

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 servicing 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.

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