

## Ashiana Housing Limited

January 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE A; Stable	Reaffirmed
Non-convertible debentures	100.00	CARE A; Stable	Assigned
Non-convertible debentures	83.50 (Reduced from 97.00)	CARE A; Stable	Reaffirmed
Non-convertible debentures	26.40	CARE A; Stable	Reaffirmed
Non-convertible debentures	125.00	CARE A; Stable	Reaffirmed
Non-convertible debentures	5.60	CARE A; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating reaffirmation of long-term instruments and issuer rating of Ashiana Housing Limited (AHL) continues to derive strength from extensive experience of promoters of nearly four decades in the real estate industry marked by a track record of real estate development of over 300 lakh square-feet (lsf) of commercial and residential space. Ratings also favourably take into cognisance, healthy booking status in the overall project portfolio at an intermediate stage of construction, leading to build up of substantial committed receivables, ensuring robust cash flow visibility in ongoing projects. The rating of AHL also draws comfort from strong financial risk profile characterised by low debt levels and strong liquidity position. Healthy sales traction in early to intermediate stages of projects enables the company in managing substantial construction funding through customer advances. With a low debt profile, AHL continues to maintain robust gearing levels and strong debt to collection ratio.

CARE Ratings Limited (CARE Ratings) also takes note of strong growth in sales and collections of the company in FY24 and H1FY25, primarily driven by successfully launching new projects and achieving healthy sales in these newly launched developments. In total, the company launched over 10 new projects (including new phases of existing projects) in FY24 and 9MFY25, covering a saleable area of over 25 lakh square feet. As of September 30, 2024, the company achieved over 65% of average sales in these projects. Consequently, bookings grew by over 30% year on year (y-o-y) in FY24 and over 15% y-o-y in H1FY25. Similarly, collections also increased by over 60% y-o-y in FY24 and over 20% y-o-y in H1FY25.

However, rating strengths are tempered by execution risk associated with ongoing and upcoming projects with high reliance on customer advances for funding the future project costs, moderate saleability risk in projects in tier-II cities, moderate scale of operations, and inherent cyclical nature associated with real estate sector.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained growth in overall sales and collections of the company and maintenance of comfortable leverage profile.

#### Negative factors

- Significant delay in execution of the project, leading to delay in billing and realisation of collections.
- Considerable decline in the percentage of committed receivable to cover balance project cost and outstanding debt to 60% and below, on a sustained basis.

#### Analytical approach: Consolidated.

CARE Ratings has considered the consolidated business and financial risk profile of AHL and its subsidiaries, as these entities are linked through a parent-subsidary relationship and have common management, operational & financial linkage. Companies consolidated is listed under **Annexure-6**.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Outlook: Stable**

The "Stable" outlook reflects CARE Ratings' belief that the entity is likely to sustain its sales and collection momentum from the ongoing projects, while maintaining comfortable financial risk profile.

**Detailed description of key rating drivers:****Key strengths****Experienced promoters with project execution capabilities**

AHL is managed by, Mr. Vishal Gupta, (Managing Director), Mr Ankur Gupta (Joint Managing Director) and Mr Varun Gupta (Whole time Director), who are professionally qualified and have vast experience in construction, real estate and finance. AHL has extensive experience of nearly four decades in the real estate industry. As on March 31, 2024, the company constructed cumulatively over 300 Isf of residential and commercial space in Jaipur, Bhiwadi, Jodhpur, Jamshedpur, Neemrana, Gurugram, Pune and Chennai, which reflects strong project execution capabilities. The company primarily focuses on senior living, premium homes and Kid-Centric Homes. As on September 30, 2024, there are 32 ongoing projects portfolio with total area of ~75 Isf.

**Comfortable financial risk profile and strong liquidity position**

The company's liquidity position is strong, with healthy liquid balances of ₹305 crore (at consolidated level) as on September 30, 2024, compared to total outstanding debt of ₹270 crore. The debt includes non-convertible debentures (NCDs) of ~₹115 crore, having long maturity of 20 years and flexibility to pay interest when projects generate distributable surplus. These NCDs are subscribed by International Financial Corporation (IFC) for its investment in projects having returns linked with project specific returns. AHL has committed receivables amounting to ₹2,055 crore from ongoing projects, which comfortably cover over 100% of the remaining project cost and outstanding debt, as on September 30, 2024. With substantial committed receivables, the company's cash flow operations are expected to remain strong to meet its upcoming debt obligations. However, significant cancellations adversely impacting committed receivable position will remain monitorable. AHL's comfortable debt position is also reflected from low gearing, which stood below 0.30x as at the end of past three financial years (FY22-FY24). Ratio of gross debt to collection has also remained comfortable below 0.30x in the previous three fiscals.

