

Developer Grading Rationale
August 23, 2019 Ahmedabad
A. Shridhar Infracon LLP

Developer grading	DA2
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Valid till: August 22, 2020

Detailed rationale

CRISIL has assigned its '**DA2**' real estate developer grading to A. Shridhar Infracon LLP (an A Shridhar group firm). The 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 reflects the promoter's sound marketing, project development strategies and vast experience in land acquisition. These grading strengths are partially offset by geographic and revenue concentration in the Ahmedabad real estate market, limited track record in commercial and retail development, dependence on customer advances for funding needs and lack of a second-line of professional management.

The firm's development plans are focused on mid-sized residential projects. The promoter, Mr Ajay Shridhar, has experience of over two decades in the real estate sector. It has adopted sound strategies for land development to reduce costs and risks, legal strategy is strong, and manages most of the civil construction work of projects in-house. The developer is in process of standardised work flow processes and systems.

Geographic concentration risks persist, with the group's presence still limited to Ahmedabad. Since inception, the group has completed 5 projects aggregating 1.17 million square feet. Its 4 ongoing projects cover 0.76 million square feet. Projects completed since inception have been without delays. There has no delay on account of non-receipt of occupancy certificates.

The financial risk profile, however, is average, marked by low networth (Rs 45.93 crore) but low gearing (0.37 time) as of March 2019, and modest cash accrual of Rs 3.81 crore in fiscal 2019. The financial risk profile will, likely, remain stable over the medium term.

About the developer

Incorporated in 2011 and promoted by Mr Ajay Shridhar, the group undertakes real estate development in Ahmedabad and is among the fast growing and reputed developers in the city. The company has adopted several initiatives to enhance customer awareness and boost sales.

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