company to timely serve the debt repayment obligations and achieve the projected levels of revenues and cash flows will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experience of the promoters:** The directors of the company, Mr. Phundi lal Sharma & Mr. Dinesh Kumar Rathore, have a combined experience of more than four decades in the real estate sector.
- **Locational advantage:** The commercial project of the company, Corporate Park, is located in Sanjay Place in Agra which is a prime business and commercial centre of the city.
- **Networth:** The Tangible Networth of the company stood at Rs. 10.20 Crores as on 31 Mar 2019 (Provisional) and it was also supported by the Unsecured Loans of Rs. 6.55 Crs. from Directors, Rs. 1.55 Crs. from Related Parties and Rs. 16.71 Crs. from Body Corporates which give a cushion to the company's financial risk profile.
- **Good offtake of the project:** The project was completed in the stipulated timelines and the company has been able to sell off / lease out a good number of units in the last one year. As of March 2019, out of 159 units, bookings were done for 50 units, registry was done for 20 units and around 25 units were leased out by the company generating a continuous stream of cash flows.

Credit Risks:

- **Cyclical risk:** The company faces cyclical business risks as the real estate sector is highly susceptible to business cycles.
- **Susceptibility to mismatch between projected and actual cash flows:** If the units are not sold or leased out as per the company's projections, then it might create some cash flow mismatch for the company. The company was unable to achieve the projected sales for the FY 2018-19 as it achieved Rs.12.96 Crs of sales against the projected Rs.20.54 Crs.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Agra Infraland Developers Pvt. Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Agra Infraland Developers Pvt Ltd was incorporated in August 2013 with its registered office in Agra, Uttar Pradesh. The company was promoted by Mr. Phundi lal Sharma and Mr. Dinesh Kumar Rathore and is into the business of real estate development. The company had started its first project "Corporate Park" in March 2014. It is a commercial complex located in Block 109, Sanjay Place, Agra admeasuring

37621.59 sq. ft. with a total saleable area of 2,19,868 sq. ft. The target end date of completion of project was June 2018 and as on the date the project is complete. The project is registered under Real Estate Regulatory Authority- Uttar Pradesh (RERA - UP) under permit no. 1310/BFH-1/03/13-14. The revenue model of the company comprises of both Sale/Lease of commercial real estate properties. As of March 2019, the registry of 20 units was complete in the project and over 50 units were booked . The company has rented out approximately 25 units on lease and around 65 units are vacant.

Company's Financial Performance

The company had a Total Operating Income of Rs.10.96 crs in FY18 as compared to Rs.11.21 Crs. in FY17. In FY19 (Provisionally) the company has earned a revenue of Rs.12.96 Crs. The company's interest costs increased to Rs. 6.03 Crs. in FY 19 as compared to Rs. 5.14 Crs. in FY18. The interest cost is expected to fall in the current year due to start of repayment of term loan in Apr 2019. The company has availed Unsecured Loans from Directors, related parties and Unrelated Body Corporates to the tune of Rs.24.59 Crs. as on 31 Mar 2019 while Secured term loan from bank stood at Rs. 26.98 Crs.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	March, 2018	2017	2016
I	**Fund Based**	Long Term	24.70	**BWR BB** (Pronounced as BWR Double B) Outlook: Stable **Reaffirmed**	**BWR BB** (Pronounced as BWR Double B) Outlook: Stable	**NA**	**NA**
	Total		**24.70**	**₹ Twenty Four Crores And Seventy Lakhs Only**			

Status of non-cooperation with previous CRA (if applicable)- NA

Key Financial Indicators

Key Parameters	**Units**	**2019**	**2018**
Result Type		**Provisional**	**Audited**
Operating Revenue	₹ Cr	12.96	10.96
EBITDA	₹ Cr	6.30	5.33
PAT	₹ Cr	0.21	0.14
Tangible Net worth	₹ Cr	10.20	10.29

Total Debt/Tangible Net worth	Times	5.06	4.84
Current Ratio	Times	14.36	16.48

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector

Analytical Contacts	Investor Contacts
Satvinder Kumar Gakhar Associate Director - Ratings B :+91 11 2341 2232 satvinder.g@brickworkratings.com **Raushan Kedia** Ratings Analyst B :+91 11 2341 2232 raushan.k@brickworkratings.com	**Satish Nair** Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 satish.n@brickworkratings.com
1-860-425-2742	

For print and digital media
The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.