



Brickwork Ratings India Pvt. Ltd.

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BWR/NCD/DEL/CRC/RK/0077/2020-21

21 May 2020

Mr. Nitin Sharma,

Company Secretary,

Ashiana Housing Ltd

304, Southers Park, Saket District Centre, Saket
New Delhi

Dear Sir,

Sub: Rating Review of **Ashiana Housing Ltd** NCD issue of Rs. 17 Crs with a tenor up to 30 July 2020

Particulars:

Instrument [#]	Issue Date	Amount (Rs. Crs)	Coupon	Maturity Date	ISIN Particulars	Previous Rating**	Present Rating
NCD – Tranche II	Jul 13, 2016	10.00	11.45%	July 13, 2020	INE365D07036	BWR A+ (SO (Structured Obligation) Stable	BWR A+ Stable (Reaffirmation)
NCD – Tranche III	Jul 30, 2016	7.00	11.45%	July 30, 2020	INE365D07069		
Total		17.00			Rs Seventeen Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** BWR had initially rated the Proposed NCD Issue for Rs. 100 Crs. The company raised NCDs only for Rs. 50 Crs, of which, two tranches of Rs. 10 Crs each have been redeemed as on 31 March 2017 and 31 March 2018, respectively; the third tranche of Rs 8 Crs has been redeemed on 30 July 2018, and the fourth tranche of Rs 5 Crs has been redeemed on 30 July 2019 . Accordingly, the rating stands valid only for an amount of Rs. 17 Crs.

On review of **Ashiana Housing Ltd** performance based on the information and clarifications provided by your Company as well as information available in the public sources, we are pleased to inform you that the Brickwork Ratings (BWR) has reaffirmed the rating of the **Ashiana Housing Ltd NCD issue of Rs 17 Crs at BWR A+ (Stable)** Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk

The Rating is valid till the maturity of the instrument and is subject to terms and conditions that were agreed in your mandate dated 15 Mar 2016, BWR letter BWRNCD/DEL/SRC/RK/0126/2019-20 dated 23 May 2019 and other correspondence, if any and Brickwork Ratings' standard disclaimer appended below. Brickwork would conduct surveillance periodically. Please note that Brickwork Ratings would need to be kept informed of any significant information/ development that may affect your Company's finances/ performance without any delay and you are required to submit the NDS regularly .

Best Regards,

RK Sharma

Senior Director-Ratings

Note: Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site . Interested persons are well advised to refer to our website www.brickworkratings.com, If they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com.

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.



KEY RATING DRIVERS

BWR has essentially relied on the audited results of the company for FY19 and unaudited results for 9M FY20, securities and escrow for the underlying issue, ongoing projects related data, information and clarifications provided by AHL.

Established Track Record of the Company: The company has been operating for more than three decades and has completed multiple projects in the past in affordable housing, as well as senior living projects. The company has built its brand equity, especially in the niche senior living segment. Ashiana is well-known in the Rajasthan and NCR regions, and the company plans to expand to the southern market as well, where it entered through its senior living project in Chennai.

Operational Profile of the Company: AHL had 17 ongoing projects as on 31 December 2019 and cumulatively, the company has reported a construction status of 38% and booking status of 63% for these projects. The value of the sold inventory was Rs. 649.11 Crs as on 31 December 2019, and the company has received 38% of the value as advances from customers. The cost incurred as on 31 December 2019, is 38.23 % of the total cost. The company is gradually bringing down its construction commitments by launching smaller phases of its projects to align construction with sales in a slow real estate market. The equivalent area constructed was 6.57 lakh sq. ft. in 9M FY20, compared with 5.22 lakh sq. ft. in 9M FY19. The company delivered Ashiana Phase 1 Gurgaon, Ashiana Navrang Phase 3, Gujarat, in 9 months of FY 2019-20.

Healthy Financial Risk Profile: The company has a stable and healthy financial risk profile marked by high net worth, low debt and healthy coverage indicators. The company's Tangible Networth increased from Rs. 764.74 Crs as on 31 March 2018 to Rs. 781 Crs as on 31 March 2019. The gearing increased marginally from 0.18 times as on March 31, 2018 to 0.21 times as on March 31 2019. This strength is partially offset as the company's financial performance has been following the declining trend over the years as the company follows the completed project method for revenue recognition. The company reported operating income of Rs 337.53 Crs in FY 19, against Rs 321.32 Crs in FY 18. The company reported operating profit of Rs 35.96 Crs in FY 19, against Rs 56.35 Crs in FY 18. The company reported a PAT of Rs 13.78 Crs in FY 19, against Rs 38.23 Crs in FY 18.



