

APRIL 20, 2016

CARE ASSIGNS 'CARE BBB-' RATING TO THE BANK FACILITIES OF ARIHANT SUPERSTRUCTURES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities- Proposed Term Loan	20	CARE BBB- (Triple B Minus)	Assigned
Total Facilities	20 (Rupees Twenty crore only)		

Rating Rationale

The rating assigned to the proposed bank facilities of Arihant Superstructures Limited (ASL) derives strength from the proven track record of the promoters, established brand image of ASL in Navi Mumbai region, moderate sale momentum for projects, fully paid-up land bank for the projects on hand and receipt of necessary approvals for all of its ongoing projects.

The rating is, however, constrained by relatively high execution risk due to multiple on-going projects, including new large size projects, sale risk arising out of high dependence on customer advances, expected deterioration in leverage profile due to relatively lower customer advances received and debt tie-up which is underway. The rating is also tempered by geographical concentration of projects and inherent cyclical nature associated with real estate sector.

The ability of ASL to execute the projects within expected time and without cost overrun, tie up the debt required for the project and usage of cash inflow as envisaged; garner new sales and improve collection efficiency remain the key rating sensitivities.

Background

ASL, listed on the Bombay Stock Exchange, is promoted by Mr Ashok Chhajera with an objective to develop and sell real estate in Navi Mumbai, Maharashtra, and Jodhpur, Rajasthan.

ASL predominantly focuses on residential projects mostly in affordable housing segment and few under the premium segment. Geographically, majority of the company's projects are located in the Navi Mumbai area. Since inception, ASL has completed 40 projects with aggregate saleable area of approximately 40 lsf and saleable area per project ranging from 5,500 square feet (sqft) to over 4.1 lakh square feet (lsf).

Currently, ASL (consolidated) has 11 on-going projects with total saleable area of 113.9 lsf as on December 31, 2015, spread across Navi Mumbai and Jodhpur.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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.

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