



Press Release

Anant Raj Limited

September 02, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Previous Ratings	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	629.53	IVR BB+/INC (IVR Double BB Plus/ ISSUER NOT COOPERATING)	IVR BB+/Positive (IVR Double B; with Positive Outlook)	Reaffirmed and removed from ISSUER NOT COOPERATING	Simple
Short Term Bank Facilities	19.93	IVR A4+/INC (IVR A Four Plus/ ISSUER NOT COOPERATING)	IVR A4+ (IVR A Four Plus)	Reaffirmed and removed from ISSUER NOT COOPERATING	Simple
Long Term Bank Facilities*	4.91	IVR BB+/INC (IVR Double BB Plus/ ISSUER NOT COOPERATING)	-	Withdrawn	-
Total	649.46	Rupees Six Hundred Forty Nine Crore and Forty Six Lakhs Only			

*The above amount has not been included in total as this BLR rating (Term loan) are being withdrawn as this has been repaid.

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed and removed from ISSUER NOT COOPERATING category the long-term rating to IVR BB+ with a Positive outlook and short-term rating to IVR A4+ 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 FY2022. 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 'Positive' outlook is 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 post second wave of covid-19.



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IVR has principally relied on the standalone audited financial results of ARL upto 31 March 2022, Q1FY2023 provisional results and projected financials for FY23, FY24 and FY25, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

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 seven 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 analyzed tangible networth has improved to Rs. 1,765.29 crore in FY2022 from Rs. 1689.98 crore in FY2021. The overall analyzed gearing has improved to 0.68x in FY2022 from 0.93x in FY2021. Total operating income (TOI) has improved by 37.66% to Rs. 353.08 crore in FY2022 from Rs. 256.48 crore in FY2021. In Q1FY2023 the company achieved TOI of Rs. 142.74 crore with a PAT of Rs. 21.09 crore.



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- **Project updates:**

ARL is currently executing eleven projects including six residential projects (saleable area of 103.87 acre) which includes villas, independent floors, plots, flats and affordable homes. The residential projects are in Gurgaon. The company had incurred approximately 45% of the aggregate project cost till June 30, 2022. On the sales front, ARL has sold around 52% of the total saleable area till June 30, 2022. The sales consideration from all the ongoing projects is Rs. 3,554.80 crore against which it has received Rs. 725.25 crore as customer advances translating into 20% 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. 310.63 crore as on March 31, 2022 (Rs. 290.21 crore as on March 31, 2021), ARL has provided loans and advances to these companies aggregating to Rs. 535.51 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.



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Applicable Criteria:

[Rating Methodology of Real Estate Entities](#)

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

[Criteria for Assigning Rating Outlook](#)

Liquidity – Adequate

The liquidity of the company is adequate which is supported by steady collections from ongoing and completed projects. Anant Raj Ltd is 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

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)	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	256.48	353.08
EBITDA	50.81	56.03
PAT	20.11	55.89
Total Debt	1575.94	1201.22
Tangible Network	2468.16	2611.43
Analyzed Tangible Network*	1689.98	1765.29
EBITDA Margin (%)	19.81	15.87
PAT Margin (%)	7.30	13.91
Overall Gearing Ratio (x)	0.93	0.68

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



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Status of non-cooperation with previous CRA: ACUITE D/C (ISSUER NOT COOPERATING) via press release dated 14th December 2021.

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years			
		Tenure	Amount outstanding (Rs. Crore)	Rating	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	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based	Long Term	629.53	IVR BB+/Positive (Reaffirmed)	IVR BB+/INC (IVR Double BB Plus/ISSUER NOT COOPERATING)	IVR BB+/Positive	-	-
2.	Non-Fund Based	Short Term	19.93	IVR A4+ (Reaffirmed)	IVR A4+/INC (IVR A Four Plus/ISSUER NOT COOPERATING)	IVR A4+	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has



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gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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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	-	-	-	50.00	IVR BB+/Positive
Term Loan-1	-	-	Sep 2024	113.76	IVR BB+/Positive
Term Loan-2	-	-	Sep 2026	79.96	IVR BB+/Positive
Term Loan-3	-	-	Oct 2033	385.81	IVR BB+/Positive
Bank Guarantee	-	-	-	19.93	IVR A4+

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-Raj-sept22.pdf>



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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](#).