

## Rating Rationale

### PVP Ventures Limited

05 Oct 2021

**Brickwork Ratings reaffirms the rating for the NCDs of Rs.108.49 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 (05 Oct 2020)	Present
NCD Tranche A	28.87	<b>25.59</b>	Long Term	BWR D ISSUER NOT COOPERATING*  Reaffirmation	<b>BWR D ISSUER NOT COOPERATING* Reaffirmed and continued in Issuer Not Cooperating* Category.</b>
NCD Tranche B	82.90	<b>82.90</b>			
<b>Total</b>	111.77	<b>108.49</b>	<b>Rupees One Hundred Eight Crores and Forty Nine 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 the latest Debenture Trustee Feedback dated 19 Aug 2021.

### 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 Q1FY22 on 11 Aug 2021, has disclosed that it has overdues in repayment of Tranche A Debenture holders aggregating to Rs.30.41 crs (out of which principal amounting to Rs.18.89 crs and Interest amounting to Rs.11.52 crs) and for Tranche B Debenture Holders aggregating to Rs.87.64 crs (out of which principal amounting to Rs.46.63 crs and Interest amounting to Rs.41.01 crs) as on 30th June, 2021.

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 FY21 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, 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. Similar adverse remarks were present in the Auditor's report for FY20. All these indicate continued substantial weakening of the credit profile of the company.

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. 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. PVPVL is listed on NSE and BSE. Mr Prasad V. Potluri is the Chairman & Managing Director.

### Financial Performance - Standalone

Key Parameters	Units	31 Mar 2020	31 Mar 2021
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	29.00	17.53
EBITDA	Rs. Crs	20.66	13.25
PAT	Rs. Crs	(11.81)	(14.75)
Tangible Net worth	Rs. Crs	597.95	583.24
Total Debt/Tangible Net Worth	Times	0.19	0.15
Current Ratio	Times	0.42	0.35

On a Standalone basis, the Company had reported revenue of Rs.3.48 crs and net loss of Rs.4.56 crs in Q1FY22.

### Financial Performance - Consolidated

Key Parameters	Units	31 Mar 2020	31 Mar 2021
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	43.72	17.84
EBITDA	Rs. Crs	(20.74)	(13.55)
PAT	Rs. Crs	(93.35)	(80.62)
Tangible Net worth	Rs. Crs	(3.99)	(84.48)
Total Debt/Tangible Net Worth	Times	-ve	-ve
Current Ratio	Times	1.08	0.87

On a consolidated basis, the Company had reported revenue of Rs. 3.48 crs and net loss of Rs.19.93 crs in Q1FY22.

**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 2021)		Rating History			
		Type	Amount (Rs Crs)	Rating	2020 05 Oct 2020 <sup>1</sup>	2019 18 Oct 2019 <sup>2</sup>	2018 -
1	NCD Tranche A	Long Term	25.59	<b>BWR D ISSUER NOT COOPERATING*</b>	BWR D ISSUER NOT COOPERATING*	BWR D ISSUER NOT COOPERATING*	1) 12 Mar 2018 <sup>^</sup> BWR BB/ Negative  2) 06 Jul 2018 <sup>^</sup> BWR D  3) 22 Oct 2018 <sup>@</sup> BWR D Issuer Not Cooperating*
2	NCD Tranche B		82.90				
<b>Total</b>			<b>108.49</b>	<b>Rupees One Hundred Eight Crores and Forty Nine Lakhs Only</b>			

<sup>1</sup> Rated amount is Rs.111.77 crs ; <sup>2</sup> Rated amount is Rs.118.77 crs

<sup>^</sup> Amount rated Rs.195 crs. <sup>@</sup> amount rated Rs. 121.50 crs

<sup>^^</sup> Ratings of BWR BBB/ Stable were assigned on 03 May 2017 with amount rated as Rs. 195.00 crs;

**Complexity levels of the Instrument:** Simple

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](#)

Analytical Contacts	
<b>Kaushik Srikanth</b> Rating Analyst Board: +91 044 24663 3326 <a href="mailto:kaushik.s@brickworkratings.com">kaushik.s@brickworkratings.com</a>	<b>Saakshi Kanwar</b> Senior Manager- Ratings Board: +91 80 4040 9940 Ext: 364 <a href="mailto:saakshi.k@brickworkratings.com">saakshi.k@brickworkratings.com</a>
1860-425-2742	I <a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**PVP Ventures Limited**  
**ANNEXURE I**  
**Instrument Details: Listed on BSE**

Instrument	Issue Date	Amount (Rs Crs)	Coupon	Maturity Date	ISIN
NCD Tranche A	27-Jun-2017	25.59	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>108.49</b>	<b>Rupees One Hundred Eight Crores and Forty Nine Lakhs Only</b>		

**PVP Ventures Limited**  
**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 Capital Limited**	100.00	Full	Step Down subsidiary
11	PVP Cinema Private 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.



**For print and digital media** The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

### **About Brickwork Ratings**

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER :** Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either, purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "BWR Party") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the



results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, [www.brickworkratings.com](http://www.brickworkratings.com). More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.