

Grading Rationale

October 12, 2018 | Mumbai

Skyline Foundations and Structures Private Limited

Grading action

Developer grading	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 grading of 'DA2+' on Skyline Foundations and Structures Pvt Ltd (SFS). 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 SFS's strong financial risk profile and the benefits it derives from the promoters' experience, and its good systems and processes, and brand equity in the Kerala real estate market. The grading also factors in SFS's strong financial risk profile, with healthy gearing, and sound debt protection metrics. Liquidity is comfortable, too, driven by healthy bookings for ongoing projects, timely receipt of customer advances, and sparingly utilised bank limit. These strengths are partially offset by delays in obtaining occupancy certificates, dependence on customer advances for funding needs, and revenue concentration in the Kerala real estate markets.

The promoters, Mr K Srikant and Mr K Lava, have been in the realty development business in Kerala for over 33 years. The company has developed 65 projects thus far, with a total area of about 56.2 lakh square feet (sq ft); the average size of each project is 0.9 million sq ft. Systems and processes are adequate, supported by sound legal and land-acquisition strategies. Furthermore, the company is a well-known player in Kerala, given its longstanding presence in the state. However, its track record at developing commercial and retail projects is limited. Also, its presence remains largely concentrated in the Thiruvananthapuram and Kochi markets. Projects have been completed with average delays of about 1.5 months in the past five years. The grading also factors in SFS's exposure to revenue concentration risks, given that its operations are solely in Kerala.

About the Developer

Incorporated in 2004, SFS, promoted by Mr K Srikant and Mr K Lava, undertakes real estate development in Kerala. The company has 9 ongoing projects, with a total saleable area of 9.7 lakh sq ft.

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Last updated: April 2016

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