

## Press Release

### **Brickwork Ratings assigns 'BWR BBB (SO)' (Outlook-Stable) to Arun Excello Homes Pvt. Ltd's secured Non-Convertible Debentures Issue of ₹ 50 Crores with tenor of three years**

**NCD Issue Rating: BWR BBB (SO)**

**Outlook : Stable**

Brickwork Ratings (BWR) has assigned '**BWR BBB (SO) [Pronounced BWR Triple B (Structured Obligation)]**' Rating for Arun Excello Homes Pvt. Ltd. ("Arun Excello" or "The Company") secured NCD Issue of ₹ 50 Cr with a tenor of three years. Instruments with this rating are considered to have **moderate degree** of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

The rating has factored, inter alia, escrow of receivables and structured payment mechanism for repayment of NCDs', performance of the company, experience of the promoters in real estate segment. The rating is however constrained by liquidity position of the company, current sluggish demand-supply dynamics in real estate sector and project completion risk.

BWR has essentially relied on the audited financial results of Arun Excello Homes Pvt. Ltd. for FY2011, present and projected cash-flow of the 'Temple Green' project, and other data /information provided by the company

Arun Excello Homes is part of the Chennai based Arun Excello group. The group is engaged in engineering and construction and housing projects in southern India & Mauritius over the past two decades. The company's ongoing projects in Chennai include Estancia, Temple Green, and affordable housing projects (Behag I & II) at Mahabalipuram and Mohanam at Mambakkam.

The Temple Green project, located about 50 kms from Chennai , near SIPCOT Hitech SEZ, Oragadam Junction, is an integrated township over 103 acres. The project is being implemented in 5 phases. The project also includes construction of a school and commercial complex. Phase I has been completed and handed over to its customers and out of 1000 apartments (for 5 towers out of 11 towers) of the Phase II, 80% has been booked so far.

Arun Excello has total revenues of about ₹ 1.73 Lakh in FY11 as compared to ₹ 1.54 Lakh in FY10, mainly on account of interest received. However, company has reported nil expenses. Closing project expenses are ₹ (37.57) Cr in FY11 as compared to ₹ (7.79) Cr in FY10. PAT increased marginally to ₹ 1.15 Lakh in FY11 from ₹ 0.87

Lakh in FY10. Debt/equity ratio stood at 0.25 in FY11 as compared to 0.14 in FY10, as the total debt increased to ₹ 12.51 Cr in FY11 as compared to ₹ 6.58 Cr in FY10. However, DSCR remained in negative in FY11. Net-worth stood at ₹ 49.96 Crores in FY11.

Total revenues from the Temple Green Project are estimated at ₹ 3193 Crs of which Phase II (11 Towers) is estimated to be about ₹674 Crs with an estimated project cost of ₹ 501.40 Cr, over a period of six years from FY11 to FY16.

As per estimates shared, the company is likely to generate reasonable future cash flow. However rating is constrained due to liquidity position of the company, present sluggish demand in real estate industry and long gestation period of the project which is to be executed in five phases over next 6-8 years. Present interest rate scenario also adds additional pressure on the company's performance.

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