



Press Release

Anant Raj Limited

October 16, 2024

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
1.	Long Term Bank Facilities	378.93	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Upgraded	Simple
2.	Short Term Bank Facilities	50.00	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Upgraded	Simple
	Total	428.93	Rupees Four Hundred Twenty-Eight Crore and Ninety-Three Lakhs Only			

Details of Facilities are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has upgraded the long-term rating and short-term rating of IVR BBB with Stable outlook and IVR A3+ respectively for the bank loan facilities of Anant Raj Limited (ARL).

The rating continues to draw comfort from the established track record and experienced management, favourable locations of the projects and improved financial risk profile and profitability. However, these rating strengths are partially offset by risk emanating from exposure to group and related entities, geographic and project concentration risk, and inherent risk of the industry along with intense competition.

The outlook is stable on account of sales of residential and commercial units expected to follow the projected trajectory. Also, due to increase in demand for all segments augur well as property is one of the conventional and safe ways for investments.

IVR has principally relied on the audited financial results of ARL's up to 31 March 2024, (refers to period from 1st April 2023 to 31st March 2024) audited results, Q1FY2025 unaudited results and projected financials for FY25, FY26 and FY27, and publicly available information/clarifications provided by the company's management.



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Upward factors

- Substantial improvement in the sales and collections in the ongoing projects
- Timely servicing of debt obligations
- Sustenance of the gearing
- Sale of unsold inventory at competitive rates

Downward factors

- Deterioration in debt protection metrics and overall gearing
- Significant cost overrun and delay in completion of projects.
- Slowdown in saleability of the ongoing projects resulting in collections lower than expected.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record and experienced management:**
The company commenced its operations in July 1985 and has a successful track record of around four decades in the existing line of business. The company is promoted by Sarin family. Overall activities of Anat Raj Limited are managed by three executive directors with Mr. Amit Sarin being the Managing Director of the company. He has experience of around 15 years in the real estate business. He is ably supported by his brothers Mr. Aman Sarin and Mr. Ashim Sarin along with other independent directors who have satisfactory experience in the real estate business as well as supported by a qualified and well experienced management team. The company has completed many commercial projects and residential projects with a total saleable area of more than 280 lakh square feet in Gurgaon (Haryana), Neemrana (Rajasthan), Delhi & Sonipat (Haryana) areas.
- **Improved financial risk profile and profitability:**
The adjusted tangible net worth has improved to Rs. 2580.11 crore in FY2024 from Rs. 1918.35 crore in FY2023. The overall adjusted gearing has improved to 0.23x in FY2024 from 0.53x in FY2023. Total operating income (TOI) has improved by 23.13% to Rs. 798.80 crore in FY2024 from Rs. 648.70 crore in FY2023. In Q1FY2025 the company achieved TOI of Rs. 265.96 crore with a PAT of Rs. 42.28 crore. The company's net profit improved to Rs. 130.02 crore in FY2024 as compared to Rs. 106.62 crore in FY2023, due to an increase in overall income.
- **Project updates:**
ARL is currently executing seven residential projects (saleable area of 162.06 acre) which include villas, independent floors, plots, flats and affordable homes. The residential/commercial projects are in Gurgaon and Tirupati. The company had



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incurred approximately 50.19% of the aggregate project cost till June 30, 2024. On the sales front, ARL has sold around 65% of the total saleable area till June 30, 2024. The sales consideration from all the ongoing projects is Rs. 5,686.57 crore against which it has received Rs. 1821.45 crore as customer advances translating into 32.03% of sales consideration. The unsold inventory of all provides revenue visibility in the medium term.

- **Favorable location:**

The company's upcoming projects are strategically located in Gurgaon and Tirupati. The strategic location of the project and the group's reputation provides comfort for the execution and marketability of the project. The project also has proximity and easy access to many famed schools, commercial areas, hospitals, recreational areas and government offices.

Key Rating Weaknesses

- **Risk emanating from exposure to group and related entities:**

Anant Raj Limited has invested in various subsidiaries and group companies that are primarily land-holding companies. Apart from investments in subsidiaries of about Rs. 290.37 crore as on March 31, 2024 (Rs. 344.21 crore as on March 31, 2023), ARL has provided loans and advances to these companies aggregating to Rs. 533.90 crore (Rs. 498.79 crore in FY2023).

- **Geographic and project concentration risk:**

The company is exposed to geographic concentration as most of their projects are in the Haryana real estate market. Any adverse movement in the Haryana real estate market may adversely impact the sales and collections of the company.

- **Inherent risk of the industry along with intense competition:**

The company is exposed to the cyclicity inherent in an intensely competitive real estate sector, which could result in fluctuations in cash inflows because of volatility in saleability. Further, the real estate industry as a whole is experiencing a short-term slowdown with a decline in new launches and expected price rationalization on account of recent policy measures such as real estate regulation act (RERA). There is intense competition from the regional players.

Analytical Approach: For arriving at the ratings, INFOMERICS has applied its rating methodology as detailed in rating criteria below. IVR has analysed ARL's credit profile by considering the standalone financial statements of the company.



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Applicable Criteria:

- [Rating Methodology for Real Estate Entities](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
- [Criteria for assigning Rating outlook.](#)
- [Policy on Default Recognition](#)
- [Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity of the company is adequate which is majorly supported by means of customer advances and promoters' contribution thereby reducing dependence on debt. There are long-term secured borrowings from banks, amounting to Rs. 555.98 crore, as on 31st March 2024. The company is projected to have sufficient cash flow cover to service its interest/debt repayments which supported by steady collections from ongoing and completed projects. Further, the company is also likely to benefit from the resourcefulness of the promoters.

About the Company

Anant Raj Limited (ARL) (formerly Anant Raj Industries Limited) was incorporated in 1985 and is the flagship company of the Anant Raj Group. It is promoted by Sarin family. The promoters are engaged into the business of construction and infrastructure development since 1969 and tis amongst the oldest development and construction group in the National Capital Region (NCR) for more than 5 decades. It is Delhi based registered company and is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). It is engaged in real estate development (residential and commercial) in the National Capital Region (NCR), Rajasthan & Haryana.

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	648.70	798.80
EBITDA	107.81	101.20
PAT	106.62	130.02
Total Debt	1020.68	589.19
Tangible Net worth	2761.35	3404.38
Adjusted Tangible Net worth**	1918.35	2580.11
EBITDA Margin (%)	16.62	12.67
PAT Margin (%)	14.85	14.50
Overall Adjusted Gearing Ratio (x)	0.53	0.23
Interest Coverage Ratio (x)	4.94	5.54

*Classification as per Infomerics' standards

** Adjustment related to investment in equity and advances given to group company



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Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (August 18, 2023)	Date(s) & Rating(s) assigned in 2022-23 (September 2, 2022)	Date(s) & Rating(s) assigned in 2021-22 (May 24, 2021)
1.	Fund Based	Long Term	378.93	IVR BBB/Stable	IVR BBB-/Stable	IVR BB+/Positive	IVR BB+/Stable
2.	Non-Fund Based	Short Term	50.00	IVR A3+	IVR A3	IVR A4+	IVR A4+

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	August 2033	352.93	IVR BBB/Stable
Cash Credit	-	-	-	26.00	IVR BBB/Stable
Bank Guarantee	-	-	-	50.00	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Anant-Raj-16oct24.pdf>

Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/combined analysis: Nil

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.