

CARE Due Diligence Services



Due Diligence Report

Name of the Entity	Art Nirman Limited
Location	14, JBR Arcade, 2nd Floor, Near R.K. Royal Hall, Science City Main Road, Sola, Ahmedabad, Gujarat - 380060
Operational Status	Operational
Report Date	September 15, 2016

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Key Strengths

- *Well-experienced promoters and management team*
- *Infusion of fund by promoters through equity and unsecured loans to support the operations*
- *Successfully completion of first project with 100% inventory already sold out*

Key weaknesses

- *Nascent stage of operations*
- *Working capital-intensive nature of operation*
- *Competitive and cyclical nature of real estate industry*

Note:

- *To undertake the due diligence, CARE has relied at the information provided by the management, their deputed/ instructed by the management and Draft Red Herring Prospectus.*
- *For undertaking the financial analysis, we have primarily relied on the following financial statements provided by the management:*
 - *Audited financials for the financial year ending March 31, 2012, audited by M/s V.V. Patel & Co. and signed by Mr. Swapnil Bhatt (Partner) dated August 04, 2012.*
 - *Audited financials for the financial year ending March 31, 2013, audited by M/s V.V. Patel & Co. and signed by Mr. Swapnil Bhatt (Partner) dated August 10, 2013.*
 - *Audited financials for the financial year ending March 31, 2014, audited by M/s Dhiren Shah & Co. and signed by Mr. Karan Shah (Partner) dated October 13, 2014.*
 - *Audited financials for the financial year ending March 31, 2015, audited by M/s Dhiren Shah & Co. and signed by Mr. Karan Shah (Partner) dated September 05, 2015.*
 - *Audited financials for the financial year ending March 31, 2016, audited by M/s Dhiren Shah & Co. and signed by Mr. Karan Shah (Partner) dated August 10, 2016.*

DRHP consists of financials till March 31, 2016; thus, CARE has also considered financials till only March 31, 2016.

- *As a part of the due diligence exercise for NSE, CARE also*
 - *Reviews financials submitted by the company with Ministry of Corporate Affairs.*
 - *Undertakes Site visit and management discussion*
 - *Due Diligence with lenders and auditors*
- *However, please note that*
 - *Due diligence exercise by CARE is not an audit and also not a recommendation for entering into any transaction with the entity.*
 - *Interaction with customers and suppliers not done since the company is into real estate business and customers and suppliers vary on project basis.*
 - *CARE does not guarantee the accuracy, completeness or adequacy of any information on which this report is based. CARE is not responsible for any error / omissions for the results/opinions obtained for the use of this report.*

BRIEF SNAPSHOT OF ENTITY

Name	Art Nirman Limited (ANL)				
Year of Incorporation	2011				
Constitution	Public limited company				
Nature of Business	Real Estate Development				
Industry	Real estate				
Registered Office	14, JBR Arcade, 2nd Floor, Near R.K. Royal Hall, Science City Main Road, Sola, Ahmedabad, Gujarat - 380060				
Project	Shri Vishnudhara Cross Road				
Location of Project	Behind Vodafone Tower, Near to Shayona Green, S.G. Highway, Gota, Ahmedabad.				
Key Promoters name	Mr. Ashokkumar Raghuram Thakker				
Key regulatory approvals, certifications and membership	Yes				
Major Brands	NA				
Name of the Auditor	M/s. Dhiren Shah & Co.				
Major Existing Bankers	HDFC Bank				
Total number of employees	18				
Total income for latest year	Rs.2563.65 Lakh (FY16, Audited)				
Wilful defaulter as per CIBIL	No as on June 30, 2016				
Litigations	Sr. No.	Particulars	Nature	No. of Cases	Amount (Rs.)
	1	Direct Tax	TDS Defaults	1	0.90 lakh
	No other litigations filed against the company				

Background

Incorporated in 2011 by Mr. Ashokkumar Raghuram Thakker and other members of Thakker family, Art Nirman Limited (ANL) is engaged in the business of real estate, construction and development and has its presence mainly in the city of Ahmedabad. It has its registered office at Ahmedabad, Gujarat.

ANL has recently completed a 2.10 lakh square feet (saleable area) residential cum commercial project named 'Shri Vishnudhara Cross Road' at Ahmedabad, Gujarat. The project was consisting of five blocks and each block consists of seven floors. There are total 154 residential units of 2BHK and 3 BHK of sizes from 1170 sq. ft. to 1530 sq. ft. (approx.) and 25 Commercial Shops of 350 sq. ft. (approx.). As on September 12, 2016, ANL has sold 129 residential units and 21 Commercial Shops.

ANL has also received work contract of project named 'Shri Vishnudhara Homes' which is being developed by group associate M/s Dhara Developers. This contract consists of plastering, tiles fitting, painting, electrical fitting, plumbing, doors and windows fitting, etc. as per the approved plan. The project comprises of 7 building blocks with each block consisting of 7 floors. The project comprises of 238 residential apartments of 1BHK and 2BHK and 10 commercial shops.

During FY16, the total operating income (TOI) of ANL stood at Rs.2563.65 Lakh (compared with Rs.0.78 Lakh in FY15), while net profit of the company stood at Rs.51.19 Lakh in FY16 (compared with Rs.3.64 Lakh in FY15).

ORGANISATION & MANAGEMENT: PROFILE OF THE PROMOTERS, MANAGEMENT & BOARD OF DIRECTORS

Details of key promoters

Name	Age	Designation	Educational qualification	Total years of experience	Years of association with company	Details of the past experience	Responsibilities handled
Mr. Ashokkumar Raghuram Thakker	43 years	MD	B.Com (II year)	25 years	Since incorporation	Long experience in the business of real estate development	Overall Management
Mrs. Dharmisthaben Ashokkumar Thakkar	39 years	Non Executive Director	NF	12 years	Since incorporation	Good experience in the business administration	Administration and supervision of human resources

Comments:

- Mr. Ashokkumar Thakker has more than two decades of experience in the real estate development Industry. Mr. Thakker is also a director of Art Club Private Limited and Dat Hotels and Resorts Private Limited and partner at Art Infocom LLP, Vedanshi Buildcon LLP and Vishnudhara Buildcon LLP.
- Mrs. Dharmisthaben Ashokkumar Thakkar has more than a decade of experience in the administration and similar business activities; however she doesn't look day to day basis operations of the company. Mrs. Thakkar is also a director of Art Club Private Limited and Dat Hotels and Resorts Private Limited and partner at Art Infocom LLP.

Details of key management personnel

Name	Age (Years)	Designation	Educational qualification	Approx. total years of experience	Date of Appointment	Responsibilities handled
Mr. Ashokkumar Raghuram Thakker	43	Chairman and Managing Director	B. Com (II Year)	25	(Since incorporation)	Overall Management
Mr. Krunal Kiritkumar Mistry	57	Chief Financial Officer	M.Sc. in Medical	32	September 03, 2016	Accounts and Finance
Ms. Ziral Pankaj Kumar Soni	24	Company Secretary and Compliance Officer	Company Secretary and LLB	-	September 03, 2016	Compliance work

Comments:

- The second line of management consists of mix of recently appointed and past associated key personnel with relevant education and experience in the industry. Mr. Krunal Kiritkumar Mistry, CFO of the company has wide experience in the field of civil engineering and finance as he has worked in various industries in the past (Real estate, Pharmaceuticals and others).
- Since the company is into growing phase, it is planning to hire more qualified personnel in the top management going further as and when required.

