

August 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan (Proposed)	22.00	SMERA B/Stable (Assigned)
Bank Guarantee (Proposed)	5.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B**' (**read as SMERA B**) to the Rs.22.00 crore proposed long-term (fund based) bank facility and '**SMERA A4**' (**read as SMERA A four**) to the Rs.5.00 crore proposed short-term (non-fund based) bank facility of Arcadia Realty Private Limited (ARPL). The outlook is '**Stable**'. The ratings are constrained by the project implementation risk inherent in the upcoming commercial project and funding risk. However, the rating draws comfort from the company's experienced management.

ARPL, incorporated in 2013, is an Agra-based company promoted by Mr. Ram Avtar Agarwal, Mrs. Shashi Bala Agarwal and Mr. Anupam Agarwal. The company is setting up a commercial complex in Agra at an estimated cost of Rs.60.28 crore. This is likely to be funded through a term loan of ~Rs.22.00 crore, equity contribution of Rs.18.00 crore and advances from customers of ~Rs.20.28 crore. The company is exposed to significant project implementation risk. The construction of the commercial complex is at a nascent stage and the company has incurred ~Rs.6.00 crore (funded through equity capital) towards the project till March 2015. Also, the project is exposed to funding risk as the term loan is yet to be sanctioned.

However, ARPL is poised to benefit from its experienced management as the promoters have around two decades of experience in the real estate industry.

Outlook: Stable

SMERA believes ARPL will maintain a stable business risk profile over the medium term on the back of its experienced management. The outlook may be revised to 'Positive' in case the company implements the project according to the scheduled timeline and generates steady cash flows from customer advances. The outlook may be revised to 'Negative' in case of delays in project execution and collection of customer advances, or in case of deterioration in the company's financial risk profile and liquidity position.

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About the Company

ARPL, incorporated in 2013, is an Agra-based real estate company promoted by Mr. Ram Avtar Agarwal, Mrs. Shashi Bala Agarwal and Mr. Anupam Agarwal. The company undertakes development of residential and commercial properties. The net worth stood at Rs.3.51 crore (provisional) as on March 31, 2015.

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