

Anant Raj Ltd — 23 Sep 2025 Credit Rating Summary

| Section | Details |
|---------------------------|--|
| Agency | CRISIL Ratings |
| Rating Change | Unchanged (BBB) |
| Outlook (Current vs Prev) | Positive vs Stable |
| Key Drivers of Change | <ol style="list-style-type: none"> Deleveraging: Gross debt slashed from ₹1,400 Cr (2021) to ₹426 Cr (Mar-24); Debt/Equity at a negligible 0.1x. Sales Velocity: FY25 sales reached ~₹1,200 Cr (excl. Avarna); projected to hit ₹2,300–2,500 Cr via 3.2 msf launch pipeline. Business Model Pivot: Shifting focus from low-margin plots to high-value Group Housing (₹7,000 Cr inventory potential). Asset Diversification: 6MW Data Center fully leased; additional 22MW operationalized (Aug-25) to drive >₹100 Cr rental income. |
| Rated Instruments | <ul style="list-style-type: none"> Term Loan: ₹330.90 Cr |
| Key Observations | <ul style="list-style-type: none"> Strengths: 84-acre fully paid land bank in Delhi-NCR; Interest coverage surged from 10.9x to 48.8x (FY25). Liquidity: Strong cash/equivalents of ₹342 Cr; cash buffer against debt obligations at 1.8x. Data Center Edge: Uses existing land/infrastructure; capex funded via residential cash flows rather than new debt. Concerns: Geographic concentration in Gurugram; vulnerability to GRAP (pollution-related) construction halts. Execution Risk: Timely leasing of the new 22MW Data Center capacity remains a key monitorable. |
| Investor Impact | <ul style="list-style-type: none"> Growth: Revenue expected to double as 3.2 msf project pipeline hits the market. Margins: PAT margins improved to 20.7% (FY25); shifting to group housing supports margin expansion. Leverage: "Zero-debt" strategy for residential/DC expansion significantly de-risks the balance sheet. Dilution Risk: Low; internal accruals and ₹342 Cr cash are sufficient to fund ₹7,000 Cr launch pipeline. |
| Agency / Cross Analysis | <p>Same Agency (CRISIL): Outlook upgrade reflects a fundamental shift from a "land-heavy/slow-monetizing" model to a "cash-flow-rich" residential and recurring rental (Data Center) model. Financial metrics (Interest coverage 48.8x) are now significantly superior to the 'BBB' category median, suggesting a high probability of a notch upgrade (to A-) if sales/leasing momentum holds.</p> |
| Final Inference | <p>Real Improvement. The "Positive" outlook is a signal of imminent upgrade. ARL has successfully pivoted to a low-leverage, high-velocity developer with a high-margin "Tech-Real Estate" kicker (Data Centers).</p> |