Details of the board of directors

Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman/partner
Mr. Ashokkumar Raghuram Thakker	43	Chairman and Managing Director	B.Com (II year)	25 years	Since Incorporation	Long experience in the business of real estate development	- Art Club Private Limited - Dat Hotels and Resorts Private Limited - Art Infocom LLP - Vedanshi Buildcon LLP - Vishnudhara Buildcon LLP
Mrs. Dharmisthaben Ashokkumar Thakkar	39	Non Executive Director	NF	12 years	Since Incorporation	Good experience in the business administration	- Art Club Private Limited - Dat Hotels and Resorts Private Limited - Art Infocom LLP
Mr. Krunal Kiritkumar Mistry	34	Non Executive Director	B.E. (Civil)	14 years	August 04, 2016.	Having 14 years of experience in the field of architect and engineering	-
Mr. Viral Dipak Ranpura	27	Non Executive Director	L.L.B.	5 years	September 03, 2016.	Having 5 years of experience in the field of Company Secretary.	- Accurate Securities and Registry Private Limited

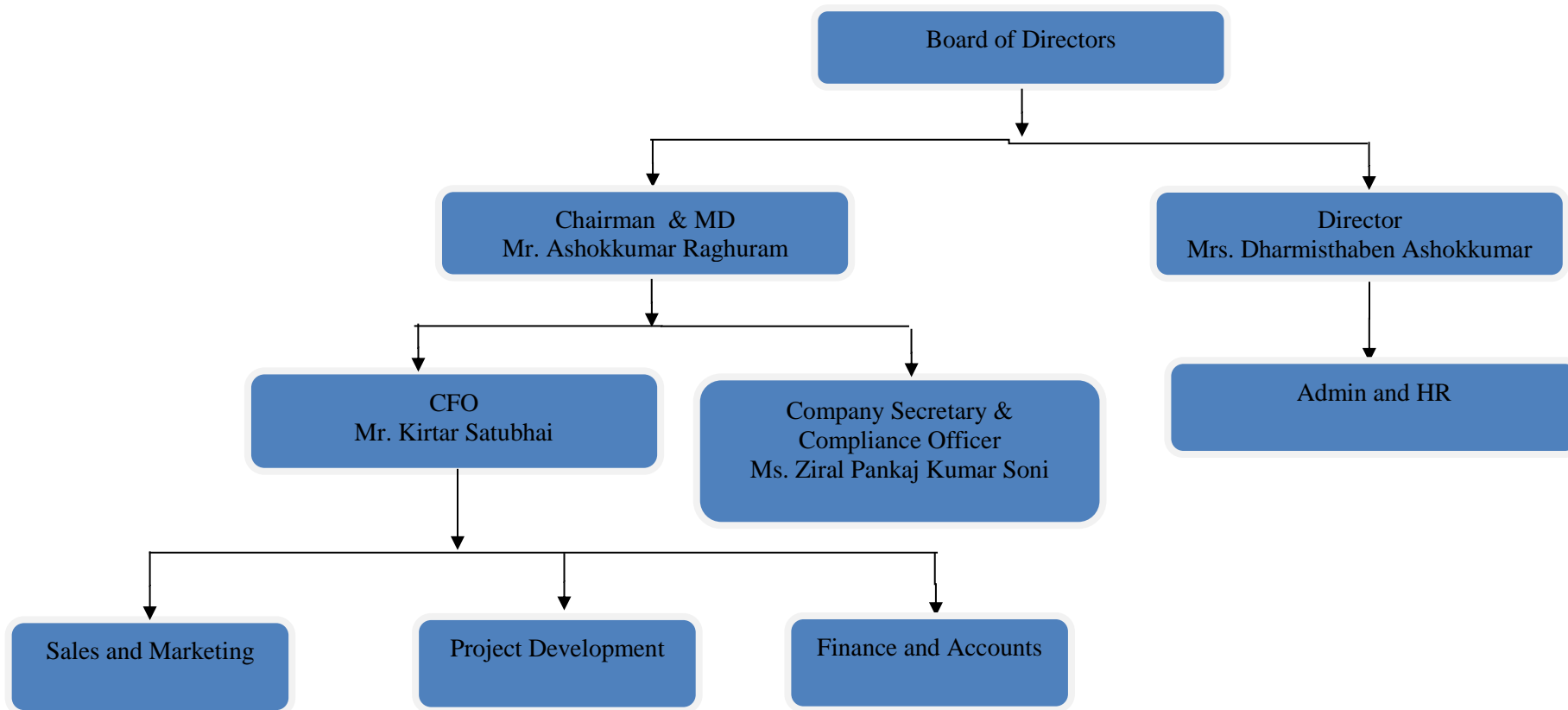
Comments:

- ANL has one executive and three non-executive directors.

Due Diligence Report: Art Nirman Limited

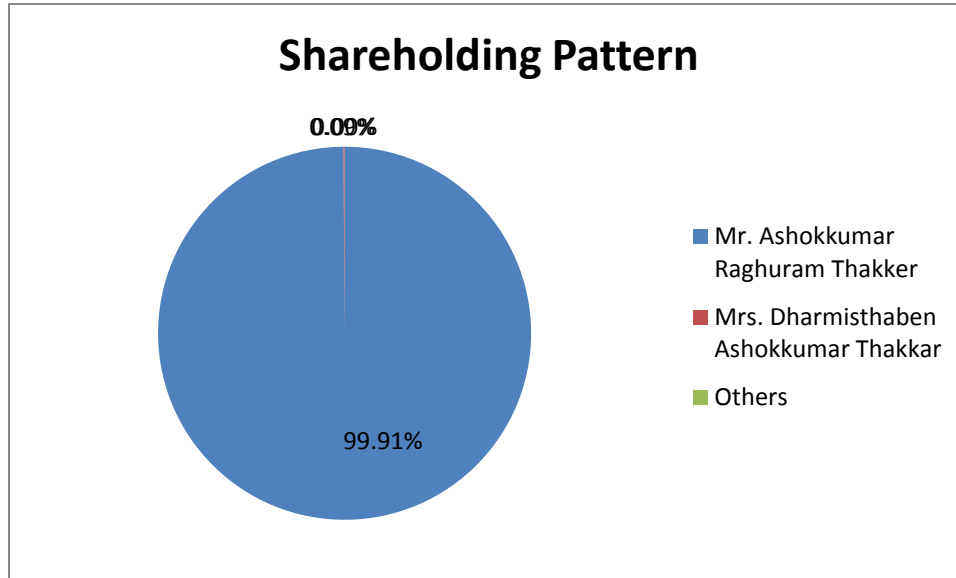
- The average industry experience of all the directors is around 14 years of experience in the fields of operations, finance, marketing and administration. Except Mrs. Dharmisthaben Thakker, the other non-executive independent directors have been associated with the company for less than a year.

Due Diligence Report: Art Nirman Limited



ORGANISATION & MANAGEMENT: MANAGEMENT & OWNERSHIP STRUCTURE

Share holding pattern as on August 31, 2016



Name of share holder	No. of equity shares held	Share in business (%)
Mr. Ashokkumar Raghuram Thakker	5594995	99.91%
Mrs. Dharmisthaben Ashokkumar Thakkar	5000	0.09%
Others	05	0.00%
Total	5600000	100.00%

- The promoters of the company Mr. Ashokkumar Raghuram Thakker and Mrs. Dharmisthaben Ashokkumar Thakkar hold approx. 99.99% stake in ANL and remaining are held by family member and group concerns.

Group Company details

(Rs. Lakh)

Name of the group company	Art Club Private Limited		Dat Hotels and Resorts Private Limited	
Date of incorporation	February 11, 2015		July 19, 2016	
Registered office	SF-14 J.B.R Residency, Opp. Satyam Complex, R.K. Royal Party Plot, Science City Road Sola, Ahmedabad, Gujarat -380060		SF-14, JBR Arcade, Opp Satyam Complex, Near R.K. Royal Party Plot, Science City Road, Sola Ahmedabad -Gujarat-382481	
Nature of business	Hospitality		Hospitality	
Financial Year	FY14	FY15	FY14	FY15
Total Income	NA	NA	NA	NA
Net Profit	NA	NA	NA	NA

Net worth	NA	NA	NA	NA
Total Debt	NA	NA	NA	NA

NA- Not Available

Name of the group company	Art Infocom LLP		Vedanshi Buildcon LLP	
Date of incorporation	June 13, 2016		May 03, 2016	
Registered office	SF-14, JBR Arcade, Opp Satyam Complex, Near R.K. Royal Party Plot, Science City Road, Ahmedabad Gujarat-380060		Gokul Bunglows, B/H Gopalak Society, Nr. Kiran Park, Nava Wadaj, Ahmedabad, Gujarat-380013	
Nature of business	Trading			
Financial Year	FY14	FY15	FY14	FY15
Total Income	NA	NA	NA	NA
Net Profit	NA	NA	NA	NA
Net worth	NA	NA	NA	NA
Total Debt	NA	NA	NA	NA

NA- Not Available

Name of the group company	Vishnudhara Buildcon LLP	
Date of incorporation	February 09, 2015	
Registered office	Gokul Bunglows, B/H Gopalak Society, Nr. Kiran Park, Nava Wadaj, Ahmedabad, Gujarat 380013	
Nature of business	Real Estate and Development	
Financial Year	FY14	FY15
Total Income	NA	NA
Net Profit	NA	NA
Net worth	NA	NA
Total Debt	NA	NA

NA- Not Available

Comments

- ANL has other group companies/partnership firms/HUFs firms namely Art Club Private Limited, Dat Hotels and Resorts Private Limited, Art Infocom LLP, Vedanshi Buildcon LLP and Vishnudhara Buildcon LLP, Dhara Infrastructure, Prathana Developers, Gajanand Associates, Dhara Developers, Kiritkumar Raghurambhai, Ashokkumar Raghuram Thakkar HUF and Raghurambhai V. Thakkar HUF.

