

March 31, 2015

## CARE ASSIGNS 'CARE BB' RATING TO THE BANK FACILITIES OF ARG DEVELOPERS PRIVATE LIMITED

### Rating

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	30.00	<b>CARE BB (Double B)</b>	Assigned
<b>Total Facilities</b>	<b>30.00</b>		

### Rating Rationale

The rating assigned to the bank facilities of ARG Developers Private Limited (ADPL) is primarily constrained on account of risk associated with the implementation of its ongoing real estate projects, and saleability risk associated with un-booked units. The rating is, further, constrained on account of inherent risks associated with the real estate sector with geographical concentration of its operations.

The rating, however, favourably takes into account the experienced management with the established track record of operations of ARG Group (ARG) and moderate booking status with satisfactory progress in its ongoing projects.

The ability of ADPL to successfully complete its ongoing projects within envisaged time and cost parameters, sale of units at envisaged price and timely receipt of the booking advances shall be the key rating sensitivities.

### Background

ADPL was initially incorporated in 2007 with the name of ARG Developer Private Limited. Later on, in the year 2008, the name of the company was converted and assumed its current name ADPL. ADPL is a flagship company of ARG Group, incorporated with the objective to work on the real estate projects. The company has executed some projects which include 3 residential complex and 3 commercial complexes at Jaipur and Gwalior. At present, ADPL is working on three residential projects with total saleable area of around 1.97 lakh square feet (lsf) and one commercial project with total saleable area of 1.89 lsf.

During FY14 (refers to the period April 1 to March 31), ADPL reported a total operating income of Rs.23.56 crore (FY13: Rs.33.28 crore) with a PAT of Rs.5.20 crore (FY13: Rs.0.68 crore).

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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