

Anant Raj Ltd — 16 Oct 2024 Credit Rating Summary

Section	Details
Agency	Infomerics Valuation and Rating (IVR)
Rating Change	BBB- → BBB (Long Term)
Outlook (Current vs Previous)	Stable vs Stable (Maintained)
Key Drivers of Change	<ol style="list-style-type: none"> Aggressive Deleveraging: Total Debt reduced by ~42% from ₹1,020.68 Cr to ₹589.19 Cr in FY24; Gearing improved significantly to 0.23x. Revenue Growth: Operating Income grew 23.1% to ₹798.80 Cr in FY24, with Q1FY25 starting strong at ₹265.96 Cr. Strong Pre-sales: 65% of total saleable area sold across 7 ongoing projects; ₹5,686.57 Cr total sales consideration provides high revenue visibility. Capital Infusion/Accretion: Adjusted Net Worth increased from ₹1,918.35 Cr to ₹2,580.11 Cr, strengthening the equity base.
Rated Instruments	1. Term Loan: ₹352.93 Cr
Key Observations	<ul style="list-style-type: none"> • Execution Strength: 40-year track record with >280 lakh sq. ft. completed area. • Liquidity: Adequate; backed by customer advances (₹1,821.45 Cr collected) and low debt reliance. • Margin Compression: EBITDA margins dropped from 16.62% to 12.67% in FY24, suggesting rising costs or pricing pressure. • Related Party Risk: Significant exposure to group entities via loans/investments totaling ₹824.27 Cr (₹290.37 Cr investments + ₹533.90 Cr loans). • Geographic Risk: Highly concentrated in the Haryana/NCR real estate market. • Project Status: 50.19% of project costs incurred as of June 2024; execution risk remains for the balance half.
Investor Impact	<ul style="list-style-type: none"> • Leverage: Significant reduction in financial risk; lower debt-to-equity improves valuation multiples. • Margins: Despite PAT growth, the EBITDA margin decline is a monitorable for operational efficiency. • Cash Flow: Strong customer advances (32% of sales value) reduce the risk of equity dilution for funding projects. • Growth: Strategic focus on Gurgaon/Tirupati aligns with high-demand zones, supporting future bookings.
Agency / Cross Analysis	<p>Same Agency (IVR): This is a momentum upgrade. In Aug 2023, the agency held a BBB- rating. The upgrade to BBB in Oct 2024 is directly linked to the massive ₹431 Cr debt reduction and sustained sales momentum. Alignment: The rating reflects the transition from a mid-tier credit to a more robust, low-gear entity, though the "BBB" category still acknowledges the inherent volatility of the real estate sector and group exposure.</p>
Final Inference	<p>Real Improvement. The upgrade is earned through genuine balance sheet repair (halving debt) rather than just paper profits. While the ₹800Cr+ group exposure is a "leakage" risk for equity, the low 0.23x gearing and high pre-sales (65%) make the company's financial position the strongest it has been in years.</p>