

Elegant Altima

December 04, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	70.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Elegant Altima is constrained on account of the limited track record of the firm with only one project completed in the past and its significant reliance of customer advances for the ongoing project. The rating is also constrained on account of the constitution of the entity as a partnership firm with inherent risk of withdrawal of capital, high concentration in Bengaluru residential market and exposure to inherent cyclicity in real-estate industry.

The rating, however, derives strength from the satisfactory construction progress and sales velocity in the ongoing project and the extensive experience of partners in the real estate business. The rating also considers the fact that debt has been sanctioned for the ongoing project and major portion of the promoter's share has already been brought in.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely completion of the ongoing project within the estimated project cost and time.
- Significant improvement in sales velocity with unsold inventory being sold in the next 12-18 months

Negative factors

- Cost overruns or unforeseen delays in the completion of the project.
- Decrease in sales velocity with inventory sold less than 50% over the next 15 months

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that the firm being able to complete the ongoing project on stipulated timeline and timely collection of receivables from sold inventory backed by satisfactory construction progress and sales velocity of the ongoing project.

Detailed description of key rating drivers:

Key weaknesses

Limited track record

The firm has limited track record with only one completed project in the past namely Elegant Altima with total saleable area of 2.84 Isf and one ongoing project ; Elegant Tranquility with total saleable area of 4.25 Isf. However, comfort is drawn from the fact that the firm does not have any unsold inventory from the past project.

Significant reliance on customer advances

Project funding is predominantly dependent upon customer advances. Out of total project cost of Rs. 246 crores, the reliance on bank debt and promoter contribution is around 28% and 19% respectively and the remaining 53% is

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

through customer's advances. Thus, as the project is majorly reliant on customer advances, it is necessary for the firm to maintain reasonable collection trend. Further term loan of Rs. 70 crores has been sanctioned for the project out of which the firm has availed disbursement of Rs. 18.50 crores as on October 15, 2024. The firm has witnessed satisfactory sales movement and collection trend with total collection of about Rs. 63 Crores as on October 15, 2024. Moreover, the firm has total receivables of Rs. 111 crores from sold units against balance project cost and total debt outstanding of Rs. 138 crores as on October 15, 2024.

Constitution of the entity as partnership firm with inherent risk of withdrawal of capital

Elegant Altima's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency which will affect its capital structure. Moreover, partnership firms have restricted access to external borrowing which limits their growth opportunities to some extent.

High concentration in Bengaluru residential market and exposure to inherent cyclicity in real-estate industry

Elegant Altima is exposed to concentration risk as its business is significantly dependent on the performance of the real-estate market, primarily in Bengaluru, where its entire ongoing and upcoming projects are located. Being a cyclical industry, real estate depends on macro-economic factors and the company's dependence on a particular geography further heightens such risk.

Key strengths**Satisfactory construction progress and sales velocity in the ongoing project**

The Project Elegant Tranquility has been launched in May-2023 and is scheduled to be completed by September-2029 (As per RERA). The firm has shown satisfactory construction progress with 52% of the total cost being incurred as on October 15, 2024. Further 51% of the total construction cost has already been incurred and the other major cost includes cost of land which has been fully incurred. Promoters have brought in Rs. 45 crores out of the total planned promoter contribution of Rs. 46.24 crores as on October 15, 2024. The project is expected to be completed by March-2028 as against the RERA timeline of September-2029. In terms of inventory, the firm has sold 173 units which is 54% of the total units. Going forward, timely completion of the project and the firm's ability to sustain the satisfactory sales velocity will be a key rating monitorable.

Experienced partners in the real estate business

Mr Chandra Prakash is the managing partner of the firm with Mr. Rajesh, Mr. Jayanth and Mr. Manjunath as the other partners. In the past, the firm has completed one project named Elegant Altima with total saleable area of 2.84 lsf and the firm does not have any unsold inventory from that project which showcases satisfactory market hold and acceptance of the firm's project in Bangalore residential market. The partners have experience of over two decades and serve as partners in other firms i.e. Elegant Builders and Developers, Sai Properties and Platinum Narya Infra under which several projects have been executed in the past.

Liquidity: Adequate

The liquidity profile remained adequate marked by timely infusion of promoter funds. The firm has been sanctioned term loan of Rs. 70 crores out of which the firm has availed disbursement of Rs. 18.50 crores as on October 15, 2024. The repayment is scheduled to begin from April-2028. The firm had cash and bank balances to the tune of Rs. 8.42 crores as on 31st March, 2024. The liquidity is further supported by the satisfactory sales velocity in the ongoing project. The firm has already sold 52% of its total saleable area and has customer advances receivable of Rs. 111 crores as on October 15, 2024.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Elegant Altima is a partnership firm which was incorporated on 4th September, 2017. The operations of the firm are managed by Mr. Chandraprakash S who serves as the Managing Partner alongside partners Mr. Rajesh S, Mr. Manjunath S N and Jayanth S. The firm is into residential real estate development and has completed one project named Elegant Altima and has another ongoing project named Elegant Tranquility with both the projects located in Bengaluru.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (P)
Total operating income	34.71	57.98
PBILDT	8.30	9.45
PAT	5.23	5.96
Overall gearing (times)	0.00	0.00
Interest coverage (times)	NM	NM

A: Audited P: Provisional NM: Not Meaningful ; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	01/03/2029	70.00	CARE BB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	70.00	CARE BB; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: 91-80- 4662 5555 E-mail: karthik.raj@careedge.in Manohar S Annappanavar Associate Director CARE Ratings Limited Phone: 912267543436 E-mail: manohar.annappanavar@careedge.in Arnav Navarange Analyst CARE Ratings Limited E-mail: Arnav.Navarange@careedge.in
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About us:

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