



Press Release

Parinee Shelters Private Limited (PSPL)

September 29, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Proposed Non-Convertible Debentures	199.00	IVR B/Stable Outlook (IVR Single B with Stable Outlook)	Assigned
	Total	199.00		

Details of Facilities are in Annexure I

Detailed Rationale

The aforesaid ratings assigned to the Proposed Non-Convertible Debentures of Parinee Shelters Private Limited (PSPL) derives comfort from its experienced management team, location specific benefits and presence of a proposed escrow mechanism.

However, the rating strengths are constrained by chance of time and cost overrun and susceptibility to cyclicalities inherent in the real estate sector

Key Rating Sensitivities

Upward Rating Factors

- Substantial & sustained improvement in revenue and/or profitability leading to improvement in debt protection metrics.

Downward Rating Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.

Key Rating Drivers with detailed description

Key Rating Strengths

Experienced management team

The company is being managed by experienced promoter and directors. The directors collectively have over two decades of experience in the industry. Having operated in the real



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estate industry since years now, the management has established a strong network of suppliers and vendors.

Locational advantage

The project “Liva Roca” is located in Juhu, a speedily developing suburb of Mumbai, a locality offering residential and corporate spaces to different sections of society, and it also takes care of all religious, educational, health and entertainment needs. The road connectivity throughout the area is good.

Presence of a proposed escrow mechanism

The majority of the proceeds from the proposed NCD will be used to refinance the existing terms loans. In order to safeguard the issuer’s interest, all receivables of the company, including receivables from the project and sale of units in the project, will be solely and exclusively credited into an escrow bank account which will be operated by a debenture trustee and the amount lying in the account shall only be withdrawn as per the escrow agreement between all the parties involved.

Key Rating Weaknesses

Chance of time and cost overrun

Even though all precautions and steps are taken by the company to avoid time and cost overrun, there is always a scope of such a happening due to unforeseen circumstances.

Susceptibility to cyclicality inherent in the Real Estate sector

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The uncertainty pertaining around Covid-19 also has dented the demand of commercial as well as residential real estate demand.



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Analytical Approach: Standalone

Applicable Criteria

Rating Methodology for Real Estate Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

The company maintains moderate cash and bank balance to meet its liquidity requirements. The current ratio stood at 5.57x as at 31st March, 2020 and 5.52x as at 31st March 2019. The projected DSCR is in moderate territory. Any delay or slowdown in the topline as expected can put pressure on the cash flow of the company.

About the Company

About the Company (SPV) and the Project

Parinee Shelters Private Limited (PSPL) incorporated in 2007, is in the process of building a residential complex in Juhu, a speedily developing suburb of Mumbai. The project “Liva Roca” is a residential complex with 12 story standalone high rise tower, lobby space, glass canopy with water cascade, puzzle parking system, dg power back up for all common areas, 2 level security system with CCTV camera, intercom and separate car parking tower.

About The Group Concern

Parinee, housed at Parinee Crescenzo, Bandra Kurla Complex, is a real estate group engaged in business of construction and provides Luxury housing. The group’s presence in realty sector is in Mumbai only enabling it to specialize locally. Initially incorporated in the year 1963 as P.D. Construction and known as P.D. Group. The flagship company “Parinee Realty Private Limited” was incorporated in 1998. At present, the group is developing 7 projects totaling to 2 mn. sq. Ft.



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Financials: Standalone

For the year ended/ As On	(Rs. crore)	
	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	38.68	48.28
EBITDA	15.99	-13.40
PAT	-0.43	-28.38
Total Debt	160.29	183.30
Tangible Net-worth	-17.68	-46.06
Ratios		
EBITDA Margin (%)	41.95	-28.15
PAT Margin (%)	-1.12	-58.78
Overall Gearing Ratio (x)	-9.06	-3.98

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Proposed Non-Convertible Debentures	Long Term	199.00	IVR B/Stable Outlook	--	--	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's



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long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure I: Indicative Details of Proposed Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Non-Convertible Debentures	-	8% Coupon rate and 16% IRR	Upto March 2024	199.00	IVR B/Stable Outlook