

PDL/SEC/ SE/2019-20/

January 1, 2020

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street,
Mumbai – 400 001

Dear Sirs,

Scrip Code No. : PARSVNATH – EQ (NSE); 532780 (BSE)

Sub: Reaffirmed of CRISIL Rating for the Non-Convertible Debentures of Parsvnath Landmark Developers Private Limited, a wholly-owned subsidiary Company of the Company

In terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby informed that CRISIL has Reaffirmed the rating 'CRISIL D', assigned to Rs. 200 Crores, Non-Convertible Debentures of Parsvnath Landmark Developers Private Limited, a wholly-owned subsidiary Company of the Company.

A copy of Rating Rationale issued by CRISIL is attached herewith, for your information and records.

Thanking you,

Yours faithfully,
For Parsvnath Developers Limited

(V. Mohan)
Company Secretary &
Compliance Officer



Encl. as above

Ratings

Rating Rationale

December 27, 2019 | Mumbai

Parsvnath Landmark Developers Private Limited

Rating Reaffirmed

Rating Action

| | |
|--|------------------------------|
| Rs.200 Crore Non Convertible Debentures | CRISIL D (Reaffirmed) |
|--|------------------------------|

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

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

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

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 moratorium ended on October 12, 2017, and the first coupon of Rs 10 crore was payable. However, the stretched liquidity led to the company restructuring the first NCD coupon payment. The company has been restructuring the subsequent coupon payments since then. However, the company has not been able to service debt obligation starting from October 10, 2018. Final redemption due on Oct 14, 2019 has been extended by 6 months in line with the debenture trust deed.

* Exposure to project implementation risk

Construction progress of Phase II has been delayed due to funding constraints, resulting in lower-than-expected customer advances. Furthermore, approval for the building plan of the economically weaker section (EWS) project (Phase 3) has been pending with New Delhi Municipal Council for over a year, thus exposing PLDPL to project implementation risk.

Strength

* Favourable location of project with healthy saleability

The La Tropicana project is at the prime location of 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 foot (sq ft) of saleable area. These phases were launched in 2009 and have witnessed healthy saleability of about 96% as on March 31, 2019. Minimal sales and collection have been recorded for last one and a half year. Furthermore, the construction of Phase I has been completed in December 2016 with possession of flats in progress. Advances of around 90% pertaining to Phase I have been received and the balance would be received on completion of pending minor construction and possession of these flats.

Liquidity Poor

Liquidity remains poor because of low cash flow from the La Tropicana Project. Delay in handover of phase I and slowdown in construction on phase II have constrained customer advances in the last three fiscals. This has resulted in need for restructuring of the NCD coupon payment in the recent past. The coupon payments since Oct 12, 2018 have not been paid. Given the delays in project execution, PLDPL's liquidity is likely to continue to remain stretched with inadequate cash flows to meet its debt servicing obligations in near to medium term.

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 at Civil Lines, New Delhi. The project, which is being executed in phases, comprises 505 luxury apartments, houses for the EWS, and commercial units, spread over a saleable area of 0.2 crore sq ft. 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 | Unit | 2019 | 2018 |
|--|----------|----------|--------|
| Revenue | Rs crore | 0.96 | 4.89 |
| Profit after tax (PAT) | Rs crore | -17.15 | -29.46 |
| PAT margin | % | (1786.2) | (602) |
| Adjusted debt/adjusted networkth | Times | (2.45) | 2.25 |
| Interest coverage | Times | 0.37 | (0.16) |

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.Cr) | Rating |
|--------------|----------------------------|-------------------|-----------------|---------------|--------------------|----------|
| INE712L07016 | Non-convertible debentures | 13-Oct-2016 | 16% | 14-Oct-2019* | 200 | CRISIL D |

*Final redemption date has been extended by 6 months

Annexure - Rating History for last 3 Years

| Instrument | Type | Current | | 2019 (History) | | 2018 | | 2017 | | 2016 | | Start of 2016 |
|----------------------------|------|--------------------|----------|----------------|--------|----------|------------------|----------|---------------------|----------|----------------------|---------------|
| | | Outstanding Amount | Rating | Date | Rating | Date | Rating | Date | Rating | Date | Rating | |
| Non Convertible Debentures | LT | 200.00 | CRISIL D | | | 11-12-18 | CRISIL D | 13-10-17 | CRISIL BB-/Negative | 08-09-16 | CRISIL BB(SO)/Stable | -- |
| | | | | | | 18-04-18 | CRISIL B+/Stable | 03-08-17 | CRISIL BB-/Negative | | | |

All amounts are in Rs. Cr.

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

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

For further information contact:

| Media Relations | Analytical Contacts | Customer Service Helpdesk |
|--|---|--|
| <p>Saman Khan Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com</p> <p>Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com</p> | <p>Sachin Gupta Senior Director - CRISIL Ratings CRISIL Limited D: +91 22 3342 3023 Sachin.Gupta@crisil.com</p> <p>Sushmita Majumdar Director - CRISIL Ratings CRISIL Limited D: +91 22 3342 3162 Sushmita.Majumdar@crisil.com</p> <p>Vinay Yadav Rating Analyst - CRISIL Ratings CRISIL Limited D: +91 124 672 2109 Vinay.Yadav@crisil.com</p> | <p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesk@crisil.com</p> |



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