

## Grading Rationale

April 4, 2019 | Mumbai

### Skyline Builders

#### 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 Skyline Builders (Skyline). The 'DA2+' grading 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 grading continues to reflect a strong financial risk profile and brand equity in the Kerala real estate market, and the experience of the promoters in developing residential projects. These grading strengths are partially offset by a limited track record in commercial and retail projects, marginal delays in obtaining occupancy/completion certificates across projects, and revenue concentration in the Kerala real estate market.

The managing partner, Mr Abdul Azeez, has been in the realty development business in Kerala for nearly 30 years. The firm has developed 131 projects so far, with a total area of 12.18 million square foot (sq ft). The average size of these projects is 0.1 million sq ft. The systems and processes are good, supported by sound legal and land-acquisition strategies. The firm has multi-location marketing offices and provides strong after-sales service. Furthermore, it is a well-known player in the Kerala real estate market, given its longstanding presence in the region; the firm is currently present in nine cities in Kerala. However, Skyline has a short track record in developing commercial and retail projects. It is also exposed to weaknesses inherent in partnership firms, primarily the lack of structural robustness and limited scalability in operations. Physical completion of projects has been delayed by an average of one month, over the past five years. Also, revenue concentration risks persist, given that operations are focused entirely in Kerala.

#### About the firm

Skyline was set up in 1989; Mr Abdul Azeez is its managing partner and chief executive officer. The firm is focused on developing residential apartments and villas in Kochi, Thiruvananthapuram, Thiruvalla, Kannur, Pala, Kottayam, Tellicherry, Thrissur, and Kozhikode, all in Kerala.

Profit after tax was Rs 16.76 crore on net sales Rs 196.18 crore in fiscal 2018.

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