



Rating Rationale

Aegis Value Homes Ltd.

9 Oct 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 21.76 Crores of Aegis Value Homes Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			
Term Loan 1	7.95#*	Long Term	BWR BB- (BWR Double B Minus) (Outlook: Stable)
Term Loan 2	11.51*		
Non Fund Based			
Bank Guarantee	2.30	Short Term	BWR A4 (BWR A Four)
Total	21.76	INR Twenty One Crores and Seventy Six Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

*Outstanding amount as on September 2018.

#Includes undisbursed amount.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial statements of Aegis Value Homes Ltd (AVHL) upto FY17, CA Certified provisional financial statements of FY18, projected cash flows upto FY20, publicly available information and clarifications provided by the company's management.

The rating derives its strength from the promoter's experience and reduced marketing risk associated with ongoing projects. However, the rating is constrained by cyclical nature in Indian real estate industry and exposure to off take risk.

Going forward, ability of the company to complete the projects as envisaged, to maintain sales momentum, to mobilize customer advances in a timely manner, to infuse additional capital, to service its debt in a timely manner and to generate healthy cash inflows would be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

- **Experienced Promoter:**

Promoters of AVHL have a family background and experience of almost a decade in the real estate industry which is expected to benefit AVHL in timely execution of its projects and in sales by leveraging their ability to engage investors.



Reduced Marketing risk associated with on-going projects:

The company's most recently launched project of 2017 named 'Smart Homes' is focused on affordable housing under Pradhan Mantri Awas Yojana. Under the scheme, Government of India offers benefits to the builders along with credit-linked subsidy to the customers enabling larger inventory and to look forward for renewed demand. The project is 65% booked as on date. Ongoing projects; 'Aegis Gold Floors' has been partially completed and delivered, second project 'Aegis Woods' is on the last stage of completion and is expected to be delivered by the end of this year.

- **Credit Risks:**

Cyclical in Indian real estate industry:

The real estate sector in India is cyclical with a highly fragmented market structure and is linked to the overall level of economic activities in the country. Post Demonetisation and GST implementation, the sector has witnessed demand supply mismatch. Moreover, the demand for real estate in Karnal, Haryana has been at an average level.

Exposure to off take risk:

AVHL's exposure to off take risks associated with its ongoing projects is high as the projects are largely dependent on customer advances. Sources of funds for construction of the projects is approximately 70% dependant on customer advances. Any delay in inflow of advances or bookings may affect the construction of the projects. Out of the total saleable area, 63.44 % has been sold against which 36.50% revenue has been received. (Data captures ongoing and recently launched projects.)

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes that **Aegis Value Homes Ltd's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company:

Aegis Value Homes Ltd ('AVHL' or 'The Company') was incorporated in 2012. It is mainly promoted and founded by Mr. Divey Dhamija. The company's main line of business is real estate development with key focus on affordable housing and building townships. The company's ongoing projects are 'Aegis Gold Floors' launched in September 2012, 'Aegis Woods' launched in October 2013 and 'Smart Homes' launched in June 2017 respectively, all at Karnal, Haryana.



Company’s Financial Performance:

As per CA Certified Provisionals of FY18 the company has earned a revenue of Rs17.06 cr with a PAT of Rs 0.11 crs vis-a-vis Rs 13.36 crs & PAT of Rs.0.03 crs respectively in FY17.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2018	2019
1.	Fund Based	Long Term	19.46	BWR BB- (Outlook: Stable)	NA	NA	NA
2.	Non Fund Based	Short Term	2.30	BWR A4			
	Total		21.76	₹ Twenty One Crores and Seventy Six Lakhs Only			

Status of non-cooperation with previous CRA) - NA

Other Information- CARE D assigned on April 02nd 2018 downgraded from CARE BB-.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Provisional	Audited
Operating Revenue	₹ Cr	17.06	13.36
EBITDA	₹ Cr	1.94	0.83
PAT	₹ Cr	0.11	0.03
Tangible Net worth	₹ Cr	9.20	7.99
Total Debt/Tangible Net worth	Times	2.08	2.09
Current Ratio	Times	22.83	20.20

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)



- [Infrastructure Sector](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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