April 28, 2025

Shalimar Lakecity Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – fund-based – term loan	185.00	415.00	[ICRA]BBB(Stable); Rating Reaffirmed/assigned for enhanced amount
Total	**185.00**	**415.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for the bank facilities of Shalimar Lakecity Private Limited (SLPL, erstwhile known as ANS Developers Private Limited) factors in the expected improvement in the operating performance of the Shalimar Group driven by healthy sales velocity in its ongoing projects and upcoming launches for its residential segment. The Group's sales in its residential segment are estimated to increase by 25-28% in FY2025 (PY: Rs. 849 crore), which along with adequate construction progress is likely to result in an improvement in collections by 5-7% in FY2025 and another 33-36% in FY2026. The Group's engineering, procurement and construction (EPC) business is projected to earn revenues of Rs. 350-380 crore with operating margins of 10-12% in FY2026. Consequently, the cash flow from operations (CFO) is expected to improve and the leverage is likely to remain adequate with gross debt/CFO at 2.0-2.3 as of March 2026 (PY: 3.0-3.3 as of March 2025). Overall, the debt coverage metrics are anticipated to remain adequate in FY2025 and FY2026. Backed by healthy sales velocity in its ongoing and newly launched projects, the cash flow adequacy ratio1 improved to 82% as of December 2024.The Group is one of the leading players in the real estate sector in Lucknow. The rating favourably factors in their established position and strong brand name in their key territory. The Group has a diversified asset portfolio spread across the real estate sector encompassing commercial, residential and retail segments. The rating derives comfort from the Group's low cost fully paid-up land bank, with well-located parcels across Lucknow and having diverse land usages, which provides healthy visibility of future launches.

The rating is, however, constrained by the Group's exposure to market and execution risk with 44% area yet to be sold for the ongoing projects and around 75% of the pending cost yet to be incurred on its ongoing projects as of December 2024 along with significant launch pipeline of around 19.5 msf over the next 6-12 months. The Group has launched 8 new projects over the last 18 months. The rating is further constrained by the material decline in occupancy levels to 58% as of December 2024 from 74% in June 2024 along with elevated leverage of the Group's single mall property, Shalimar Malls, which is guaranteed by Shalimar Corp Limited, flagship company of the Group, which is likely to impact its free cash flows. Moreover, being a cyclical industry, the real estate sector is highly dependent on macro-economic factors, which exposes the company's sales to any downturn in demand. The rating factors in the stiff competition from various other developers, especially considering that the operations are mostly concentrated in Lucknow region. The company's operating margins remains exposed to volatility in the raw material prices for the EPC division. Any incremental support required for the Group's infrastructure projects will have an impact on its cashflows and will remain a key rating monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that there will be an increase in the sales and collections from the Group's ongoing and upcoming projects resulting in an improvement in cash flow from operations while maintaining adequate leverage.

[1]Cashflow adequacy ratio = Receivables from sold area/(Pending cost+Debt Outstanding)

Key rating drivers and their description

Credit strengths

Expected improvement in sales and collections– The Group's sales in its residential segment are estimated to increase by 25-28% in FY2025 (PY: Rs. 849 crore), which along with adequate construction progress is likely to result in an improvement in collections by 5-7% in FY2025 and another 33-36% in FY2026. In the EPC business, the Group is projected to earn revenues of Rs. 350-380 crore with operating margins of 10-12% in FY2026. Consequently, the cash flow from operations (CFO) is expected to improve and the leverage is likely to remain adequate with gross debt/CFO at 2.0-2.3 as of March 2026 (PY: 3.0-3.3 as of March 2025). Overall, the debt coverage metrics are anticipated to remain adequate in FY2025 and FY2026. Backed by healthy sales velocity in its ongoing and newly launched projects, the cash flow adequacy ratio improved to 82% on account of healthy committed receivables of Rs. 2688 crore against pending construction cost of Rs. 2971 crore and outstanding debt of Rs. 518 crore as of December 2024.

Long and established track record of the Group in real estate business in Lucknow– The Group is one of the leading players in the real estate sector in Lucknow. The ratings favourably factors in their established position and strong brand name in their key territory. Further, the Group has a diversified asset portfolio spread across the real estate sector encompassing commercial, residential and retail segments along with the EPC business. The rating further derives comfort from the Group's low cost fully paid-up land bank, with well-located parcels across Lucknow and having diverse land usages, which provides healthy visibility of future launches.

Credit challenges

Exposure to execution and market risks– The rating is, however, constrained by the Group's exposure to market and execution risks with 44% area yet to be sold for the ongoing projects and around 75% of cost pending to be incurred on its ongoing projects as of December 2024. It also has significant launch pipeline of around 19.5 msf over the next 6-12 months. The Group has launched 8 new projects over the last 18 months.

Moderate occupancy at the mall property– The rating is further constrained by the material decline in occupancy levels to 58% as of December 2024 from 74% in June 2024 along with elevated leverage of the Group's single mall property, Shalimar Malls, which is guaranteed by Shalimar Corp Limited, flagship company of the Group, which is likely to impact its free cash flows.

Exposure to geographic concentration risk and cyclicality in real estate sector– Moreover, being a cyclical industry, the real estate sector is highly dependent on macroeconomic factors, which exposes the company's sales to any downturn in demand. The rating factors in the stiff competition from various other developers, especially considering that the operations are mostly concentrated in the Lucknow region. The company's operating margins remain exposed to volatility in the raw material prices for the EPC division. Any incremental support required for the Group's infrastructure projects will have an impact on its cash flows and will remain a key rating monitorable.

Liquidity position: Adequate

The Group's liquidity position is expected to remain adequate, supported by free cash and bank balances of Rs. 87 crore as of December 2024 on consolidated level. The company has undrawn sanctioned bank limits aggregating to around Rs. 216 crores as of December 2024 towards meeting the cost for the under-construction projects. Further, it has scheduled debt repayments to the tune of Rs. 233 crore in FY2026, which is expected to be met from its cash flow from operations.

[1]Cashflow adequacy ratio = Receivables from sold area/(Pending cost+Debt Outstanding)

Rating sensitivities

Positive factors – ICRA could upgrade the rating in case there is a significant and sustainable increase in sales and collections, along with material improvement in debt protection metrics and liquidity position.

Negative factors – The rating could be downgraded in case of a significant decline in sales or collections, slippages in project execution, or considerable land investments, resulting in deterioration in debt protection metrics or liquidity position on a prolonged basis. Further, fall in cash flow adequacy ratio below 40%, on a consistent basis, will be a negative trigger. Additionally, cost overrun, or higher-than-envisaged support required in the Group's infrastructure projects will put negative pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Realty – Commercial/Residential/Retail](#)
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has taken a consolidated view for Shalimar Corporation Limited and its subsidiary Shalimar Lakecity Private Limited (SLPL, formerly ANS Developers Private Limited), given the operational and managerial linkages, along with cash flow fungibility between SCL and SLPL. For arriving at the rating, ICRA has consolidated the operational, business and financial risk profile of Shalimar Corp Limited along with its four subsidiaries (Shalimar Lakecity Private Limited, Shalimar Malls Private Limited, Supreme Real Estate Developers Private Limited and Shalimar KSMB Projects) as these entities are involved in real estate operations and has a common management and, common treasury team. SCLs support to Shalimar Road Infrastructure Private Limited is expected to be limited to equity infusion for the project and limited corporate guarantee provided.

About the company

Shalimar Lakecity Private Limited (SLPL), incorporated in 2006, is a subsidiary of Shalimar Corp Limited (SCL), which is the flagship company of the Shalimar Group's real estate and civil work construction business. The company is involved in the development and sale of real estate projects primarily in Lucknow (Uttar Pradesh). It was acquired by the Shalimar (Lucknow) Group and the Goenka Group in 2010 from ANS Construction Private Limited, based out of Delhi. At present, the Shalimar Group holds 64% of equity, while the Goenka Group holds 36% of equity in SLPL. The company is currently executing 9 residential real estate projects in Lucknow (Uttar Pradesh). It has also launched 5 new projects namely Shalimar Business district, Pinnacle, Marbella, Valencia Towers and Valencia Towers Phase-2 in Lucknow as of December 2024.

