

Rating Rationale

December 29, 2022 | Mumbai

Parsvnath Landmark Developers Private Limited

Rating Reaffirmed

Rating Action

Rs.200 Crore Non Convertible Debentures	CRISIL D (Reaffirmed)
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Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its rating on the non-convertible debentures (NCDs) of Parsvnath Landmark Developers Private Limited (PLDPL) at 'CRISIL D'.

The rating continues to reflect delays in debt servicing. Additionally, the rating remains constrained due to exposure to project implementation risk. These weaknesses are partially offset by the favourable location of the company's La Tropicana project.

The final scheduled redemption date for the NCDs of December 31, 2020 has been passed. Management has submitted that NCDs are requested for further reschedulement with final redemption in Dec 2024 and coupon payment will be replaced by IRR with effect from original date. Final contours and confirmation of the reschedulement are awaited.

Key Rating Drivers & Detailed Description

Weaknesses:

Delays in debt servicing

The company had issued Rs 200 crore of NCDs in October 2016 with a one-year interest moratorium and scheduled repayments over 36 months through October 2019. As per the initial agreement, the coupon payment was payable every six months after the moratorium ends on October 12, 2017. However, due to stretched liquidity, the company was unable to meet the debt obligation. It had received an extension on the final scheduled redemption date till December 31, 2020 and the instruments had not been redeemed. Further, CRISIL has not received confirmation on whether or not the extension was applicable to coupon payment as well.

Exposure to project implementation risk

Construction progress of Phase II has been delayed due to funding constraints/delay in renewal of building plans, resulting in lower-than expected customer advances. However, approval for the revised building plan, which was pending with the New Delhi Municipal Council, was received in October 2020 and RERA in March 2022, as per management. Further, as per management, out of 21 towers in the project, fit out has been offered for 13 towers.

PLDPL is a special-purpose vehicle promoted by Parsvnath Developers Ltd (PDL; rated 'CRISIL D'). PDL's credit profile has remained constrained as reflected in its credit rating of 'CRISIL D' in last 5 years indicating delays in debt servicing.

Strength:

Favourable location of project

The La Tropicana project is situated in Civil Lines, New Delhi. The project is being developed in a phased manner, with phases 1 and 2 comprising apartments spread over 0.2 crore square feet (sq ft) of saleable area. These phases were launched in 2009 and witnessed healthy saleability of over 95%. Minimal sales and collection were recorded in the recent years. Furthermore, construction of phase I was completed in December 2016 and possession of flats is in progress. Advances of around 90% for phase I flats have been received and the balance would come on completion of minor finishing and possession of flats.

Liquidity: Poor

Cash flows from the La Tropicana project is low. Delay in handover of phase I and slowdown in construction on phase II have constrained customer advances in the last three fiscals. This led to restructuring of the NCD coupon payment in the recent past. Coupon payments since October 12, 2018, have not been paid which is now requested for reschedulement, as per management.

Rating Sensitivity Factors

Upward factors:

- Track record of timely debt servicing for at least over 90 days
- Sustained improvement in financial risk profile

About the Company

PLDPL is a special-purpose vehicle promoted by PDL to develop La Tropicana, a 0.23-crore sq ft residential project located in Civil Lines, New Delhi. The project, which is being executed in phases, comprises 505 luxury apartments, houses for the EWS, and commercial units. Prior to September 2016, PDL held 78.0% equity stake in PLDPL, with Sankaty Advisors (through Sterling Pathway) holding 22.0%. After the NCD issuance in October 2016, PDL has bought out Sterling Pathway's stake in the company, thereby making PLDPL its wholly owned subsidiary.

Incorporated in 1990, PDL develops real estate projects and has a well-diversified portfolio of residential apartments, integrated townships, commercial and retail projects, special economic zones, information technology parks, and hotels.

Key Financial Indicators

Financials as on/for the period ended March 31	Unit	2022	2021
Revenue	Rs crore	81	15.21
Profit After Tax (PAT)	Rs crore	(40)	-6.85
PAT Margin	%	(49)	(45.0)
Adjusted debt/adjusted networth	Times	-ve	-ve
Interest coverage	Times	0.08	0.6

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs Crore)	Complexity levels	Rating
INE712L07057	Non-convertible debentures	13-Oct-2016	16%	31-Dec-2020*	200	Simple	CRISIL D

*The instruments have not been redeemed.

Annexure - Rating History for last 3 Years

Instrument	Current			2022 (History)		2021		2020		2019		Start of 2019
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	200.0	CRISIL D		--	30-12-21	CRISIL D	31-12-20	CRISIL D	27-12-19	CRISIL D	CRISIL D

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Rating criteria for Real Estate SPVs](#)

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