

Anant Raj Ltd — 05 May 2026 Credit Rating Summary

This report is a **Rating Update** (monitoring note) issued by CRISIL on May 05, 2026, regarding recent regulatory developments. It is not a full rating rationale, but a "Watch" notification for investors.

Equity Credit Analysis: Anant Raj Limited (ARL)

Section	Details
Agency	CRISIL Ratings
Rating Change	No Change (Ratings maintained, but under active monitoring)
Outlook (Current vs Previous)	Maintained (Implied Stable/Positive based on "steady improvement" in collections)
Key Drivers of Change	Regulatory Scrutiny: Enforcement Directorate (ED) officials sought information on past land-owning companies and business operations. Residential Cash Flows: Strong sales momentum and collections leading to organic deleveraging. Capex Intensity: High capital expenditure for the Data Centre (DC) vertical remains a drag on near-term cash flows. Operational Health: Continued improvement in business risk profile despite regulatory noise.
Rated Instruments	Bank Loan Facilities (Fund-based and Non-fund based); exact quantum not disclosed in this update note but pertains to the corporate borrowing programme.
Key Observations	Strengths: • Healthy business risk profile backed by residential segment performance. • Sustained deleveraging in the residential portfolio. • Expected steady improvement in collections over the medium term. Risks/Concerns: • Governance/Regulatory Risk: ED visit to officials/premises creates potential reputational and legal risk. • Capex Pressure: Heavy investment in Data Centres remains a key monitorable for leverage. • Project Execution: Risks inherent to large-scale real estate and tech-infrastructure pivots.
Investor Impact	• Growth: Data Centre pivot is a long-term value creator but high-cost. • Margins: Residential collections are strong, supporting liquidity. • Leverage: Deleveraging in housing is positive, but DC capex may offset net debt reduction. • Sentiment: ED investigation is a significant "Governance" headwind for equity valuation in the short term.
Agency / Cross Analysis	Same Agency (Update): This is a specific event-based update. CRISIL is explicitly stating that while the <i>business fundamentals</i> (collections, deleveraging) are currently intact, the <i>ED investigation</i> is a new risk vector that could lead to a rating action if it impacts financial flexibility or management stability.
Final Inference	Real Improvement vs. Risk Signal: The core operations are improving (real operational turnaround), but the ED search is a High-Risk Signal for governance. Investors should focus on whether the investigation remains "information-seeking" or escalates into asset attachments or management curbs.

Analyst's Note for Equity Holders:

While the credit agency has **not** downgraded the debt yet, they have shifted to a "monitor" stance. For equity investors, the operational "Deleveraging" story in the residential segment is currently battling the "Governance Risk" of the ED investigation. The rating's stability hinges on the Data Centre capex not overstretching the balance sheet while legal clouds clear.