



Rating Rationale

Ansal API Infrastructure Ltd

August 11, 2017

Brickwork Ratings assigns rating for the Bank Loan Facilities amounting to Rs. 275.18 Crs of Ansal API Infrastructure Ltd.

Particulars:

Facilities Rated#	Amount (Rs. Crs)	Tenure	Rating *
Fund Based	275.18	Long Term	BWR B (Pronounced BWR B) Outlook: Stable
Total	275.18	INR 275.18 Crores (INR Two Hundred Seventy Five Crores and Eighteen Lakhs Only)	

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY17, projected financial statements up to FY19, publicly available information and information/clarifications provided by the company.

The rating draws strength from Ansal Group's operational track record in the real estate sector, availability of qualified & experienced management team and maintenance of DSRA & TRA with a pre-defined waterfall mechanism. The rating, however, remains constrained by volatile revenue stream as the company is entitled to receive 25% of the sales proceeds of Sushant Golf City project by Ansal Properties & Infrastructure Ltd (parent company), stressed liquidity position of the company and the group as a whole which is further impacted by the elongated receivables position and slowdown in the real estate sector.

The company's bank loan facilities were rescheduled under the flexible structuring scheme and consequently the company's repayment obligation for the next three years has reduced significantly. This will help in easing out the liquidity position of the company in the next few months.

Going forward the ability of the company to timely recover the receivables leading to better liquidity and ensure timely servicing of debt shall remain key rating sensitivities.



Key Rating Drivers:

Established Track Record of Ansal Group: Ansal Group is a leading real estate developer in India with over five decades of real estate development experience. Ansal Properties & Infrastructure Ltd (APIL), flagship company of the group as also the holding company of AAIL, has delivered projects over 192 msft in various product segments – Integrated townships (98.4 msft), Other plotted developments (72.6 msft), Residential & Commercial (21.5 msft). APIL at present, has land reserves of approx. 8500 acres.

Maintenance of DSRA & TRA: The Company will maintain a TRA and all the project related receivables will be routed through the TRA. AAIL also has to maintain a DSRA of Rs. 25 Crs at all times. The DSRA shall be built up over a period of one year from the cut-off date. It will be built up proportionately i.e. Rs. 14 Crs in the first six months and Rs. 11 Crs in the next six months.

Volatile Revenue Stream: The Company is entitled to receive 25% share in the sale proceeds of the Sushant Golf City project from APIL. Depending on the actual sales, the share of AAIL will also change. Due to the current downturn in the real estate sector, the same has been on a declining trend. The share of revenue from APIL declined from ~ Rs. 39 Crs in FY16 to Rs. 22 Crs in FY17.

Stressed Liquidity Position: The Company's liquidity position is constrained on account of declining share in revenue from APIL and elongated receivables position. The Company's receivables days increased from 101 days in FY16 to 164 days in FY17. Also, due to slow velocity of sales in its multiple projects, the group as a whole is in a liquidity crisis.

BWR has also taken note that the company's repayment obligation has reduced significantly to Rs. 5.50 Crs in FY18 and Rs. 11 Crs in FY19 under the flexible structuring scheme which will provide the required financial flexibility to the company.

Analytical Approach: The rated facility is termed as Pooled Municipal Debt Obligation (PMDO). It has been treated as equivalent to term loans and same criteria has been used for our analysis. Please refer to the applicable criteria at the end.

Rating Outlook: Stable

BWR believes that Ansal API Infrastructure Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company is able to collect receivables promptly to improve the overall liquidity position. The rating outlook may be revised to 'Negative' if the liquidity position deteriorates any further.



About the Company:

Ansal API Infrastructure Ltd (AAIL), incorporated in June 2008, is an Infrastructure company which has been formed for the purpose of developing Trunk Infrastructure in Sushant Golf City project at Lucknow being developed Ansal Properties & Infrastructure Ltd. The company is the wholly owned subsidiary of Ansal Properties & Infrastructure Ltd and entered into two agreements dated March 17, 2012 and March 31, 2012 for the development of trunk infrastructure in the Phase I and II of Sushant Golf City respectively.

The company has completed the development of trunk infrastructure including facilities such as Sewerage Treatment Plant, Underground pumping station for water supply, electric substations, roads, storm water drainage network, solid waste management plant etc. The company also provides various facility management services to the occupants in the project

Company’s Financial Performance:

AAIL has two sources of revenue – user charges for the maintenance services provided by the company and 25% share in the sale proceeds from the Sushant Golf City project. The revenue will directly be deposited in the TRA and it will be utilized as per the pre-defined waterfall mechanism with the first priority given to statutory dues followed by debt servicing.

Key Financial Figures			
Particulars	Unit	FY16	FY17
Operating Income	Rs. Crores	65.85	57.31
EBITDA	Rs. Crores	52.42	42.60
PAT	Rs. Crores	7.33	-1.44
Tangible Networth	Rs. Crores	156.64	155.87
Borrowings (excluding from related parties)	Rs. Crores	356.32	277.53
Unsecured Loans	Rs. Crores	172.87	254.26
Total Debt : Equity	Times	3.38	3.41
Current Ratio	Times	0.56	0.42

Rating History for the last three years:

Sl. No.	Facility	Current Rating (July 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1.	Term Loan/PMDO	Long Term	275.18	BWR B	NA	NA	NA



Hyperlink/Reference to Applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

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About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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