

February 19, 2025

Ansal Housing Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term – Fund-based	22.50	22.55	[ICRA] D; Reaffirmed
Long-term – Non-fund based	50.00	50.00	[ICRA] D; Reaffirmed
Unallocated Limits	0.68	0.00	-
Total	73.18	72.55	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation of the bank facilities of Ansal Housing Limited (AHL) factors in the continued irregularities in debt servicing by AHL on account of poor liquidity due to weak project collections. The cash inflows from the projects remained inadequate to meet the required obligations on time. Although the company has pending collections of Rs. 291 crore which is sufficient to cover the pending cost of around Rs. 237 crores as of September 2024, incremental sales generated from the unsold inventory valued at Rs. 550 crore and improvement in collections will remain critical for the company to ensure timely debt servicing from its operating cash flows. ICRA notes that the company, at a consolidated level, has modest cashflow from operations as against high debt repayment obligations. AHL defaulted on Rs 212 crore of debt as of March 2024 pertaining to Industrial Finance Corporation of India Limited (IFCI Ltd.) and HDFC Bank which has been assigned to Suraksha Asset Reconstruction Company (SARC) for restructuring of debt.

ICRA, however, takes into account that the promoters' long presence in the industry, which have helped the Group to establish strong relationships with its customers and key suppliers. This has resulted in a diversified project portfolio in terms of micro market, thus enabling it to cater to a wide clientele.

Key rating drivers and their description

Credit strengths

Experienced promoters with established track record in real estate industry – The Ansal Group and its promoters have been involved in the real estate industry for more than four decades. The promoters' long presence in the industry resulted in strong relationships with the key suppliers, which has enabled the company to diversify its project portfolio in terms of micromarkets, which helps to cater to a wide clientele. It has presence in metro cities as well as in tier-1 and tier-2 cities, namely Delhi, Mumbai, Gurgaon, Ghaziabad, Agra, Meerut, Indore, Alwar, Ajmer, etc.

Credit challenges

Delays in debt servicing – There have been delays in debt servicing by the company due to weak collections from its projects. Its cash flows are inadequate to meet its debt obligations in a timely manner.

High reliance on incremental sales and collections to meet debt obligations – While the pending collections of Rs. 291 crore is sufficient to cover the pending cost of around Rs. 237 crores as of September 2024, incremental sales generated from the unsold inventory valued at Rs. 550 crore and collections thereof will remain critical for the company to ensure timely debt servicing from its operating cash flows.

Modest cashflow from operations – The company at a consolidated level, has modest cashflow from operations as against high debt repayment obligations. AHL defaulted on Rs 212 crore of debt as of March 2024 pertaining to Industrial Finance Corporation of India Limited (IFCI Ltd.) and HDFC Bank which has been assigned to Suraksha Asset Reconstruction Company (SARC) for restructuring of debt.

Environmental and social risk

The real estate segment is exposed to risks of increasing environmental norms impacting operating costs, including higher cost of compliance with pollution control regulations. Environmental clearances are required for commencement of projects and lack of timely approvals can affect its business operations. The impact of the changing environmental regulations on licences taken for property development could create credit risks.

In terms of social risks, the trend post-pandemic has been favourable to residential real estate developers as demand for quality home with good social infrastructure has increased. Further, rapid urbanisation and a high proportion of workforce population (aged 25-44 years) will support the long-term demand for the real estate sector in India.

Liquidity position: Poor

The company's liquidity is poor due to a deficit in cash flow because of slow sales velocity and weak customer collections. The company has debt overdue of Rs 212 crore as of March 2024. The generation of incremental sales and collections will remain critical to ensure timely debt servicing from its operating cash flows.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company is timely in its debt servicing, on a sustained basis, and reports an improvement in its sales and cash flows on a prolonged basis.

Negative factors – NA

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Lease Rental Discounting Policy on default recognition
Parent/Group support	NA
Consolidation/Standalone	For arriving at the rating, ICRA has taken a consolidated the financials of AHL and its subsidiaries as given in Annexure II

About the company

Incorporated in 1983, AHL is a part of the Ansal Housing Group. The company develops residential as well as commercial real estate properties. AHL has already completed various projects encompassing an area of about 76 million square feet (msf) in Delhi, Mumbai, Meerut, Lucknow and Ghaziabad, among others, and currently has more than 25 msf area under development.

Key financial indicators (audited)

Consolidated	FY2023	FY2024	H1FY2025
Operating income	247.9	464.8	244.2
PAT	-76.7	7.9	34.8
OPBDIT/OI	18.6%	14.8%	3.1%
PAT/OI	-30.9%	1.7%	14.3%
Total outside liabilities/Tangible net worth (times)	16.3	13.4	NA
Total debt/OPBDIT (times)	12.5	6.5	NA
Interest coverage (times)	0.5	1.0	0.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation. NA: not available

Status of non-cooperation with previous CRA

CRA	Rating Action	Date of Release
India Ratings	IND D (ISSUER NOT COOPERATING)	Jan 17, 2024