- As informed by the management, financials of all companies/partnership firms/HUFs are not available, as some companies are incorporated or established recently.
- All the group companies operate separately and have their own management team.

Employee Profile

Particulars	Nos.
Skilled Employees	18
Total Employees	18

Note - The company subcontracts some construction and execution work related to projects to third party contractors, therefore as per the requirement of manpower for construction activities is met by third parties only.

Comment:

- The major decisions are taken by the CMD Mr. Ashokkumar Raghuram Thakker, who is further supported by other directors and the second line of management.
- Further, the company has a strong human resource pool with qualified personnel consisting of Engineers, management and post graduates having relevant industry experience.
- The Company adopts direct and indirect marketing approach. In past, they have used various advertisement channels such as advertisement on Radio Channels, Newspapers and Placement of Hoardings to promote and market their project “Shri Vishnudhara Cross Road”.

BUSINESS PROFILE: OPERATIONS OVERVIEW

BUSINESS PROFILE ANALYSIS

Art Nirman Limited (ANL) is engaged in the business of real estate, construction and development and has its presence mainly in the city of Ahmedabad. The company has successfully completed one project (Shri Vishnudhara Cross Road) in February 2016 and currently having work contract of project named ‘Shri Vishnudhara Homes’ which is being developed by its group associate M/s Dhara Developers.

OPERATIONS OVERVIEW

Nature of activity	Real Estate Development
Industry segment	Real Estate
Products Offered	NA
Project locations	Behind Vodafone Tower, Near to Shayona Green, S.G. Highway, Gota, Ahmedabad.
Area of the Project	2.10 lakh square feet (saleable area)
Location advantage	No
Marketing Setup	Yes

Comments:

- ANL has its registered office at Ahmedabad, Gujarat and both its projects in Ahmedabad only. As informed by the management, going forward, the company would explore new opportunities and take on new projects in others cities of the state.
- The company approaches to individuals (customers) through direct and indirect marketing. They use various advertisement channels such as advertisement on Radio Channels, Newspapers and Placement of Hoardings to promote and market their projects.

PROJECT DETAILS
Project I - Shri Vishnudhara Cross Road

ANL has recently completed a 2.10 lakh square feet (saleable area) residential cum commercial project named ‘Shri Vishnudhara Cross Road’ at Ahmedabad, Gujarat. The project was consisting of five blocks and each block consisting seven floors. There are total 154 residential units of 2BHK and 3 BHK of sizes from 1170 sq. ft. to 1530 sq. ft. (approx.) and 25 Commercial Shops of 350 sq. ft. (approx.). As on September 12, 2016, ANL has sold 129 residential units and 21 Commercial Shops.

Project Details:

Type	Location	Date of		Saleable Area
		Start	End	
Residential Cum Commercial	Ahmedabad	October 2013	February 2016	2.10 lakh square feet

Flats/Shops Details:

Particulars	Total Flats/Shops	Sold as on Sept 09, 2016	Unit Booked as on Sept 09, 2016	Unsold as on Sept 09, 2016
Residential	154	129	23	2
Commercial	25	21	04	0

Cost of break-up and Means of Finance Details:

Cost of Project		Means of Finance	
Particulars	(Rs. Lakh)	Particulars	(Rs. Lakh)
Land cost	780.04	Promoters’ contribution	1.00
Construction Cost	3061.21	Unsecured loans	1421.50
Other Expenses	1.91	Term loan#	700.00
Interest	142.97	Customer advances	1863.63*
		Cash	
Total	3986.13	Total	3986.13

*Total customer advances received of Rs.3410.40 lakh of which Rs.1863.63 lakh was incurred for project finance.

#Term loan has already repaid by the company

Note – The initial cost of project was estimated at Rs.3834.51 lakh, however the construction cost was overrun by Rs.151.62 lakh which was funded through customer advances. The

company has all the required clearances and regulatory approvals in place and also has Building usage certificate from the local authority.

Project II – Contract work for Shri Vishnudhara Homes

ANL has also received work contract of project named ‘Shri Vishnudhara Homes’ which is being developed by group associate M/s Dhara Developers. This contract consists of plastering, tiles fitting, painting, electrical fitting, plumbing, doors and windows fitting, etc. as per the approved plan. The project comprises of 7 building blocks with each block consisting of 7 floors. The project comprises of 238 residential apartments of 1BHK and 2BHK and 10 commercial shops. The total consideration for the project is decided at the rate of Rs.700 Sq. ft. as against work done certified by the Architect. Payment is done on the monthly basis starting from the August 2016 till completion of the contract work which is expected to be completed by October 31, 2016.

Other Upcoming Projects

Sr. No.	Project Name	Type of Project	Own Development/ Work Contract	Proposed Area	Estimated Start year	Estimated completion year
1.	Shree Vishnudhara Gardens	Residential & Commercial	Own Project	Details enclosed	FY17	FY20
2.	Club Babylon & Four Points Sheraton	Hotel/Club	Works Contract	4,11,000 sq. ft.	FY17	FY20
3.	Sheraton Hotels	Hotel/Club	Works Contract	4,00,000 sq. ft.	FY17	FY20

CUSTOMERS & SUPPLIERS ANALYSIS

CUSTOMER’S PROFILE

- The company is engaged in the business of real estate, construction and development and it approaches to individuals (customers) through direct and indirect marketing. They use various advertisement channels such as advertisement on Radio Channels, Newspapers and Placement of Hoardings to promote and market their projects.

SUPPLIERS’ PROFILE

- The company does not maintain the long term relationship with the suppliers as the requirement of raw materials like cement, steel and other materials is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply.
- The company also subcontracts construction and execution work related to projects to third party contractors, therefore as per the requirement of manpower for construction activities is met by third parties only.

BUSINESS ACTIVITY DETAILS

Key Raw materials	NA
Level of Raw Material Price fluctuation risk	NA
Quality Certifications	No
Level of value addition	High

SUPPLY SIDE ANALYSIS

Average Creditor Days	-
Raw Material Availability	-
Import as a % of RM Purchase	-

INDUSTRY ANALYSIS

Name of the industry	Real Estate
Product portfolio	NA
Overall Industry risk	Moderate
Level of competition	High

INDUSTRY WRITE-UP:

The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade.

The Indian real estate market has become one of the most preferred destinations in the Asia Pacific# as overseas funds accounted for more than 50 per cent of all investment activity in India in 2014, compared with just 26 per cent in 2013.

The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations.

The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

Market Size

The Indian real estate market is expected to touch US\$ 180 billion by 2020. The housing sector alone contributes 5-6 per cent to the country's Gross Domestic Product (GDP).

In the period FY08-20, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Private Equity (PE) investments from foreign funds in the Indian realty market increased at a Compound Annual Growth Rate (CAGR) of 33 per cent to US\$2,220 million in year ending December 2015. Deal sizes have also increased in 2015, and residential projects both luxury and affordable have attracted a substantial amount of capital.*

Private Equity (PE) funds and Non-Banking Financial Companies (NBFCs) in India are seen increasingly investing jointly in real estate projects, in order to hedge risk and undertake bigger transactions.

Mumbai is the best city in India for commercial real estate investment, with returns of 12-19 per cent likely in the next five years, followed by Bengaluru and Delhi-National Capital Region (NCR). Also, Delhi-NCR was the biggest office market in India with 110 million sq. ft. out of which 88 million sqft were occupied. Sectors such as IT and ITeS, retail, consulting and e-commerce have registered high demand for office space in recent times.

India's office space absorption stood at 35 million sq. ft. during 2015@, which is the second highest figure in the India's history after 2011, and was driven by corporates implementing their growth plans.

India had the strongest activity in office leasing space in Asia and accounted for half of Asia's total office leasing in third quarter of 2015, with Delhi being the most active market##.

Delhi's Central Business District (CBD) of Connaught Place has been ranked as the sixth most expensive prime office market in the world with occupancy costs at US\$ 160 per sqft per annum.

Investments

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as residential spaces.

According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US\$ 24.19 billion in the period April 2000-March 2016.

