

Rating Rationale

Brickwork Ratings assigns ‘BWR B+(SO)’ for the Bank Loan Facilities aggregating ₹ 150 Cr of Ansal Properties and Infrastructure Limited (APIL) – Serene Residency ETA II Project.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of Ansal Properties and Infrastructure Limited – Serene Residency ETA II Project. (*APIL or “the Company”*).

Facility	Amount (₹ Cr)	Tenure	Ratings
Fund Based Term Loan	150.00	Long Term	BWR B+ (SO) (Pronounced BWR B Plus [Structured Obligation]) Outlook : Stable
Total	150.00	(INR One Hundred and Fifty Crores only)	

BWR has relied upon the audited financial statements upto FY14, publicly available information and information/clarifications provided by the firm's management.

The rating factors in the receivables from Serene Residency ETA II Project being transferred into an Escrow account maintained with Allahabad Bank. The Bank monitors the inflow and outflow of funds from the Escrow Account. The rating also draws strength from saleability of the project and promoter's extensive experience in the real estate sector.

The rating is, however, constrained by extensive dependence on customer advances to fund the project, the stressed liquidity position of APIL, company's exposure to project implementation risks and inherent cyclical demand in the real estate sector.

Company Overview:

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 four 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. The Company has extensive land reserves of 9698 acres out of which NCR and Uttar Pradesh account for 41% each.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Project Details – Serene Residency ETAII Project

APIL launched a Group Housing Project in the name of Serene Residency ETAII in 2012 which is situated in Greater Noida. Built over an area of 13.03 acres, the Group housing project consists of 14 towers out of which 10 towers are under construction and remaining 4 towers will be launched soon. The total cost of the project is estimated at `528.00 crores, funded with promoter's contribution of `177.00 crores, customer advances of Rs.201 crores and a term loan from Allahabad Bank of `150.00 crores. The Company has already incurred `346.78 crores as on October 31 2014 which includes the land cost of `95.00 crores.

The total saleable area of the 10 towers under construction is 1.42 msft. The Company has sold 75% of the area under construction worth `455.40 crores and received 40% of the total value of the area sold. The project is expected to be completed by June, 2016.

Financial Performance

The revenue from operations for APIL on a consolidated basis, increased from `1092.47 crores in FY13 to `1278.88 crores in FY14, an increase of 17%. Operating Profit margin decreased to 5.76% in FY14, as compared to 6.42% in FY13. On a consolidated basis, the Tangible Networth (TNW) of the Company decreased from `1789.89 crores in FY13 to `1760.73 crores in FY14. The total Debt levels also decreased from `1425.67 crores in FY13 to `1299.19 crores in FY14.

Rating Outlook:

The outlook of the facility is expected to be stable over the next twelve months. Going forward, the ability of the firm to adhere to the implementation schedule of the project and receiving timely payments from the customers would be key rating sensitivities. Further, it is imperative for the Company to ensure adequate and timely cash flows to the Escrow account to meet the debt obligations for the project

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