

Arihant Prime Developers Private Limited

March 28, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	10.00	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; Revised from CARE BB; Stable (Double B; Outlook:Stable) “on the basis of best available information”
Total	10.00 (Rupees Ten Crore only)		

Details of facilities in Annexure-1

Detailed Rationale & Key rating Drivers

CARE has been seeking information from APDPL to monitor the ratings vide e-mail communications dated January 08, 2020 and February 06, 2020, February 27, 2020, February 29, 2020, March 03, 2020, March 14, 2020 and March 16, 2020 numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, APDPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating of APDPL bank facilities will now be denoted as **CARE BB-; Stable ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in the ratings of APDPL takes into account decline in its total operating income in FY19 over FY18. The ratings are, further continue to remain constrained on account of presence in a cyclical and highly fragmented real estate industry. The rating however, derives strength from experienced promoters along with established presence of the group.

Detailed description of the key rating drivers

At the time of last rating on April 03, 2019, the following were the rating strengths and weaknesses (Updated for the information available of FY19 from MCA site)

Key Rating Weakness

Decline in Total Operating Income in FY19

During FY19, the revenue from sale of flats stood low at Rs 2.29 Crore as against Rs 5.57 Crore in FY18. However, the profitability margins i.e. PBILDT margins stood comfortable at 80.59% and 3.07 % in FY19 as against 32.30 % and 1.76% in FY18.

Presence in a cyclical and highly fragmented real estate industry

The real estate industry in India is highly fragmented with most of the real estate developers having a city-specific or region-specific presence. Real estate investments worldwide have been driven by one or several themes based on the economic growth. The major drive in India is expected to come from housing, organized retailing, hospitality etc. Strong economic growth, huge population, large skilled workforce, growing employment and increasing purchasing power has kick-started the growth in real estate market in India. The risks associated with real estate industry are - cyclical nature of business (linked to economic cycle), interest rate risk, roll back of income tax benefits etc. Further, in light of the on-going economic downturn, the sector is facing issues on many fronts. These include subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals etc. thereby resulting in stress on cash flows. Further, the banks have already taken a cautious approach to the real estate lending and reduced their exposure to the sector and hence, most developers now rely on the private players for the project funding.

Key Rating Strengths

Experienced Promoters along with established presence of the group

APDPL has been promoted by Mr.Vimal Nahata and Mr.Tarun Nahata as a private limited company. Mr.Vimal Nahata and Mr.Tarun Nahata both are holding experience of more than a decade individually in the real estate industry. Directors,

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

*Issuer did not cooperate; Based on best available information

Mr.Arun Nahata, Mr.Varun Nahata and Mrs.Durga Devi Sharma are inactive directors. APDPL has executed many projects such as Arihant Nilay, Arihant Springs, Arihant Enclave, Arihant residency in city of Jaipur, Rajasthan. Arihant Prime Builders has a strong presence in Jaipur's market by completing various projects of more than 2.1lakh Sq. feet. of built up area. Arihant Prime Builders was established by Mr.Vimal Nahata which is mainly involved into real estate development business.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology-Real Estate Sector](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Jaipur (Rajasthan) based, APDPL was incorporated as a private limited company in June, 2011 by Mr. Vimal Nahata and Mr.Tarun Nahata, later joined by Mr.Arun Nahata, Mr.Varun Nahata and Mrs.Durga Devi Sharma as a directors. APDPL belongs to Arihant Prime Builders which has established track record of more than a decade into same line of business.

Brief Financials (Rs. crore)	FY18(A)	FY19(A)
Total operating income	5.57	2.29
PBILD	1.80	1.85
PAT	0.10	0.07
Overall gearing (times)	4.07	4.10
Interest coverage (times)	1.08	1.04

A: Audited

Status of non-cooperation with previous CRA: CRISIL has conducted the review on the basis of best available information and has classified the Arihant Prime Developers Private Limited as "Not cooperating" vide its press release dated July 04, 2019.

Any other information: None

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	May, 2021	10.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	10.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information	1)CARE BB; Stable (03-Apr-19)	1)CARE BB; Stable (18-Apr-18)	-	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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