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## **ICRA assigns LBBB- rating to the bank facilities of V. Anantharaju & Sons [HUF]; assigns stable outlook**

ICRA has assigned LBBB- (pronounced as L triple B minus) rating to the Rs. 40.5 crore<sup>1</sup> long-term fund based facilities of V. Anantharaju & Sons [HUF] (VAS)<sup>†</sup>. The outlook on the long-term rating is stable.

The rating takes into account the favorable location of the VAS's projects, reputed tenant profile and the factors, such as moderate rentals, long lease tenure of about 15-20 years and significant outlay by tenants towards the interiors in the lease premises, mitigate vacancy level to an extent. Moreover, moderate gearing level and financial flexibility derived from reasonable land bank of HUF improve the financial risk profile of VAS. The rating, however, is constrained by VAS's modest scale of operations and considering the fact that the debt servicing is closely aligned to rental inflows; any vacancy or delay in payment of lease rentals by the tenant could strain timely debt servicing. In addition, oversupply situation in Bangalore commercial office space increases vacancy risk for VAS's projects.

### **Company Profile**

V. Anantharaju & Sons (HUF), formed in 1977 by Mr. V. Anantharaju, is a real estate venture of Sarala Group engaged in the development of commercial office as well as retail space. The HUF has developed and leased real estate properties in the prime areas of Bangalore such as Bannerghatta Road and J.P Nagar. VAS has leased its real estate projects to reputed companies such as Tejas Networks, Reliance Retail, California Software Company and Delmia Solutions in Bangalore.

### **Recent Results (Unaudited)**

VAS reported a profit before tax of Rs. 5.52 crore on an operating income of Rs. 7.31 crore in 2009-10.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

## **PRESS RELEASE**

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