



Press Release

Paarth Infrabuild Private Limited

February 24, 2021

Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating	Rating Action
1.	Long Term Bank Facilities	30.00	IVR BB+/ Stable Outlook (IVR Double B Plus with Stable Outlook)	Assigned
	Total	30.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Paarth Infrabuild Private Limited (PIPL) draws comfort from its experienced management and established track record of the company with comfortable project structure and escrow mechanism. The rating also positively considers locational advantage of project “Aadyant” and advanced level of construction stage with healthy cash flows. However, these rating strengths are partially offset by customers collection, exposure to risk relating to cyclical and competitive real estate industry.

Key Rating Sensitivities:

Upward Factor:

- Successful commissioning and completion of project on time without any time or cost over-run

Downward factor:

- Any unfavourable outcome against the promoters
- Moderation in the capital structure due to any further capex

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management and established track record of the company:**

The senior management i.e Mr P.N. Misra and Mr Pradeep Misra director of PIPL has been associated with the real estate industry for more than 4 decades and Infomerics



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believes that extensive experience of the senior management will continue to support business risk profile in executing the residential projects in Lucknow and establish a healthy relationship between the customers and suppliers. The Company and its subsidiary is executing various group housing projects located at Gomti Nagar Extension, Lucknow and a township at Kanpur Road, Lucknow.

- **Locational advantage**

The project “Aadyant” is located at the prime location on Ardaunamau Khasara, Lucknow, which is near airport and Amar Saheed Path . The property is strategically located and is well connected to the other part of the city by road and air, it is very attractive for the tenants.

- **Advance level of Construction stage with healthy cashflow generation:**

The company is in process to handover the flats to its customer as maximum construction of the project has been already completed hence there is no project execution risk exist. Subsequently out of 571 flat, company is able to book/ sale 531 units which results into healthy cashflow generation.

- **Escrow mechanism and structured payment**

All receipts are routed through the Escrow account maintained by the company. In addition to that the company is maintaining DSRA to the extent of one quarterly installment and one quarter interest.

- **Comfortable project cost structure:**

Total estimated cost of the project is Rs. 341.52Cr, which is meet through promoters' fund of Rs.52.52 Cr, debt of Rs. 27.96 Cr, and customer advances of Rs.260.69 Cr. Customer advances contribute to 76.33% of total cost of project, Loan amount to 8.19% and remaining amount from promoter's contribution.



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Key Rating Weaknesses

- **Customers collections**

Timely flow of customer collection from the sold unit and sale from collection of unsold unit plays an crucial role in determining the company revenue in near future.

- **Exposure to risks relating to cyclicity in real estate industry**

Cyclicality in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may affect the debt servicing ability of the company. PIPL will remain susceptible to the inherent cyclicity in the real estate sector.

- **Competitive industry scenario**

In Lucknow region, numerous developers are operating because of availability of vast lands. Hence intense competition is there to lure the buyers.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Real- estate Project

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

PIPL is expected to maintain adequate liquidity of inflow with the support of the promoters and group companies. In addition, availability of escrow mechanism along with DSRA account will ensure the smooth repayments. Overall liquidity position is expected to be adequate. Cash and cash equivalent was modest at Rs.3.92crore as on March 31, 2020.

About the Firm

Incorporated in 19th Aug 2006, Paarth Infrabuild Pvt. Ltd. (PIPL) is engaged in executing group housing projects located at Gomti Nagar Extension, Lucknow and a township at Kanpur Road, Lucknow. The directors of the company along with their associate concerns have vast experience in development of Real Estate Projects colonies in the past.



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The Company is promoted by M/s. Shatabdi Buildwell Private Limited, M/s Jayanti Agriland Pvt. Ltd. And M/s Adventure Enterprises Pvt. Ltd. Paarth Infrabuild Pvt. Ltd. is brainchild of Mr. P.N. Misra (CMD) and Mr. Pradeep Misra (Director).

The PIPL is developing the residential group houses project "Aadyant" located in Lucknow. The project has still parking with 24 floors in 6 blocks which is well connected by road and air.

Financials (Standalone):

For the year ended*/As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	60.04	57.22
EBITDA	6.05	-22.22
PAT	0.99	1.34
Total Debt	31.68	40.32
Tangible Net worth	30.47	31.82
Adjusted Net Worth	60.26	63.62
EBITDA Margin (%)	10.08	-38.82
PAT Margin (%)	1.63	1.54
Overall Gearing Ratio (x)	0.53	0.63

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. 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.	Fund Based Limits- Term Loan	Long Term	30.00	IVR BB+/ Stable Outlook	-	-	-

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.



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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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. 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 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund Based Limits- Term Loan	-	-	-	30.00	IVR BB+/ Stable Outlook