



## Press Release

### Lifeline Multi Ventures Private Limited

June 21, 2024

#### Ratings

Instrument/ Facilities	Amount (INR crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities- LRD Loan	49.24	IVR BBB-/ Stable (IVR Triple B Minus with stable outlook)	Upgraded and removed from Issuer Not Cooperating category	Simple
Long Term Bank Facilities- LRD Loan	99.14	IVR BBB-/ Stable (IVR Triple B Minus with stable outlook)	Assigned	Simple
Long Term Bank Facilities- Term Loans	43.43	IVR BBB-/ Stable (IVR Triple B Minus with stable outlook)	Upgraded and removed from Issuer Not Cooperating category	Simple
Long Term Bank Facilities- Term Loans	20.87	IVR BBB-/ Stable (IVR Triple B Minus with stable outlook)	Assigned	Simple
<b>Total</b>	<b>212.68</b> <b>(INR Two Hundred and Twelve Crore and Sixty- Eight Lakh only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Ratings has removed the ratings assigned to the bank facilities of Lifeline Multi Ventures Private Limited (LMVPL) from Issuer Not Cooperating category based on adequate information received from the company to review its ratings.

The upgrade and assignment of rating for the enhanced bank facilities of LMVPL reflects comfort from its experienced promoters with long track record of operations in real estate business, continuous support from the parent company and locational advantage attributable to presence of the shopping mall cum multiplex and hotel in prime location in southern part of Bhubaneshwar. The ratings are also underpinned by improvement in the operating performance of the company in FY24 [FY refers to the period from April to March 31], long term agreement with, The Indian hotels for managing the hotel operations, footfall and occupancy level in shopping mall with marquee tenants and presence of escrow mechanism



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with stable cash flow from shopping mall segment backed by long term lease arrangements varying between 9-20 years for majority of clients along with maintenance of Debt Service Reserve Account (DSRA). These rating strengths are however constrained by the company's high leverage, modest debt service coverage ratio and exposure to cyclicalities in the hospitality and real estate market.

### **Key Rating Sensitivities:**

#### **Upward factors**

- Timely receipt of the lease rentals and successful ramp up of hotel business leading to higher growth in operating income and cash accruals on a sustained basis.

#### **Downward Factors**

- Significant delay in stabilization of hotel thereby putting pressure on liquidity.
- Vacancy in leased space and inability of the company to renew the agreement and/or find alternative tenant at similar rental rates.
- Moderation in the capital structure and/or deterioration in debt protection metrics on a sustained basis.

### **List of key rating driver with detailed description**

#### **Key rating strengths:**

- **Experienced promoters with long track record in real estate business**

Incorporated on 1989, LMVPL, is a subsidiary of D.N. Homes Private Limited (DNHPL) engaged in real estate development in Bhubaneswar since last two decades. The company was promoted by Mr. Jagadish Prasad Naik. Mr. Naik has extensive experience in real estate business. The decade-long experience of the promoters in the real estate industry, and established brand value of DN Homes in the Bhubaneswar market is supporting the business risk profile of the company.

- **Support from the parent company**

DNHPL holds 90.63% stake in LMVPL. DNHPL has a healthy financial profile with sound cash accruals. Given the established position of the parent company in the real estate market in Bhubaneswar and the financial support extended by the parent company supports resource mobilisation ability of LMVPL. Further, the bank facilities of LMVPL are also backed by corporate guarantee from DNHPL. Infomerics expects that the support from the resourceful parent will continue to support LMVPL going forward.



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- **Prime location of the shopping mall cum multiplex**

Located at Patrapara “DN Regalia” is an integrated complex having mall, multiplex, hotel, restaurant and is well connected with the rest of the city. The mall is within 15 minutes’ drive from Biju Patnaik International Airport in Bhubaneshwar. The mall is strategically located to the southern part of Bhubaneshwar where major development is taking place in the commercial space. Further, the city has an established list of educational institutes list AIIMS, IIT, NISER thereby attracting the shopping centre offering a lively mix of shopping, food and entertainment brands. The mall started operations in March’2019 and currently is generating average footfall of ~15000 people per day owing to its prime location and presence of established brand under one roof.

- **Improvement in operating performance in FY24**

Revenue from mall operations increased from Rs. 18.50 crore in FY23 to Rs. 22.74 crore in FY24 (Provisional) supported by improvement in rental income. Further, the operating performance of hotel has witnessed an improvement in FY24 backed by better occupancy level on the back of demand uptick. LMVPL has executed an agreement with The Indian Hotels Company Limited for operating the hotel under ‘Vivanta’ brand.

- **High footfall and occupancy level with marquee tenants**

DN Regalia, which has 0.6 million sq ft of leasable area, is favorably located on Patrapara, Bhubaneshwar, a commercial hub with good connectivity and social infrastructure. The asset is amongst the most premium developments in the area, with high quality specifications which enhances its market position. The mall has started in March’2019 and currently witnessing good footfall. In addition, the tenant profile constitutes marquee names such as Pantaloons, Blackberry, Samsonite, Manyavar, Domino’s, Jawad Habib etc., which are present across various sectors, mitigating sectoral-concentration risks to an extent. Infomerics also notes that majority of the tenant have long term agreement which ranges from 9-20 years with a minimum lock-in period of 1.5-3 years.

