December 11, 2020

Ansal Housing Limited (AHL): Rating reaffirmed; Rated amount reduced

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based	58.13	58.13	[ICRA]D; Reaffirmed
Non-fund based	79.97	64.00	[ICRA]D; Reaffirmed
Total	**138.10**	**122.13**	

**Instrument details are provided in Annexure-1*

Rationale

The rating action takes into account continued irregularities in debt servicing by the company, owing to poor liquidity on the back of weak project collections. The customer collections have remained inadequate to meet the required obligations on time. While pending collections are sufficient to cover pending cost, reliance on incremental sales and collections to service debt from operating cashflows will remain high.

Going forward, timely servicing of the debt obligations and generation of adequate incremental sales and collections would remain the key rating monitorable.

Key rating drivers and their description

Credit Strengths: Not Applicable

Credit challenges

Continued delays in debt servicing – There have been delays in debt servicing by the company in the absence of sufficient customer collections.

Reliance on incremental sales and collections to meet debt obligations from operating cash flows remains high – While pending collections of Rs. 488 crore were sufficient to cover pending cost of around Rs. 460 crore as on March 31, 2020, generation of incremental sales and collections would remain critical for the company to ensure timely debt servicing from operating cash flows.

Liquidity Position: Poor

The liquidity of the company is poor, given the deficit in cash flows on account of slow sales velocity and weak customer collections. Further, ICRA notes that the company has repayments of around Rs. 173 crore due in FY2021. Generation of incremental sales and collections will remain critical to ensure timely debt servicing from operating cash flows.

Rating sensitivities

Positive triggers – ICRA could upgrade Ansal Housing Limited’s (AHL) rating if it is able to regularize its debt servicing for a period of at least three months and improve its cash flows by improvement in sales velocity and customer collections.

Negative triggers – Not Applicable

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's policy on Default Recognition
Parent/Group Support	-
Consolidation / Standalone	Consolidated Financial Statements

About the Company:

Incorporated on 22nd October 1983, Ansal Housing Limited is a part of the Ansal Housing Group. The company undertakes real estate development of residential as well as commercial properties. AHL has already completed many development projects involving an area of about 76 mn. sq. ft. in at Delhi, Mumbai, Meerut, Lucknow and Ghaziabad among others and currently has more than 26.8 mn. sq. ft. area under development.

In FY2020, AHL reported a net loss of Rs. 57.9 crore on an operating income (OI) of Rs. 163.9 crore compared to a net loss of Rs. 3.9 crore on an OI of Rs. 194.8 crore in the previous year.

Key financial indicators (Audited) – Consolidated

	FY2019	FY2020
Operating Income (Rs. crore)	194.8	163.9
PAT (Rs. crore)	-3.9	-57.9
OPBDIT/OI (%)	24.4%	-32.3%
PAT/OI (%)	-2.0%	-35.3%
Total Outside Liabilities/Tangible Net Worth (times)	7.3	9.2
Total Debt/OPBDIT (times)	13.7	-12.5
Interest Coverage (times)	0.6	-0.7

Status of non-cooperation with previous CRA:

India Ratings and Research, in its rationale published on Ansal Housing Limited, dated September 17, 2020, reaffirmed the Rating at 'IND D(ISSUER NOT COOPERATING)', based on best available information

Any other information: None

Rating history for last three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated	Amount Outstanding	Date & Rating	Date & Rating in FY2020		Date & Rating in FY2019	Date & Rating in FY2018
					12-11-20	1-24-20	6-17-19	10-3-18	-
1	Fund Based	Long Term	58.13	Revolving	[ICRA]D	[ICRA]D	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D	-
2	Non-fund Based	Short Term	64.00	Revolving	[ICRA]D	[ICRA]D	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D	-

Amount in Rs. Crore

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Working Capital Limits	-	-	-	58.13	[ICRA]D
NA	Non-fund based limits	-	-	-	64.00	[ICRA]D

Source: AHL

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Optus Corona Developers Pvt. Ltd	49.88%	Equity Method
Housing & Construction Lanka Private Limited	100%	Full Consolidation
Geo Connect Ltd.	100%	Full Consolidation
Wrangler Builders Private Limited	100%	Full Consolidation
Maestro Promoters Private Limited	100%	Full Consolidation
Anjuman Buildcon Private Limited	100%	Full Consolidation
A.R. Paradise Private Limited	100%	Full Consolidation
Fenny Real Estates Private Limited	100%	Full Consolidation
A.R. Infrastructure Private Limited	100%	Full Consolidation
Third Eye Media Private Limited	100%	Full Consolidation
Aevee Iron & Steel Works Private Limited	100%	Full Consolidation
Sunrise Facility Management Private Limited	100%	Full Consolidation
Enchant Construction Private Limited	100%	Full Consolidation
Andri Builders & Developers Private Limited	100%	Full Consolidation
VS Infratown Private Limited	100%	Full Consolidation
Identity Buildtech Private Limited	100%	Full Consolidation
Cross Bridge Developers Private Limited	100%	Full Consolidation
Shamia Automobiles Private Limited	100%	Full Consolidation
Oriane Developers Private Limited	100%	Full Consolidation

Source: FY2020 Audited Financial Statement

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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