January 24, 2020

Ansal Housing Limited: Rating reaffirmed; removed from NDS non-cooperation

Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based	75.00	58.13	[ICRA]D; reaffirmed; removed from NDS non-cooperation
Non-fund based	85.00	79.97	[ICRA]D; reaffirmed; removed from NDS non-cooperation
Total	**160.0**	**138.10**	

**Instrument details are provided in Annexure-1*

Rationale

The rating action takes into account continued irregularities in debt servicing by the company, owing to stretched liquidity on the back of weak project collections. The customer collections have remained inadequate to meet the required obligations on time. Hence the company's reliance on incremental sales and collections to fund its upcoming project cost as well as debt servicing obligations will remain high.

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

Key rating drivers and their description

Credit challenges

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

Pending collections remain insufficient to meet the pending cost; reliance on incremental sales and collections remains high – Overall pending collections of the company are not sufficient to meet the pending cost. Hence, the ability to generate incremental sales and collections would remain critical for the company to ensure timely debt servicing and meeting of project costs.

Liquidity Position: Poor

The liquidity of the company is poor given the deficit in cash flows on account of low sales velocity and weak customer collections, with the committed receivables of around Rs. 580 crore remaining insufficient to fund the pending project cost of Rs. 639 crore. Consequently, AHL has remained heavily dependent on debt funding to support its ongoing project construction Going forward, ramp up in sales and collections will remain a crucial determinant of the company's ability to service debt obligations in a timely manner and reduce overall reliance on debt for funding of project outflows.

Rating sensitivities

Positive triggers – ICRA could upgrade AHL's rating if it is able to regularize its debt servicing for a period of atleast three months and improve its cash flows by adequately increasing its sales velocity and customer collections.

Negative triggers – Not Applicable

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Policy on Default Recognition
Parent/Group Support	-
Consolidation / Standalone	Consolidated Financial Statements

About the Company:

Incorporated on 22nd October, 1983, Ansal Housing 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. 5,600 crores with area under development of 28.1 mn. sq.ft.

Key financial indicators (audited) – Consolidated

	FY2018	FY2019
Operating Income (Rs. crore)	249.2	194.8
PAT (Rs. crore)	-19.1	-3.9
OPBDIT/OI (%)	16.1%	24.4%
RoCE (%)	5.5%	7.2%
Total Outside Liabilities/Tangible Net Worth (times)	3.5	7.3
Total Debt/OPBDIT (times)	15.8	13.7
Interest Coverage (times)	0.5	0.6
DSCR	0.4	0.3

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

	Instrument	Current Rating (FY2020)				Earlier Rating (FY2020)	Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
					24-Jan-20	17-Jun-19	03-Oct-18	-	-
1	Fund Based	Long Term	58.13	Revolving	[ICRA]D	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D	-	-
2	Non-fund Based	Short Term	79.97	Revolving	[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	-	-	-	79.97	[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
Avee Iron & Steel Works Private Limited	100%	Full Consolidation
Sunrise Facility Management Private Limited	100%	Full Consolidation
Enchant Construction Private Limited	100%	Full Consolidation
Sonu Buildwell Private Limited	100%	Full Consolidation
Rishu Buildtech 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: FY2019 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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