

Lancor Holdings Limited

April 06, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	98.39 (Reduced from 182.41)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	5.00	CARE D (Single D)	Reaffirmed
Total Bank Facilities	103.39 (Rs. One Hundred Three Crore and Thirty-Nine Lakhs Only)		

Detailed Rationale & Key Rating Drivers

The ratings assigned to the rated facilities of Lancor Holdings Limited (LHL) takes into the account the delay in debt servicing and the company's request for rescheduling of loan facilities being under process/pending approval by some of the lenders.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Satisfactory track record of timely servicing of debt obligations

Detailed description of the key rating drivers

Key rating weakness

Re-scheduling of loan facilities with banks and financial institutions:

As on March 31, 2021, the company has debt outstanding to the tune of Rs. 206.23 crores. The company has availed loan facilities from about five lenders and the company could not adhere to the debt servicing obligations originally stipulated by the lenders, in view of which there have been instances of delays in servicing obligations. The company has requested for rescheduling with some of its lenders. The request for rescheduling is yet to be approved by some of the lenders.

Exposed to inherent risks associated with the real estate industry and intense competition in the segment

Major part of operations of the company is concentrated within Chennai and is exposed to risks associated with the real estate industry in the city. Due to structural reforms like implementation of GST, RERA norms and other factors like economic slowdown and natural calamities in the recent past, the real estate market in the city has been highly subdued during the period 2017 to 2019. Also, the real estate market in Chennai is highly fragmented with a large number of developers which adds to the competition in the region.

The projects completed by the company in the past and major portion of the on-going projects are situated in the Chennai region. This exposes the company to the regional concentration risk which is partly mitigated by the brand image enjoyed by the company in Chennai market.

Key rating strength

Long standing experience of the promoter & established track record of operations in the Chennai market

LHL was incorporated in the year 1985 and has over 30 years of operations in the Chennai market. LHL is promoted by Mr.R.V Sekhar who has more than 40 years of experience spanning FMCG, IT & Real estate. LHL had completed around 61 residential projects involving saleable area of 40.47 lsft which includes few major projects in Chennai namely, The central park at Sholinganallur (8.81 lsft completed in three phases), Abode valley at Potheri (8.31 lsft completed in three phases) and The Atrium at Thiruvanniyur (3.49 lsft) among many. This apart, LHL had also developed 8 commercial properties in the past involving area of 4.68 lsqft.

Liquidity: Stretched

The cash balance as on March 31, 2021, stood at Rs. 3.12 crore while the repayment obligation for FY21 was at around Rs.89.42 crore (current maturities of long-term debt as on March 31, 2021). It is to be noted that the company has availed moratorium on its bank facilities/borrowings for the period from March 2020 to August 2020.

Analytical approach: Standalone

Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating methodology for Real estate sector](#)

[Construction](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the Company

Incorporated in the year 1985, Lancor Holdings Limited (LHL) is promoted by Mr.R.V. Sekhar which is engaged primarily in development of residential real estate projects in Chennai, Tamil Nadu. LHL has also developed few commercial properties in the past. LHL has completed sixty-two residential projects involving area of 40.59 Isf, eight commercial properties involving 4.68 Isf in the past and is currently executing two residential projects with a saleable area of 6.99 Isf.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9M FY 2022 (UA)
Total operating income	61.49	52.14	79.69
PBILDT	21.90	13.43	21.17
PAT	-5.55	-11.56	-7.39
Overall gearing (times)	1.30	1.45	NA
Interest coverage (times)	0.81	0.49	NA

A: Audited; Unaudited

Status of non-cooperation with previous CRA:

NA

Any other information:

NA

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	-	Feb 2026	80.42	CARE D
Fund-based - LT-Working Capital Limits	-	-	-	-	17.97	CARE D
Fund-based - ST-Bank Overdraft	-	-	-	-	5.00	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Term Loan-Long Term	LT	80.42	CARE D	-	1)CARE D (16-Feb-21) 2)CARE BB-; Negative (03-Dec-20)	1)CARE BB+; Stable (09-Sep-19)	-
2	Fund-based - LT-Working Capital Limits	LT	17.97	CARE D	-	1)CARE D (16-Feb-21) 2)CARE BB-; Negative (03-Dec-20)	1)CARE BB+; Stable (09-Sep-19)	-
3	Fund-based - ST-Bank Overdraft	ST	5.00	CARE D	-	1)CARE D (16-Feb-21) 2)CARE A4 (03-Dec-20)	1)CARE A4+ (09-Sep-19)	-

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Working Capital Limits	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Term Loan-Long Term	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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