



## Press Release

### Lifeline Multi Ventures Private Limited

June 24, 2022

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Rating	Rating Action	<a href="#">Complexity Indicator</a>
Long term bank facilities – Lease Rental Discounting (LRD) Loan	49.24^ (reduced from Rs. 55.00 crore)	IVR BBB/ Stable (IVR Triple B with Stable outlook)	Reaffirmed and removed from Credit Watch with Negative Implications	Simple
Long term bank facilities - Term Loan	43.43^ (reduced from Rs. 45.00 crore)	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	Reaffirmed and removed from Credit Watch with Negative Implications	Simple
<b>Total</b>	<b>92.67</b> <b>(Ninety two Crore and sixty seven Lakh)</b>			

^Outstanding as on May 31, 2022

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Lifeline Multi Ventures Private Limited (LMVPL) continue to derive 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 Bhubaneswar. The ratings are also underpinned by 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 with stable cash flow from shopping mall segment backed by long term lease arrangements varying between 6-20 years for majority of clients along with maintenance of Debt Service Reserve Account (DSRA). These rating strengths are however constrained by exposure to stabilisation risk related to hotel business and exposure to cyclicity in the real estate market.



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Earlier the ratings were placed under credit watch with negative implications in view of uncertainty in the operating scenario due to possible second wave of COVID-19, now it is removed from credit watch on the back of steady improvement in footfalls and hotel occupancy following revival in the economy in the post-COVID era.

### **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 stabilisation 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 Drivers with Detailed Description**

#### **Key Rating Strengths**

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

Lifeline Multiventures Private Limited (LMVPL), an Odisha based private limited company was incorporated on 1989. The company in 2009 was taken over by 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 subsidiary of D.N. Homes Private Limited (rated: IVR BBB-/Stable) engaged in real estate development in Bhubaneswar since last two decades. The decade-long experience of the promoters in the real estate industry, and established brand value of DN Homes in the Bhubaneswar market, should help the group market its project efficiently.

- **Support from the parent company**

DN Homes Pvt Ltd holds 90.63% stake in LMVPL. 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.



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Further, the bank facilities of LMVPL are also backed by corporate guarantee from DN Homes Pvt Ltd. Infomerics expects that the support from the resourceful parent will continue to support LMVPL going forward.

- **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 Bhubaneswar. The mall is strategically located to the southern part of Bhubaneswar 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.

- **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, Bhubaneswar, 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 occupancy level of above 90%. In addition, the tenant profile constitutes marquee names such as Pantaloons, Blackberry, Samsonite, Manyavar, Subway, 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 6-20 years with a minimum lock-in period of 1.5-3 years. Moreover, the company has successfully completed the construction of its 4-star hotel and its full-fledged operations have started from August 2021 and currently witnessing occupancy level of ~70%.

- **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 Trends, Samsung, Arrow etc. which is expected to attract customer footfall in the mall. The company is having an assured lease rentals of around Rs.1.02 crore per month from the lease



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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 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 DSRA of 4.50 Cr.

### Key Rating Weaknesses

- **Exposure to stabilisation risk related to hotel business**

The company has successfully completed the construction of its 4-star hotel, however the operations are exposed to stabilisation risks with current fiscal being first full year of operations.

- **Risk of cyclicity in the real estate market**

Cyclicity 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 Companies](#)

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

### **Liquidity – Adequate**

The liquidity position of the company is expected to remain adequate marked by its sufficient cushion in accruals vis-a-vis its debt repayment obligations. Its gross cash accruals are expected to improve with stabilisation of hotel operations. 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. 44.59 crore as on March 31, 2022.

### **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



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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 4 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 by Taj’. It has 136 rooms with three banquets & one terrace garden and three restaurants.

### Financials (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	8.64	44.41
EBITDA	6.82	17.91
PAT	0.36	3.89
Total Debt	108.38	160.22
Tangible Net worth	90.49	116.57
EBITDA Margin (%)	78.97	40.34
PAT Margin (%)	4.11	8.68
Overall Gearing Ratio (x)	1.20	1.37

\*Classification as per Infomerics’ Standard

**Status of non-cooperation with previous CRA:** India Ratings has 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 June 3, 2022.

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20



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		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loan	Long Term	43.43 *	IVR BBB-/ Stable	-	IVR BBB-/ Under credit watch with negative implications (March 26, 2021)	IVR BBB-/ Stable (Dec 27, 2019)
2.	LRD	Long Term	49.24*	IVR BBB/ Stable	-	IVR BBB/ Under credit watch with negative implications (March 26, 2021)	-

\*Outstanding as on May 31, 2022

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

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



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**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, suspend 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/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	December 2029	43.43*	IVR BBB-/Stable Outlook
LRD	-	-	December 2029	49.24*	IVR BBB-/Stable Outlook

\*Outstanding as on May 31, 2022

**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-Multi-Ventures-june22.pdf>

**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).