

**Press Release**  
**ASHAR VENTURES**  
**April 04, 2024**  
**Rating Assigned**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	365.00	ACUITE BBB-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	365.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 365 Cr. of bank loan facilities of Ashar Ventures. The outlook is '**Stable**'.

**Rationale for rating assigned**

The rating assigned takes into account the long-standing experience and established track record of Ashar group for more than two decades in real estate business. The group has completed 22 projects with more than 4.8 million sq. ft. of area in residential, commercial and retail spaces in Mumbai. Further, rating also draws comfort from the locational advantage of the firm's current project, located at Thane, Maharashtra having a healthy sales and collection traction. However, the rating is constrained by risks associated towards project completion as the construction of one of its project is still at a nascent stage. Further the rating also factors the firm's operations which are susceptible towards inherent cyclicity in the real estate industry.

**About the Company**

Based in Thane, Ashar Ventures was established on 01<sup>st</sup> April 2013. Mr. Ajay Ashar, Max Motors Private Limited and Toscano Infrastructure Private Limited are the partners of this firm. The company is engaged in Construction of Residential and Commercial Projects. The firm is a part of Ashar Group which was established in 2001. Mr. Ajay Ashar is also the Chairman and Managing Director of the group.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Ashar Ventures to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Established tracked record with experienced management.**

Ashar Group is a Mumbai based commercial and residential real estate developer promoted by Mr. Ajay Ashar. The group has a more than two decades of experience as a real estate developer through various projects executed under the various group entities. The Ashar Group is a well-established group in Thane, Mumbai with a history of delivering more than 4.5

million sq. ft. of commercial and residential area. Currently the firm is engaged in development of three residential buildings namely Ashar Axis, Ashar Pulse and Ashar Arize, of which Acuite

has considered the two projects Ashar Axis and Ashar Pulse for the rating exercise. Both the projects are being constructed with a total saleable area of more than 0.6 million sq. ft in total. The location of the projects is very well developed both residentially and commercially with a lot of scope for further development. Commercial complexes, including supermarkets, schools, restaurants, hospitals, fitness centres and banks, are abundant in the closest vicinity of the proposed location.

Acuité believes that the promoters have demonstrated good execution capabilities with a reputation for quality and timely completion in the past. Promoters' industry experience is expected to support in a successful sale of the units in the on-going project.

### **Moderate Project Risk**

The project risk of the above-mentioned projects stands moderate due to low funding risk, moderate implementation risk and moderate demand side risk. The project Ashar Axis with a total saleable area of 116004 sq. ft. of which 64 percent inventory stands to be sold out with 91 percent construction cost being already incurred till December 2023. Whereas, project Ashar Pulse with a total saleable area of 490916 sq. ft. in which 27 percent inventory is sold with 19 percent construction cost being incurred till December 2023.

The funding risk for both the projects stands low, as the total project cost will be funded majorly from the partners contribution and sanctioned bank loan, whereas the balance will be funded through the collections from customer advances.

Acuité believes that timely infusion of funds from promoters, timely funding of bank loan and receipt of customer advances will be a key monitorable.

### **Weaknesses**

#### **Completion Risk**

The construction of the project Ashar Pulse started on October 2022. The project is expected to get completed by December 2028. While there are inherent project risks as being in nascent stage of construction, the risk is mitigated to some extent as the group has established track record of completion of projects in timely manner. However, any delay in completion of the project may lead to cost and time overruns which will remain a key rating sensitivity going ahead.

### **Susceptibility to Real Estate Cyclicity, Regulatory Risks and intense competition in the industry**

The real estate industry in India is highly fragmented with most of the real estate developers, having a city specific or region-specific presence. The risks associated with real estate industry are cyclical in nature and directly linked to drop in property prices and interest rate risks, which could affect the operations. Given the high level of financial leverage, the high cost of borrowing prevents the real estate's developers' from significantly reducing prices to boost sales growth. Moreover, the industry is also exposed to certain regulatory risks linked to stamp duty and registration tax directly impacting the demand and thus the operating growth of real estate players. Furthermore, the group would continue to remain exposed to intense competition from larger players in region like Hiranandani Group, Godrej Properties and Lodha group amongst others.

### **Rating Sensitivities**

- Timely completion of the project development
- Timely sale of unsold inventory and realisation of its customer advances
- Healthy realization of customer advances pending from sold inventory.
- Any Sharp decline in cash flow due to slower customer advances or delays in project execution.

### **Liquidity Position Adequate**

Liquidity is aided by infusion from promoters, disbursement of bank loan and collection from customers. Moreover, liquidity can be further strengthened by higher collections from customers, which already stood at ~Rs.106.76 Cr. till December 2023 for the both the projects.

The liquidity is also supported by the financial flexibility the firm receives from the promoters. The firm is expected to have adequate liquidity over the medium term with an expected DSCR of above unity in a base case scenario

**Outlook: Stable**

Acuité believes that the outlook on Ashar Ventures will continue to remain 'Stable' business risk profile over the medium term on the back of experienced promoters and strong brand presence in the real estate industry. The outlook may be revised to 'Positive' in case of higher-than-expected advances from customers resulting in adequate cash flows for early completion of the project and prepaying the debt. Conversely, the outlook may be revised to 'Negative' in case of any undue delay in completion of the project, or less-than-expected bookings and advance leading to stretch on its liquidity.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	628.96	9.51
PAT	Rs. Cr.	158.31	4.02
PAT Margin	(%)	25.17	42.26
Total Debt/Tangible Net Worth	Times	0.83	36.82
PBDIT/Interest	Times	7.04	1.98

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

### Rating History :

Not Applicable

### Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	02 Mar 2028	Simple	275.00	ACUITE BBB-   Stable   Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	24 Mar 2027	Simple	90.00	ACUITE BBB-   Stable   Assigned

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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