



Press Release

Anant Raj Limited

August 18, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Previous Ratings	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	519.18	IVR BB+/Positive (IVR Double B; with Positive Outlook)	IVR BBB-/Stable (IVR Triple B Minus; with Stable Outlook)	Upgraded	Simple
Short Term Bank Facilities	25.82	IVR A4+ (IVR A Four Plus)	IVR A3 (IVR A Three)	Upgraded	Simple
Total	545.00	Rupees Five Hundred Forty-Five Crore Only			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has upgraded the long-term rating to IVR BBB- with a Stable outlook and short-term rating to IVR A3 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 location of the projects and improved financial risk profile during FY2023. However, these 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. The market sentiments and economic conditions have started improving.

IVR has principally relied on the standalone audited financial results of ARL upto 31 March 2023, Q1FY2024 unaudited results and projected financials for FY2024, FY2025 and FY2026, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:



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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 overall gearing

Downward Factors

- Significant cost overrun and delay in completion of projects
- Deterioration in debt protection metrics and overall gearing
- 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 ARL are managed by eight directors with Mr. Amit Sarin being the Managing Director of the company. He has experience of more than 25 years in the real estate business. He is ably supported by his brothers Mr. Aman Sarin and Mr. Ashim Sarin alongwith other directors who have effective experience in real estate business as well as supported by qualified and well experienced management team. The company has completed many commercial projects and residential projects with total saleable area of more than 280 lakh square feet in Gurgaon (Haryana), Neemrana (Rajasthan), Delhi & Sonipat (Haryana) areas.
- **Improved financial risk profile:**
The analysed tangible networth has improved to Rs. 1,918.35 crore in FY2023 from Rs. 1765.29 crore in FY2022. The overall analyzed gearing has improved to 0.53x in FY2023 from 0.68x in FY2022. Total operating income (TOI) has improved by 83.72% to Rs. 648.70 crore in FY2023 from Rs. 353.08 crore in FY2022. In Q1FY2024 the company achieved TOI of Rs. 172.20 crore with a PAT of Rs. 25.86 crore.
- **Project updates:**
ARL is currently executing eight projects including seven residential projects (saleable area of 162.06 acre) which includes villas, independent floors, plots, flats and affordable homes. The residential/commercial projects are in Gurgaon and Tirupati. The company had incurred approximately 55.42% of the aggregate project cost till June 30, 2023. On the sales front, ARL has sold around 33% of units out of the total saleable units till June 30, 2023. The sales consideration from all the ongoing projects is Rs. 6,156.57 crore against which it has received Rs. 1,560.68 crore as customer advances translating into



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25.35% of sales consideration. The unsold inventory of all provides revenue visibility in the medium term.

- **Favorable location:**

The company 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:**

ARL has invested in various subsidiaries and group companies that are primarily land-holding companies. Apart from investments in subsidiaries of about Rs. 344.21 crore as on March 31, 2023 (Rs. 310.63 crore as on March 31, 2022), ARL has provided loans and advances to these companies aggregating to Rs. 498.79 crore.

- **Geographic and project concentration risk:**

The company is exposed to geographic concentration as most of their ongoing projects are in 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 cyclical nature 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 is experiencing a short-term slowdown with 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, IVR has analysed ARL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology of Real Estate Entities](#)

[Financial Ratios & Interpretation – \(Non-financial Sector\)](#)

[Criteria for Assigning Rating Outlook](#)

Liquidity – Adequate



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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 and NCD, amounting to Rs. 969.34 crore, as on 31st March 2023. 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)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	353.08	648.70
EBITDA	56.03	107.81
PAT	55.89	106.62
Total Debt	1201.22	1020.68
Tangible Network	2611.43	2761.35
Analyzed Tangible Network*	1765.29	1918.35
EBITDA Margin (%)	15.87	16.62
PAT Margin (%)	13.91	14.85
Overall Gearing Ratio (x)	0.68	0.53

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

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr.	Type of Facilities	Current Ratings (Year 2023-24)	Rating History for the past 3 years
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No.		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (2 September 2022)	Date(s) & Rating(s) assigned in 2022-23 (22 August 2022)	Date(s) & Rating(s) assigned in 2021-22 (24 May 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based	Long Term	519.18	IVR BBB-/Stable (Upgraded)	IVR BB+/Positive	IVR BB+/INC (IVR Double BB Plus/ISSUER NOT COOPERATING)	IVR BB+/Positive	-
2.	Non-Fund Based	Short Term	25.82	IVR A3 (Upgraded)	IVR A4+	IVR A4+/INC (IVR A Four Plus/ISSUER NOT COOPERATING)	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
Cash Credit	-	-	-	42.00	IVR BBB- /Stable
Term Loan-1	-	-	June 2024	44.39	IVR BBB- /Stable
Term Loan-2	-	-	Sep 2026	60.61	IVR BBB- /Stable
Term Loan-3	-	-	July 2033	372.18	IVR BBB- /Stable
Bank Guarantee	-	-	-	19.93	IVR A3
Proposed	-	-	-	5.89	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-anant-aug23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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 [Complexity Level of Rated Instruments/Facilities](#).