Source: India Ratings rationale

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)		Chronology of rating history for the past 3 years							
	Type	Amount Rated (Rs. crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working Capital Limits	Long Term	0.00	-	-	-	-	-	-	31-Mar-2022	[ICRA] D
			-	-	13-Feb-2024	[ICRA] D	-	-	-	-
			-	-	29-Aug-2023	[ICRA]D; ISSUER NOT COOPERATING	-	-	-	-
			-	-	06-Apr-2023	[ICRA] D	-	-	-	-
Fund-based – Working capital limits	Short Term	22.55	19-Feb-2025	[ICRA] D	27-Feb-2024	[ICRA] D	-	-	-	-
Non-fund based	Short Term	0.00	-	-	-	-	-	-	31-Mar-2022	[ICRA] D
			-	-	13-Feb-2024	[ICRA] D	-	-	-	-
			-	-	29-Aug-2023	[ICRA]D; ISSUER NOT COOPERATING	-	-	-	-
			-	-	06-Apr-2023	[ICRA] D	-	-	-	-
Non-fund based	Long Term	50.00	19-Feb-2025	[ICRA] D	27-Feb-2024	[ICRA] D	-	-	-	-
Unallocated Limits	Long Term	0.00	-	-	27-Feb-2024	[ICRA] D	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Short-term – Fund-based – Working capital limits	Simple
Long-term – Non-fund-based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Short-term – Fund-based - Working capital limits	-	-	-	22.55	[ICRA] D
NA	Long-term – Non-fund based	-	-	-	50.00	[ICRA] D

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company	Ownership	Consolidation Approach
Ansal Housing Limited (Holding Company)	-	Full Consolidation
Optus Corona Developers Pvt Ltd (Associate Entity)	49.88%	Equity Method
Subsidiary Companies		
Housing & Construction Lanka Private Limited	100.00%	Full Consolidation
Geo Connect Limited	100.00%	Full Consolidation
Wrangler Builders Pvt Ltd	100.00%	Full Consolidation
Maestro Promoters Pvt Ltd	100.00%	Full Consolidation
Anjuman Buildcon Pvt Ltd	100.00%	Full Consolidation
A.R. Paradise Pvt Ltd	100.00%	Full Consolidation
Fenny Real Estate Pvt Ltd	100.00%	Full Consolidation
A.R. Infrastructure Pvt Ltd	100.00%	Full Consolidation
Third Eye Media Pvt Ltd	100.00%	Full Consolidation
Aevee Iron & Steel Works Pvt Ltd	100.00%	Full Consolidation
Sunrise Facility Management Pvt Ltd	100.00%	Full Consolidation
Andri Builders & Developers Pvt Ltd	100.00%	Full Consolidation
VS Infratown Pvt Ltd	100.00%	Full Consolidation
Identity Buildtech Pvt Ltd	100.00%	Full Consolidation
Cross Bridge Developers Pvt Ltd	100.00%	Full Consolidation
Shamia Automobiles Pvt Ltd	100.00%	Full Consolidation
Oriane Developers Pvt Ltd	100.00%	Full Consolidation

Source: Company; ICRA Research

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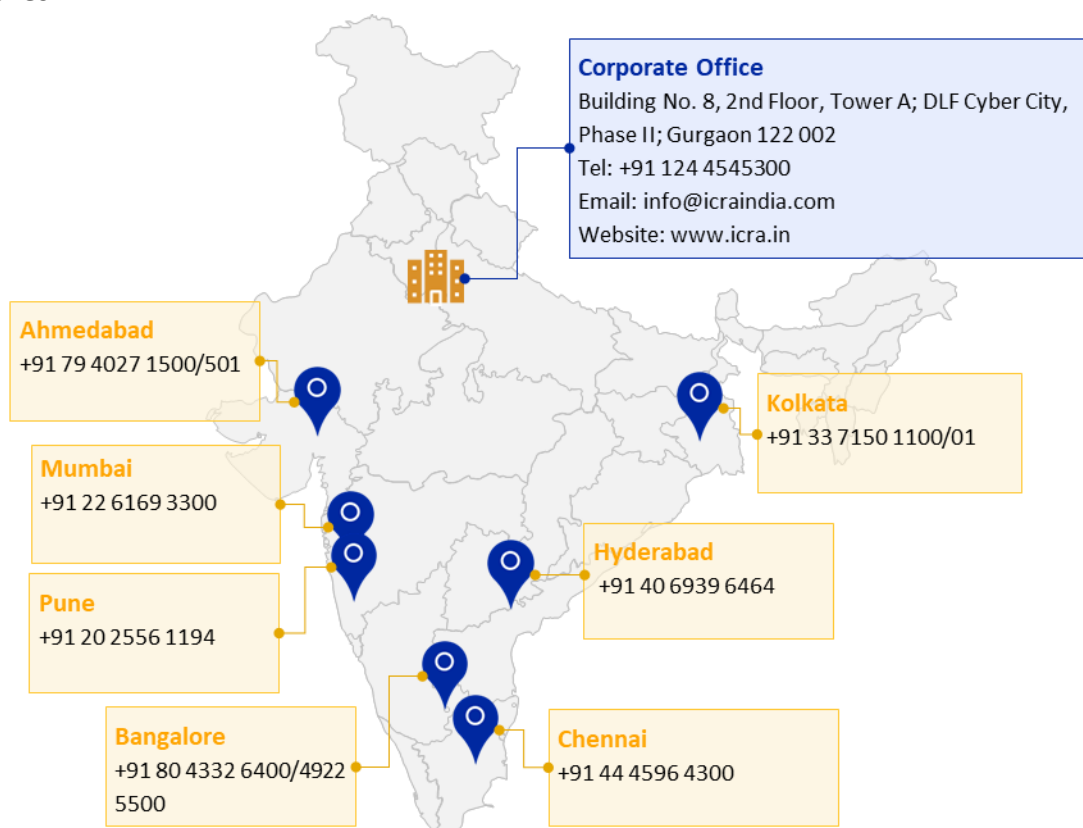
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