



Rating Rationale

Ansal Properties & Infrastructure Ltd

26 June 2018

Brickwork Ratings reaffirms/revises ratings for the bank loan facilities aggregating Rs. 236.60 Crs. of Ansal Properties & Infrastructure Ltd availed from Punjab National Bank

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based(LRD)	6.60	6.60	Long Term	BWR BB- (SO) (Pronounced BWR Double B Minus) Outlook: Stable	BWR BB- (SO) (Pronounced BWR Double B Minus) Outlook: Stable (Reaffirmation)
Non-Fund Based	230.00	230.00		BWR B+ (Pronounced BWR B Plus) Outlook: Stable	BWR B (Pronounced BWR B) Outlook: Negative (Revision)
Total	236.60	236.60	INR Two Hundred Thirty Six Crores and Sixty 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 up to FY18, projected financial statements, publicly available information and information/clarifications provided by the Company.

The rating revision of the Non-Fund Based limits is on account of liquidity constraints in the company impacting its ability to service debt obligations in some of its project loans and net loss reported by the company.

The rating draws strength from Ansal Group's operational track record in the real estate sector and availability of qualified & experienced management team. The rating, however, remains constrained by off-take risk as significant area remains to be sold in all the ongoing projects, extensive reliance on customer advances for completion of these projects and slowdown in the NCR real estate market.

Going forward the ability of the Company to arrange required funds for completion of its projects, sell the unsold area in the ongoing projects, ensure timely collection of receivables to maintain timely debt servicing shall remain key rating sensitivities.

Key Rating Drivers:



Liquidity Constraints: For the last few years, Ansal Group has been facing liquidity constraints on account of slow pace of sales in its projects impacting the progress of construction as well. Also, a notable amount of funds is blocked in the form of land bank which the company is not able to monetize. Many of their ongoing projects have not been able to achieve financial closure and thus, lack of required funds is the reason for these projects being stuck. In the absence of bank funding, the company relies heavily on customer advances making it even difficult for them to complete the projects, since, fresh sales are negligible and payments from already sold area are linked with construction. On account of all this, the company's liquidity position is weak and the same has impacted their ability to service obligations in some of their project loans.

Off-take Risk: As also explained above, due to slowdown in the real estate sector, fresh sales are not happening much and a significant area is remaining to be sold. In the six ongoing projects of the company, it has achieved an overall booking status of 55% and completion status of 44%. 61.09 mn sq. ft. of area remains to be sold with a value of Rs. 7918.16 Crs.

Analytical Approach:

The rating for the fund based limit factors in the credit enhancement in the form of availability of designated cash flows for repayment as the limit is a Lease Rental Discounting facility. The lender has exclusive charge over these cash flows and based on the same Structured Obligation (SO) rating has been assigned.

The assigned ratings are for the specific limits availed by the company from Punjab National Bank and do not apply to the company as a whole or any other debt availed by the company. Please refer to applicable criteria at the end.

Rating Outlook: Stable for Fund Based Limit and Negative for Non-Fund Based Limit

The outlook for the non-fund based limit is kept as Negative due to the ongoing liquidity crisis in the company. This indicates that there is a possibility of further downward revision in the rating in the future. The outlook can be revised to Stable in case the company is able to sell off considerable area in its ongoing projects leading to improved liquidity position.

For the fund based limit, the outlook is Stable due to availability of assured cash flows in the form of rental income from the restaurant 'Parikrama' located at Antriksh Bhawan, New Delhi.

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:

Key Financial Figures			
Particulars	Unit	FY17 (A)	FY18 (A)
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 project loan availed by the company for its Serene Residency Project located at Greater Noida. Interested persons are requested to refer to our rationale of the same date.

Rating History for the last three years:

Sl. No.	Facility	Current Rating (June 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
	Fund Based						
1.	LRD	Long Term	6.60	BWR BB-(SO)/Stable	BWR BB-(SO)/Stable	NA	NA
	Non-Fund Based						
1.	BG	Short Term	230.00	BWR B/Negative	BWR B+/Stable	NA	NA
Total			236.60	INR Two Hundred Thirty Six Crores and Sixty Lakhs Only			

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 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 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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