**Comfortable operational efficiency**

The company's operational performance stood strong marked by healthy growth in bookings and collections in FY24 and H1FY25. In FY24, bookings grew significantly by 37% y-o-y ₹1,798 crore and collection by 62% y-o-y ₹1,062 crore in FY24, while it grew by 19% y-o-y and 26% y-o-y in H1FY25, respectively. Growth is majorly attributable to successful launching of new projects. In FY24 and H1FY25, over 10 projects were launched covering total saleable area of over 25 Isf. As on September 30, 2024, the company has achieved average sales of over 65% in these projects, driven by strong sales in Amarah Project in Gurugram (85% booked collective for Phase 2, 3, and 4) and Malhar Project (61% booked) in Pune.

Going ahead, the company is expected to continue witnessing healthy sales momentum in Q4FY25 and H1FY26, given the expectations of healthy sales from upcoming projects in Gurgaon, where it has established track record of swiftly selling earlier phases. Healthy improvement in bookings in FY25 is likely to lead to healthy collections in the upcoming years and drive the company's cash flow position. As on September 30, 2024, the company has unsold inventory of close to ₹1,290 crore among ongoing projects and based on sales momentum in the last eight quarters ended September 30, 2024, unsold inventory remains low at close to three quarters, reflecting the company's strong sales momentum.

**Key weaknesses****Moderate saleability risk in Tier-II cities**

As of September 30, 2024, AHL is developing 32 projects, including phases of ongoing developments, having total saleable area of ~75 Isf. The company is active in eight locations, primarily in Jaipur, Bhiwadi, Jodhpur, Jamshedpur, Neemrana, Gurugram, Pune, and Chennai. Of the total saleable area, ~40 Isf (53%) is in Tier-I cities (Gurgaon, Pune and Chennai), while the remaining area is situated in Tier-II cities.

In terms of bookings, ~55% of the total area in Tier-I cities has already been booked, despite substantial area was launched in FY24 and H1FY25. In contrast, 45% of the total area in Tier-II cities has been booked as on September 30, 2024, indicating relatively moderate saleability risk in these regions. While the company has diversified project portfolio, it remains exposed to regulatory or local compliance challenges in multiple regions. The group's strong presence and established track record of development in these cities provides adequate comfort.

**Project execution risk associated with ongoing and upcoming projects**

As on September 30, 2024, the company is currently executing projects with total saleable area of 75 Isf and it has plans to further undertake development of over 50 Isf in medium term. The overall size of ongoing and upcoming development remains significant. For the ongoing project portfolio, the company has incurred ~47% of the total estimated project cost of over ₹3,000 crore, which reflects intermediate stage of execution and moderate execution risk for ongoing projects. The balance cost is expected to be largely funded through customer advances, given the availability of sizeable, committed receivables. For upcoming projects, the funding strategy is expected to remain same, with low dependence on debt and major reliance on customer advances. Accordingly, AHL's ability to achieve healthy bookings in the new projects in early to intermediate stages, in line with its track record, will remain monitorable.

### Inherent cyclical nature of the real estate industry

The company is exposed to the cyclicity associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, profitability highly depends on property markets. A high-interest rate scenario could further discourage consumers from borrowing to finance real estate purchases and may depress the real estate market. AHL's portfolio is spread across tier-I and tier-II cities and although there is stable demand currently, adverse impact in these micro-markets will remain monitorable.

### Liquidity: Strong

The company has liquid investments of ₹305 crore (at consolidated level) as on September 30, 2024. The company has committed receivables of over ₹2,055 crore, which well-covers balance project cost of over ₹1,600 crore and outstanding debt. Given the strong committed receivables position, the company's cash flow from operations is expected to remain comfortable to meet its debt obligations in upcoming years.

**Assumptions/Covenants:** Not applicable

### Environment, social, and governance (ESG) risks:

CARE Ratings believes that AHL's environment, social, and governance (ESG) profile supports its credit risk profile. Activities in the real estate sector have an adverse impact on environmental and social aspects, considering high emission levels, waste generation, climate change, high labour intensity, and related safety issues. The Ashiana group has ongoing focus on managing its environmental and social risks. Key highlights of ESG initiatives are as below:

- The company is designing and upgrading environment friendly buildings. AHL and its contractors endeavour to provide safe and healthy working environment to workers at construction sites, including training to improve capabilities of the local work force. The company also conducts monthly and quarterly safety audits.
- The company uses measures to reduce waste of resources and conservation of technology, which includes solar generators, rainwater harvesting pit, organic waste converters, DWC pipe and recycling wastewater for flushing and horticulture among others.
- There was no incident of anti-competitive behaviour in FY24.