Some of the major investments in this sector are as follows:

- *Mr Nandan Nilekani, co-founder of Infosys Limited, has invested around US\$ 25 million in a real estate non-banking finance company (NBFC) unit of KKR India, one of the local arms of the US-based private equity firm KKR & Co LP.*
- *Brookfield Asset Management, a global property and infrastructure investment company, plans to acquire Hiranandani Group's commercial real estate assets in Powai, for around Rs 6,700 crore (US\$ 993.2 million).*
- *Piramal Fund Management, one of India's largest real estate investors, has invested Rs 425 crore (US\$ 63 million) in realty firm Lodha Group's residential project in central Mumbai through the structured debt route.*
- *NestAway Technologies Pvt Ltd, a home rental company, has raised US\$ 30 million in Series C round of funding from US-based Tiger Global, Russian billionaire Yuri Milner, and IDG Ventures India, which will be used to scale up operations and build technology.*
- *The International Finance Corporation (IFC), investment arm of the World Bank Group, plans to invest around US\$ 38 million in Non-Convertible Debentures (NCDs) issued by three Housing Finance Companies (HFCs), namely Aspire Home Finance Corporation Ltd, Micro Housing Finance Corporation Limited (MHFC), and Aptus Value Housing Finance India Ltd, which are focused on affordable housing finance segment in India.*
- *Altico Capital, the Non-Banking Finance Company (NBFC) of Clearwater Capital Partners LLC, plans to invest around US\$150 million in the commercial office properties and infrastructure sector over the next 12-18 months.*
- *Real estate private equity fund of the Kotak group, Kotak Realty Fund, has raised US\$ 250 million from institutional investors for equity investments in realty projects across India's top six property markets including Mumbai, Delhi, Pune, Bengaluru, Hyderabad and Chennai over the next 24 to 36 months.*
- *Tata Capital, the financial services arm of Tata Group, plans to raise Rs 2,000 crore (US\$ 296.48 million) for its real estate fund, from State General Reserve Fund (SGRF), the sovereign wealth fund of Oman.*
- *Indospace, a developer of industrial realty and logistics parks, plans to invest US\$ 1 billion in India over the next five years, increasing its development pipeline in the country from 20 million square feet to 50 million square feet.*
- *Peninsula Brookfield Investment Managers Private Limited, a joint venture of real estate firm Peninsula Land Ltd and global alternative asset management firm Brookfield Asset Management, has invested Rs 100 crore (US\$ 14.82 million) in mid-income housing projects of Bengaluru-based property developer Mahaveer Group.*
- *Housing.com has raised additional funds of Rs.100 crore (US\$ 14.82 million) from Japan's SoftBank Corporation to drive its new strategy of building scalable revenue streams and going deeper in the real estate value chain.*
- *Edelweiss Alternative Asset Advisors Ltd plans to raise US\$ 1 billion for its first residential real estate fund called the Edelweiss Real Estate Fund, which will finance investments in five property markets in India - National Capital Region (NCR), Mumbai, Pune, Bengaluru and Chennai.*
- *Quikr, an online classifieds platform, has acquired real estate portal Commonfloor.com for US\$ 200 million in a stock-cum-cash deal.*

- Edelweiss Alternative Asset Advisors and Milestone Capital are investing Rs 7,200 crore (US\$ 1.07 billion) in India's real estate sector while private equity firms like Goldman Sachs, Warburg Pincus and Singapore's GIC are exploring viable projects for investments, as a result of government's effort to boost real estate sector.
- Macquarie Infrastructure and Real Assets (MIRA), the realty investment arm of Australian Macquarie Group Ltd, plans to invest in real estate projects in India and is in talks with Tata Housing Development Co. to jointly set up an investment platform.
- Google Capital has invested in Bengaluru-based online property search platform, CommonFloor.com.
- Omkar Realtors and Developers Private Limited is in discussions to raise Rs 400 crore (US\$ 59.3 million) from KKR India, the local arm of PE firm Kohlberg Kravis Roberts and Co.
- Goldman Sachs bought shares worth Rs 255 crore (US\$ 37.8 million) in Vatika Hotels Private Limited, a company owned by real estate and hospitality firm Vatika Group.
- SoftBank, Falcon Edge Capital and a few others invested US\$ 90 million in Locon Solutions Private Limited, which runs Housing.com - a realty website.
- Real estate firm Supertech has planned to invest about Rs 2,000 crore (US\$ 296.5 million) in Gurgaon over the next few years by launching several luxury and affordable projects.
- PE firm Warburg Pincus invested Rs.1800 crore (US\$ 266.8 million) in Piramal Realty for a minority stake in the company.

Government Initiatives

The Government of India along with the governments of the respective states has taken several initiatives to encourage the development in the sector. The Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Below are some of the other major Government Initiatives:

- The Make in India initiative has helped to accelerate leasing of commercial property by the manufacturing sector, which has outpaced the Information Technology (IT) sector by registering two-fold increase in office transacted space in the first six months of 2016###.
- Brihanmumbai Municipal Corporation (BMC) has introduced a single-window clearance for construction which will cut the time taken for getting approvals for a building project and lead to correction in prices of residential property, thereby giving a fillip to Mumbai realty.
- The Securities and Exchange Board of India (SEBI) has proposed easier regulations for real estate investment trusts (REITs), such as raising the cap of investment of REITs' assets in under-construction projects from 10 per cent to 20 per cent, in order to attract the interest of developers, and also plans to relax the rules for foreign fund managers to relocate to India.
- The Government of India has brought into force the Real Estate (Regulation and Development) Act, 2016 which is aimed at making necessary operational rules and creating an institutional infrastructure for protecting the interests of consumers and promoting growth of the real estate sector in India.
- The Securities and Exchange Board of India (SEBI) has allowed Foreign Portfolio Investors (FPI) to invest in units of Real Estate Investment Trusts (REITs), infrastructure investment trusts (InvITs), category III alternative investment funds (AIFs), and also permitted them to acquire corporate bonds under default.
- The Rajya Sabha or the upper house of the Parliament has passed the Real Estate (Regulation and Development) Bill, 2013, which aims to protect consumer interest, ensure efficiency in all property related transactions, improve accountability of real estate developers, increase transparency and attract more investments into the realty sector in India.

- *The Securities and Exchange Board of India (SEBI) has issued the consultation paper for public issue of Real Estate Investment Trusts (REITs), which include provisions such as capping of allocation to qualified institutional buyers (QIBs) at 75 per cent, among other topics.*
- *The Government of Rajasthan became the first state to initiate private investments in affordable housing by signing four Memoranda of Understanding (MoUs) with private players for an investment of Rs.5,400 crore (US\$ 800.49 million).*
- *The Ministry of Housing and Urban Poverty Alleviation (HUPA) has commissioned a study by Indian Institute of Technology, Kanpur on testing of new construction technologies, with the objective of promoting new housing technologies in the country.*
- *India's Prime Minister Mr. Narendra Modi approved the launch of Housing for All by 2022. Under the Sardar Patel Urban Housing Mission, 30 million houses will be built in India by 2022, mostly for the economically weaker sections and low-income groups, through public-private-partnership (PPP) and interest subsidy.*
- *The Government of India has relaxed the norms to allow Foreign Direct Investment (FDI) in the construction development sector. This move should boost affordable housing projects and smart cities across the country.*
- *The Securities and Exchange Board of India (SEBI) has notified final regulations that will govern real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). This move will enable easier access to funds for cash-strapped developers and create a new investment avenue for institutions and high net worth individuals, and eventually ordinary investors.*
- *The Government of Maharashtra announced a series of measures to bring transparency and increase the ease of doing business in the real estate sector.*
- *The State Government of Kerala has decided to make the process of securing permits from local bodies for construction of houses smoother, as it plans to make the process online with the launch of software called 'Sanketham'. This will ensure a more standardized procedure, more transparency, and less corruption and bribery.*

Road Ahead

Responding to an increasingly well-informed consumer base and, bearing in mind the aspect of globalization, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralized processes to source material and organize manpower and hiring qualified professionals in areas like project management, architecture and engineering.

The growing flow of FDI into Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.