Comfortable Liquidity Profile: The company had cash accruals of Rs 22 Crs as on 31 March 2019 against the current portion of a long-term debt of Rs 14.51 Crs as on 31 March 2019. AHL has enough liquidity shown as it has healthy free cash and cash equivalents of Rs 144.51 Crs as on 31 March 2019.

Pile-up of Unsold Inventory: The company has a significant built-up of unsold inventory aggregating 6.72 lakh sq. ft. as on 31 December 2019 from its completed projects. Although there is no major debt outstanding against these projects, it has led to the blocking of expensive equity capital, which is not yielding returns at present for the company. However, as demand picks up, the company is likely to have an edge over other projects under development due to the ready-to-move-in status of some of its projects. The company had unsold inventory aggregating 12 lakh sq. ft. as on 31 December, 2019 from its ongoing projects.

Geographical Concentration in Revenue Stream: The company has geographical concentration in revenue as 88 % of revenue is derived from Rajasthan; however, they have presence in cities such as Pune, Chennai, Kolkata and Delhi NCR.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has taken both, standalone and consolidated approaches, while arriving at the rating. The structured obligation (SO) rating was assigned to the NCD Issue in the past based on the presence of an escrow mechanism and a DSRA to secure the interest of debenture holders.

RATING SENSITIVITIES

Positive: BWR may revise the ratings upwards if the company's scale of operations, net profit and EBITDA improve from the present level with other metrics such as gearing, debt protection metrics and liquidity also favoring an upgrade.

Negative: BWR may revise the ratings downwards if the company's scale of operations, net profit, EBITDA, liquidity and receivables position deteriorate.

LIQUIDITY POSITION (Adequate)

The company had cash accruals of Rs 22 Crs as on 31 March 2019, against the current portion of long-term debt of Rs 14.51 Crs as on 31 March 2019. AHL had adequate liquidity in the form of free cash and cash equivalents of Rs 144.51 Crs as on 31 March 2019.



COMPANY PROFILE

Ashiana Housing Limited (AHL) was incorporated in 1986 in Kolkata. The company has been involved in real estate development activities since inception. The company is present in the residential housing segment (primarily affordable housing). The company got listed on the BSE in 1992 and shifted its head office to New Delhi. AHL got listed on the NSE in 2011. AHL has constructed around 228 lakh sq. ft. of area until 31 December 2019. Currently, the company is developing several projects, primarily residential housing projects, including senior living projects. The projects are being developed in phases and are in different stages of completion. Some projects are being developed in association with other developers.

KEY FINANCIAL INDICATORS (in Rs Crs) (Consolidated Level)

Key Parameters	Units	FY 18	FY 19	9 M FY 20
Result Type		Audited	Audited	Unaudited
Operating Income	Rs in Crs	321.32	337.53	210.57
EBITDA	Rs in Crs	56.35	35.96	(16.72)
PAT	Rs in Crs	38.23	13.78	(22.12)
Tangible Net Worth	Rs in Crs	767.74	781.00	757.48
Total Debt /Tangible Net Worth	Times	0.18	0.21	0.14

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED- Not applicable

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - Not applicable

RATING HISTORY for last three years (including withdrawal and suspended ratings)

Sl. No.	Instrument	Current Rating (2020)			Rs. in Crs.								
		NCD	Type	Amount (Rs Crs)	29 May 2019			30 May 2018			29 May 2017		
1.	NCD Issue	Long Term	17.00	BWR A+ Stable (reaffirmation)	NCD	22	BWR A+ (SO) Stable (Reaffirmation)	NCD	30	BWR A+ (SO) Stable (Reaffirmation)	NCD	40	BWR A+ (SO) Stable Reaffirmation
Total			17.00	Rs Seventeen Crores Only									

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

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Ashiana Housing Limited

ANNEXURE I

INSTRUMENT (NCD) DETAILS

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