

Lancor Holdings Limited

September 12, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	14.93	CARE C	Revised from CARE BB; Stable
Long Term Bank Facilities	6.16	CARE C	Revised from CARE BB; Stable
Long Term Bank Facilities	24.04 (Reduced from 38.97)	CARE D	Revised from CARE BB; Stable
Short Term Bank Facilities	5.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of Lancor Holdings Limited (Lancor) takes into account the delay in debt servicing of the company to few of its lenders and its tight liquidity position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Satisfactory track record of timely repayment and servicing of debt obligation for a continuous period of 90 days.
- Improvement in liquidity position of the company

Negative factors

- Any further deterioration in the liquidity profile of the company

Analytical approach: Standalone

Detailed description of the key rating drivers:

Key weaknesses

Delay in debt servicing

The company has delays in servicing of a few of its loans.

Project implementation risk

As on December 31, 2022, about 56% of the project cost on the ongoing projects has been incurred. The remaining cost required to complete the ongoing project was ₹146 crore, which shall be largely funded from Customer advances and Unsecured loans from promoters with moderate debt borrowings. Further, there is an arbitration proceeding going on in the two of the ongoing projects namely 'Harmonia' and 'Town and Country'. This arbitration and sizable portion of the remaining cost on the projects exposes Lancor to implementation risk.

Exposure to intense competition in the real estate industry

Chennai is home to quite a few IT/ ITES, manufacturing and logistics companies and has been the preferred destination for these industries since the last few years. This has led to a growth in the residential market in Chennai. Nevertheless, the project returns are exposed to current slowdown in the overall real estate market, the tight credit market for real estate funding, the high interest rate environment and the project profitability vulnerable to fluctuations in construction material and labour costs. The real estate market in Chennai is highly fragmented with a large number of developers. The projects completed in the past and ongoing projects are situated in the Chennai region. This exposes Lancor to the regional concentration risk.

Key rating strength

Long standing experience of the promoter

Lancor was incorporated in the year 1985 and has over 30 years of operations in the Chennai market. Lancor is promoted by RV Sekhar who has more than 40 years of experience spanning FMCG, IT & Real estate. The company has completed 73 projects with a total area of 49.13 lakh square feet (lsh).

Liquidity: Poor

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

The company has delays in servicing of a few of its loans.

Applicable criteria

[Short Term Instruments](#)

[Rating Outlook and Credit Watch](#)

[Rating methodology for Real estate sector](#)

[Policy on default recognition](#)

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

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Lancor Holdings Limited, incorporated in 1985, is engaged in real estate development of residential/commercial properties in Chennai. The company is primarily promoted by RV Sekhar and as on March 31, 2023, the promoters held 62.08% of the shareholding of the company.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	June 30, 2023 (UA)
Total operating income	105.22	114.21	27.58
PBILDT	12.05	22.65	4.88
PAT	-10.40	-0.33	0.59
Overall gearing (times)	1.33	0.84	-
Interest coverage (times)	0.47	1.14	1.39

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	6.16	CARE C
Fund-based - ST-Bank Overdraft		-	-	-	5.00	CARE A4
Term Loan-Long Term		-	-	28-02-2027	14.93	CARE C
Term Loan-Long Term		-	-	28-02-2026	24.04	CARE D

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Term Loan-Long Term	LT*	24.04	CARE D	1)CARE BB; Stable (05-Apr-23)	1)CARE B+; Stable (15-Jul-22) 2)CARE D (06-Apr-22)	-	1)CARE D (16-Feb-21) 2)CARE BB-; Negative (03-Dec-20)
2	Fund-based - LT-Working Capital Limits	LT	6.16	CARE C	1)CARE BB; Stable (05-Apr-23)	1)CARE B+; Stable (15-Jul-22) 2)CARE D (06-Apr-22)	-	1)CARE D (16-Feb-21) 2)CARE BB-; Negative (03-Dec-20)
3	Fund-based - ST-Bank Overdraft	ST**	5.00	CARE A4	1)CARE A4 (05-Apr-23)	1)CARE A4 (15-Jul-22) 2)CARE D (06-Apr-22)	-	1)CARE D (16-Feb-21) 2)CARE A4 (03-Dec-20)
4	Term Loan-Long Term	LT	14.93	CARE C	1)CARE BB; Stable (05-Apr-23)			

*Long term **Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the 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: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings 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.

Contact us

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About us:

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