Ansal Housing & Construction Ltd.

October 03, 2018

Summary of rated instruments

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Fund Based	75.00	[ICRA]D; assigned
Non-fund Based	85.00	[ICRA]D; assigned
Total	**160.0**	

*Instrument details are provided in Annexure-1

Rating action

ICRA has assigned the long-term rating of [ICRA]D (pronounced ICRA D) to the Rs. 75.00-crore[1] fund-based bank facilities and Rs. 85.00-crore non-fund based bank facilities of Ansal Housing & Construction Ltd. (AHCL)[2].

Rationale

ICRA's ratings assigned take into account irregularities in debt servicing by the company owing to stretched liquidity position leading to delay in servicing of its debt obligation. The customer collections have remained inadequate to meet the required obligations on time. Therefore, the company's reliance on incremental sales to fund its project cost as well as debt servicing obligations will remain high.

Going forward, timely servicing of the debt obligations and AHCL's ability to generate adequate incremental sales and collections would remain the key rating monitorable.

Outlook: Not Applicable

Key rating drivers

Credit challenges

Recent delays in debt servicing –There has been delays in debt servicing by the company in absence of sufficient customer collections owing to demand slowdown in the real estate market.

Reliance on incremental sales and collections remain high– The customer collections have remained inadequate to meet the required obligations on time. Hence, the ability to generate incremental sales and collections would remain critical for the company in order to ensure timely debt servicing and meet project costs.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below**.**

Links to applicable criteria:

Rating Methodology for Real Estate Entities

[1] *100 lakh = 1 crore = 10 million*

[2] *For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications*

ICRA's Policy on Default Recognition

About the company:

Incorporated on 22nd October, 1983, Ansal Housing & Construction Ltd. is a part of the Ansal Housing Group. The company undertakes real estate development of residential as well as commercial properties. AHCL 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. The company is presently having projects worth over Rs. 6,400 crores with area under development of 27 mn. sq.ft.

In FY2018, the company reported a net loss of Rs. 19.1 crore on an OI of Rs. 249.2 crore compared with a net loss of Rs. 3.3 crore on an OI of Rs. 313.4 crore in the previous year.

Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	313.4	249.2
PAT (Rs. crore)	-3.3	-19.1
OPBDIT/OI (%)	20.0%	16.1%
RoCE (%)	6.6%	5.5%
Total Debt/TNW (times)	1.4	1.5
Total Debt/ OPBDIT (times)	9.8	15.8
Interest coverage (times)	0.8	0.5
NWC/ OI (%)	333%	421%

Status of non-cooperation with previous CRA:

India Ratings and Research (Ind-Ra) in its release dated September 21, 2018 has states as follows:

"India Ratings and Research (Ind-Ra) has affirmed Ansal Housing & Construction Limited's (AHCL) Long-Term Issuer Rating at 'IND D(ISSUER NOT COOPERATING)'. The issuer did not participate in the rating exercise, despite continuous requests and follow-ups by the agency. Thus, the ratings are on the basis of best available information. Therefore, investors and other users are advised to take appropriate caution while using these ratings."

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2019) Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating Oct-18	Chronology of Rating History for the past 3 years: Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
						-	-	-
1	Fund Based	Long Term	75.00	Revolving	[ICRA]D	-	-	-
2	Non-fund Based	Short-term	85.00	Revolving	[ICRA]D	-	-	-

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	-	-	-	75.00	[ICRA]D
NA	Non-fund based limits	-	-	-	85.00	[ICRA]D

Source: AHCL

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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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