Source: <http://www.ibef.org>

SITE VISIT REPORT

Location of Project	Behind Vodafone Tower, Near to Shayona Green, S.G. Highway, Gota, Ahmedabad.
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Sites visited	Behind Vodafone Tower, Near to Shayona Green, S.G. Highway, Gota, Ahmedabad.
Status	Completed
Area of the unit	-
No. of employees at site	-
Ownership of premises	Owned
Other facilities	-

Adequacy of Other Facilities

Availability of land for future expansion	Not Applicable
Site layout	
Adequacy of insurance coverage	
Source of power	
Adequacy of power	
Presence of labour union	
Industrial relations	
Level of work safety	
Adequacy of storage facilities	
Operational status of plants	

Comment:

- ANL has its registered office at Ahmedabad, Gujarat and its projects are in Ahmedabad only. As informed by the management, going forward, the company would explore new opportunities and take on new projects in others cities of the state.
- Major machineries use by the Company during construction:-

Sr. No.	Name of machinery	Year of purchase
1.	Batching Plant – CP18 (Stetter Mobile Concrete Mixing Plant with parts and accessories)	2013
2.	Concrete Pump SP 1200 with accessories	2013

Project Pictures:





FINANCIAL PERFORMANCE - PROFITABILITY STATEMENT
Rs. In Lakh

Period Ends on: March 31,	FY12	FY13	FY14	FY15	FY16
Result Type:	Actual	Actual	Actual	Actual	Actual
Number of months in current financial year	1.35	12	12	12	12
Gross Sales	0.00	0.00	0.00	0.00	2558.35
Net Sales	0.00	0.00	0.00	0.00	2558.35
Other Income(related to operations)	1.40	0.21	0.52	0.78	5.30
Total Operating Income	1.40	0.21	0.52	0.78	2563.65
Material Costs	-49.67	-23.19	-241.49	-551.38	1666.91
Power and Fuel	0.00	0.80	11.22	8.65	28.90
Employee Costs	13.38	13.64	15.31	24.46	50.32
Other Manufacturing Expenses	4.59	0.05	147.23	284.42	369.14
Other Expenses	11.54	0.78	11.63	48.56	296.09
Selling Expenses	14.17	7.99	40.74	88.80	24.59
Cost of Sales	-5.99	0.06	-15.36	-96.49	2435.95
PBILDT	7.39	0.15	15.88	97.27	127.70
Depreciation	0.36	3.56	7.06	7.86	9.39
PBIT	7.03	-3.41	8.82	89.41	118.30
Interest and Finance Charges	5.39	0.61	8.66	88.60	45.37
Operating Profit Before Tax (OPBT)	1.64	-4.02	0.15	0.81	72.93
Operating Profit After Tax (OPAT)	0.98	-4.02	-2.10	0.55	51.11
Non-Operating Income / (Expense)	0.00	0.00	0.00	0.00	0.11
Profit Before Tax (PBT)	1.64	-4.02	0.15	0.81	73.04
Cash Adjustments	0.00	0.00	-0.06	0.00	0.00
Adjusted Profit Before Tax (APBT)	1.64	-4.02	0.09	5.31	73.04
Tax	0.52	0.12	0.08	1.19	21.05
Provision for Deferred Tax	0.14	-0.12	1.24	0.48	0.80
ADJUSTED PROFIT AFTER TAX (APAT)	0.98	-4.02	-1.22	3.64	51.19
Gross Cash Accruals	1.48	-0.58	7.08	11.98	61.39

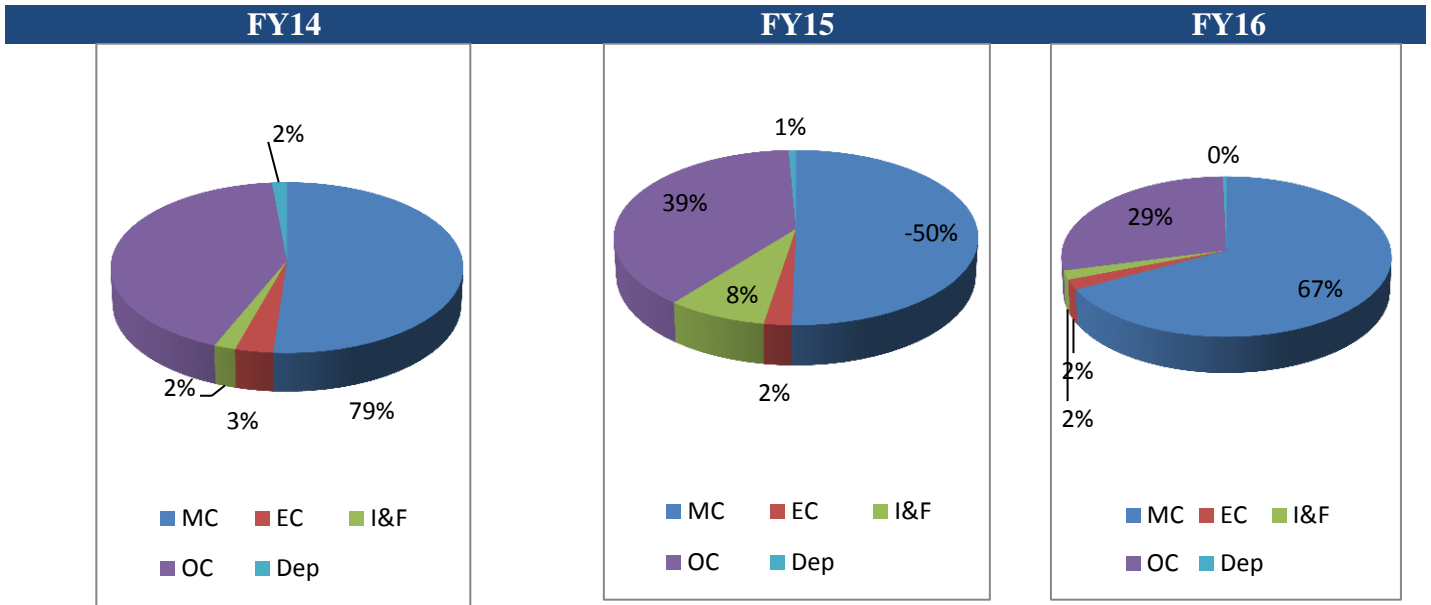
Comments:
Revenue analysis
Rs. In Lakh

Parameters	FY14	FY15	FY16	CAGR (%) (FY14- FY16)
Net Sales	0.00	0.00	2558.35	-
<i>% y-o-y growth</i>	-	-	NM	-
Other Income (related to operations)	0.52	0.78	5.30	219.25
<i>% y-o-y growth</i>	-	50%	579.49	-
Total Operating Income	0.52	0.78	2563.65	NM
<i>% y-o-y growth</i>	-	50%	NM	-

NM – Not Meaningful

- ANL’s total operating income (TOI) consists of revenue from sales of residential flats and commercial shops as the entity recognizes revenue based on sale of units as per the sale agreement. The company has successfully completed one project (Shri Vishnudhara Cross Road) in February 2016 and is currently having work contract of project named ‘Shri Vishnudhara Homes’ which is being developed by its group associate M/s Dhara Developers.
- As informed by the management, the company has restated its income statement during FY14 as In FY13, ANL had sold off its project to one of its director, however later in FY14; ANL has decided to take over the project and continue to start construction its own.
- Other income includes revenue from Interest received (Rs.0.54 lakh) and other miscellaneous income.

FINANCIAL PERFORMANCE - COST STRUCTURE



MC = Raw Material cost; EC = Employee cost; I&F = Interest and finance charges; Dep = Depreciation; OC = other cost

Comments:

Material cost constituted the highest pie in the cost structure during FY14 to FY16; however it was negative during FY14 and FY15 due to higher value of closing work in progress inventory. Other cost consists of Labour charges, Stamp duty expenses, RCC labour expenses, registration fees, fabrication expenses, gardening expenses and others miscellaneous expenses. While employee costs increased from Rs.24.46 Lakh in FY15 to Rs.50.32 Lakh in FY16. Fixed capital charges (depreciation and finance costs) covered 2.18% portions of the total costs for FY16.

Material cost analysis

- ANL is engaged into the business of real estate, construction and development hence the raw material includes all the material (Cement, sand, bricks and other material) required for construction work. Also since the real estate shops and houses that are being developed are part of its inventory its closing valuation remained high.

- Other cost increased to Rs.296.09 lakh during FY15 as compared to Rs.48.56 lakh in FY15. Other cost consists of Stamp duty expenses, RCC labour expenses, registration fees, fabrication expenses, gardening expenses and others miscellaneous expenses.
- Other manufacturing expenses increased to Rs.284.42 lakh during FY16 as compared to Rs.369.14 lakh in FY15. It includes labour charges, water proofing labour charges, expenses regarding plan passing, demarcation expenses, excavation expenses, drainage connection and other miscellaneous expenses.

