

PDL/SEC./SE/2017-18/

October 14, 2017

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

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

Scrip Code: PARSVNATH – EQ (NSE); 532780 (BSE)

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


Dear Sirs,

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, assigned to Rs 200 Crores Non-Convertible Debentures of Parsvnath Landmark Developers Private Limited, a wholly owned subsidiary company of the Company, as "CRISIL BB-/Negative".

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

Thanking you,

Yours faithfully,  
For Parsvnath Developers Limited

  
(V Mohan)  
Company Secretary &  
Compliance Officer

Enclosed : As above

**Parsvnath Developers Limited**

CIN: L45201DL1990PLC040945

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E-mail : mail@parsvnath.com, Visit us at: www.parsvnath.com

## Rating Rationale

October 13, 2017 | Mumbai

## Parsvnath Landmark Developers Private Limited

Rating Reaffirmed

## Rating Action

Rs.200 Crore Non Convertible Debentures

CRISIL BB-/Negative (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments &amp; Bank Facilities

## Detailed Rationale

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

The rating action follows the restructuring of the first NCD coupon payment of Rs 10 crore due on October 13, 2017. As per the amendment letter to the debenture trust deed dated October 10, 2017, PLDPL shall now pay Rs 1 crore each, on the 13th of each month, from October 2017 to February 2018, and the balance Rs 5 crore will be payable on March 13, 2018. Other terms of the instrument remain unchanged.

The rating continues to reflect favourable location of the La Tropicana project with healthy saleability. This rating strength is partially offset by exposure to project implementation risk and modest debt protection metrics.

## Analytical Approach

For arriving at its rating, CRISIL has considered the financials of PLDPL on a standalone basis.

## Key Rating Drivers &amp; Detailed Description

## Strength

## \* Favourable location of the 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 of luxury apartments spread over around 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 date. 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 giving possession of these flats. The RCC (reinforced concrete cement) structure work for phase II has been completed.

## Weaknesses

## \* 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 NDMC for over a year, thus exposing PLDPL to project implementation risk. The company is at an advance stage of tying up an additional construction finance loan to meet the pending project cost. Any further delay in securing funds could adversely impact progress in construction, and hence, remains a key rating sensitivity factor.

## \* Modest debt protection metrics

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 ends on October 12, 2017, and the first coupon of Rs 10 crore will be payable. However, delays in handover of phase I and construction of Phase II, have led to weak liquidity. Hence, the first NCD coupon payment has been restructured, with interest payment of Rs 1 crore payable on the 13th of the month, from October 2017 to February 2018, and the balance Rs 5 crore payable on March 13, 2018. This will ease the liquidity pressure faced by the company. While cash flows should be sufficient to cover the immediate debt over the next few months, ability to pay the second coupon of Rs 37.95 crore, due on April 12, 2018, remains a key rating sensitivity factor.



## Outlook: Negative

CRISIL believes liquidity will remain under pressure in the near term, due to lower-than-expected cash inflow, impacted by slowdown in project progress. The rating may be downgraded in case of a further stretch in cash flows or delays in meeting the construction-linked milestones, as per NCD terms. The outlook may be revised to 'Stable' in case of a pick-up in construction progress, leading to steady cash inflow and improved debt protection metrics.

## 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. While the company has delivered about 2.8 crore sq ft through 65 completed projects, the ongoing project portfolio comprises around 40 projects spread over about 5.5 crore sq ft. It has a pan-India presence, with concentration in Delhi and the National Capital Region.

## Key Financial Indicators

Financials As On/For The Period Ended March 31	Unit	2017*	2016
Revenue	Rs crore	15.26	36.58
Profit After Tax	Rs crore	-6.23	-0.25
PAT Margins	%	-40.85	-0.67
Adjusted debt/Adjusted networkth	Times	1.64	0.96
Interest coverage	Times	0.50	0.97

\*Based on provisional financials for fiscal 2017

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)	Rating assigned with outlook
INE712L07016	Non Convertible Debentures	13-Oct-16	16%	14-Oct-19	200	CRISIL BB-/Negative

## Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	200	CRISIL BB-/Negative	03-08-17	CRISIL BB-/Negative	08-09-16	CRISIL BB(SO)/S table		--		--	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

### Links to related criteria

[CRISILs Approach to Financial Ratios](#)

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

[CRISILs Approach to Recognising Default](#)

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