

## Ashiana Housing Ltd — 23 Jan 2025 Credit Rating Summary

Section	Details
<b>Agency</b>	CARE Ratings Ltd.
<b>Rating Change</b>	<b>CARE A; Stable</b> (Reaffirmed / No notches moved)
<b>Outlook (Current vs Previous)</b>	<b>Stable vs Stable</b>
<b>Key Drivers of Change</b>	<ol style="list-style-type: none"> <li><b>Robust Sales Velocity:</b> FY24 bookings grew 37% to ₹1,798 Cr; H1FY25 bookings up 15% YoY.</li> <li><b>Cash Flow Visibility:</b> Committed receivables of ₹2,055 Cr cover &gt;100% of balance project costs (₹1,600 Cr) + outstanding debt.</li> <li><b>Deleverage Profile:</b> Overall gearing improved to 0.19x (FY24) from 0.24x (FY23).</li> <li><b>New Launch Success:</b> 19 projects/phases launched in 21 months (FY24 &amp; 9MFY25) with 65% average absorption.</li> </ol>
<b>Rated Instruments</b>	<ol style="list-style-type: none"> <li>NCDs: ₹125.00 Cr (CARE A; Stable)</li> <li>NCDs (Proposed): ₹100.00 Cr (Assigned CARE A; Stable)</li> <li>NCDs: ₹83.50 Cr (CARE A; Stable)</li> <li>NCDs: ₹26.40 Cr (CARE A; Stable)</li> </ol>
<b>Key Observations</b>	<p><b>(+) Niche Leadership:</b> Decades of expertise in Senior Living and Kid-Centric homes; 300 lsf delivered.</p> <p><b>(+) Liquidity Surplus:</b> Net Cash Positive status; ₹305 Cr liquid investments vs ₹270 Cr total debt.</p> <p><b>(+) Tier-I Momentum:</b> 85% booked in Gurugram (Amarah) and 61% in Pune (Malhar).</p> <p><b>(-) Execution Heavy:</b> Managing 75 lsf ongoing + 50 lsf upcoming projects creates high operational pressure.</p> <p><b>(-) Tier-II Lag:</b> Slower absorption in Tier-II cities (45% booked) vs Tier-I (55% booked).</p> <p><b>(-) Revenue Recognition Gap:</b> H1FY25 shows accounting loss (₹13 Cr) due to project-completion-based billing despite strong sales.</p>
<b>Investor Impact</b>	<p><b>Growth:</b> Massive launch pipeline (50 lsf upcoming) suggests strong future scale.</p> <p><b>Margins:</b> Low interest costs (Interest Coverage 5.84x) protect PAT.</p> <p><b>Leverage:</b> Negligible risk; funding model is 100% reliant on customer advances rather than debt.</p> <p><b>Dilution:</b> Extremely low risk given strong internal accruals and cash balances.</p>
<b>Agency / Cross Analysis</b>	<p><b>Same Agency:</b> Rating maintained at 'A' since 2021. While operational scale (Sales/Collections) jumped significantly in FY24, CARE remains cautious about "Execution Risk" and "Tier-II saleability," preventing an upgrade to A+.</p> <p><b>Conclusion: Steady Improvement.</b> The credit profile has strengthened fundamentally (receivables-to-cost coverage is now &gt;100%), but the agency is waiting for consistent billing from the new large-scale launches.</p>
<b>Final Inference</b>	<p><b>Real Improvement.</b> The company is in a "sweet spot" with zero net debt and ₹2,055 Cr in locked-in receivables. For equity investors, the H1FY25 accounting loss is a "fake signal"; the real value is the massive inventory liquidation and Gurugram outperformance.</p>