26th March, 2025

To,
BSE Limited
Listing Dept. / Dept. of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Security Code: 539301
Security ID : ARVSMART

To,
National Stock Exchange of India Limited
Listing Dept., Exchange Plaza, 5th Floor,
Plot No. C/1, G. Block, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.

Symbol: ARVSMART

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that Indian Ratings and Research **("IRA")** has upgraded / assigned / withdrawn the following ratings:

Sr. No.	Instrument type	Size of Issue (INR in Crores)	Rating / Outlook	Rating Action
1	Proposed term loan	204.7	IND A+/Stable	Affirmed
2	Term loans	195.3	IND A+/Stable	Affirmed

We are attaching herewith the Rating Letter dated 25th March, 2025 and Rating Action Commentary of IRA for your information.

You are requested to take note of the same.

Thanking you,
Yours faithfully,
For Arvind SmartSpaces Limited

PRAKASH BHOGIBHAI MAKWANA

Digitally signed by PRAKASH BHOGIBHAI MAKWANA
Date: 2025.03.26 15:50:02 +05'30'

Prakash Makwana
Company Secretary

Encl. As above

India Ratings & Research
A Fitch Group Company

FitchGroup

Mr. Mitanshu Shah
CFO
Arvind SmartSpaces Limited
24, Government Servant's Society, Nr. Municipal Market, Off C.G. Road,
Navrangpura, Ahmedabad - 380009, Gujarat, India.

March 25, 2025

Dear Sir/Madam,

Re: Rating Letter for BLR of Arvind SmartSpaces Limited

India Ratings and Research (Ind-Ra) has affirmed Arvind SmartSpaces Limited's (ASSL) Long-Term Issuer Rating at 'IND A+'. The Outlook is Stable. The detailed rating actions are as follows:

Instrument Type	**Maturity Date**	**Size of Issue (million)**	**Rating Assigned along with Outlook/Watch**	**Rating Action**
Long-Term Issuer Rating	-	-	IND A+/Stable	Affirmed
Term loans*	31 December 2028	INR1,953	IND A+/Stable	Affirmed
Proposed term loans	-	INR2,047	IND A+/Stable	Affirmed

*Out of INR4,000 million proposed term loans, INR1,953 million has been availed

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, “India Ratings” means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Mahaveer Shankarlal
Director

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Term loan	ICICI Bank	IND A+/Stable	1500.00
Proposed Term loan	NA	IND A+/Stable	2047.00
Term loan	Tata Capital Financial Services Ltd	IND A+/Stable	453.00

Title

India Ratings Affirms Arvind SmartSpaces and its debt instruments at ‘IND A+’/Stable

Brief

India Ratings and Research (Ind-Ra) has affirmed Arvind SmartSpaces Limited’s (ASSL) Long-Term Issuer Rating at ‘IND A+’. The Outlook is Stable. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND A+/Stable	Affirmed
Term loans*	-	-	31 December 2028	INR1,953	IND A+/Stable	Affirmed
Proposed term loans	-	-	-	INR2,047	IND A+/Stable	Affirmed

*Out of INR4,000 million proposed term loans, INR1,953 million has been availed.

Analytical Approach

Ind-Ra continues to fully consolidate ASSL and its subsidiaries/joint ventures while arriving at the ratings, due to the strong operational and strategic ties among them.

Detailed Rationale of the Rating Action

The affirmation reflects the steady improvement in ASSL’s consolidated performance during FY21-FY24, and Ind-Ra’s expectation of a sustained improvement in the operational scale and credit profile of ASSL and its subsidiaries during FY25-FY27. On a consolidated basis, ASSL's reported pre-sales numbers grew at a CAGR of around 28% during FY21-FY24, and Ind-Ra expects continued growth in size in terms of pre-sales in FY25, with ASSL’s pre-sales rising by around 14% yoy in 9MFY25. The agency further expects the pre-sales to grow by similar levels in FY26 as well.

The ratings also factor in sustained robust collections during FY24 and 9MFY25. Collection/ pre-sales increased to 79% in FY24 from 75% in FY23, indicating improved collection efficiency as well as the ongoing projects being in advanced stages of development. This ratio stood at around 81% during 9MFY25. During FY25, ASSL has completed three projects across Ahmedabad and Bengaluru, which the agency expects would boost the revenue recognition for the company during the year. Ind-Ra expects ASSL to maintain a similar revenue run-rate in FY26 as well.

The ratings also consider the continued strong position of the company in terms of credit metrics. ASSL reported a net cash position in FY24 (net leverage (net debt/ operational cashflow (OCF)) in FY23: 0.01x). At end-9MFY25, ASSL reported a gross debt level of around INR550 million, but the net debt remained negative due to strong cash generation from its operations. Despite a likely increase in debt levels due to business development activities, Ind-Ra expects the leverage levels to remain low through FY26 and FY27, supported by adequate cash flows.

