

PARINEE REALTY PVT. LTD.

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CIN No.U45200MH1998PTC113833



31.03.2019

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 20.03.2019 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&P Global Company

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Rating Rationale

March 20, 2019 | Mumbai

Parinee Realty Private Limited

Rating downgraded to 'CRISIL D'

Rating Action

Rs.285 Crore Non Convertible Debentures
CRISIL D (Downgraded from 'CRISIL B(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 D**' from '**CRISIL B(SO)/Stable**'.

The downgrade reflects delay by PRPL in servicing interest on the NCDs due to weak liquidity. CRISIL notes the company's management had concealed the information about the delays in the NCDs. The management has misrepresented the fact by providing undertakings to CRISIL confirming timely repayments of debt obligation.

The rating reflects PRPL's high refinancing and project implementation risks, and heavy dependence on sales and customer advances for funding construction cost. These weakness are partially offset by the extensive experience of the promoters in the real estate sector, and prime location of the project.

Analytical Approach

The NCDs have been raised to meet the construction expenses of the project (Parinee Eminence), which is housed under a partnership firm, Om Omega Shelters. PRPL owns a majority stake in Om Omega Shelters, and cash flow from the Parinee Eminence will be used to repay debt. As per the escrow mechanism, cash flows from Parinee Eminence are ring fenced and unavailable to other projects in the group. Therefore, for arriving at the rating, CRISIL has analysed the business and financial risk profiles of the Parinee Eminence project. CRISIL has also consolidated cash flows under PRPL, as the surplus from group companies may be available for the project.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Weaknesses

* High refinancing risk and dependence on sales for funding project cost

Owing to sluggish demand in premium residential real estate projects across Mumbai, PRPL changed its plan of developing a residential project to building a commercial office space. Furthermore, the project scope and design have been changed in light of the new Development Control Regulation (DCR) plan. Total construction cost is expected to be largely funded by customer advances. The change in project plan has constrained sales, resulting in lower-than-expected cash inflows. Also, the company has fixed debt repayment obligations of Rs 142.5 crore each in fiscals 2020 and 2021, which is expected to be refinanced in the near term. Saleability and timelines of refinancing will remain key rating sensitivity factors.

* Exposure to saleability and project implementation risk

Susceptibility to project implementation risk, given the early stage of construction, persists. The commercial building is complete till the plinth level, and all prerequisite approvals related to construction commencement of sale building including Intent of Development and Construction Commencement certificate are already in place. Rehabilitation building is also complete till the 24th floor. Any delay in construction progress may impact sales and flow of customer advances in the near to medium term.

Strengths

* Extensive experience of the promoters in the real estate sector, and prime location of the project

Benefits from the promoters' experience of over five decades with focus primarily towards slum rehabilitation and society development projects should continue to support business risk profile. Furthermore, inherent demand for small- to mid-sized

corporate office spaces in Worli, and the promoters' network amongst high networth individuals should ensure good saleability.

Liquidity

Liquidity is weak due to early stage of construction and high reliance on sales and customer advances for funding. Given the early stage of construction and fixed debt repayment obligation of Rs 142.5 crore each in fiscals 2020 and 2021, the company plans to refinance the current debt. Timely refinancing will remain a key rating sensitivity factor.

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 several subsidiaries. The company has majority shareholding in Om Omega Shelters, which will be developing Parinee Eminence 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 the PD group) by Mr Dilip Shah and his sons, Mr Vipul Shah and Mr Dhaval Shah. The group has developed projects covering 1.3 msf so far and has ongoing projects of around 2.6 msf across Mumbai.

About the project

The Worli project (Xclusive) was planned as a residential venture. However, due to a slowdown in the residential segment across Mumbai, the group changed its strategy and is now constructing a commercial building (Parinee Eminence) on sale model. The building will have saleable area of 7.5 million square feet. The project is expected to be completed by March 2023.

Key Financial Indicators

Particulars	Unit	2018	2017
Revenue	Rs. Cr.	157	174
Profit after tax (PAT)	Rs. Cr.	(27)	0
PAT margin	%	-17	0.1
Adjusted debt/adjusted networkth	Times	10.08	7.67
Interest coverage	Times	0.61	1.02

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 D

Annexure - List of entities consolidated

Fully consolidated entities
Parinee Contour Constructions Pvt Ltd Om Omega Shelters, Parinee Realtors Pvt Ltd Parinee Shelters Pvt Ltd Greenbird Constructions Pvt Ltd

Annexure - Rating History for last 3 Years

Instrument	Current			2019 (History)		2018		2017		2016		Start of 2016
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	285.00 19-03-19	CRISIL D			31-12-18	CRISIL B(SO)/Stable	29-12-17	CRISIL B(SO)/Stable	22-12-16	CRISIL BB-(SO)/Stable	--

All amounts are in Rs.Cr.

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Rating criteria for Real Estate Developers](#)

[CRISILs Approach to Recognising Default](#)

[CRISILs Criteria for Consolidation](#)

[The Rating Process](#)

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