Press Release

Anuradha Holdings Private Limited (AHPL)
January 06, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	[Complexity Indicator]
Long term Facilities	128.65 (increased from Rs.116.60 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable outlook)	IVR BB+; Negative; ISSUER NOT COOPERATING* (IVR Double B Plus; Negative Outlook; ISSUER NOT COOPERATING*)	Rating Upgraded; and removed from ISSUER NOT COOPERATING* category and Outlook revised	Simple
Total	**128.65 (Rupees One Hundred and Twenty-Eight Crore and Sixty-Five Lakh only)**				

**Issuer did not cooperate; based on best available information*

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgradation in the ratings assigned to the bank facilities of Anuradha Holdings Private Limited (AHPL) reflects the increase in scale of operations in FY24 (refers to the period from April 1, 2023, to March 31, 2024) which is expected to continue in FY25 (refers to the period from April 1, 2024, to March 31, 2025). The ratings also take cognizance of leave & license agreement with the client, strategic location of the property coupled with 100% occupancy, reputed tenant, experienced promoters and key managerial personnel and presence of escrow mechanism with DSRA. The ratings, however, remained constrained on account of moderate capital structure and debt protection metrics, exposure to intense competition and significant exposure to group companies, client concentration risk & non-renewal risk from tenant and susceptibility to cyclicality inherent in the Real Estate sector.

The 'Stable' outlook reflects the increase in the scale of operations and profitability, with comfortable operating cycle days.

Key Rating Sensitivities:

Upward Factors

- A sustained & substantial improvement in the revenue with increase in the profitability and debt protection metrics

Downward Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Elongation in working capital cycle leading to deterioration in liquidity profile and/or capital structure.
- Increase in the exposure to the group companies / negative impact of the losses incurred by the group companies on the financials of AHPL.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and key managerial personnel

AHPL was incorporated by Vikram Viswanath, a postgraduate in International and Strategic Management from the University of St. Thomas, USA. He has over two decades of experience in the infrastructure and logistics industry. The company is further supported by Dr. Parag Jaju, a physiotherapist by profession with over nine years of experience in management, consulting, and healthcare services, who serves as the whole-time director of the company.

Presence of escrow mechanism with DSRA

AHPL is required to maintain an escrow payment mechanism, wherein the designated lease payments are deposited by the tenants in the escrow account and the bank has the first charge on the lease rentals. Any surplus post the cash flow waterfall mechanism specified in the escrow account would be available for AHPL. The company is also required to maintain a DSRA equivalent to two months EMI. The existence of a DSRA provides a cushion against liquidity mismatches in the short term.

Increase in scale of operation and profitability, albeit remained limited

AHPL's total operating income increased by approximately 58% in FY24, rising to Rs 26.40 crore from Rs 16.73 crore reported in FY23 (referring to the period from April 1, 2022, to March 31, 2023) (Audited). This growth was driven by a 2.5x increase in income from consultancy services in FY24 (Audited) compared to FY23 (Audited), due to the addition of new clients. Profitability also improved, as depicted by increase in EBITDA and PAT from Rs.1.41 crore and Rs -2.67 crore reported in FY23 (Audited) to Rs.10.58 crore and Rs 5.40 crore in FY24 (Audited), respectively. The loss in FY23 (Audited) was primarily due to increased bank charges and other expenses related to the transfer of the LRD loan from previous bank to the current bank.

The significant increase in the operations is visible due to the smaller base of the consultancy income. However, the operations and profitability continued to remain limited and range bound for the year FY24 as well as H1FY25. In H1FY25, the company reported increase in the total operating income by ~21% to Rs. 22.05 crore against the total operating income reported of Rs.18.15 crore in H1FY24.

Comfortable operating cycle days

Along with the lease rental income the company also does consultancy services. Due to the nature of its business, the company has maintained a comfortable collection period and operating cycle ranging from 30 to 40 days.

Key Rating Weaknesses

Moderate capital structure and debt protection metrics

The company's capital structure remained moderate, as indicated by the overall gearing ratio and TOL/TNW at 2.28x and 2.63x in FY24 (Audited) respectively.