List of Key Rating Drivers

Strengths

- Consistent improvement in sales and collections

- Credit metrics to remain strong despite strong business development
- Financial closure achieved
- Linkages with strong promoter
- Improving scale of operations with reasonable delivery track record

Weaknesses

- Moderate project concentration and diversification in terms of ticket size and geography
- Cyclical industry; exposed to regulations

Detailed Description of Key Rating Drivers

Consistent Improvement in Sales and Collections: ASSL has reported a consistent improvement in its operational performance since FY21. In FY24, the company's pre-sales improved to INR11,070 million (FY23: INR8,020 million, FY22: INR6,010 million), supported mainly by the launch of new projects/ additional phases and continued acceptable sales velocity in the ongoing projects, in line with Ind-Ra's base case expectations for these periods. The pre-sales increased by 14% yoy to INR8,900 million in 9MFY25. The collections too have improved consistently for ASSL, and stood at INR8,760 million for FY24 (FY23: INR6,000 million, FY22: INR5,950 million). During 9MFY25, ASSL reported collections of INR7,250 million, thus improving the collection efficiency to over 81% from around 79% in FY24. Given the advanced stages of a few projects, Ind-Ra expects this ratio to range between 70%-80% over FY25 and FY26.

Strong Credit Metrics Likely to Sustain despite Strong Business Development: ASSL has consistently reported minimal net debt levels over the last three years. The consolidated credit metrics had improved significantly over FY22 and FY23 on account of healthy collections from ongoing and completed projects, and ASSL used a major portion of its operating cash flows for debt prepayment and the construction of ongoing projects during these years. Consequently, the company has been net cash positive post FY21. Furthermore, continued strong collection performance during FY24 and 9MFY25 enabled the company to aggressively pursue newer projects and land parcels while still maintaining its net cash position. At end-FY24, the net debt stood at a negative INR582 million, including optionally convertible debentures (OCDs) raised from the HDFC platform (FYE23: INR16 million, FYE22: negative INR1,207 million). Despite raising additional debt, ASSL continued to report a net cash position at end-9MFY25. Although the entity might avail further debt to support business development activities, Ind-Ra expects the company to maintain low leverage levels during FY25 and FY26, driven by adequate cash flows. The presales-to-net debt ratio turned negative at end-FY24 (FYE23: 505.2x) because of the negative debt levels.

In November 2022, ASSL partnered with HDFC Capital Affordable Real Estate Fund-2 for an INR9,000 million platform, wherein the former will invest INR3,000 million and the balance will come from the fund over a couple of years to acquire and develop new residential real estate projects across Ahmedabad, Bengaluru, Pune and Mumbai Metropolitan Region (MMR). At this point of time, the company has sufficient headroom to avail new debt, and any further drawing from the platform is well within Ind-Ra's base case assumptions for FY25 and FY26.

Financial Closure Achieved: At end-9MFY25, the balance construction cost (including the land share of JV partners) towards the ongoing projects was around INR18,064 million, against which it had committed receivables of INR12,640 million from the already booked units in ongoing projects, which largely reduces the project completion risk. Along with the above-mentioned receivables, the committed receivables from the completed projects and the undisbursed limits and cash and equivalents available at end-9MFY25 would be sufficient to take care of the balance cost of the ongoing projects.

Linkages with Strong Promoter: ASSL is a part of the Lalbhai Group (flagship companies – Arvind Limited and Arvind Fashions Limited) and shares the same brand name, with the promoters infusing funds as and when needed in the company. The promoters had infused equity capital in the company during FY17-FY18 (FY18: INR530 million, FY17: INR510 million), and in FY22 (INR350 million). Also, in FY22, ASSL had issued warrants of INR290 million to its managing director and chief executive officer, which were exercised in FY23. Furthermore, all companies have common director(s) on their boards.

Improving Scale of Operations with Reasonable Delivery Track Record: ASSL has completed 14 projects since its inception in 2009, with a total developed area of 6.5 million square feet (sf) and it has 13 ongoing projects with a total developable area of 35.4 million sf, of which about 70% had been sold at end-9MFY25. The company completed and delivered three projects in 9MFY25, admeasuring 1.6 million sf. Of the total sales from the ongoing projects, the company has so far collected about 63%, while it had incurred about 51% of the estimated project cost (including the share towards JV and JD partners).

The volatility in the sales and collections is due to ASSL's medium scale of operations and the varied timing of new project launches. For the completed projects, around 9% of the area was unsold as of end-9MFY25.

