

# Ratings

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)



## Rating Rationale

December 30, 2021 | Mumbai

### Parsvnath Landmark Developers Private Limited

*Rating Reaffirmed*

#### Rating Action

<b>Rs.200 Crore Non Convertible Debentures</b>	<b>CRISIL D (Reaffirmed)</b>
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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 Pvt Ltd (PLDPL) at 'CRISIL D'.

The rating continues to reflect delays in debt servicing and in project implementation. These weaknesses are partially offset by the favourable location of the company's La Tropicana project with healthy saleability.

The final scheduled redemption date for the NCDs of December 31, 2020 has been passed. As per the management, the extension is applicable to coupon payment and the final principal payment. However, CRISIL has continued to treat it as default as confirmation on the same from the trustee/investor has not been received. Management, however, has also submitted that NCDs are in process of reschedulement with final redemption in March 2024 and coupon payment will be replaced by IRR with effect from original date. Investor has indicated that rescheduling of repayment is under process, however, final contours of the reschedulement is 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 has been unable to meet the debt obligation. It has received an extension on the final scheduled redemption date till December 31, 2020. However, CRISIL has not received confirmation on whether or not the extension is applicable to coupon payment as well. However, now the reschedulement is under process.

- 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. There has not been any substantial construction in the last one year and subsequently, no advances have been collected from the customers. However, approval for the revised building plan, which was pending with the New Delhi Municipal Council, was received in October 2020.

##### **Strength**

- Favourable location of project with healthy saleability**

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 luxury 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 being rescheduled.

##### **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 Parsvnath Developers Ltd (PDL; rated 'CRISIL D') 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. The company is yet to launch its 40-storied building for EWS. 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		2021	2020
Revenue	Rs crore	15.21	0.98
Profit after tax (PAT)	Rs crore	-6.85	-32.90
PAT margin	%	(45.0)	(3334.9)
Adjusted debt/adjusted networth	Times	-ve	-ve
Interest coverage	Times	0.6	0.30

**Any other information:** Not applicable

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

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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-16	16%	31-Dec-20*	200	Simple	CRISIL D

\*final redemption date has been extended

### Annexure - Rating History for last 3 Years

		Current		2021 (History)		2020		2019		2018		Start of 2018
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	200.0	CRISIL D		--	31-12-20	CRISIL D	27-12-19	CRISIL D	11-12-18	CRISIL D	CRISIL BB-/Negative
			--		--		--		--	18-04-18	CRISIL B+/Stable	--

All amounts are in Rs.Cr.

### Criteria Details

Links to related criteria
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">CRISILs Rating criteria for Real Estate SPVs</a>

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