



Press Release

Anant Raj Limited

May 24, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating	Rating Action
1	Bank Facilities- Long Term	777.24	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)	Assigned
2	Bank Facilities- Long Term	50.00	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)	Assigned
3	Bank Facilities- Short Term	27.14	IVR A4+ (IVR A Four Plus)	Assigned
	Total	854.38 (Eight hundred fifty four crores and thirty eight lacs)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating to the bank facilities of Anant Raj Limited (ARL) have been assigned taking into account established track record of Company, resourceful promoters and favourable location of the projects. The rating is partially offset by project execution risk and exposure to risks relating to cyclical in real estate industry.

Key Rating Sensitivities:

Upward Factors

- Timely completion of the projects
- Sale of inventory at competitive rates
- Improvement in cash position and liquidity profile of the Company



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Downward Factors

- Significant delay in completion of projects
- Lower booking status and lower realization of already sold properties as estimated by the company resulting debt service ability of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strength

Established track record of Anant Raj group

The promoters of the Company have been associated with the real estate industry for over five decades. Shri Ashok Sarin started the group in 1969 with an aim to provide a full range of development capacities, creating sustainable investment products for quality-oriented real estate investors.

Established track record of Anant Raj Limited (ARL) in real estate projects across segment in NCR Region, Delhi, Haryana, Rajasthan. It has already delivered more than 200 lakh square feet (1sf) of residential and commercial projects in Delhi/NCR and with diversified set of portfolio under its arm which includes various commercial projects such as IT Parks, Hotels, Malls as well as residential projects catering to all segments from affordable housing to premium segment. It is well recognised brand with extensive track record among Real Estate Developers. The Company has large fully paid low cost land bank in Delhi /NCR in prime location, which support profitability of the projects.

Resourceful promoters

Shri Ashok Sarin (Grandson of Late Shri Rai Sahab Shadi Ram Sarin) started his journey into the Construction & Development business at a very early age. He started his career working in a renowned Construction Company of Delhi in early 1960's. However, his desire for Growth could not hold him for long and with the blessing of his Parents Late Shri Lala Anant Ram Sarin and Late Smt. Raj Kumari Sarin, he established the Brand Anant Raj, a Construction & Development Company formed in early 1970,s.



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The Company in a very short span of time became synonymous with the highest degree of Quality & Ethical Business Standards and was reckoned as one of the largest Construction & Development Company.

The Company built almost 30,000 houses in Delhi & NCR Region. Some of the prestigious projects delivered including Housing Complexes, Asiad Village, Rohini, East of Kailash, Shekh Sarai, Madangir, Katwaria Sarai and many more. It was one of the main Contractors doing works for all major Govrnment Agencies i.e. DDA, MES, PWD, CPWD, etc. Since then, the Anant Raj Limited has been the epitome of excellence in construction and infrastructure development and is now well on the way to transform the skyline of NCR region.

Favourable Location

The upcoming projects of the company are centrally located and are easily commutable from all the transport links in Delhi/NCR. The project also has proximity and easy access to many famed schools, commercial areas, hospitals, recreational areas and government offices.

Key Weaknesses

Project Execution Risk

Development of Plots, Villas and Bungalow is still in progress. Though the project has received all necessary regulatory clearances, the expected date of completion of all ongoing development at the end of 2022 The long implementation period makes the company susceptible to time and cost overruns, which may impact profitability. Once operational, ability to sell the units is key to meet the debt obligation on time.

Exposure to risks relating to cyclicity in real estate industry

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of the company. ARL will remain susceptible to the inherent cyclicity in the real estate sector.

Analytical Approach: Standalone

Applicable Criteria:



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Rating Methodology for infrastructure Companies
Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adequate

Anant Raj Ltd has projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. Further, the company is likely to be benefited from the resourcefulness of the promoter group. Overall liquidity position is expected to be adequate.

About the Company

Incorporated in 1985, Anant Raj Limited (ARL) (formerly Anant Raj Industries Limited), the flagship company of the Anant Raj Group, is a Delhi based public limited enterprise engaged into the business of construction and infrastructure development since 1969 and is amongst the oldest development and construction group in the National Capital Region (NCR) with over five decades of experience. The company recently completed amalgamation of Anant Raj Agencies Private Limited with ARL and demerger of Anant Raj Global Limited which was approved by Hon'ble NCLT on August 24, 2020.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	328.32	408.36
EBITDA	67.18	57.48
PAT	32.46	27.33
Total Debt	1584.02	1598.13
Tangible Net worth	2459.71	2444.65
EBITDA Margin (%)	20.46	14.08
PAT Margin (%)	9.57	6.54
Overall Gearing Ratio (x)^	0.89	0.98

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr.	Name	of	Current Rating (Year 2021-22)
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No.	Instrument/Facilities	Type	Amount outstanding (Rs. Crore)	Rating
1.	Term Loan	Long Term	777.24	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)
2.	Cash Credit	Long Term	50.00	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)
3.	Bank Guarantee	Short Term	27.14	IVR A4+ (IVR A Four Plus)

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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- Term Loan	-	-	777.24	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)
Long Term Bank Facilities- Cash Credit	-	-	50.00	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)
Short Term Bank Facilities- Bank Guarantee	-	-	27.14	IVR A4+ (IVR A Four Plus)

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lender-Anantraj-Ltd-24-may-21-.pdf>