



Rating Rationale

Ansal Buildwell Ltd

30 Aug 2018

Brickwork Ratings assigns the rating BWR BB- (Outlook: Stable)/ A4 for the Bank Loan Facilities of ₹. 17.50 Crores of Ansal Buildwell Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Overdraft	13.50	Long Term	BWR BB- (pronounced as BWR double B Minus) (Outlook: Stable) Assigned
Non Fund Based Bank Guarantee	4.00	Short Term	BWR A4 (Pronounced as BWR A Four) Assigned
Total	17.50	INR Seventeen Crores and Fifty Lakhs Only	

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

There is no confirmation of renewal of working capital limits by the bank which expired on 10.7.2017, post sanction date 11.7.2016

The guarantee limit is increased from Rs 4 Crs to Rs 7.81 Crs recently but the rated amount of Guarantee is only Rs 4 Crs

Ratings: Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of Ansal Buildwell Ltd. ('ABL' or the Company) upto FY18, projected financial statements upto FY20, publicly available information and information/clarifications provided by the management.

The ratings draw strength from the promoters' experience in the real estate business, presence of the company in a Group of entities experienced in real estate development, low gearing, high net worth, geographically diversified activities.

The ratings are constrained by weak interest coverage indicator, competition from larger players, regulatory risks, project completion risks and susceptibility to cyclicity in the real estate sector and information risk.

Going forward, the company's ability to complete the ongoing projects as per the proposed timelines and ensure proper off-take and timely cash inflows would be the key rating sensitivities.

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Description of Key Rating Drivers

Credit Strengths:

The company's promoters have experience of around four decades in the real estate development business. ABL is part of the Ansal Group, which has expertise and experience in the real estate and construction business. The company has a satisfactory liquidity position denoted by the current ratio. Current ratio was 1.69 times as on 31/3/2018. The company has a pan India presence with ongoing projects in the States of : Haryana, Punjab, Rajasthan, Jammu & Kashmir, Uttar Pradesh and Kerala.

Credit Risks:

ABL's business risk profile is susceptible to risks related to project completion, input cost escalation risk, delayed sales/ bookings which affect the saleability of apartments. The company's business risk profile is susceptible to risks related to cyclicality in the Indian real estate industry. at present the real estate sector is sluggish ,exposed to regulatory risk and prone to dynamic changes in business environment. information risk is related to non availability of confirmation of renewal of working capital limits by the bank

Analytical Approach

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

Rating Outlook: *Stable*

BWR believes the **Ansal Buildwell Ltd** 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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ansal Buildwell Ltd. is a public limited company based in New Delhi. The company was initially incorporated as "Utility Builders" in 1983. Subsequently the name was changed to ABL in 1992. The company is engaged in the business of real estate development and construction activity in India and abroad. It belongs to the 'Ansal Group' and has various related entities also engaged in the business of real estate development and construction. Key portfolio of ABL includes : high rise residential and commercial complexes, environmental upgradation projects, hi-tech engineering projects, schools, technical institutes, industrial estates and construction of townships.

The key promoters of the company are - Mr. Gopal Ansal and Ms. Ritu Ansal.

The company has ongoing projects in the States of : Haryana, Punjab, Rajasthan, Jammu & Kashmir, Uttar Pradesh and Kerala. Flat types in the ongoing projects are of the premium category (3BHK and up), between sizes 1800 sq feet to 2000 sq feet. Selling prices begin at around Rs. 1.20 Crs for these living



spaces. Projects are usually completed with a delay of around 6 months. No cost overruns are usually observed. Land is owned by ABL (100%), on which it further conducts real estate development.

Company Financial Performance

ABL reported Revenue from Operations of Rs. 71.89 Crs for FY18 as against Revenue from Operations of Rs. 50.66 Crs in FY17. PAT was Rs. 1.43 Crs for FY18 and Net Loss was Rs. 0.96 Crs for FY17. Tangible Net Worth and gearing as on 31 March 2018 stood at Rs. 100.46 Crs and 0.62 times respectively.

Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based Overdraft	Long term	13.50	BWR BB- pronounced as Double B Minus) (Outlook: Stable) Assigned	Not Rated	Not Rated	Not Rated
2	Non Fund Based Bank Guarantee	Short term	4.00	BWR A4 (Pronounced as BWR A Four) Assigned	Not Rated	Not Rated	Not Rated
	Total		17.50	₹Seventeen Crores and Fifty Lakhs Only			

Status of non-cooperation with previous CRA - Not Known

Any other information - Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	71.89	50.66
EBITDA	₹ Cr	14.18	13.20
PAT	₹ Cr	1.43	(0.96)
Tangible Net worth	₹ Cr	100.46	98.91
Total Debt/Tangible Net worth	Times	0.62	0.87



Current Ratio	Times	1.69	1.81
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Hyperlink/Reference to applicable Criteria

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

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities



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.