[1]Cashflow adequacy ratio = Receivables from sold area/(Pending cost+Debt Outstanding)

Key financial indicators (audited)

SLPL (consolidated)	FY2023	FY2024
Operating income	618.9	848.7
PAT	18.2	33.1
OPBDIT/OI	13.1%	12.4%
PAT/OI	2.9%	3.9%
Total outside liabilities/Tangible net worth (times)	1.8	2.5
Total debt/OPBDIT (times)	7.7	6.6
Interest coverage (times)	2.2	1.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation, interest coverage ratio is calculated on OPBIDT
Source: Company's annual reports, ICRA Research; Consolidation done by ICRA, the above numbers may not be comparable with SLPL's reported financials.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	April 28, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	415.0	**[ICRA] BBB (Stable)**	-	-	Jan-24, 2024	[ICRA] BBB (Stable)	Nov-09, 2022	[ICRA] BBB (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

[1]Cashflow adequacy ratio = Receivables from sold area/(Pending cost+Debt Outstanding)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	July 2022	-	-	415.0	[ICRA] BBB (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis

Company name	SCL Ownership	Consolidation Approach
Shalimar Corp Limited	-	Full Consolidation
Shalimar Lakecity Private Limited	51.26%	Full Consolidation
Shalimar Malls Private Limited	90.00%	Full Consolidation
Shalimar KSMB Projects	51.37%	Full Consolidation
Supreme Real Estate Developers Private Limited	99.98%	Full Consolidation
Shalimar Road Infrastructure Private Limited	99.99%	Limited Consolidation

Source: Company; ICRA Research

[1]Cashflow adequacy ratio = Receivables from sold area/(Pending cost+Debt Outstanding)

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Sweta Shroff
+91 124 454 5307
sweta.shroff@icraindia.com

Shruti Aggarwal
+91 124 4545 845
shruti.aggarwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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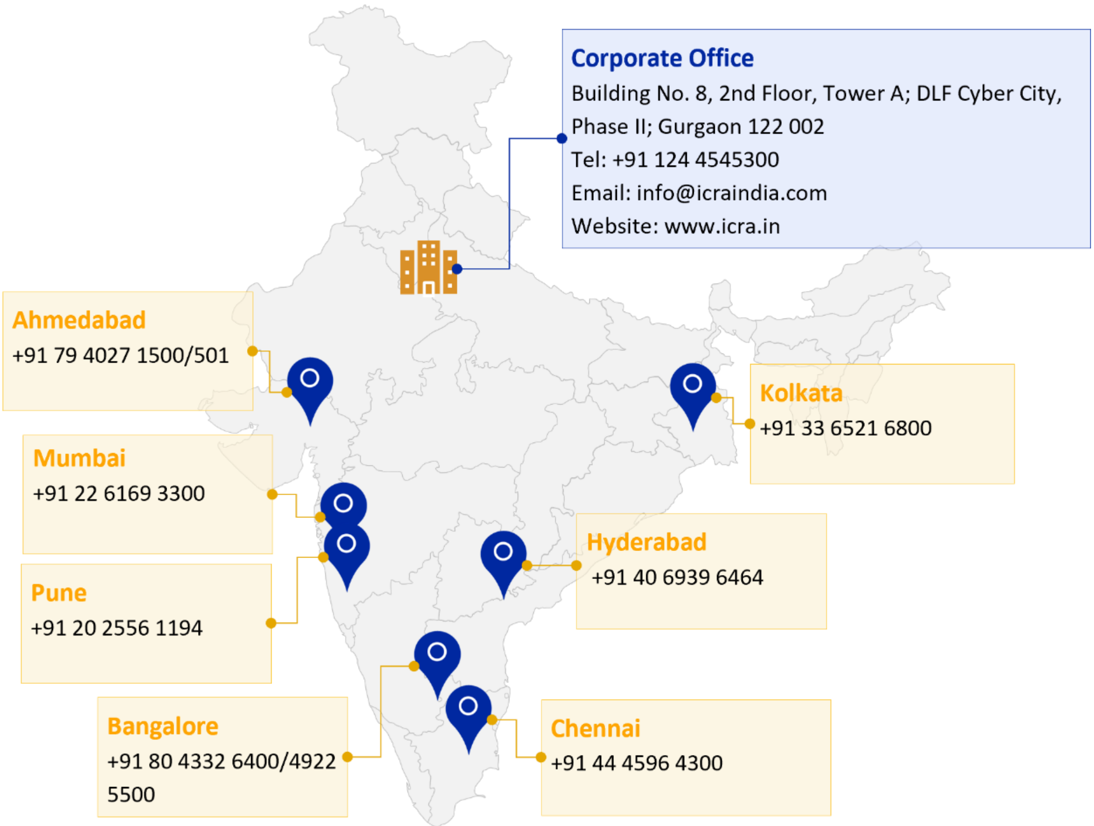
[1]Cashflow adequacy ratio = Receivables from sold area/(Pending cost+Debt Outstanding)

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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