



RATING RATIONALE

30 Dec 2019

Ansal Buildwell Ltd.

Brickwork Ratings Downgraded the ratings for the Bank Loan Facilities of ₹. 17.50 Crores of Ansal Buildwell Ltd.

Particulars:

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Aug, 2018)	Present
Fund based	13.50	13.50	Long Term	BWR BB- Outlook: Stable	BWR D (Downgraded)
Non Fund Based	4.00	4.00	Short Term	BWR A4	
Total	17.50	17.50	INR Seventeen Crores Fifty Lakhs Only		

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

** Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

RATING ACTION / OUTLOOK

BWR has downgraded the rating of Ansal Buildwell Ltd. to BWR D in view of delay in servicing debt obligations, decline in revenue, weak debt protection metrics, stretched liquidity position and inventory pile up.

KEY RATING DRIVERS

- **Credit Strengths:**

Experienced management: The company's promoters have experience of around four decades in the real estate business. Mr. Gopal Ansal heads the organization as Chairman cum Managing Director of the company. He is a qualified Engineer having extensive experience of over 30 years in Real Estate Promotion, Development and execution of large hi-tech engineering projects on turnkey basis.

- **Credit Risks:**

Decline in revenue: The total operating income declined from Rs. 71.89 Cr. in FY18 to Rs. 43.96 Cr. in FY19. The company incurred a loss of Rs. 8.37 Cr. in FY19. Till Sep 2019, the company has achieved a



turnover of Rs. 45.44 Cr. and earned a profit of Rs. 9.04 Cr. In the FY19 Audited financials and Half yearly FY20 unaudited financials relates to revenue generated from sales of independent plots and the installments received from the inventory already sold till FY18.

Weak debt protection metrics: The debt protection metrics of the company is weak with an ISCR of 0.19 times and DSCR of 0.18 times in FY19.

Stretched liquidity position: The current ratio of the company is moderate at 1.41 times in FY19 since inventory constitutes a majority portion of the current assets as a result of inventory pile-up. However, the net cash accruals stood low at Rs.-7.40 Cr. as against the CPLTD of Rs. 10.32 Cr. in FY19. Since the company didn't sell any inventory in FY19, the payable days and inventory holding days stood high at 2439 days and 2506 days, respectively in FY19. The debt protection metrics is weak with an ISCR of 0.19 times and DSCR of 0.18 times in FY19. The company is over utilizing their OD limit from more than six months.

Delay in servicing debt obligation and limit overdrawn: The company has sanctioned OD limit from PNB and SBI. As per the feedback received from both the banks, there are delays in repayment of interest and the OD limits are overdrawn. The PNB account is in SMA 0 category and the SBI account is in SMA 2 category as on Dec 2019.

Exposure to inherent risks and cyclicity in the real estate industry: Cyclicity inherent in the real estate sector, could lead to volatility in both saleability and realisations, and hence, cash flow. The residential real estate sector has remained under pressure due to weak demand and bearish consumer sentiment over the past few years, which has given rise to refinancing needs. Demonetisation and implication of GST has further affected demand, as seen in the drop in pace of saleability.

Inventory pileup: As the company could not sell any inventory during FY19 and till 30-Nov-2019 due to market slow down, the inventory has further increased from Rs. 226.18 Cr. in FY18 to Rs. 231.93 Cr. in FY19. The interest cost in the absence of revenue has caused the company to incur loss during FY19.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has considered standalone financials of Ansal Buildwell Ltd. BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward the ability of the firm to increase the revenue, improving debt protection metrics, meeting repayment obligations regularly and overall financial risk profile will be the key rating sensitivities.

Positive: The rating may be upgraded in case of substantial improvements in scale of operations, increase in profitability margins and improvement in overall financial risk profile

LIQUIDITY POSITION: Stretched



The current ratio of the company is moderate at 1.41 times in FY19 since inventory constitutes a majority portion of the current assets as a result of inventory pile-up. However, the net cash accruals stood low at Rs.-7.40 Cr. as against the CPLTD of Rs. 10.32 Cr. in FY19. Since the company didn't sell any inventory in FY19, the payable days and inventory holding days stood high at 2439 days and 2506 days, respectively in FY19. The debt protection metrics is weak with an ISCR of 0.19 times and DSCR of 0.18 times in FY19. The company is over utilizing their OD limit from more than six months.

COMPANY PROFILE

M/s. Ansal Buildwell Ltd. is a Limited Company registered with the Registrar of Companies Delhi & Haryana. It is listed on BSE Stock Exchange. The Registered Office of the company is situated at 118, UFF, Prakash Deep Building, 7, Tolstoy Marg, New Delhi – 110 001. Mr. Gopal Ansal heads the organization as Chairman cum Managing Director of the company. Ansal Buildwell Ltd. is primarily engaged in the business of real estate development, construction and promotion of Residential/ Commercial Complexes and Townships. At present the company is executing many projects at various parts of India, the major Projects among them being at Gurgaon, Cochin (Kochi), Amritsar, Jaipur, Faridabad, Gwalior, Pathankot and Jhansi, etc.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Operating Revenue	₹ Cr	43.96	71.89
EBITDA	₹ Cr	2.25	14.37
PAT	₹ Cr	-8.37	1.43
Tangible Net worth	₹ Cr	91.78	100.46
Total Debt/Tangible Net worth	Times	0.81	0.75
Current Ratio	Times	1.41	1.47

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY

Instrument / Facilities	Current Rating (Dec 2019)			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	Aug, 2018	2017	2016
Fund Based	Long Term	13.50	BWR D (Downgraded)	BWR BB- Outlook: Stable	N/A	
Non Fund Based	Short Term	4.00		BWR A4		
Total		17.50	INR Seventeen Crores Fifty Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

Analytical Contacts	Investor and Media Relations
<p>Navnica Mishra Primary Analyst B :+91 11 2341 2232 navnica.m@brickworkratings.com</p> <p>Satvinder Kumar Gakhar Assoc. Director – Ratings B :+91 11 2341 2232 satvinder.g@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>

Ansal Buildwell Ltd.
ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	PNB	Overdraft	13.50	-	13.50
		Bank Guarantee	-	4.00	4.00
TOTAL					17.50

Total Rupees Seventeen Crores Fifty Lakhs only.

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons