

**PARINEE REALTY PVT. LTD.**

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CIN No.U45200MH1998PTC113833



31.03.2020

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 26.03.2020 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

March 26, 2020 | Mumbai

### Parinee Realty Private Limited

*Rating Reaffirmed*

#### Rating Action

**Rs.285 Crore Non Convertible Debentures**
**CRISIL D (Reaffirmed)**

1 crore = 10 million

Refer to annexure for Details of Instruments &amp; Bank Facilities

#### Detailed Rationale

CRISIL has reaffirmed its 'CRISIL D' rating on the non-convertible debentures (NCDs) of Parinee Realty Private Limited (PRPL).

The rating continues to reflect delays in debt servicing and exposure to high refinancing as well as project implementation risks and significant dependence on sales and customer advances for funding the construction cost. These weakness are partially offset by the extensive experience of the promoters in the real estate sector.

#### 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 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.

#### Key Rating Drivers & Detailed Description

##### \* Delays in debt servicing

The company continues to delay debt servicing due to weak liquidity.

#### 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. Further, the project's scope and design have been changed in the 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. 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 the building including Intent of Development and Construction Commencement certificate are 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.

#### Strength

##### \* Extensive experience of the promoters in the real estate sector

The promoters' experience of over five decades - with focus primarily on slum rehabilitation and society development projects should continue to support the business. Further, 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 Poor

Liquidity remains poor due to delays in project implementation as well as early stages of construction with high reliance on sales and customer advances for funding. Poor liquidity has led to delays in debt servicing. Timely refinancing will remain a key rating sensitivity factor.

**Rating Sensitivity Factors****Upward Factors**

- \* Track record of timely debt servicing for at least over 90 days
- \* Sustained improvement in financial risk profile.

**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 is 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 msf. The project is expected to be completed by March 2023.

**Key Financial Indicators**

Particulars	Unit	2019	2018
Revenue	Rs crore	122	157
Profit After Tax (PAT)	Rs crore	(56)	(27)
PAT Margin	%	-42.4	-17
Adjusted debt/Adjusted networkth	Times	20.56	10.08
Interest coverage	Times	0.38	0.61

**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 - Rating History for last 3 Years**

		Current		2020 (History)		2019		2018		2017		Start of 2017
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	285.00 26-03-20	CRISIL D			20-03-19	CRISIL D	31-12-18	CRISIL B(SO)/Stable	29-12-17	CRISIL B(SO)/Stable	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](#)

[The Rating Process](#)

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