Employee cost

Parameters	FY14	FY15	FY16
Employee cost (Rs. lakh)	15.31	24.46	50.32
<i>% y-o-y growth</i>	12.24%	59.76%	105.72%

- ANL employs considerable number of manpower for overlooking operations at its ongoing projects also qualified personnel for managing administrative, marketing and accounts and finance. The total number of employees with the company stood at 18 as on August 31, 2016.
- Employee cost increased to Rs.50.32 lakh in FY16 from Rs.24.46 lakh in FY15 on account of increased in the strength of the employees.
- The company subcontracts some construction and execution work related to projects to third party contractors, therefore as per the requirement of manpower for construction activities is met by third parties only.

Depreciation

Parameters	FY14	FY15	FY16
Depreciation (Rs. lakh)	7.06	7.86	9.4
<i>% y-o-y growth</i>	NM	11.33%	19.59%
<i>Depreciation rate (% of average gross block)</i>	4.73	0.27	3.08

- Depreciation expense increased from Rs.7.86 Lakh in FY15 to Rs.9.4 Lakh in FY16 mainly due to additions to computers and vehicles.
- Up to 31st March 2014, depreciation on fixed assets was provided as per Written Down Value (WDV) method at the rates and manner prescribed in Schedule XIV of the Companies Act, 1956. With effect from 1st April, 2014 depreciation is provided as per Straight Line Method (SLM) over remaining useful life of the assets according to useful

life prescribed in Schedule II of the Companies Act, 2013 in audited books of accounts. For the purpose of restatement of accounts, depreciation on fixed assets is provided as per Straight Line Method (SLM) for all the years under review, i.e. 31st March, 2012, 2013, 2014, 2015 & 2016

Interest and finance charges

Parameters	FY14	FY15	FY16
Interest and Finance Charges (Rs. lakh)	8.67	88.6	45.37
<i>% y-o-y growth</i>	NM	921.91%	-48.79%

- The total interest and finance charges have decreased significantly to Rs.45.37 Lakh in FY16 from Rs.88.6 Lakh in FY15 mainly due to major portion of bank borrowings paid off during the period.

FINANCIAL PERFORMANCE - BALANCE SHEET:ASSETS
(Rs. In Lakh)

Period Ends on: March 31,	FY12	FY13	FY14	FY15	FY16
Result Type:	Actual	Actual	Actual	Actual	Actual
Gross Block	22.74	17.67	70.92	73.07	85.73
Accumulated Depreciation	-0.36	-3.93	-10.99	-14.34	-23.24
Net Block	22.38	13.75	59.93	58.73	62.49
Capital Work in Progress	12.24	0.00	0.00	0.00	0.00
NET FIXED ASSETS	34.61	13.75	59.93	58.73	62.49
Other Investments	0.00	0.00	0.00	4.15	0.00
Money Market;equivalent	0.00	0.00	0.00	9.35	0.00
TOTAL INVESTMENTS :net of provision	0.00	0.00	0.00	4.15	0.00
Raw and Packing Materials	0.00	0.00	0.00	0.00	60.16
Work In Process	49.67	0.00	749.54	1959.11	1503.03*
TOTAL INVENTORIES	49.67	0.00	749.54	1959.11	1563.20
Loans; Advances; current assets related to operations	527.39	10.00	33.05	105.12	125.34
Cash and Bank Balances	7.07	1.15	0.27	4.57	28.79
Loans; Advances; current assets not related to operations	0.00	0.00	0.00	0.66	0.00
Advance Tax Paid	0.11	0.01	1.19	6.69	4.12
TOTAL OTHER ASSETS	584.67	11.16	34.50	117.03	158.24
TOTAL CURRENT ASSETS related to operations	634.34	11.16	784.04	2084.83	1721.44
TOTAL ASSETS	668.95	193.51	1202.42	2409.26	1809.03

*includes finished inventory also

Comments:
Fixed assets
Composition of net fixed assets

- ANL's fixed assets primarily comprise of plant & machineries, vehicles, Furniture and fixtures, Software and Computers.
- During FY16, the company made additions to its fixed asset amounting to Rs.21.21 lakh, which majorly comprised vehicles worth Rs.9.19 lakh, computer worth Rs.3.47 lakh and software worth Rs.8.55 lakh.

Other current assets
(Rs. Lakh)

Parameters: As on March 31,	2014	2015	2016
Other current assets	34.5	117.03	158.24
As % of total assets	2.87%	4.86%	8.75%
Cash & bank balances	0.27	8.72	28.78
<i>Cash on hand</i>	0.27	0.17	24.64
<i>Balances with banks in current accounts</i>	-	8.55	4.14

- Other operating current assets mainly comprise of prepaid expenses, security deposits, \ and interest receivable.
- Cash and bank balance have increased during FY16 to Rs.158.24 lakh from Rs.117.03 lakh in FY15.

FINANCIAL PERFORMANCE - BALANCE SHEET: LIABILITIES
Rs. In Lakh

Period Ends on: March 31	FY12	FY13	FY14	FY15	FY16
Result Type:	Actual	Actual	Actual	Actual	Actual
SUMMARY: LIABILITIES					
Total Paid Up Equity Share Capital	1.00	1.00	1.00	1.00	400.00
GROSS RESERVES	0.98	0.00	0.00	0.00	50.57
Intangible Assets	0.00	0.00	0.00	0.00	-8.05
Debit Balance in Profit and loss Account	0.00	-3.04	-4.26	-0.62	0.00
NET RESERVES	0.98	-3.04	-4.26	-0.62	42.52
TANGIBLE NET WORTH	1.98	0.00	0.00	0.38	442.52
Rupee Term Loans	0.00	0.00	30.62	533.58	5.86
Other Long Term Loans	0.00	0.00	0.00	0.00	8.09
Loans and advances from related parties*	528.14	175.10	580.28	688.20	200.23
TOTAL LONG TERM DEBT	528.14	175.10	610.90	1221.78	214.18
Current Portion of Long Term Debt and Fixed Deposits	0.00	0.00	-11.65	-527.72	-8.97
NET LONG TERM DEBT	528.14	175.10	599.25	694.06	205.21
Current Portion of Long Term Debt and Fixed Deposits	0.00	0.00	11.65	527.72	8.97
Working capital Bank Borrowings	0.00	0.00	148.28	0.00	0.00
TOTAL SHORT TERM DEBT	0.00	0.00	159.94	527.72	8.97
Creditors for goods	2.95	0.00	152.76	93.10	301.82
Creditors for Expenses	0.00	0.00	31.08	75.89	81.48
Advances; deposits recd from customers :related to ops.	113.72	20.00	255.58	1010.72	756.63
Other Current Liabilities :related to ops.	21.56	0.13	4.58	3.40	3.00
TOTAL OTHER LIABILITIES	138.23	20.13	443.99	1183.12	1142.92
Provision for Taxes	0.41	0.30	0.00	1.10	5.62
Other Provisions ; regular	0.05	0.00	1.25	1.14	1.25
Total Provisions	0.46	0.30	1.25	2.24	6.87
Total Current Liabilities and Provisions ; related to operations	138.70	20.43	445.24	1185.36	1149.79
TOTAL OUTSIDE LIABILITIES	528.14	175.10	759.19	1221.78	214.18
TOTAL LIABILITIES	668.95	193.51	1202.42	2409.26	1809.03

*unsecured loan from the promoters (non-interest bearing)

Comments:
Equity share capital

- ANL has an authorized share capital of 8,00,00,000 equity shares with nominal value of Rs.10/- each. It has an issued, subscribed and paid up capital of 4,00,00,000 equity shares of Rs. 10/- each fully paid up.
- During FY16, promoters of ANL infused funds through equity share capital into the business to the tune of Rs.399.00 Lakh by issuing 39,90,000 equity shares @ Rs.10/- each.

Long-term borrowings

- The long term borrowings of the company as on March 31, 2016 only comprise vehicle loan.
- The total long term debt outstanding as on March 31, 2016 consists of only term loans of Rs.5.86 Lakh.

Loans and advances from related parties
(Rs. Lakh)

Unsecured loans	FY15	FY16
From Shareholders		
Jayantiji Malaji	50.00	50.00
Shirishbhai Patel	82.60	82.60
Shitalbhai Rameshbhai	15.00	-
From Intercorporates		
Airan Consultants Private Limited	175.00	-
Kushal Tradelink Limited	108.00	-
From Directors		
Ashokbhai Thakkar	257.60	67.63
Total	688.20	200.23

Short term provision
(Rs. Lakh)

Parameters	March 2015	March 2016
Total short term provisions		
Provision for income tax	1.10	5.62
Other Provision	1.14	1.25

- Total short term provision mainly comprises provision for income tax (as on March 31, 2016).

