

## Rating Rationale

PVP Ventures Limited

05 Oct 2020

**Brickwork Ratings reaffirms the rating for the NCDs of Rs.111.77 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 <sup>1</sup>	
	Previous	Present #		Previous (18 Oct 2019)	Present
NCD Tranche A	35.87	28.87	Long Term	<b>BWR D Issuer Not Cooperating*</b>	<b>BWR D Issuer Not Cooperating* Reaffirmed and continued in Issuer Not Cooperating* Category.</b>
NCD Tranche B	82.90	82.90			
<b>Total</b>	<b>118.77</b>	<b>111.77</b>	<b>Rupees One Hundred Eleven Crores and Seventy Seven Lakhs Only</b>		

<sup>1</sup>Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*Issuer did not cooperate; Based on best available information; # Outstanding amount based on latest Debenture Trustee Feedback dated 01 Oct 2020.

### 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 Debenture Trustee submitted to BWR. Furthermore, the company, in its disclosure of the quarterly results for Q1FY21 on 14 September 2020, has disclosed that it has overdues in repayment of Tranche A Debenture holders aggregating to Rs.23.41 crs (out of which principal amounting to Rs.16.87 crs and Interest amounting to Rs.6.54 crs) and for Tranche B Debenture Holders aggregating to Rs.51.99 crs (out of which principal amounting to Rs.25.91 crs and Interest amounting to Rs.26.08 crs) as on 30th June, 2020.

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 FY20 have reiterated their comments/qualifications on various items viz., 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,



recoverability of loans to its subsidiaries and realisability of advances given to group entities/subsidiaries, inability of such subsidiaries to continue as going concerns and material weaknesses identified in the operating effectiveness of the company's internal financial controls. The auditors have also identified 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 and whether extension of redemption period for the NCDs with retrospective effect by the Debenture holder, shall exonerate the board of directors from the implications of section 164(2)(b) of the Companies Act, 2013. All these indicate substantial weakening of the credit profile of the company.

The rating was migrated to the Issuer Not Cooperating\* category in Oct 2018 and continued in the Issuer Not Cooperating\* category in October 2019. 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 2020
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	30.45	29.00
EBITDA	Rs. Crs	19.35	20.66
PAT	Rs. Crs	1.53	(11.81)
Tangible Net worth	Rs. Crs	610.03	579.95
Total Debt/Tangible Net Worth	Times	0.27	0.19
Current Ratio	Times	0.69	0.42

On a Standalone basis, the Company had reported revenue of Rs.1.70 crs and net loss of Rs.6.29 crs in Q1FY21.

### Financial Performance - Consolidated

Key Parameters	Units	31 Mar 2018	31 Mar 2020
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	36.81	43.72
EBITDA	Rs. Crs	(44.19)	(20.74)
PAT	Rs. Crs	(116.32)	(93.35)
Tangible Net worth	Rs. Crs	90.68	(3.99)
Total Debt/Tangible Net Worth	Times	3.86	-ve
Current Ratio	Times	1.58	1.08

On a consolidated basis, the Company had reported revenue of Rs. 1.81 crs and net loss of Rs. 22.60 crs in Q1FY21.

**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 [including withdrawal and suspended]**

Sl. No.	Instrument	Current Rating (Oct 2020)		Rating History			
		Type	Amount (Rs Crs)	Rating	2019	2018	2017
1	NCD Tranche A	Long Term	28.87	<b>BWR D Issuer Not Cooperating*</b>	18 Oct 2019~	-	03 May 2017^^
2	NCD Tranche B		82.90		BWR D Issuer Not Cooperating*	<b>1) 12 Mar 2018^</b> BWR BB/ Negative  <b>2) 06 Jul 2018^</b> BWR D  <b>3) 22 Oct 2018@</b> BWR D Issuer Not Cooperating*	BWR BBB/ Stable
<b>Total</b>			<b>111.77</b>	<b>Rupees One Hundred Eleven Crores and Seventy Seven Lakhs Only</b>			

^^ Ratings were assigned on 03 May 2017 with amount rated as Rs. 195.00 crs;

^ Amount rated Rs.195 crs.

@amount rated Rs. 121.50 crs

~ Amount Rated Rs.118.77 crs.

**Complexity levels of the Instrument**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://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](#)

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**PVP Ventures Limited**

**ANNEXURE I**

**Instrument Details**

<b>Instrument</b>	<b>Issue Date</b>	<b>Amount (Rs Crs)</b>	<b>Coupon</b>	<b>Maturity Date</b>	<b>ISIN</b>
NCD Tranche A	27-Jun-2017	28.87	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	
		<b>111.77</b>	<b>Rupees One Hundred Eleven Crores and Seventy Seven Lakhs Only</b>		

**PVP Ventures Limited  
Annexure II : Subsidiaries**

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

\*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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