



## Rating Rationale

### Ansal Properties & Infrastructure Ltd

26 June 2018

**Brickwork Ratings revises rating for the bank loan facilities aggregating Rs. 140.62 Crs. of Ansal Properties & Infrastructure Ltd's Serene Residency ETA II Project**

#### Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	140.62	140.62	Long Term	BWR B+ (SO) [Pronounced BWR B Plus (Structured Obligation)]  Outlook: Stable	BWR D (Pronounced BWR D)  <b>(Downgrade)</b>
<b>Total</b>	<b>140.62</b>	<b>140.62</b>	<b>INR One Hundred Forty Crores and Sixty Two Lakhs Only</b>		

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY18, projected financial statements, project related details, publicly available information and information/clarifications provided by the Company.

The rating revision takes into account the liquidity problems on account of negligible sales in the project leading to delays in debt servicing.

The rating continues to remain constrained by significant reliance on customer advances to fund the project, project execution and off-take risk and inherent risks associated with real estate sector.

Going forward the ability of the Company to sell the unsold area leading to improved liquidity position and ensure timely debt servicing shall remain key rating sensitivities.

#### Key Rating Drivers:

Liquidity Constraints: The project has achieved a completion status of 64%. No progress in the sales has happened over the last two years. Area booked remains at 1.10 mn Sq. Ft. for the past two years. The amount of advances received has increased marginally from Rs. 204 Crs as on March 31, 2016 to Rs. 224 Crs as on March 31, 2018. Due to no sales in the last two years, the construction of the project is more or less stalled with little or no progress. Liquidity position, therefore, is stretched and the company has not been able to service its debt obligation to the Bank

**Analytical Approach:** BWR has assigned the rating based on the parameters of the Serene Residency ETA II Project and is valid only for the specific loan pertaining to the said project. The receivables from the said project are directly deposited in the escrow account maintained with the Bank and the Bank monitors all the inflows and outflows. Based on the said mechanism, initial rating assigned to the loan was a Structured Obligation (SO) rating. Please refer to applicable criteria at the end.



**About the Company:**

Ansal Properties and Infrastructure Limited (APIL) is the flagship company of Ansal API Group. The group is a prominent real estate developer in India from last five decades and is promoted by Mr. Sushil Ansal. Ansal API Group is engaged in the development of integrated townships and other large mixed-use and standalone projects in the residential, commercial, retail and hospitality space segments, as well as SEZs, IT/ITES and industrial parks. The Group has delivered projects over 192 million square feet (msft) in various product segments. Projects are mainly located in National Capital Region (NCR), Uttar Pradesh, Haryana, Rajasthan and Punjab. APIL at present, has land reserves of more than 8000 acres.

**Company’s Financial Performance:**

The company’s revenue is declining over the last four years and APIL has also reported net loss in FY18 on account of inventory related adjustments.

*Key financial figures are given in the table below:*

<b>Key Financial Figures</b>			
<b>Particulars</b>	<b>Unit</b>	<b>FY17 (A)</b>	<b>FY18 (A)</b>
Operating Income	Rs. Crores	660.78	549.33
EBITDA	Rs. Crores	148.37	47.30
Net Profit	Rs. Crores	8.90	-38.32
TNW	Rs. Crores	1696.57	1658.27
Total Debt	Rs. Crores	683.88	275.61
Total Debt : Equity	Times	0.40	0.17

*BWR has also assigned rating for the specific limits availed by the company from Punjab National Bank. Interested persons are requested to refer to our rationale of the same date.*

**Rating History for the last three years:**

<b>Sl. No.</b>	<b>Facility</b>	<b>Current Rating (June 2018)</b>			<b>Rating History</b>			
		<b>Type</b>	<b>Amount (Rs Crs)</b>	<b>Rating</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
1.	TL	Long Term	140.62	BWR D	No Rating Change	BWR B+ (SO)	No Rating Change	BWR B+ (SO)
<b>Total</b>			<b>140.62</b>	<b>INR One Hundred Forty Crores and Sixty Two Lakhs Only</b>				

**Status of Non-Cooperation with Previous CRA: NA**

**Any Other Information: NA**



**Hyperlink/Reference to applicable Criteria**

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

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 Rs. 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over Rs. 48,803 Cr have been rated.

**DISCLAIMER**

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