



## Rating Rationale

### Palai Developments Private Limited

13<sup>th</sup> September 2017

Brickwork Ratings assigns Rating for the Non-Convertible Debenture Issue of Rs. 125.00 of Palai Developments Private Limited (PDPL)

#### Particulars

Instrument/ Facility	Amount (Rs. Crs)	Tenor	Rating Assigned*
NCD	Rs 125.00 Cr	Long Term	BWR B- Pronounced as BWR Single B Minus (Outlook: Stable)
<b>Total</b>	<b>125.00 (Rupees One Hundred and Twenty Five Crores Only)</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, promoters experience and expertise in real estate investments; strategic location for commercial property development in Goregaon (West), Mumbai and current booking status of Project.

The rating is however constrained by project execution risk as the project is at the construction stage and susceptibility to regulatory & other business risks.

Rating is based on draft term sheet shared by PDPL.

#### Rating Outlook: Stable

BWR believes the **Palai Developments Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit



show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

Palai Developments Private Limited incorporated in 18th Aug 2017 in Mumbai Maharashtra. PDPL is a part of Palai Group and involved in development of residential and commercial products.

### About the Group

Palai Group is controlled and managed by Mr. Dhanji Gala & his son Mr. Rajesh Gala. The group is in existence since last 30 years. After establishing “Pramanik” as a brand in manufacturing / trading of readymade garments, saris and unstitched fabric with showrooms at Dadar and Matunga, the group diversified into Real Estate in 1999.

Thereafter, Palai group has constructed and delivered 8 number of residential and commercial projects in central Mumbai aggregating to about 3.9 lakh square feet.

In addition, the Group has also undertaken projects as contracting activity, underwriting etc aggregating to another 4,50,000 Sq Ft.

### Financial of Project

Currently there are 6 projects under development under Palai group. Total cost of all 6 projects would be about Rs. 625 crs, which would be funded by Senior Debt (Rs. 50 crs), NCD (Rs. 125 crs), Partners Capital (Rs. 77 crs) and rest from advances from customers, quasi equity, unsecured loan etc.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	NA	NA	NA
1.	NCD	Long Term	Rs. 125.00 Cr	BWR B-(Stable)	NA	NA	NA
<b>Total</b>		<b>125.00 (Rupees One Hundred and Twenty Five Crores Only)</b>					



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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### For print and digital media

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### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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