Additionally, the DSCR and interest coverage ratio improved from 0.47x and 0.10x in FY23 (Audited) to 1.19x and 0.79x in FY24 (Audited) due to increased profitability in FY24 (Audited). The interest coverage ratio remained below unity due to the recent term loan availed. However, due to the presence of escrow mechanism and non-operational income of Rs 9.90 crore in FY24, there has been no delays in the debt servicing of the company.

Strategic location coupled with 100% occupancy, albeit customer concentration risk

The commercial property is located in a strategic area in Mumbai. Driven by the property's locational advantages, the occupancy in the property is 100%. The property is leased to reputed client, L'Oréal India Private Limited (LIPL), who has established its R&D setup within this space, which requires specific permissions that this property fulfils. The long-term lease arrangement with the company along with a satisfactory track record of payment of rents, provides revenue visibility. However, the entire property being let out to a sole tenant raises risk due to vacation, maintenance of the occupancy at 100% and susceptibility to cyclicality inherent in the Real Estate sector will remain a key rating monitorable.

Exposure to intense competition

AHPL is exposed to intense competition from various players operating in the surrounding areas. This could exert pressure on the rentals and occupancy rates. Any adverse movement in the rental yield will remain a key rating sensitivity.

Significant exposure to group companies

AHPL has significant exposure to its group companies, with investments comprising equity of approximately Rs 167.82 crore and interest bearing - refundable business deposits of about Rs.101.86 crore, outstanding as on March 31, 2024. Furthermore, AHPL is acting as corporate guarantor / co-borrower for the loans availed from a combination of these group companies to the tune of Rs.107.91 crore, outstanding as on March 31, 2024. Timely repayments of these loans availed by the group companies, without hampering the liquidity position of AHPL, will remain a key rating monitorable.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology – Lease rental discounting

Rating Methodology for Service sector companies

Criteria for assigning Rating outlook.

Policy on Default Recognition and Post-Default Curing Period

Complexity Level of Rated Instruments/Facilities

Financial Ratios & Interpretation (Non-Financial Sector)

Policy on Issuer Not cooperating

Liquidity – Adequate

AHPL's liquidity remains adequate, supported by sufficient gross cash accruals of Rs.11.00-14.00 crore projected for the period FY25 - FY27 against repayments in the range of Rs.3.00-5.00 crore for this period. Both the current ratio and quick ratio remained above unity at 6.71x each as on March 31, 2024 (PY: 4.31x each in FY23). Furthermore, AHPL benefits from a comfortable working capital cycle, contributing to its strong liquidity position. AHPL has sufficient free cash and cash equivalents amounting to around Rs.4.83 crore as on March 31, 2024.

About the Company

Anuradha Holdings Private Limited was floated with the main aim of holding, monitoring and management of investments and assets of Mr. Vikram Viswanath and his family. As the Company promoters have been in the logistics business for long, the company has among other objectives, the object of providing management and consultancy services, joint development and project management in the domain of Logistics and Infrastructure. The main promoter of the Company is Mr. Vikram Viswanath who holds around 99.9% of the shares. The Company is professionally managed and has technical people at the core of its team.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	16.73	26.40
EBITDA	1.41	10.58
PAT	-2.67	5.40
Total Debt	168.41	187.95
Tangible Net Worth	-50.73	129.87
Ratios		
EBITDA Margin (%)	8.42	40.09
PAT Margin (%)	-9.61	14.87
Overall Gearing Ratio (x)	-5.29	2.28
Interest Coverage (x)	0.10	0.79

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(April 10, 2024)		(February 22, 2023)	
1.	Term Loan (Lease Rental Discounting)	Long Term	128.65	IVR BBB- / Stable	IVR BB+; Negative; ISSUER NOT COOPERATING*	-	IVR BBB- / Stable	-

**Issuer did not cooperate; based on best available information*

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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.

Press Release

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 and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	December 2038	128.65	IVR BBB-/ Stable

Annexure 2: Facility wise lender details –

https://www.infomerics.com/admin/prfiles/Len-Anuradha-Holdings-06jan25.pdf

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

Annexure 4: List of companies considered for consolidated/Combined analysis: 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 www.infomerics.com.