



Rating Rationale

PVP Ventures Limited

18 Oct 2019

Brickwork Ratings reaffirms the rating for the NCDs of Rs 118.77 Crs of PVP Ventures Limited (hereafter referred to as PVPVL or the company) based on best available information, as the issuer did not cooperate.

Particulars

Instrument	Amount (Rs Crs)		Tenure	Rating ¹	
	Previous	Present		Previous (22 Oct 2018)	Present
NCD Tranche A	38.60	35.87#	Long Term	BWR D Issuer Not Cooperating*	BWR D Issuer Not Cooperating*
NCD Tranche B	82.90	82.90			
Total	121.50	118.77	Rupees One Hundred Eighteen Crores and Seventy Seven Lakhs Only		

¹Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

*Issuer did not cooperate; Based on best available information; # Outstanding amount based on latest disclosure by the company to stock exchanges and publicly available information

Rating Action/Nature Of Non-cooperation

The reaffirmation of rating continues to reflect the delays in servicing of the rated NCDs due to its strained cash flow position. The delays in servicing of the NCDs have been confirmed by the company in the No Default Statements submitted to BWR. The company, in its disclosure of the quarterly results for Q1FY20 on August 14 2019, has disclosed that it is overdue in repayment of Tranche A Debenture holders aggregating to Rs.1,170.93 lakhs (out of which principal amounting to Rs. 953.25 lakhs and Interest amounting to Rs.217.68 lakhs) and for Tranche B Debenture Holders aggregating to Rs.1626.24 lakhs (out of which principal amounting to Rs. 518.12 lakhs and Interest amounting to Rs.1,108.11 lakhs) as at 30th June, 2019.

PVP Ventures Ltd is the holding company for the Hyderabad based PVP group and the strained overall liquidity position of the various group companies has significantly impacted its credit profile. The



statutory auditors of the company in the Auditors' Report for FY19 have reiterated their comments/qualifications on the non repayment of loans by third parties for which certain assets of the company were offered as mortgage security, the existence of material uncertainty in recoverability of the net carrying value of investments in its subsidiaries and recoverability of loans to its subsidiaries, inability of such subsidiaries to continue as going concerns, material weaknesses identified in the operating effectiveness of the company's internal financial controls, delays in payment of statutory liabilities, delays in payments to NCD holders, understatement of losses and overstatement of profits, non compliance with various regulatory requirements, indicating substantial weakening of the credit profile of the company.

The company had mortgaged 20 flats of Ekanta Tower-1 of North Town Project, Chennai and 10 lakh shares held in its subsidiary as security and extended a Corporate Guarantee for the borrowings made by Safe trunk Services Private Limited (SSPL), its wholly owned subsidiary. UCO Bank limited has invoked the aforesaid pledged shares. Symbolic possession of the immovable property was made and sale notice for e-auction of the property was issued. As e-action was unsuccessful, the management is reported to be in negotiations with the bank for One time Settlement of Dues ("OTS") of the dues. Statutory Auditors have also qualified their report on this matter.

The rating was migrated to the Issuer Not Cooperating* category in Oct 2018. The company has remained uncooperative in the surveillance exercise and hence, based on best available information and the continued irregularity in servicing of NCDs, Brickwork Ratings has reaffirmed and continued the rating in the ISSUER NOT COOPERATING* category.

Limitations of the Rating

Information availability risk is a key factor in the assessment of credit risk as generally non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

Analytical approach

For arriving at its ratings, BWR has taken a consolidated view of the business and financial profiles of PVP Ventures Limited, its 6 subsidiaries and 5 step down subsidiaries collectively referred to as PVP group (list of subsidiaries are shown in Annexure II). BWR Brickwork Ratings has applied its rating methodology as detailed in the Rating criteria below (hyperlinks provided at the end of this rationale).

About the Company

Incorporated in January 1991 at Chennai, PVP Ventures Limited (PVPVL) is the holding company of the Hyderabad based PVP group, which has business interests in real estate, media & entertainment. The Group is engaged in developing urban infrastructure, movie production and movie financing related activities. PVPVL is listed on NSE and BSE. PVPL has entered into a joint development agreement ("JDA") with North Town Estates Pvt. Ltd. to build an integrated township called "Northtown" at Perambur, Chennai, consisting of 33.50 acres of construction of 2396 Flats and 110 Row Houses. There has been a significant delay in the execution of this project. As per publicly available information, the company proposes to embark on the monetization of 20 Acre Land parcel in Chennai through plotting.

Mr Prasad V. Potluri is the Chairman & Managing Director. Due to the non-appointment of Woman Director until December 05, 2018, NSE and BSE imposed fines for non-compliance with the SEBI (LODR) Regulation 17(1) and Regulation 19(1) & (2) respectively. Subsequently, trading of securities has been suspended with effect from April 09, 2019 due to non-compliance in payment of fines. As the suspension is due to non-compliance, trading happens online only on the first day of week till completion of stipulated timelines.

