



Rating Rationale

Ansal Hi-Tech Townships Ltd

October 30, 2017

Brickwork Ratings revises rating for the Bank Loan Facilities amounting to Rs. 140 Crs of Ansal Hi-Tech Townships Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based#	140.00	140.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable	BWR B+ (Pronounced BWR single B Plus) Outlook: Stable (Downgrade)
Total	140.00	140.00	INR 140.00 Crores (INR One Hundred Forty Crores Only)		

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

Includes proposed limits of Rs. 90 Crores

Rationale/Rating Sensitivities:

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

The rating revision takes into account the overall tight liquidity position of the company marked by lack of financial closure for two of the three schemes and slow pace of sales in these projects.

The rating continues to factor positively the experience of promoters and parameters of the three residential schemes. The rating, however, continues to remain constrained by nascent stage of construction of Paradise Crystal and EWS/LIG/MIG Scheme, project off-take risk as significant area remains to be sold under all the three schemes, extensive reliance on customer advances, constrained liquidity position of the group and slowdown in the NCR real estate market.

The company has still not achieved financial closure for Paradise Crystal and EWS/LIG/MIG scheme. Going forward the ability of the company to achieve financial closure for these projects, complete the projects within the stipulated costs, sell the remaining while ensuring prompt collection of receivables from the customers and ensure timely debt servicing shall remain key rating sensitivities.



Key Rating Drivers:

Experience 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 AHTTL, 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.

Lack of Financial Closure: The Company has not been able to achieve financial closure for Paradise Crystal and EWS/LIG/MIG scheme. AHTTL had proposed the loans to various banks last year also, however, the same was not finalized. The company is now taking up again with various banks for sanction of the loans for these two schemes.

Slow Progress of Projects: Due to lack of financial closure, there is negligible progress in the projects in terms of construction. Also, the pace of sales in these projects is extremely slow further worsening the already tight liquidity position. If the company is not able to raise funds on time, the projects may suffer cost escalation as well.

Since, a major portion of the projects' cost is to be funded by customer advances, slow sales in the projects is also a major concern as it may further delay the completion of the projects.

Analytical Approach: BWR has analyzed the company on a standalone basis. Please refer to the applicable criteria at the end.

Rating Outlook: Stable

BWR believes that Ansal Hi-Tech Townships 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 achieve financial closure and show significant progress in the projects. The rating outlook may be revised to 'Negative' if there is any further delay in raising funds leading to delay in completion of the projects.

About the Company:

Ansal Hi-Tech Townships Ltd (AHTTL) was incorporated in November 2006 at New Delhi. The company is developing a mega township project – Sushant Megapolis, Green Hi-Tech Township at Dadri (Uttar Pradesh) comprising Residential, Commercial, Retail, Sports & Recreation, Education and Technology, Institutional and Industrial Areas, and site for hospitals, and other community facilities.

The mega project comprise of three different residential schemes – Paradise Crystal (6.34 acres), Fairway Apartments (21.68 acres) and the EWS/LIG/MIG Scheme (11.63 acres) for which the rated term loans are availed/proposed. The project was awarded to the company by



the Uttar Pradesh Government pursuant to the Hi-Tech Township Policy of the UP government vide its letter dated November 28, 2006 and the company has obtained all the required approvals for the project.

AHTTL is a subsidiary of Ansal Properties and Infrastructure Ltd.

Company's Financial Performance:

Since, most of the schemes in the mega township project have not achieved the 25% benchmark in terms of construction and sales, the company is not able to recognize revenue from them. The company is currently recognizing revenue from Fairway Apartments and Plots.

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17 (A)
Operating Income	Rs. Crores	9.56	5.53
EBITDA	Rs. Crores	0.22	0.10
Net Loss	Rs. Crores	0.27	0.35
Tangible Networth	Rs. Crores	147.25	146.82
Total Debt	Rs. Crores	266.09	268.87
Total Debt : Equity	Times	1.81	1.83
Current Ratio	Times	1.38	1.19

Rating History for the last three years:

Sl. No.	Facility	Current Rating (Oct 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
Fund Based							
1.	Term Loan - Existing	Long Term	50.00	BWR B+ Outlook - Stable (downgrade)	BWR BB-	NA	NA
2.	Term Loan - Proposed		90.00				
Total			140.00	INR 140.00 Crores (INR One Hundred Forty Crores Only)			

Hyperlink/Reference to Applicable Criteria:

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

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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, has also been 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 Nationalized 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, 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.

DISCLAIMER

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