



SMERA RATINGS LIMITED

Prieska Real Estates Private Limited (PREPL)**Rating
Rationale****July 23, 2014**

Facility	Amount (Rs. Crore)	Rating
Long-Term Demand Loan	30.00	SMERA D (Reaffirmed)

SMERA has reaffirmed its rating of **'SMERA D' (read as SMERA D)** on the abovementioned bank facility of Prieska Real Estates Private Limited (PREPL). The rating reflects continued delays in serviceing interest on debt obligations by the company. PREPL's term loan is under moratorium till September 2014. The rating remains constrained by the company's high leverage (debt-equity ratio) and stretched liquidity position. The rating is also constrained by the company's exposure to project execution risk and saleability risk amidst intense competition in the real estate sector. The rating factors in the long-standing experience of the company's management.

About the company

PREPL, incorporated in August 1993, is a part of the Mumbai-based Parikh Group. PREPL was promoted by Mr. Pankaj Parikh, Mr. Vinod Parikh and Mr. Chetan Parikh. The company has two group entities viz. Parikh Builders (proprietary concern of Mr. Pankaj Parikh) and Parikh Investment & Development Private Limited (PIDPL). PREPL is a small regional player with major focus on Malad and Virar. The Parikh Group has executed over 15 projects with built-up areas ranging from 0.07 lakh sq. ft. to 2.40 lakh sq. ft. The group is currently executing five projects (including Peninsula Park).

About the project

Peninsula Park is a Virar-based residential project with total built-up area of 3.10 lakh sq. ft. (saleable area of 3.33 lakh sq. ft. comprising 57 shops and 462 proposed apartments in 15 buildings of seven floors each). The project cost is estimated at Rs.81 crore, which is funded through a mix of promoters' funds, customer advances and bank borrowings. The project was planned in FY2004-05 (refers to financial year, April 01 to March 31). The company acquired land and received the requisite construction approvals in FY2008-09. The construction activities commenced in FY2011-12 and the project is expected to be completed by September 2014.

Project update

PREPL has not booked any revenues in FY2013-14 as the project was still under construction. The company's work-in-progress (WIP) stood at Rs.64.69 crore as on March 31, 2014. Construction of eight buildings is only 76 per cent complete and the construction of the remaining seven buildings is 88 per cent complete. Project saleability is also a major concern as only 34 per cent of the apartments (in Peninsula Park) have been sold till date. PREPL's net worth stood at Rs.3.7 crore as on March 31, 2014. The company had customer advances of Rs.22.30 crore as on March 31, 2014.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Prieska Real Estates Private Limited (PREPL)

*Rating
Rationale*

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Sanjay Kher Head – Sales, Corporate Ratings Tel: +91 22 6714 1193 Cell: +91 98191 36541 Email: sanjay.kher@smera.in Web: www.smera.in	Mr. Umesh Nihalani, Head – Corporate Ratings Tel: +91-22-67141106 Cell: +91 98336 51336 Email: umesh.nihalani@smera.in	Tel: +91 22 6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.