

May 12, 2025

Aakarshan Estates 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	30.0	40.0	[ICRA] BB (Stable); reaffirmed/ assigned for enhanced amount
Total	30.0	40.0	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for the bank facilities of Aakarshan Estates Private Limited (AEPL) factors in the satisfactory occupancy (~83%) for its commercial project – M2K Corporate Park (December 2023: 81%) – with a leasable area of 1.91 lakh square feet (lsf). The rating notes the adequate sales and collections of its joint development project (JDA) – Oyster Grande (residential) and Arcade (commercial), undertaken with Adani Realty. The project 'Oyster Grande' was completed in FY2024, with 97% of area sold out and reported collections of Rs. 344 crore as of December 2024 (Rs. 290 crore as of September 2023). While the company is expected to launch a new project in the residential segment and likely to have debt dependence for project construction, the leverage and coverage metrics are estimated to be comfortable in FY2026 and FY2027. The rating derives comfort from AEPL's experienced promoters as it is a part of the M2K Group and its long-standing experience in the real estate business having developed various commercial and residential projects in the National Capital Region (NCR), along with favourable location of its commercial property in Gurgaon and its proximity to Huda City Centre metro station as well as NH-8.

The rating, however, remains constrained by AEPL's modest scale of operations with estimated total collections of around Rs. 17-19 crore in FY2026 from M2K Corporate Park and the completed residential project. It has one upcoming project (mixed-use – plots and group housing) at Sector 37D, Gurgaon, which is currently in the approval stage, resulting in market and execution risks. The commercial project (M2K Corporate Park) has high tenant concentration risks with top five tenants constituting 88% of the leased area and 83% of rental income. The rating notes AEPL's exposure to the geographical concentration risk, as all the projects are currently concentrated in Gurgaon, along with stiff competition from the commercial and residential properties in proximity, amid the cyclicity inherent in the real estate sector in India.

The Stable outlook reflects ICRA's expectation that the company will benefit from the favourable location of its projects including the upcoming residential project and will maintain comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Comfortable leverage and coverage metrics – The company's total debt stood at Rs. 28.3 crore as of December 2024, which includes LRD debt, OD facility and vehicle loans. The debt protection metrics are expected to remain comfortable with CFO/P+I projected to be in the range 2.30-2.50 times as of March 2026. The commercial project – M2K Corporate Park has satisfactory occupancy levels at 83% as of December 2024. While it plans to launch a new project in the residential segment and likely to have debt dependence for project construction, the leverage and coverage metrics are estimated to be comfortable in FY2026 and FY2027.

Favourable location of projects and experienced promoters with established track record – The rating derives comfort from AEPL's experienced promoters as it is a part of the M2K Group and its long-standing experience in the real estate business

having developed various commercial and residential projects in the NCR. The rating notes the favourable location of its commercial property in Gurgaon and its proximity to Huda City Centre metro station as well as NH-8.

Credit challenges

Modest scale of operations – The rating remains constrained by AEPL’s modest scale of operations with estimated total collections of around Rs. 17-19 crore in FY2026 from M2K Corporate Park and the completed residential project. It has one upcoming project (mixed-use – plots and group housing) at Sector 37D, Gurgaon, which is currently in the approval stage, resulting in market and execution risks.

High lessee concentration and geographical risks – The commercial project (M2K Corporate Park) has high tenant concentration risks with top five tenants constituting 88% of the leased area and 83% of the rental income. The rating notes AEPL’s exposure to the geographical concentration risk, as all projects are currently concentrated in Gurgaon, along with stiff competition from the commercial and residential properties in proximity.

Exposure to risks and cyclicity in real estate sector in India – Being a cyclical industry, the real estate sector is highly dependent on macro-economic factors, which exposes its sales to any downturn in demand for the ongoing and upcoming projects. ICRA notes the company’s exposure to competition within the region from various established developers.

Liquidity position: Adequate

The company’s liquidity position is adequate with cash and bank balances of Rs. 3.84 crore, along with unutilised bank limits amounting to Rs. 20 crore as on December 31, 2024. Further, it has debt repayment obligations of Rs. 3.25 crore in FY2026, which is expected to be comfortably met through its cash flow from operations.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company is able to increase its occupancy and rentals for the commercial property and if there is a significant increase in the residential sales and collections resulting in an improvement in the liquidity position, while maintaining comfortable leverage, on a consistent basis.

Negative factors – Negative pressure on the rating could arise in case of a significant decline in occupancy and rentals or lower residential sales and collections in its existing and upcoming project, or if there is any significant increase in indebtedness leading to deterioration in debt protection metrics or the liquidity position on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty- Commercial/Residential/Retail Realty- Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity.

About the company

Aakarshan Estates Private Limited (AEPL) was incorporated in June 1997. It is a part of the Delhi-based real estate group, M2K, which has developed various projects in the Delhi-NCR region. The company owns a commercial property by the name – M2K Corporate Park and is located in Sector 51, in Gurgaon, Haryana. The property has a total leasable area of around 1.91 lakh

square feet and is 83% leased out as of December 2024. It also has one group housing project (Oyster Grande) in Sector 102, Gurgaon, being developed under JDA with Adani Realty, where AEPL is the landowner.

Key financial indicators (audited)

AEPL Standalone	FY2023	FY2024
Operating income	62.9	157.7
PAT	36.6	103.8
OPBDIT/OI	58.7%	79.3%
PAT/OI	58.2%	65.8%
Total outside liabilities/Tangible net worth (times)	0.9	0.2
Total debt/OPBDIT (times)	0.8	0.3
Interest coverage (times)	19.1	88.4

Source: Company's annual reports, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

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					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	May 12, 2025	Date	Rating	Date	Rating	Date	Rating
Long-term – Fund-based	Long-term	40.0	[ICRA] BB (Stable)	-	-	Feb-16, 2024	[ICRA]BB (Stable)	Mar-24, 2023	[ICRA]BB (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based	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](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Fund-based	March 2022	-	-	40.00	[ICRA]BB (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 - Not applicable

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