

**PARINEE REALTY PVT. LTD.**

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CIN No.U45200MH1998PTC113833



31.12.2017

To,  
BSE Limited  
Department of Corporate Services  
Phiroze Jeejeebhoy Tower,  
Dalal Street,  
Mumbai- 400001.

**Ref: Parinee Realty Private Limited (Security Code No.: (955765))**

**Sub: Credit Rating obtained under regulation 55 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir,

Pursuant to the Regulation 55 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit Crisil credit rating rationale dated 29.12.2017 with respect to non-convertible debt securities.

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

For Parinee Realty Private Limited

*M. Ahmad*  
Ahmad Mashkooor  
Compliance Officer



# Ratings

**CRISIL**

An S&amp;P Global Company

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## Rating Rationale

December 29, 2017 | Mumbai

### Parinee Realty Private Limited

*Rating downgraded to 'CRISIL B(SO)/Stable'*

#### Rating Action

**Rs.285 Crore Non Convertible Debentures**
**CRISIL B(SO)/Stable (Downgraded from 'CRISIL BB-(SO)/Stable')**
*1 crore = 10 million*
*Refer to annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

CRISIL has downgraded its rating on the non-convertible debentures (NCDs) of Parinee Realty Pvt Ltd (PRPL) to '**CRISIL B(SO)/Stable**' from '**CRISIL BB-(SO)/Stable**'. The downgrade reflects delay in launch of the sale building resulting in lower than expected cash inflows while debt servicing obligations remain fixed. Although, the conversion of sale building to commercial instead of residential building in the light of current market conditions and receipt of additional Floor Space Index (FSI) and requisite approvals is positive for the project, the timely launch of sales and flow of customer advances from the sale building will remain the key monitorable.

The rating is constrained by high dependence on customer advances for funding project cost, and exposure to project implementation risk and saleability risk. This rating strengths are partially offset by extensive experience of the promoters in the real estate sector.

#### Analytical Approach

The rated NCDs have been raised in the flagship company of the group, PRPL for meeting the construction expenses of the project, 'The Xclusive' which is housed under partnership firm (Om Omega Shelters) of the group. The cash flows from other projects in the group after meeting their respective debt servicing obligations are available for meeting the debt servicing obligations of the rated NCD. However, as per the escrow mechanism, cash flows from 'The Xclusive' project are not available to other projects in the group. For arriving at the rating, CRISIL has analysed the business and financial risk profile of the entire group and 'The Xclusive' project.

#### Key Rating Drivers & Detailed Description

##### Weakness

##### \* Lower than expected sales and high reliance on customer advances

Owing to sluggish demand in residential real estate projects across Mumbai, the company changed the project plan to commercial office building, instead of residential project. This in turn has delayed the project sales launch and hence resulted in lower than expected cash inflows. On the contrary, the company has fixed debt servicing obligations in the medium term which is expected to be met from additional debt availed by the company.

The total construction cost of the project is estimated to be Rs 1222 Crore, of which ~ 41% is being funded through debt and promoters' contribution, while the remaining will be funded through customer advances. The project has recently received 1 additional Floor Space Index (FSI) approval. All approvals for the change in plan of sale building are in place and sale building is expected to be launched in April 2018. Any delay in project construction or lower than expected sales and receipt of customer advances, may lead to temporary cash-flow mismatches and expose the project to refinancing risk in the medium term.

##### \* Exposure to saleability and project implementation risk

The financial risk profile is exposed to demand risks and cyclicity inherent in the real estate sector. This, in turn, could result in fluctuations in cash inflows because of volatility in saleability and hence, flow of customer advances. In contrast, cash outflows related to project completion and debt obligations, are relatively fixed, which can lead to substantial cash flow mismatches

The company is exposed to project implementation risk with respect to sale building of the project, given the nascent stage

of construction. The excavation work for the sale building has just begun, with all prerequisite approvals related to construction commencement of sale building including Intent of Development (IOD) and Construction Commencement (CC) certificate are already in place. Furthermore post receipt of additional FSI of 1, the rehab building will be now 38 storey instead of 23 storey earlier and construction is already going on 25th floor. Any delay in construction progress may impact the sales and flow of customer advances in the near to medium term.

### Strengths

#### \* Extensive experience of the promoters in the real estate sector; prime location of project

The promoters have over five decades in the real estate construction and development business. They have mainly focused on slum rehabilitation and society redevelopment projects, and have completed these projects with quality construction.

The promoters experience and prime location of the project at Worli is expected to help saleability of the project, once it is launched. Apart from the inherent demand of small to mid-size corporate office spaces in Worli, the network of the promoters amongst HNIs, is expected to ensure good saleability of the project upon launch in April 2018.

### Outlook: Stable

CRISIL believes, given the fixed debt servicing obligations, PRPL is exposed to refinancing risk in the medium term. However it is expected to benefit from the extensive experience of its promoters and prime location of current project. The outlook may be revised to 'Positive' in case of healthy saleability and flow of customer advances leading to sustained improvement in cash flow position. The outlook may be revised to 'Negative' if lower-than-expected project progress or saleability adversely affects cash flow position and exposes the company to refinancing risk, or if it contracts substantial additional debt to fund the project.

### About the Company

Incorporated in 1998 and promoted by Mr Dilip Shah, PRPL is the flagship company of the Parinee group and houses all the ongoing and upcoming projects through various subsidiaries. The company has majority shareholding in Om Omega Shelters, which will be developing the project, 'The Xclusiv', in Worli with total saleable area 0.75 million square feet (msf)

The Parinee group was established in 1963 with the setting up of PD Construction (known as PD group) by Mr. Dilip Shah and his two sons, Mr. Vipul Shah and Mr. Dhaval Shah. The group has developed projects covering 1.3 msf and has ongoing projects of around 2.6 msf spread across Mumbai.

### Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs. Cr.	174	70
Profit After Tax	Rs. Cr.	0	1
PAT margins	%	0.1	1.3
Adjusted Debt/Adjusted Net worth	Times	7.67	6.89
Interest coverage	Times	1.02	0.80

Any other information: Not applicable

### Note on complexity levels of the rated instrument:

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### Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate %	Maturity Date	Issue Size (Rs Cr)	Rating Assigned with Outlook
INE939P07065	Non- Convertible Debenture	15-Jan-2017	14%	15-Jan-2021	285	CRISIL B(SO)/Stable

### Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	285	CRISIL B(SO)/Stable		No Rating Change	22-12-16	CRISIL BB-(SO)/Stable		--		--	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

### Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[The Rating Process](#)

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