Dividend Policy

ANL does not have a formal dividend policy. No dividend has been declared or paid on the Equity shares by the Company during the last five financial years (FY12 to FY16).

FINANCIAL PERFORMANCE - SUMMARY OF RATIOS

Period Ends on:	31 Mar 2012	31 Mar 2013	31 Mar 2014	31 Mar 2015	31 Mar 2016
Result Type:	Actual	Actual	Actual	Actual	Actual
KEY FINANCIAL RATIOS					
Growth Ratios					
Growth in Total Operating Income	0.00	-98.29	145.67	48.60	329337.61
Growth in PBILDT	0.00	-99.77	10475.13	512.51	31.28
Growth in APAT	0.00	-145.97	-69.58	-397.66	1305.03
Profitability Ratios					
Gross Margin	0.00	0.00	0.00	0.00	34.84
PBILDT Margin	527.79	70.45	3032.57	12499.55	4.98
PBIT Margin	501.96	-1601.47	1683.87	11489.51	4.61
OPBT Margin	116.90	-1887.88	29.25	103.79	2.84
OPAT Margin	70.20	-1887.43	-401.25	71.18	1.99
APAT Margin	70.20	-1887.43	-233.74	468.20	2.00
Operating ROCE	0.00	-1.01	1.90	8.97	12.48
ROCE (Total)	0.00	-0.97	1.90	9.48	12.52
RONW	0.00	13986.62	46.15	-252.54	23.12
Average Cost of Borrowings	0.00	0.17	1.85	8.95	6.32
Turnover Ratios					
Operating Capital Turnover Ratio	0.00	0.00	0.00	0.00	2.72
Fixed Assets Turnover Ratio	0.00	0.01	0.01	0.00	32.28
Working Capital Turnover Ratio	0.00	0.00	0.00	0.00	3.48
Average Raw Material Inventory Period	0.00	0.00	0.00	0.00	6.50
Average WIP Inventory Period	0	-1128	-2405	-2631	258
Average Inventory Period (days)	0	-1128	-2405	-2631	263
Average Creditors Period (days)	0	8436	-2155	-658	41
Working Capital Cycle (days)	0	-9564	-250	0	222
Solvency Ratios					
Debt Equity Ratio	266.34	-85.81	-187.14	3223.61	0.48
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	266.34	-85.81	-232.56	3223.61	0.48
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	266.34	-85.81	-232.56	3223.61	0.48
Adjusted Debt Equity Ratio	266.34	-1.20	-1.82	-5.19	0.48
Adjusted Overall Gearing	266.34	-1.20	-2.26	-5.19	0.48
Term Debt (including CPLTD) / Gross Cash Accruals	356.77	-304.02	86.35	101.95	3.49
Total Debt / Gross Cash Accruals	356.77	-304.02	107.30	101.95	3.49
Interest Coverage (PBILDT / Interest)	1.37	0.25	1.83	1.10	2.81
PBIT / Interest	1.30	-5.59	1.02	1.01	2.61
Adjusted Interest Coverage	1.37	0.25	1.83	1.10	2.81
Current Ratio	4.57	0.55	1.30	1.22	1.49
Quick Ratio	4.22	0.55	0.06	0.07	0.14

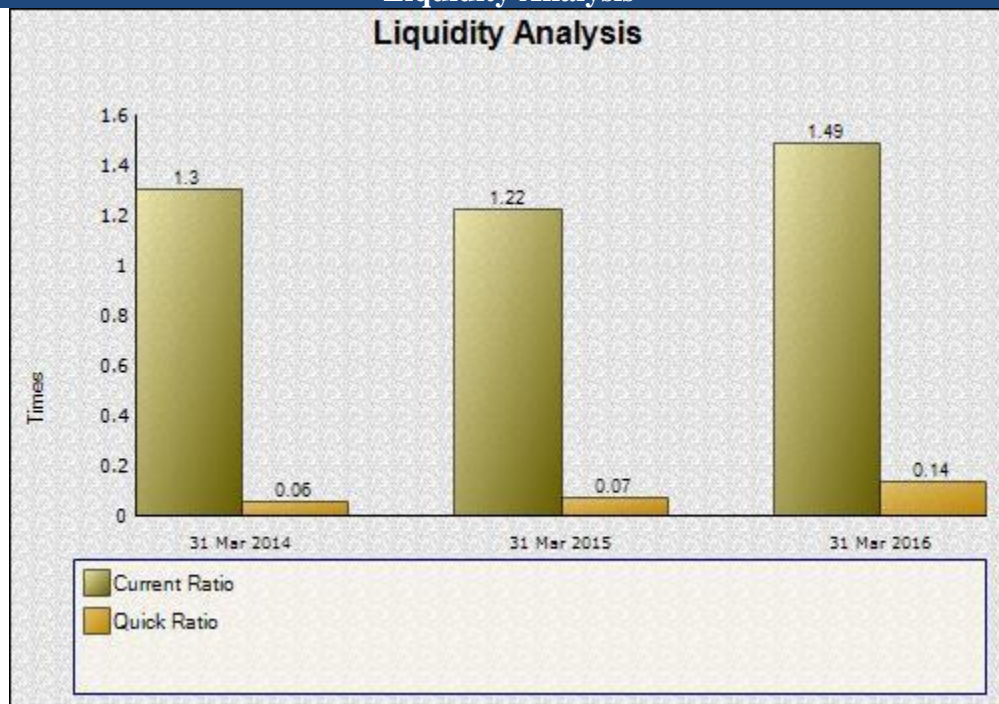
FINANCIAL PERFORMANCE – PROFITABILITY Analysis

Profitability Analysis



Comments:

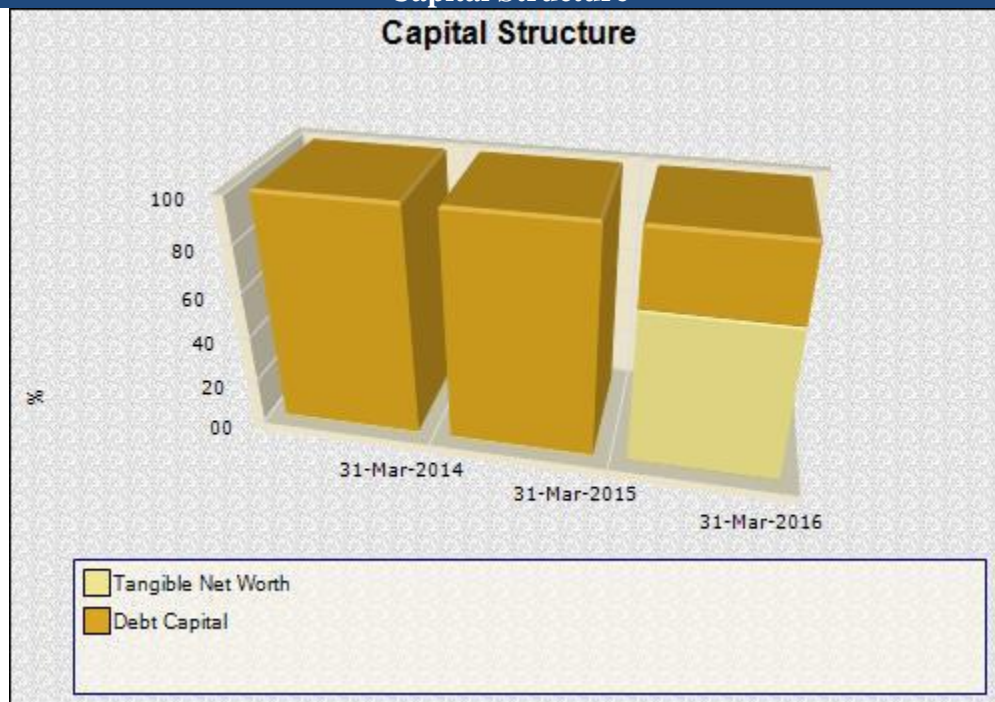
- ANL is engaged in the business of real estate, construction and development. ANL has recently completed a 2.10 lakh square feet (saleable area) residential cum commercial project named ‘Shri Vishnudhara Cross Road’ at Ahmedabad, Gujarat. The project was consisting of five blocks and each block consisting seven floors. There are total 154 residential units of 2BHK and 3 BHK of sizes from 1170 sq. ft. to 1530 sq. ft. (approx.) and 25 Commercial Shops of 350 sq. ft. (approx.). As on September 12, 2016, ANL has sold 129 residential units and 21 Commercial Shops.
- The PBILDT margins and PAT margins have remained at 4.98% and 2.00% during FY16 respectively.

