

## RATING RATIONALE

31 Dec 2019

### Ansal Properties & Infrastructure Limited

**Brickwork Ratings withdraws the rating for fund based facilities and reaffirms the ratings for the Non Fund based Facilities of Rs. 200 Crs of Ansal Properties & Infrastructure Limited.**

#### Particulars

Facility	Amount Rated (in Rs. Cr)		Tenure	Previous Rating (June 2018)	Rating Assigned*
	Previous	Present			
<b>Non Fund Based - BG</b>	230.00	200.00	Long Term	BWR B (Negative)	BWR B (Negative) Reaffirmation
<b>Fund Based - LRD</b>	6.60	-		BWR BB- (SO) Stable	Withdrawal
<b>Total</b>	<b>236.60</b>	<b>200.00</b>	<b>INR Two Hundred Crores Only</b>		

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

\*\* Details of Bank facilities is provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork ratings has reaffirmed Long term rating of BWR B with a negative outlook for Bank Guarantee and withdraw the rating for the LRD loan.

The ratings draw comfort from Ansal Group's operational track record in the real estate sector and availability of qualified & experienced management team. Further, bank guarantees are long term in nature and issued in favour of local authorities. Risk of invocation of BGs is low as an extension of the same is easily sanctioned by the authorities, whenever required. 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, slowdown in the NCR real estate market.

The outlook of the company is negative as the company is facing liquidity stress due to slow progress in ongoing projects. This indicates that there is a possibility of further downgrade in the rating in the near future.



## KEY RATING DRIVERS

### Credit Strengths:

- **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. At the time of the last rating, the company had achieved an overall booking status of 55% and completion status of 44% in the six ongoing projects and 61.09 mn sq. ft. of area remains to be sold with a value of Rs. 7918.16 Crs. As informed by the company, there is not much improvement in the booking status and completion status since the last rating.

## ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

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

## RATING SENSITIVITIES

Going forward, the ability of the firm to improve its scale of operations by improving its profitability margins and efficiently manage its liquidity would remain the key rating sensitivities.

**Positive:** The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement backed by healthy liquidity.

**Negative:** The rating outlook may be revised to 'Negative' in case revenues of the company substantially deteriorates from current level. Rating may also be adversely affected in case of adequate deterioration in gearing and coverage ratios.

## LIQUIDITY POSITION (STRETCHED)

Company has cash accruals(PAT +DEP) of Rs (57.87) Cr in FY19 declined from Rs. (35.25) Crs in FY18 against CPLTD of Rs. 289.76 Crs. The company is projecting Rs. 7.76 Crs as cash surplus in FY 20 against which CPLTD would be Rs.304.70 crs.

## COMPANY PROFILE

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 the National Capital Region (NCR), Uttar Pradesh, Haryana, Rajasthan and Punjab. APIL at present, has land reserves of more than 8000 acres. The company is listed on BSE and NSE.

## KEY FINANCIAL INDICATORS (in INR Cr)

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Total Operating Income	Rs. in Crs	549.33	613.58
OPBDIT	Rs. in Crs	98.70	66.04
PAT	Rs. in Crs	-38.57	-60.19
Tangible Net Worth	Rs. in Crs	1658.29	423.04
TOL/TNW	Times	2.11	12.66
Current Ratio	Times	1.23	0.91

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY : NA**

## RATING HISTORY

Facility	Tenure	Rating Assigned (2019)		Rating History			
		Amount (Rs. Crs)	Rating	Sep 2019	2018	2017	2016
<b>Fund Based - LRD</b>	Long Term	0	Withdrawal	Rating Not Reviewed	BWR BB-(SO) Stable	BWR BB-(SO) Stable	-
<b>Non Fund Based - BG</b>		200.00	BWR B (Negative) Reaffirmed	Rating Not Reviewed	BWR B (Negative)	BWR B+ Stable	-
<b>Total</b>		<b>200.00</b>	<b>INR Two Hundred Crores Only</b>				

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

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

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### Ansal Properties & Infrastructure Limited

## 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	Punjab National Bank	Bank Guarantee	200.00		200.00
<b>TOTAL</b>					<b>200.00</b>

**INR Two Hundred Crores Only**



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