

June 05, 2017

Marianella Properties Private Limited

Summary of rated instruments

Instrument [^]	Rated Amount (Rs. crore)	Rating Action*
Fund-based – Term Loan	15.00	[ICRA]B (Stable); Re-affirmed
Total	15.00	

* Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the long-term rating of [ICRA]B (pronounced ICRA B)¹ for the Rs. 15.00-crore² fund-based bank facilities of Marianella Properties Private Limited (MPPL or ‘the company’). The outlook on the long-term rating is ‘Stable’.

Rationale

The rating action is based on best available information. As part of its process and in accordance with its rating agreement with Marianella Properties Private Limited, ICRA has been trying to seek information from the company to undertake a surveillance of ratings; but despite multiple requests, the company’s management has remained non-cooperative. In the absence of the requisite information, ICRA’s Rating Committee has taken a rating view based on the best available information. In line with SEBI’s Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company’s rating is now denoted as: “[ICRA]B (Stable) / [ICRA]A4; ISSUER NOT COOPERATING”. The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited information or no updated information on the company’s performance since the time it was last rated.

Key rating drivers

Credit strengths

- Established track record of the promoter group in executing real estate projects in Mumbai
- Financial closure for the project has been achieved and with the entire budgeted promoter contribution brought in

Credit weaknesses

- High funding risk with ~40% of the project cost proposed to be funded by way of advances from customers which remain contingent on healthy sales and timely collection of advances
- Execution risk as nearly 75% of the project cost remains to be incurred as on September 2015
- Exposure to the risk of slowdown in demand, falling property prices and inherent cyclicality in real estate sector, particularly in the commercial segment

¹ For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications

² 100 lakh = 1 crore = 10 million

Description of key rating drivers:

Marianella Properties Private Limited (MPPL) is involved in developing a retail mall in Vasai, Maharashtra. The total saleable area under the project is ~0.97 lakh square feet, comprising a basement, ground-floor and three upper floors. The complex will have 48 shops, five miniplexes, a food court and a banquet hall.

The total project cost is estimated to be Rs. 46.35 crore. As on September 2015, the company had incurred only Rs. 11.24 crore, which forms 24% of the total project cost (15% of construction cost incurred) – exposing the company to a high execution risk. However, the development plans for the project have been approved by the local authority and the company has also received a commencing permission for the project which mitigates regulatory concerns. The project also stands high funding risk with ~40% of the project cost is proposed to be funded by way of advances from customers which remain contingent on healthy sales and timely collection of advances. ICRA also takes cognisance of the company's exposure to the risk of slowdown in demand, falling property prices and inherent cyclicality of the real estate sector, particularly in the commercial segment. Moreover, the project was initially assumed to be completed by September 2016. However, due to some delays in availability of machines at the project site, there were delays in project execution as well. As on date, the project remains incomplete.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Corporate Credit Ratings: A Note on Methodology](#)
[Rating Methodology for Real Estate Entities](#)

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About the company:

Incorporated in 2008, Marianella Properties Private Limited (MPPL) is involved in developing a retail mall in Vasai, Maharashtra with an area of 0.97 lakh square feet. The company is promoted and managed by Mr. Lancelot D'Souza and his family. The promoters have executed 13 projects (through Rose Builders) in Mumbai with a total saleable area of 2.5 lakh square feet.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years:
Table:

S. No	Instrument	Current Rating			Chronology of Rating History for the past three years		
		Type	Amount Rated (Rs. crore)	Date & Rating	Date & Rating in FY2017	Date & Rating in FY2016	Date & Rating in FY2015
				June 2017	-	December 2015	-
1	Term Loan	Long Term	15.00	[ICRA]B (Stable)	-	[ICRA]B (Stable)	-

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Instrument Details

Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
Term Loan	March 31, 2014	-	-	December 31, 2018	[ICRA]B (Stable)

Source: Marianella Properties Private Limited

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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