Financial Performance - Standalone

Key Parameters	Units	31 Mar 2018	31 Mar 2019
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	28.39	30.45
EBITDA	Rs. Crs	21.20	19.35
PAT	Rs. Crs	(0.40)	1.53
Tangible Net worth	Rs. Crs	623.83	610.03
Total Debt/Tangible Net Worth	Times	0.29	0.27

On a Standalone basis, the Company had reported revenue of Rs. 7.45 crs and PAT of Rs. 1.71 crs in Q1FY20.

Financial Performance - Consolidated

Key Parameters	Units	31 Mar 2018	31 Mar 2019
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	58.43	36.81
EBITDA	Rs. Crs	(0.97)	(44.19)
PAT	Rs. Crs	(62.06)	(116.32)
Tangible Net worth	Rs. Crs	222.10	90.68
Total Debt/Tangible Net Worth	Times	1.57	3.86

On a consolidated basis, the Company had reported revenue of Rs. 36.81 crs and net loss of Rs. 116.32 crs in Q1FY20.

Key covenants of the rated facilities: NA

Status of non-cooperation with previous CRA: NA

Any other information: Not applicable

Rating History for the last three years

Sl. No.	Instrument	Current Rating (Oct 2019)		Rating History				
		Type	Amount ** (Rs Crs)	Rating	2018			2017
					22 Oct 2018@	06 July 2018^	12 March 2018^	03 May 2017^
1	NCD Tranche A	Long Term	35.87	BWR D Issuer Not Cooperating*	BWR D Issuer Not Cooperating*	BWR D	BWR BB/ Negative	BWR BBB/ Stable
2	NCD Tranche B		82.90					
Total			118.77	Rupees One Hundred Eighteen Crores and Seventy Seven Lakhs Only				

** (1) Tranche A- Rs 35.87 Crs [Outstanding against raised amount of Rs. 38.60 Crs] (2) Tranche B- Rs 82.90 Crs raised out of 156.40 Crs; ^amount rated Rs. 195.00 crs; @amount rated Rs. 121.50 crs

Complexity levels of the Instrument

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Default Recognition and Post Default Curing Period](#)
- [Infrastructure Sector](#)
- [Approach to Financial ratios](#)
- [What Constitutes Non-cooperation](#)

Analytical Contacts	Investor Contacts
<p>Sunilkumar Ijarad Senior Ratings Analyst B: +91 80 4040 9940 Ext: 343 sunilkumar@brickworkratings.com</p> <p>Rajee R Senior Director - Ratings B: +91 80 4040 9940 rajee.r@brickworkratings.com</p>	<p>M : +91 7738875550 B : +91 22 6745 6666 investordesk@brickworkratings.com</p>
1860-425-2742	

ANNEXURE I
Instrument Details

Instrument	Issue Date	Amount (Rs Crs)	Coupon	Maturity Date	ISIN
NCD Tranche A	27-Jun-2017	35.87	18%	22-Jun-2022	INE362A07021
NCD Tranche B	27-Apr-2018	5.00	18%	31-Jan-2023	INE362A07039
	27-Apr-2018	27.90	18%	31-Jan-2023	
	03-Oct-2018	25.00	18%	31-Jan-2023	
	09-Oct-2018	25.00	18%	31-Jan-2023	
		118.77	Rupees One Hundred Eighteen Crores and Seventy Seven Lakhs Only		

Annexure II : Subsidiaries

Sl No	Name of the Entity	Holding(%)	Extent of consolidation	Rationale for consolidation
1	PVP Corporate Parks Private Limited	100.00	Full	Wholly Owned Subsidiary
2	PVP Global Ventures Private Limited	100.00	Full	Wholly Owned Subsidiary
3	PVP Media Ventures Private Limited	100.00	Full	Wholly Owned Subsidiary
4	Safetrunk Services Private Limited	100.00	Full	Wholly Owned Subsidiary
5	New Cyberabad City Projects Private Limited	80.99	Full	Subsidiary
6	Picturehouse Media Limited	49.55	Full	Subsidiary
7	Adobe Realtors Private Limited*	100.00	Full	Step Wholly Owned Subsidiary
8	Arete real Estate developers Private Limited*	100.00	Full	Step Wholly Owned Subsidiary
9	Expression real Estate developers Private Limited*	100.00	Full	Step Wholly Owned Subsidiary
10	PVP Cinema Private Limited**	100.00	Full	Step Down subsidiary
11	PVP Capital Limited**	100.00	Full	Step Down subsidiary

*Adobe Realtors Private Limited, Arete Real Estate Developers Private Limited, Expressions Real Estate Private Limited are the wholly owned subsidiary companies of PVP Global Ventures Private Limited.

** PVP Capital Limited, PVP Cinema Private Limited and Picturehouse Media Private Limited (Singapore) are wholly owned subsidiaries of Picturehouse Media Limited.



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