

## Rating Rationale

February 8, 2018 | Mumbai

### Asset Homes Private Limited

#### Rating Action

<b>Developer Rating</b>	<b>DA2 (Reaffirmed)</b>
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*1 crore = 10 million*

*Refer to annexure for Details of Instruments & Bank Facilities*

CRISIL has reaffirmed its real estate developer rating of 'DA2' on Asset Homes Pvt Ltd (Asset). The rating indicates that the developer's ability to execute real estate projects as per the specified quality level and within the stipulated time schedule, and to transfer a clean title, is 'Very Good.'

The rating continues to reflect the wide experience of the promoters, strong marketing and development strategies, standardised work flow processes and systems, and good second line management team. These rating strengths are partially offset by the company's aggressive developmental plans, limited track record in commercial and retail development, geographic concentration in operations, and average financial risk profile.

Promoter, Mr Sunil Kumar has experience of over two decades in construction and real estate development. Asset Homes has good brand equity and reputation in the Kerala residential market. It has adopted sound strategies for joint land development to reduce costs and risks; it also manages most of the civil construction work of projects in-house. The departmental heads manage daily operations.

Asset Homes' development track record is, however, limited at 33 lakh square feet (sq ft) since inception, over the last ten years. Asset Homes has ongoing projects of about 25 lakh sq ft and plans to launch medium-to-large residential projects of more than 19 lakh sq ft in the next 6 to 8 months. Aggressive ramp-up in project size will require robust scaling-up of systems and processes and strong checks and measures on construction activities to meet the possession timelines promised to customers. Hence regular monitoring of progress is very crucial over the medium term. Financial risk profile is also average, marked by low networth (Rs 40 crore) and gearing (0.4 time) as of March 2017, and modest cash accrual of Rs 7 crore in fiscal 2017.

#### About the Company

Asset Homes, established in 2006 by Mr Sunil Kumar, is among the fast growing and reputed developers in Kerala. Asset Homes has adopted several initiatives to enhance customer awareness and boost sales, including introducing apartment insurance. In October 2014 the developer tied up with New India Assurance Company Ltd to provide insurance coverage for 25 years for all ongoing residential projects. The company's advisory board comprising seven experts advises the board of directors on technical, financial, marketing and human resources. The company has a presence in almost all the major cities of Kerala.

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