Moderate Project Concentration and Diversification in terms of Ticket Size and Geography: ASSL's historical sales have been fairly diversified across mid-segment and luxury projects, along with a few affordable housing and commercial/industrial projects. At end-FY24, out of the total ongoing and planned projects, 14% of the projects focused on the luxury segment, 81% on mid-market and 5% on affordable housing. At end-9MFY25, ASSL's top five projects – Aquacity, Uplands – Ph I, Uplands 2.0 & 3.0, Forest Trails and Chirping Woods and High Grove - constituted about 66% of the total gross development value (GDV) of the ongoing projects, with the largest project contributing about 18%. ASSL is primarily focused on residential projects, with operations fairly concentrated in Ahmedabad and Bengaluru. At end-9MFY25, the company's estimated GDV from ongoing projects was around 79% and 21% across Ahmedabad and Bengaluru, respectively. However, the company is looking to further diversify its operations and is planning to launch projects in Surat and the MMR over FY26 and FY27.

Cyclical Industry; Exposed to Regulations: Players in the real estate industry have volatile cash flows due to the high cyclicality of the sector, with downturns having a severe impact on demand. Also, the sector is exposed to a number of regulatory requirements, including local bodies' clearances/master plans that are subject to frequent changes, which could lead to confusion, non-compliance and delays in the execution of projects.

Liquidity

Adequate: At end-9MFY23, ASSL had healthy collection visibility from the already booked units of around INR12,640 million, an estimated unsold inventory of about INR19,250 million under its ongoing projects, and estimated total receivables of INR2,743 million from the completed projects. Apart from that, there remains sufficient headroom to avail additional debt. ASSL's cash and cash equivalents (including liquid investments) stood at INR3,151 million at end-9MFY25. Despite having extensive capex plans over FY26, Ind-Ra expects the cashflow from committed sales and the unsold portion of completed and ongoing projects over FY26 to FY28, along with the available liquid funds, to be more than sufficient to cover the balance cost requirements of the ongoing projects, and estimated debt repayment obligations of INR3,500 - 4,000 million over FY26-FY28.

Rating Sensitivities

Positive: Substantial growth in the scale of operations, along with an improvement in the geographical mix of projects, leading to healthy cash flows and strong sales momentum, while maintaining strong credit metrics, on a sustained and consolidated basis, will be positive for ratings.

Negative: Project cost overrun and/or subdued sales, resulting in lower collections and increased reliance on debt, leading to presales-to-net debt declining below 1.8x and net debt-to-working capital exceeding 0.35x, on a sustained basis, will lead to a negative rating action.

Disclosures for CE Rating

-

Disclosures for Provisional Rating

-

ESG Issues

-

Any Other Information

On a standalone basis, ASSL reported revenue of INR849.6 million in 9MFY25 (FY24: INR1,890.4 million) and EBITDA margins of around 20.9% (39.8%). The large difference in presales and reported revenues, as well as the fluctuations in EBITDA margins was primarily due to revenue recognition as per Ind-AS.

About the Company

Headquartered in Ahmedabad, ASSL is the real estate arm of Lalbhai group (flagship company - Arvind Limited) and was set up in December 2008. ASSL is primarily focused on the development of residential projects. Its residential projects comprising villas, apartments and plots are targeted towards middle income and high-income customers. Its existing integrated townships comprise executive golf course with villas, apartments, retail, commercial and recreational areas. It also undertakes commercial and industrial projects on a selective basis. ASSL has completed 6.5 million sf of projects, 35.4 million sf projects are under construction, and around 58.2 million sf projects are in the pipeline or are part of future developments.

Key Financial Indicators

CONSOLIDATED FINANCIAL SUMMARY

Particulars (Consolidated; INR million)	**9MFY25**	**FY24**	**FY23**
Revenue from operations	5,502	3,412	2,559
EBITDA	1,346	1,115	489
EBITDA margin (%)	24	33	19
Gross finance cost	130	409	140
Pre-sales	8,890	11,070	8,020
Collections	7,260	8,760	6,000
Net external debt	(1,366)	(582)	16
Net external debt/ EBITDA (x)	n.m.	n.m.	0.03
Net external debt/ OCF(x)	n.m.	n.m.	0.01
EBITDA/gross interest expense (x)	10.33	2.72	3.50
Source: ASSL, Ind-Ra n.m.: Not meaningful			

Applicable Criteria

- Evaluating Corporate Governance
- Corporate Rating Methodology
- The Rating Process

Status of Non-Cooperation with Previous Rating Agency

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook		
				26 December 2023	27 December 2022	22 February 2022
Issuer rating	Long-term	-	IND A+/Stable	IND A+/Stable	IND A/Positive	IND A/Positive
Term loan	Long-term	INR4,000	IND A+/Stable	IND A+/Stable	IND A/Positive	IND A/Positive
Proposed non-convertible debentures	Long-term	INR750	-	WD	IND A/Positive	-

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Term loans	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

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SOLICITATION DISCLOSURES

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India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has six branch offices located at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad and Kolkata. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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