- **Stable cash flow from Mall segment; Escrow mechanism**

DN Regalia, which commenced operation in March’2019, currently witnessing good occupancy level and houses some reputed brands like Reliance Smart, Pantaloons, Samsung, Zudio etc. which is expected to attract customer footfall in the mall. The company is having an assured lease rentals of around Rs.1.50 crore per month from the lease agreements already entered. LMVPL has availed Lease Rental Discounting (LRD) facility against rent receivables from the mall “DN Regalia”. The terms of the LRD facility require



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that the lease rent receivables from all the tenants of commercial building namely “DN Regalia” be routed directly to an Escrow Account set up specifically for the repayment of the said LRD facility. The company is also maintaining a Debt Service Reserve Fund of Rs.4.50 Crore.

### **Key rating weaknesses**

- **High leverage and modest DSCR**

The company's leverage remains high as reflected by overall gearing ratio of 7.46x and TOL/TNW of 8.43x as on March 31, 2024. Despite the tenure elongation due to the refinancing of LRD loan, the cumulative DSCR for the debt tenure remains modest. However, comfort can be derived from healthy financial profile of the parent company which is expected to support LMVPL going forward.

- **Exposed to risk of cyclical**

Cyclical in the real estate segment could lead to fluctuations in the valuation of the property itself and, in turn, affect the future lease rentals. Moreover, hospitality industry also remains vulnerable to general economic slowdown and exogenous shocks such as geo-political crisis, terrorist attacks, disease outbreak etc. This may impact the debt servicing ability of the company.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Service Sector Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Lease Rental Discounting \(LRD\)](#)

[Criteria On Parent/Group Support](#)

**Liquidity position: Adequate**

The liquidity position of the company is expected to remain adequate marked by its satisfactory accruals vis-a-vis its debt repayment obligations. Moreover, the LRD facility is backed by an escrow arrangement and stipulates maintenance of Debt Service Reserve Fund of Rs.4.50 crore. Its cash and bank balance stood at Rs.13.20 crore as on March 31, 2024.



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### About the Company

Odisha based Lifeline Multi Ventures Private Limited (LMVPL), was incorporated on 1989. The company also remained dormant for 10 years and later in 2009, this was taken over by 5 the current management comprising of Mr. Jagadish Prasad Naik, Ms Ratnamala Swain and Mr. Shyam Sundar Padhy who have extensive experience in real estate business. The company is a subsidiary of D.N. Homes Private Limited (IVR BBB-/Stable), which is engaged in real estate development in Bhubaneshwar since last two decades. LMVPL has developed a commercial project in Bhubaneshwar consisting of shopping mall, multiplex, hotel and restaurant under one roof as “DN Regalia”. D.N. regalia is a mixed-use project with shopping mall with multiplex and a 4-star hotel. The operations of the mall started from February/ March’2019 whereas LMVPL has also successfully completed construction of a 5 star hotel and its full-fledged operations have started from August 2021, which is managed by The Indian Hotels Company Limited under the brand ‘Vivanta’. It has 136 rooms with three banquets & one terrace garden and three restaurants.

### Financials (Standalone):

For the year ended*/ as on	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	70.95	81.75
EBITDA	32.15	43.15
PAT	-7.59	12.10
Total Debt	222.42	215.12
Tangible Net Worth	16.73	28.83
EBITDA Margin (%)	45.31	52.78
PAT Margin (%)	-10.65	14.28
Overall Gearing Ratio (x)	13.30	7.46
Interest Coverage Ratio (x)	1.11	2.02

*\*Classification as per Infomerics’ Standard*

**Status of non-cooperation with previous CRA:** India Ratings and Brickworks Ratings have maintained the rating of Lifeline Multi Ventures Private Limited into Issuer Non-Cooperating category as the entity did not cooperate in the rating procedure despite repeated follow ups as per the Press Release dated May 15, 2024 and May 24, 2024 respectively.

**Any other information:** Nil





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### Rating History for last three years:

Sr · N o.	Name of Instrument/Facil ities	Current Rating (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount outstandi ng (Rs. Crore)	Ratin g	Date(s) & Rating( s) assigne d in 2023-24 (Sep 5, 2023)	Date(s) & Rating( s) assign ed in 2022- 23 (Jun 24, 2022)	Date(s) & Rating( s) assign ed in 2021- 22	Date(s) & Rating(s) assigned in 2020- 21 (Mar 26, 2021)
1.	LRD	Lon g Ter m	148.38	IVR BBB- / Stabl e	IVR BB+/ Negati ve (INC)	IVR BBB/ Stable	-	IVR BBB/ Credit Watch with Negative Implicatio ns
2.	Term Loan	Lon g Ter m	64.30	IVR BBB- / Stabl e	IVR BB+/ Negati ve (INC)	IVR BBB-/ Stable	-	IVR BBB- / Credit Watch with Negative Implicatio ns

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining



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registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate	Tenor/ Maturity	Size of Facility (INR Crore)	Rating Assigned/ Outlook
LRD	-	-	Oct 2037	148.38	IVR BBB-/ Stable
Term Loans	-	-	Oct 2032	64.30	IVR BBB-/ Stable
<b>Total</b>				<b>212.68</b>	

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-Lifeline-MultiVentures-jun24.pdf>



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**Annexure 4: Detailed explanation of covenants of the rated instrument/ facilities: Not Applicable**

**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](http://www.infomerics.com).

