



Press Release

Selene Estate Limited

June 5, 2020

Rating				
Instrument / Facility		Amount (Rs. Crore)	Rating	Rating Action
Proposed Non-Convertible Debenture (NCD)		100.00	IVR BB/ Stable Outlook; (IVR Double B with Stable Outlook)	Reaffirmed

Details of Facilities are in Annexure I

Detailed Rationale

The rating assigned to the Non-Convertible Debenture (NCD) of Selene Estate Limited (SEL) continues to take into account the revised coupon/interest rates as per the indicative term sheet. Further, the rating continues to derive comfort from experienced promoters & management team, strategic location and steadiness in completion of projects. These rating strengths however, are continued to remain constrained by susceptibility to cyclicity inherent in the Real Estate sector.

Key Rating Sensitivities

Upward factors:

- Scheduled progress of the project and sale of flats leading to adequate cash flow generation.

Downward factors:

- Any delay in scheduled progress due to company specific or external factor and/or slower than expected sale of flats.

Key Rating Drivers with detailed description

Key Rating Strengths

Experienced promoters & management team

Mr. Vasudevan is the Promoter, Chairman and Managing Director and is an Architect and his experience ranges from designing and development of apartments to commercial and manufacturing facilities. Mr. Srinivasan, a Cost Accountant (ICWA) and Chartered Accountant is the Chief Executive Officer and has over 20 years' experience in Audit,



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Accounts, Treasury, Taxation, Funds raising, Regulatory Compliances. Furthermore, Corporate Strategies & Policies, Business Development, Structuring Deals and Performance Management. Mr. Durbhakula Vamsi Sai is an MBA graduate and currently holds the position of AVP-Corporate Strategy in the company and Mr. V. Mahalingam, economics graduate of 1974 Batch from Kumbakonam Arts College, University of Madras, brings over 45+ years of entrepreneurial experience with him to the team.

Strategic Location

Ozone Greens is a 50-acre township development off OMR (Old Mahaballipuram Road) in Chennai. The township is located in the heart of the IT development with more than 20 million sq ft of operational office space within in 15 – 30 minutes of driving distance. It is 1.5 kms From Elcot Sez which is a special economic zone where major IT comoanies of Chennai are located. It is also 1.5 kms From Global Health City, one of the prominent multi-specialty hospital in Chennai. Easy access from Velachery, Tambaram, ECR, GST Road and is 1.5 kms National Public School, 0.5 kms St. Johns Public School. It is also in Close proximity to OMR IT corridor and is 14 kms from Tidel Park (IT Park).

Steadiness in completion of projects

The project is being developed over an entire land parcel of ~50 acres. Currently, only Phase 1 & Phase 2 have been launched over ~16 acres. Phase-1 is complete and delivered while in Phase-2, 6 out of 12 towers are completed and the competition of remaining is expected to be complete by end of 2020. The remaining portion is a land bank of ~34 acres is kept for future development of projects.

Key Rating Weaknesses

Susceptibility to cyclicity inherent in the Real Estate sector

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The uncertainty pertaining around Covid-19 also has dented the demand of commercial as well as residential real estate demand.



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Analytical Approach: Standalone

Applicable Criteria

Rating Methodology for Real Estate Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Stretched

The company maintains moderate cash and bank balance to meet its liquidity requirements and the liquidity position is expected to remain adequate. The projected DSCR is in moderate territory. Any delay or slowdown in the topline as expected can put pressure on the cash flow of the company.

About the Group and the Company

Selene Estate Limited (SEL) incorporated in 2006 is one of 3 SPV'S formed to build and develop Ozone Greens project, a premium residential township in an area of approximately 50 acres in Chennai. The company was a subsidiary of Indiabulls Real Estate Limited (IBREL), however, in March 2018, IBREL divested its entire stake to the Bengaluru based real estate player Ozone group.

Ozone group's offerings range from residential condominiums, business parks, SEZs, integrated townships to retail mallshas. They have delivered 7.5msf of area and is developing another 15msf of area, at present. The group has diversified its presence from Bengaluru to other cities such as Chennai, Mumbai and Goa. The group is headed by Mr.Vasudevan. Some of the past projects developed by Ozone group include Upscale Residencies, Bengaluru; Contemporary Housing Project, Bengaluru and Commercial Office Space, Bengaluru

This development will have a combination of low-rise apartments, high rise apartments, senior living enclave, plots, villas and row-houses. In addition to, residential development, Greens will also have a school and retail area.

Financials (Standalone):

For the year ended/ As On	31-03-2018	31-03-2019
	(Audited)	(Audited)
Total Operating Income	56.50	121.86



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EBITDA	-26.67	-24.49
PAT	-35.38	-24.91
Total Debt	238.91	216.15
Tangible Net-worth	15.39	-44.27
Ratios		
EBITDA Margin (%)	-47.21	-20.09
PAT Margin (%)	-60.26	-19.96
Overall Gearing Ratio (x)	15.52	-4.88

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sl. No	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Proposed Non-Convertible Debenture (NCD)	Long Term	100.00	IVR BB/ Stable Outlook; (IVR Double B with Stable Outlook)	IVR BB/ Stable Outlook; (IVR Double B with Stable Outlook) (March 27, 2020)	--	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Team:

Name: Ms. Shreshtha Singhvi	Name: Mr. Avik Podder
Tel: (022) 62396023	Tel: (033) 46022266
Email: ssinghvi@infomerics.com	Email: apodder@infomerics.com



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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure I: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Reaffirmed/ Outlook
Proposed Non-Convertible Debenture (NCD)	-	13% p.a. Upto March 31, 2021	until March 31, 2025*	100.00	IVR BB/ Stable Outlook; (IVR Double B with Stable Outlook)
	-	18% p.a. April 1, 2021 onwards			

**Subject to INR 10 lacs to be paid immediately after junior NCDs are paid in full i.e. March 31, 2027.*