

Rating Rationale

December 29, 2017 | Mumbai

Skyline Builders

Rating Action

Developer Rating	DA2+ (Reaffirmed)
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1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

CRISIL has reaffirmed its real estate developer rating of 'DA2+' for Skyline Builders (Skyline). The 'DA2+' rating 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 rating continues to reflect Skyline's strong financial risk profile and brand equity in the Kerala real estate market, and the promoters' experience in developing residential projects. These rating strengths are partially offset by the firm's limited experience in commercial and retail projects, marginal delays in obtaining occupancy/completion certificates across projects, and revenue concentration in the Kerala real estate market.

Managing partner, Mr Adbul Azeez, has been in the realty development business in Kerala for over 28 years. The firm has developed 141 projects so far, with a total area of 14.32 million square feet (sq ft). The average size of these projects is 0.10 million sq ft. Skyline has good systems and processes, supported by sound legal and land acquisition strategies. The marketing strategy is marked by multi-location marketing offices and strong after-sales service. Furthermore, the firm is a well-known player in the Kerala real estate market, given its longstanding presence in the region; it is currently present in nine cities in Kerala. However, Skyline has limited experience 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. 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.

Skyline reported a profit after tax (PAT) of Rs 163 million on net sales of Rs 2067 million in fiscal 2017.

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For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
Saman Khan Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com	Sudhir Nair Director - CRISIL Ratings CRISIL Limited B: +91 22 3342 3526 sudhir.nair@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com
Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com	Saurabh Yadav Manager - CRISIL Ratings CRISIL Limited B: +91 22 3342 3225 saurabh.yadav@crisil.com	For Analytical queries: ratingsinvestordesk@crisil.com
Jyoti Parmar Media Relations CRISIL Limited D: +91 22 3342 1835 B: +91 22 3342 3000 jyoti.parmar@crisil.com		

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