



Developer Grading Rationale

April 12, 2022, Kochi

Skyline Builders

Developer grading

DA2+

Valid until April 11, 2023

Detailed rationale

CRISIL has assigned real estate developer grading of DA2+ to Skyline Builders. 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.

Established in 1989, Skyline Builders has an operational track record of more than three decades. Its operations are overseen by K V Abdul Azeez, chairman and managing partner. His extensive industry knowledge backed by experience of more than three decades is a huge benefit for the entity.

The grading reflects strong financial risk profile, the promoter experience in developing residential projects, and its brand equity in the Kerala real estate market.

These strengths are partially offset by the firm's limited experience in commercial and retail projects, marginal delays in obtaining occupancy/ completion certificates for few projects completed in past 5 years, and revenue concentration in Kerala.

Skyline Builders' financial strength is reflected in net sales (provisional) of Rs 212.18 crore in fiscal 2022 (vs Rs 171.40 crore in fiscal 2021 and Rs.239.97 crore in fiscal 2020), and profit after tax (provisional) of Rs 31.45 crore in fiscal 2022 (vs Rs 22.72 crore in fiscal 2021 and Rs 16.58 crore in fiscal 2020).

The developer has 13 ongoing projects of 14.64 lakh sq ft in the residential segment, and plans to launch 16 projects totalling 16.73 lakh sq ft in the next one year in Kochi, Kottayam, Kozhikode, Kannur, Thrissur, and Trivandrum. Thus, its ability to diversify across segments (commercial and retail) and expand geographically will be a key monitorable. Considering the Covid-19 pandemic-induced uncertainty, any further lockdown or restrictions may cause project delays and impact cash flows. Therefore, Skyline Builders' ability to receive customer advance on time by managing its cash flows, along with regular monitoring of project progress, is crucial in the medium term.



The pandemic's impact: During the first wave, operations were suspended from April to June 2020. It operated with 40% labour capacity from July to September 2020, and with 100% labour capacity from November 2020 onwards. During the second wave from April to June 2021, the entity operated with 30% labour capacity. It operated with 80% labour capacity from July to September 2021, and 100% labour capacity from November 2021 onwards.

About the developer

Skyline Builders was founded in 1989 by K V Abdul Azeez. It largely develops residential apartments and villas in Kochi, Trivandrum, Kottayam, Kozhikode, Thrissur, Kannur, and Kollam (all in Kerala). It has experienced senior management and functional heads in multiple domains, including construction, finance, legal and marketing.

It also offers services such as rental and resale, home care, free transit homes, and after-sales support.

Photographs

Completed projects

Skyline Oxford (residential) - Kochi



Skyline Palm Meadows (residential) - Kottayam





Ongoing projects

Skyline Pearl (residential) - Kottayam



Skyline Polaris (residential) - Kochi



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