



Ashiana Housing Limited

Instrument	Amount Rated (Rs. Crore)	Rating Action (June 2013)
Term Loan	50.00	Reaffirmed [ICRA]BBB (Stable)

ICRA has reaffirmed [ICRA]BBB (pronounced as ICRA triple B) rating to Rs. 50.00 crore* term loan (including unallocated) of Ashiana Housing Limited (AHL)[†]. The outlook on the long term rating is stable.

The rating continues to derive comfort from AHL's long track record of operations in real estate industry, its established presence in the real estate markets of Bhiwadi, Jaipur and Jamshedpur, its low gearing level, its focused approach towards mid income housing segment and healthy profitability in its projects. The ratings also derive comfort from healthy bookings achieved in FY13, though lower from bookings in FY12, and healthy liquidity profile driven by strong customer advances. The rating on the other hand is constrained by the execution risks arising from relatively larger projects being launched and high market risk given the sluggishness in the industry amid high interest rates and slowdown in economic activities as evidenced in slowdown in equivalent area booking achieved in FY13. The company also registered decline in its operating income in FY13 as it changed its revenue booking policy from percentage completion to possession based booking. The rating further takes into account high geographic concentration risk faced by the company as a significant portion of its projects under development is concentrated in two cities namely Bhiwadi and Jaipur which is further accentuated by company's plans to launch more projects in Bhiwadi in the near term. The rating also takes into consideration the fact that AHL's active senior living resort project at Lavasa, Pune has got all the regulatory clearances, however the sales for the project are yet to pick up. AHL is also entering into new geographies and sectors; however the benefits of diversification are yet to accrue.

Company Profile

Ashiana Housing Limited (AHL) (earlier named Ashiana Housing Finance Limited) was incorporated in 1986 at Kolkata (Erstwhile Calcutta) by Mr. Om Prakash Gupta. The company has been involved in real estate development activities since inception. The company is primarily present in residential housing segment apart from a single mall and hotel property at Bhiwadi.

AHL has developed more than 100 lakh square feet of residential space so far. Currently the company is developing several projects which are primarily residential housing project including two retirement resorts[†]. The projects are being developed in phases and are in different stages of completion. Some of the projects are being developed in association with other developers. The company had also planned to develop a hotel property in Jamshedpur under the brand name of "Hyatt Place"; however the same is currently put on hold.

Recent Results

On a consolidated basis, AHL reported operating income of Rs. 148.65 crore and profit after tax of Rs. 33.14 crore during FY2013 against operating income of Rs. 244.89 crore and profit after tax of Rs. 69.56 crore in FY2012.

June 2013

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* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's Website, www.icra.in, or any of the ICRA Rating Publications.

[†] These are specific housing projects which are designed and built to meet the needs of elderly people



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