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Issuer Rating](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

Incorporated in 1986 as Ashiana Housing and Finance India Limited, AHL was later rechristened to its present name. AHL (CIN: L70109WB1986PLC040864; market cap: ₹3,448 crore as on January 20, 2025). Based in Delhi, AHL is a mid-sized real estate developer specialising in residential projects in Tier-II cities, with over four decades of experience and has developed over 300 lsf. The company is also a prominent player in developing housing for senior citizens. Ashiana Housing was listed on the BSE in 1993 and on the NSE in 2011. The company primarily focuses on developing residential homes for the middle-income segment.

**Consolidated:**

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total Operating Income	399.61	934.61	177.63
PBILDT	47.17	108.02	-7.09
PAT	27.88	83.40	-13.00
Overall gearing (times)	0.24	0.19	NM
Interest coverage (times)	1.70	5.84	NM

A: Audited UA: Unaudited, NM: Not meaningful.

Note: these are latest available financial results

**Standalone:**

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total Operating Income	342.21	871.30	142.62
PBILDT	44.85	105.74	-5.42
PAT	27.06	80.20	-12.35
Overall gearing (times)	0.24	0.19	NM
Interest coverage (times)	1.63	5.73	NM

A: Audited UA: Unaudited, NM: Not meaningful.

Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable**Any other information:** Not applicable**Rating history for last three years:** Annexure-2**Detailed explanation of covenants of rated instrument / facility:** Annexure-3**Complexity level of instruments rated:** Annexure-4**Lender details:** Annexure-5**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-Convertible Debentures	INE365D08026	31-May-2021	8.00	31-May-2041	83.50	CARE A; Stable
Debentures-Non-Convertible Debentures	INE365D08034	20-Jun-2022	8.00	19-Jul-2042	26.40	CARE A; Stable
Debentures-Non-Convertible Debentures	INE365D08067	23-Feb-2024	8.00	22-Feb-2044	5.60	CARE A; Stable
Debentures-Non-Convertible Debentures	INE365D07085	13-May-2024	9.95	11-May-2029	125.00	CARE A; Stable
Debentures-Non-Convertible Debentures	-	Proposed	NA	-	100.00	CARE A; Stable

Issuer Rating- Issuer Ratings	-	-	-	-	0.00	CARE A; Stable
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**Annexure-2: Rating history for 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 2024-2025	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
1	Issuer Rating- Issuer Ratings	LT	0.00	CARE A; Stable	-	1)CARE A; Stable (05-Feb-24)  2)CARE A; Stable (20-Nov-23)	1)CARE A; Stable (26-Dec-22)  2)CARE A (Is); Stable (21-Nov-22)	1)CARE A (Is); Stable (22-Nov-21)
2	Debentures-Non- Convertible Debentures	LT	83.50	CARE A; Stable	-	1)CARE A; Stable (05-Feb-24)  2)CARE A; Stable (20-Nov-23)	1)CARE A; Stable (21-Nov-22)	1)CARE A; Stable (22-Nov-21)
3	Debentures-Non- Convertible Debentures	LT	26.40	CARE A; Stable	-	1)CARE A; Stable (05-Feb-24)  2)CARE A; Stable (20-Nov-23)	1)CARE A; Stable (21-Nov-22)	1)CARE A; Stable (22-Nov-21)
4	Debentures-Non- Convertible Debentures	LT	125.00	CARE A; Stable	-	1)CARE A; Stable (05-Feb-24)	-	-
5	Debentures-Non- Convertible Debentures	LT	5.60	CARE A; Stable	-	1)CARE A; Stable (05-Feb-24)	-	-
6	Debentures-Non- Convertible Debentures	LT	100.00	CARE A; Stable	-			

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments:** Not applicable

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple

#### Annexure-5: Lender details

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

#### Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Ashiana Maintenance Services LLP	Full	Subsidiary in similar line of business, having common management, and significant operational and financial linkages
2	Latest Developers Advisory Ltd	Full	
3	Topwell Projects Consultants Ltd.	Full	
4	Ashiana Amar Developers	Full	
5	Ashiana Greenwood Developers	Full	
6	Megha Colonizers	Full	
7	Ashiana Manglam Builders	Full	
8	Ashiana Manglam Builders-Extension Land	Full	
9	Vista Housing	Full	
10	Kairav Developers Limited	Full	

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

## Contact us

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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