



CONTINUING STABILITY

**ARIHANT**  
SUPERSTRUCTURES LTD.  
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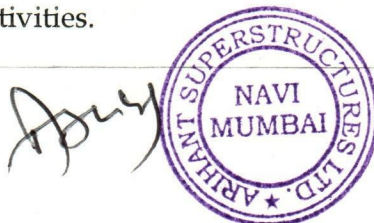
## Chairman's communication to the Shareholders

The Real Estate sector, post Covid-19 sprung a surprise in Q3 & Q4 which was unimaginable even in late 2019/early 2020 when real estate market was showing signs of a recovery. A sudden spurt in demand across all segments, especially affordable housing was witnessed. Historically, such a consumer behavior indicates a long-term uptrend at least for the next 5 years.

We, at Arihant Superstructures Limited as well as the Promoter's group have experienced this real estate cycle multiple times in the last 3 decades & on this occasion too, we adopted our time-tested strategy. After October 2018 when financial markets hit a low due to IL&FS crisis, credit was getting scarce, home sales were slowing down, but that did not stop us from raising debt to maintain the momentum in completing our projects & giving possession in time though our ready-to-move-in Inventory was piling up along with W-I-P which many viewed as stretching of our balance sheet. We always believed that we need to be ready for the next cycle and coincidentally the government both central & state realized that the economy cannot grow without support of the real estate sector (expected to contribute 13% of GDP by 2025). They gave the necessary impetus for the sector along with sops for the buyers, especially in the State of Maharashtra and Rajasthan. We had positioned ourselves well and managed to achieve a record net sale of ~1100 units in 9 months.

During pandemic many of our peers were handing out pink slips whereas we increased our team size by ~75 in FY21 while preparing for the opening up of the economy. All of our employees were paid their salaries as well as bonus and we ensured that they were provided for during the pandemic. We also took care of the all the workers at site during the pandemic lockdown. This further built their trust & confidence in the Company. We shall be increasing our work force by 15% this year too as we continue to expand our business. Our systems & processes are in place to seamlessly manage operations during such emergencies.

With this record sales of ~1100 units we could reduce our debt by ~105 Crores from ~ Rs. 387 Crores as on 31<sup>st</sup> March 2020 to ~Rs. 282 as of 31<sup>st</sup> March 2021 (P). This will enable us to reduce the finance cost substantially. We have also been able to bring down average cost of borrowing from 14.42% in FY19 to 11.54% in FY21 (P). Our lenders are primarily HDFC & ICICI where we have a credit line of Rs. 250 Crore to support the construction activities.



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We have been able to **improve our monthly collections by ~2x** which has helped in doubling our engineering spends, which in turn has improved the construction speed considerably. This all-round performance will result in stronger Balance Sheet and PAT margins in the next 3-4 quarters. Our net sales booking figures have increased from ~ Rs. 260 Crores in FY20 to ~ Rs. 460 Crores in FY21 (P), which will contribute to the revenue over the next few quarters as we adopt % completion method for revenue recognition

Currently, work is ongoing on around 30 lacs (0.3M) sft construction area & in this year too, **around 20 lacs sft of new construction will start.**

Today when the sector has gained confidence, we are planning to launch our premium project in Vashi, Navi Mumbai, with ticket sizes ranging around Rs. 2.5 Crores+. This area is seeing a new project after 13 years, thus we expect a huge pent-up demand. The project would be **~4 lac sft** with estimated revenue potential of **Rs. 600 Crores+**. The Company has also added around **400 units in affordable housing** projects in FY21, shortly to be launched in the hottest selling zone at Talaja, Navi Mumbai. We expect our turnaround time for sales will be quite fast - around a year. The enquires kept pouring in even during COVID lockdown as we swiftly shifted to Digital Marketing and they were converted once the economy opened up. Our strategy remains the same - to have all income group projects from LIG, MIG & HIG & multiple geographical/municipal regions to **derisk our business & increase our market share in Navi Mumbai & as well as other regions of operations.**

In the current year, the new phases of larger projects like Arihant Aalishan, Arihant Aspire, Arihant Arshiya, Arihant Aloki, Arihant Anchal, Arihant Adita will be able to contribute to the performance.

On business development front we have been very aggressive. We have continued our business development while reducing our debt. The pace at which Navi Mumbai is growing on its infrastructure projects, there would be many opportunities for us to explore & participate. Our business development team has engaged with landowners for either a buyout or to control majority in an asset light model which will add up for our business in next 2 years.

We will endeavour to keep you updated on the various developments at Arihant. We thank all our shareholders for their trust in the Company.

Ashok Chhajer  
Chairman & Managing Director  
Arihant Superstructures Limited

Date: 08/04/2021

