



## Developer Grading Rationale

February 23, 2022, Kochi

# Asset Homes Private Limited

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Developer grading

DA2+

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**Valid until: February 22, 2023**

### Detailed rationale

CRISIL has reaffirmed its real estate developer grading on Asset Homes Pvt Ltd (Asset Homes) to 'DA2+'. The grading indicates the developer has **'Very Good'** ability to execute real estate projects with specified quality within the stipulated time, and to transfer a clean title.

Asset Homes is among the leading developers in Kerala, with operational track record of more than a decade. Strong brand name has aided the group in executing projects across seven cities in Kerala (Kollam, Kochi, Thrissur, Thiruvananthapuram, Kozhikode, Kannur, and Kottayam). Location advantage supported by better connectivity and presence of adequate social infrastructure, continues to strengthen its market position.

Grading drivers supporting reaffirmation include strong execution track record in Kerala real estate market, experienced senior management, sound marketing and development strategies, and standardised workflow processes and systems. These strengths are partially offset by limited presence in commercial and retail development, geographic concentration with past and ongoing projects located predominantly in Kerala, aggressive development plans, average financial risk profile, moderate delays in possession and obtaining occupancy certificates, and dependence on customer advances for funding needs.

The group's operations are governed by an experienced promoter Mr. Sunil Kumar, who has more than two decades of experience in the real estate sector. Thus, the group will continue to benefit from his extensive industry knowledge and insights. Further, it has adopted sound strategies for joint land development and enhancing construction quality. Some of the initiatives undertaken to enhance construction quality include reducing water consumption through recycling and use of water efficient fittings and promoting the green building concept by introducing green spaces within a few of its residential projects.

AHPL's (standalone) financial risk profile is moderate as reflected in net sales of Rs 115.80 crore in fiscal 2021 compared with Rs 106.13 crore in fiscal 2020. It posted profit after tax (PAT) of Rs 2.51 crore in fiscal 2021 compared with Rs 2.41 crore in fiscal 2020. Moderate reliance on external debt is reflected in gearing of 1.26 times in fiscal 2021 compared with 1.70 times in fiscal 2020.

Asset Group's (consolidated) financial risk profile is moderate as reflected in net sales of Rs 139.53 crore in fiscal 2021 compared with Rs 144.00 crore in fiscal 2020. It posted PAT of Rs 3.51 crore in fiscal 2021 compared with Rs 3.56 crore in fiscal 2020.

These strengths are partly offset by the group's aggressive development plans as reflected in ongoing projects of 17.83 lakh sq ft and plans to launch medium-to-large residential projects of 31.45 lakh sq ft in the next one year and group also has projects planned in Coimbatore (Tamil Nadu) and Bhiwandi (Maharashtra). Further, considering the uncertainty due to Covid-19 pandemic, any further lockdown restrictions may cause delays and impact project cashflows. Thus, the group's ability to receive customer advances on time by managing its cash flows, successfully execute projects outside Kerala and in new markets, competing with established players along with regular monitoring of project progress is crucial over the medium term.

Covid-19 impact: During the second wave of Covid-19, operations remained suspended from April to June 2021. Thereafter, the entity was operating with 75% labour capacity from July to September 2021 and 100% labour capacity from September to November 2021. Because of the recent surge in cases in Kerala, the entity is operating with 80% labour capacity from December 2021.

### **About the developer**

Incorporated in 2006 and promoted by Mr. Sunil Kumar, Asset Homes undertakes real estate development in Kerala and is among the reputed developers in the state. The Asset Group offers 17 value-add services to its customers such as providing ambulance services, insurance coverage against damages caused by natural calamities, and outstation stay facilities.

The company has experienced senior management and functional heads across multiple domains including construction, finance, legal, marketing, and customer service. The group has presence across seven cities in Kerala (Kollam, Kochi, Thrissur, Thiruvananthapuram, Kozhikode, Kannur, and Kottayam).



## Photographs

### Completed projects

#### Asset Thejomaya (residential) – Kochi



#### Asset Le Grande (residential) – Kochi



## Ongoing projects

### Asset Fortuna (residential) – Thrissur



### Asset Platina (residential) – Thrissur



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