

## Grading rationale

April 04, 2019 | Mumbai

### ABAD Builders Private Limited

#### Grading action

Developer grading	DA2 (reaffirmed)
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1 crore = 10 million

#### Detailed rationale

CRISIL has reaffirmed its real estate developer grading of 'DA2' on ABAD Builders Pvt Ltd (ABPL). The grading reflects ABPL's ability to execute real estate projects as per the specified quality level within the stipulated schedule, and to transfer a clean title, is '**Very Good**'.

The grading also factors in ABPL's risk-averse and conservative development and land acquisition strategy. In Kochi (Kerala), the company has four ongoing residential projects, totalling 3.6 lakh square feet (sq ft), and four planned projects, totalling 3.2 lakh sq ft. ABPL has not acquired any new major land parcel in the past few years, and its ongoing and planned projects are on joint development basis, wherein revenue from the projects will be shared with the landowners. Also, projects are majorly funded through cash accrual and customer advances, thereby supporting liquidity. Networth increased to Rs 40 crore as on March 31, 2018, from Rs 38 crore a year ago.

These strengths are partially offset by geographical concentration in revenue; limited development track record of executing 11 projects in past 5 years with average saleable area of 0.63 lakh sq ft.

#### About the company

ABPL incorporated in the year 2003 has undertaken 39 projects covering 37 lakh sq ft in Kochi and Kottayam in Kerala. It is a part of the ABAD group that has interests in seafood export, hotels and resorts, and real estate. Mr Riaz Ahmed (chairman) has experience of over two decades in the hospitality and real estate businesses, while Dr Najeeb Zackeria (managing director) has been in the real estate business since 2001.

Profit after tax was Rs 2 crore on net sales of Rs 54 crore in fiscal 2018, against Rs 1 crore and Rs 61 crore, respectively, in fiscal 2017.

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