

**CARE/DRO/RL/2017-18/3538**

**Mr. Varun Gupta,**  
**Director**  
**Ashiana Housing Limited**  
304, Southern Park,  
Saket District Centre,  
Saket, New Delhi – 110 017

March 27<sup>th</sup> 2018

Dear Sir,

**Issuer Rating**

On the basis of recent developments including operational and financial performance of your company for FY17 (audited) and 9MFY18 (provisional), our Rating Committee has reviewed the following rating:

Type of Rating	Rating <sup>1</sup>	Rating Action
Issuer Rating	CARE A (Is); Stable [Single A (Issuer Rating); Outlook: Stable]	Reaffirmed

- The rating is only an opinion on the general creditworthiness of the company and not specific to any particular debt instrument.
- The rating is subject to the company maintaining overall gearing not exceeding 0.50x (overall gearing as on 31/03/2019).
- The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 28<sup>th</sup>, 2018 we will proceed on the basis that you have no any comments to offer.
- CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating CARE shall carry out the review on the basis of best available information throughout the life time of the entity. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
8. CARE's Issuer Ratings are **not** recommendations to buy or sell any securities of the issuer.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,  
Yours faithfully,

*Vijay Arora*

**[Vijay Arora]**  
Dy Manager  
[vijay.arora@careratings.com](mailto:vijay.arora@careratings.com)  
Encl.: As above

*Gaurav Dixit*

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**Disclaimer**

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In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Annexure**  
**Ashiana Housing Limited**

**Ratings**

Type of Rating	Rating <sup>2</sup>	Rating Action
Issuer Rating	<b>CARE A (Is); Stable*</b> <b>[Single A (Issuer Rating); Outlook: Stable]</b>	<b>Reaffirmed</b>

\*The issuer rating is subject to the company maintaining overall gearing not exceeding 0.50x (projected level as on March 31, 2019)

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The rating of Ashiana Housing Limited (AHL) continues to take into account stability in operating parameters during FY17 (refers to the period April 01 to March 31) and 9MFY18 (refers to the period April 1 to December 31) and comfortable liquidity position. Further, the rating continues to draw strength from the promoter's experience and comfortable financial profile characterized by low gearing and high coverage ratios. The rating, however, is constrained due to the continued exposure of the entity towards execution and salability risk given the relatively higher dependence on customer advances for funding the projects and overall subdued demand scenario in the real estate sector. Going forward, the ability of the company to maintain healthy gearing position and execute the ongoing projects within envisaged costs and timelines along with improvement in the industry scenario shall remain the key rating sensitivities.

**Detailed description of the key rating drivers**

**Experienced Promoters and project execution capabilities:** AHL is managed by Mr. Vishal Gupta (Managing Director), Mr. Ankur Gupta (Joint MD) and Mr. Varun Gupta (Whole-time Director), who have experience in construction, real estate and finance. AHL has completed real estate development of approximately 218 lac square feet (Isf) of residential and commercial space as on December 31, 2017.

**Comfortable financial profile despite weak market scenario:** The financial risk profile of AHL is characterized by healthy profitability margin, minimal debt, comfortable gearing and debt protection metrics, despite reduction in the total operating income for FY17. The company continued to maintain comfortable overall gearing of 0.12x as on March 31, 2017.

**Comfortable liquidity position:** AHL has comfortable liquidity position as characterized by free cash and bank balance of Rs 37 crore as on March 31, 2017 and current investments (in form of Mutual funds & listed bonds) of Rs.135 crore as on Mar 31, 2017.

**Key Rating Weaknesses**

**Project funding, execution risk & Market sensitivities:** AHL is currently developing 15 projects in Rajasthan, Haryana, Chennai, Pune, Jodhpur, Gujarat and NCR with the total saleable area of around 20.14 Isf as on December 31<sup>st</sup> 2017. The project costs are primarily funded out of customer advances and internal accruals with limited reliance on debt. AHL is also exposed to market risk toward unsold area as reflected by the lower booking of 13.92 Isf (57.18%) as compared to total saleable area of 24.34 Isf as on March 31, 2017 and 10.92 Isf (54.22%) as compared to total saleable

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area of 20.14 lsf as on December 31, 2017. However, on account of subdued demand scenario in the industry, there has been decline in area booked and marginal increase in the borrowings.

**Subdued industry scenario:** The industry has witnessed muted housing demand during recent past and further the industry was impacted with events such as demonetization and implementation of RERA act and GST. Going forward, government's thrust to boost the affordable housing scheme could lead to revival of the real estate sector.

**Analytical approach:** Consolidated; the business and financial risk profiles of Ashiana Housing Ltd and its subsidiaries and associates have been combined. This is because all these entities, collectively referred to as the Ashiana group, have business and financial linkages (as is also evident from investments made), and are under a common management.

**Applicable Criteria**

CARE's policy on Default recognition

Financial Ratios

CARE's criteria on assigning outlook to credit ratings

Rating Methodology: Factoring Linkages in Ratings

**About the Company**

Incorporated in 1986 as Ashiana Housing and Finance India Limited and later rechristened to its present name; the Delhi-based Ashiana Housing Limited (AHL) is a mid-sized real estate player focused on residential projects in Tier-II cities. The company got listed on BSE in 1993 and on NSE in 2011. AHL develops middle income residential houses. Through its subsidiary Ashiana Maintenance Services LLP, it provides facility management services to group properties and maintains over 10,943 units as on March 31<sup>st</sup>, 2017.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	537.35	389.64
PBILDT	152.24	102.45
PAT	105.81	67.00
Overall gearing (times)	0.10	0.12
Interest coverage (times)	24.52	9.90

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Issuer Rating-Issuer Ratings				0.00	CARE (Is); Stable

**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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Issuer Rating-Issuer Ratings	Issuer rat	0.00	CARE A (Is); Stable	1)CARE A (Is); Stable (11-May-17)	-	1)CARE A (Is) (12-Jan-16)	1)CARE A- (Is) (15-Jan-15) 2)CARE BBB+ (Is) (16-Apr-14)