FINANCIAL PERFORMANCE - LIQUIDITY ANALYSIS
Liquidity Analysis

Liquidity Ratio

Particulars	31 Mar 2015	31 Mar 2016
Working Capital Turnover Ratio	0.00	3.48
Average Raw Material Inventory Period	0	7
Average WIP Inventory Period	-2631	258
Average Inventory Period (days)	-2631	263
Average Creditors Period (days)	-658	41
Working Capital Cycle (days)	0	222

Comments:

- ANL's liquidity position is marked moderate current ratio and moderate quick ratio. As both the current ratio and quick ratio remained moderate at 1.49 times and 0.14 times as on March 31, 2016 respectively.
- The operations of ANL are working capital intensive in nature since considerable amount funds are required to spend on construction work, however ANL funds its working capital requirement through its internal accruals.
- ANL is planning to raise Rs.501.00 Lakh through listing on NSE Emerge platform to meet the working capital requirements for the contract work project and upcoming projects.

FINANCIAL PERFORMANCE - FINANCIAL FLEXIBILITY
Capital Structure

Capital Structure Ratio

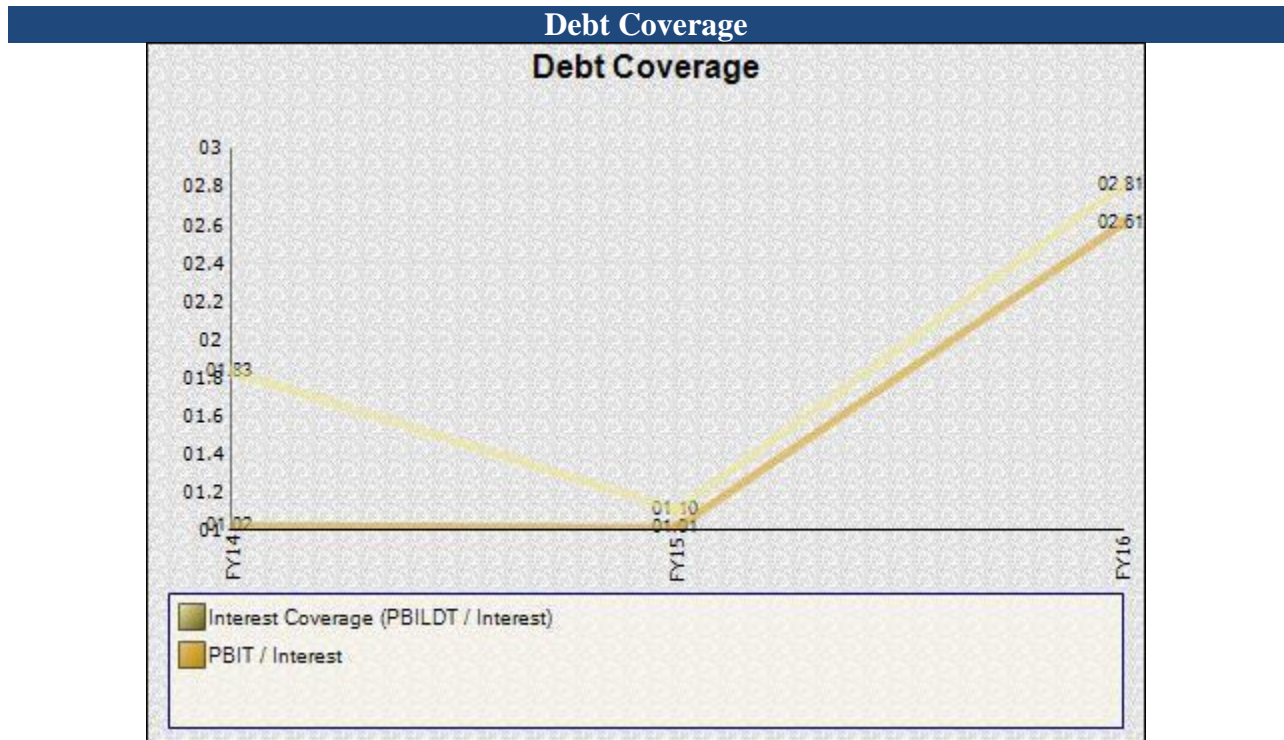
Particulars	31 Mar 2015	31 Mar 2016
Debt Equity Ratio	3223.61	0.48
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	3223.61	0.48
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	3223.61	0.48
Adjusted Debt Equity Ratio	-5.19	0.48
Adjusted Overall Gearing	-5.19	0.48
Average Cost of Borrowings	8.95	6.32
Total Outside Liabilities to Networth	6345.22	3.07

Comments:

The long term debt level seems to be comfortable marked by overall gearing was comfortable at 0.48 times as on March 31, 2016. Overall gearing has reduced substantially in FY16 as compare to FY14 on account of infusion of funds in form of equity share capital and unsecured loans by promoters during the period. With comfortable gearing level and low creditor days, total outside liabilities as compared to total net worth remained moderately high at 3.07 times as on March 31, 2016.

However, total debt of Rs.205.21 Lakh also includes only vehicle loan of Rs.4.98 lakh and unsecured loans from promoters and related parties to the tune of Rs.200.23 Lakh (Non-interest bearing).

FINANCIAL PERFORMANCE - DEBT PROTECTION INDICATORS



Comments:

The debt coverage indicators of ANL stood moderate marked by total debt to GCA of 3.49 times as on March 31, 2016 and interest coverage of 2.81 times in FY16.

RECENT FINANCIALS

As informed by the management, ANL has reported total revenue of Rs.12 crores (Rs.7.5 crores from sale of flats & Rs.4 crores from Works Contract) during April 2016 to August 2016.

BANKERS & AUDITORS DUE DILIGENCE

Stake holder		Feedback
Bankers & Lenders- HDFC Bank	Mr. Ajay Tiwari	Satisfactory
	Branch Manager	
	079 29299692	
Auditor M/s Dhiren Shah & Co.	Mr. Karan Shah	Satisfactory
	Partner	
	+91 79 26423324	

Remarks

- The account was regular with HDFC Bank. The banker had expressed satisfaction over the conduct of the account.

Key Findings

Key Findings	Company Comment	CARE Comment
High reliance on promoters in key decision making	As per the management, ANL employs considerable number of qualified professionals for overlooking operations. The total number of employees with the company stood at 18 which houses qualified professionals such as Engineers, management graduates and post graduates having significant experience in the industry	<i>Though the ANL has qualified personnel to manage operations but the key decisions are taken by promoters only. Going forward, the ability of the company to separate management and ownership function remains to be seen.</i>
Level of competition	The property prices have remained stable in most of Ahmedabad city and many good deals are being offered by the real estate developers to clear their high inventory. Also, with borrowing rates expected to go down, the demand for residential property is expected to pick-up in FY16. Despite the pickup in demand, prices will continue to remain stable on account of high inventory. As far as supply is concerned, developers are likely to focus more on mid and affordable housing segments rather than the premium segment, where there is a demand slowdown. To conclude, competitive pricing, increased transparency, speedy approvals process, clear land titles, improved delivery and project execution will aid in faster growth of the real estate sector.	<i>CARE understands that the competition would remain there in the real estate industry as there are large number of players in the industry offering attractive projects and different pricing. Going forward, The performance of ANL remains to be seen in the competitive nature of industry. Furthermore, the company currently having contract work and going forward it is going to commence three more projects, hence ANL would require additional working capital requirement.</i>
Future Projects	As informed by the management, The company in planning to start new project named Vishnudhara Gardens in Ahmedabad only, however, the projects funding and other approvals are yet to be worked out. It would be consisting 350 residential units of 2BHK and 3 BHK and 117 commercial shops.	<i>CARE knows that to progress and grow in the industry, ANL has to take new projects and complete it in time with envisaged cost. Going forward, the ability of the company to start new projects and complete it within timely manner remains to be seen.</i>
Low level of own funds despite high infrastructure cost to be incurred	The promoters of the company have infused funds through equity to the tune of Rs.399.00 Lakh in FY16. The company funds its projects through primarily bank borrowings and customer advances; however promoters also infuse funds as and when required to support operations.	<i>CARE understands that real estate sector requires huge investments carryout the operations and take on new projects. However promoter's contribution and support is crucial factor and down the line it would really make an impact on the performance of the company.</i>

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