



## Rating Rationale

### PVP Ventures Limited (PVPVL)

22 Oct 2018

Brickwork Ratings has reviewed the ratings for the Non-Convertible Debentures (NCDs) of PVP Ventures Limited ('PVPVL' or 'the Company'), based on best available information, as the issuer did not cooperate. Accordingly the rating for the NCDs of Rs 121.50 Crs (amount outstanding against rated amount of Rs 195 Crs) has been reaffirmed at BWR D and migrated to the ISSUER NOT COOPERATING\* category and the rating for unutilized portion of NCDs of Rs 73.50 Crs is withdrawn

### Particulars

Instrument	ISIN	Issue Date	Coupon	Maturity date	Amount (Rs Crs)	Rating (06 Jul 2018)	Present Rating
Secured, rated, listed Redeemable NCD	Tranche A INE362A07021	27 June 2017	18% pa	27-June-2022	38.60	BWR D [Pronounced as BWR D]	<b>BWR D</b> [Pronounced as BWR D] <b>ISSUER NOT COOPERATING*</b>  <b>Reaffirmed and migrated to ISSUER NOT COOPERATING* category</b>
Secured, rated, listed Redeemable NCD	Tranche B INE362A07039	20 April 2018	18% pa	31-Jan-2023	5.00		
		27 April 2018	18% pa	31-Jan-2023	27.90		
		03-Oct-2018 09-Oct-2018	18% pa	31-Jan-2023	25.00 25.00		
<b>NCDs raised till date (Rs Crs)</b>					<b>121.50</b>		
Secured, rated, listed Redeemable NCD issue	Tranche B <b>(Unutilized amount of NCD)</b>	-	-	-	73.50	BWR D [Pronounced as BWR D]	<b>Rating Withdrawn</b>
<b>Total</b>					<b>195.00</b>	<b>Rupees One Hundred and Ninety Five Crores Only</b>	

\* Issuer did not cooperate; Based on best available information

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

*Out of the rated NCD issue of Rs 195 Crs, Tranche A of Rs 38.60 Crs was raised on 27 June 2017; Out of the Tranche B issue of Rs 156.40 Crs, the Company has raised Rs 5 Crs and Rs 27.90 Crs (Series I & Series II) on 20 April 2018 and 27 April 2018 respectively. Subsequently, the Company has raised Tranche B (Series III) of Rs 25.00 Crs on 03 Oct 2018 and Tranche B (Series IV) of Rs 25.00 Crs on 09 Oct 2018. All issues under Tranche B are listed under the same ISIN.*



**Rating reaffirmed and migrated to ISSUER NOT COOPERATING\* category for NCDs of Rs 121.50 Crs. Rating withdrawn for unutilized NCDs of Rs 73.50 Crs in view of the company's confirmation that further amounts would not be raised under Tranche B.**

The reaffirmation of rating at BWR D continues to reflect the delays in servicing of the rated NCDs (Tranche A) by the Company due to its strained cash flow position. The company has witnessed significant deterioration in its business and credit profile over the past year. PVPVL continues to face delays in the progress of the ongoing residential North Town Project at Chennai and efforts to monetize its assets have not fructified within planned timelines. Financial performance during FY18 (Audited) & Q1FY19 (Limited Review) has further deteriorated.

As PVP Ventures Ltd is the holding company for the Hyderabad based PVP group, the strained overall liquidity position of the various group companies has impacted its credit profile. The statutory auditors of the company in the Auditors' Report for FY18 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 net carrying value of investments in its subsidiaries and recoverability of loans to its subsidiaries, material weaknesses identified in the operating effectiveness of the company's internal financial controls and delay in payment of statutory liabilities, indicating further weakening of the credit profile of the company.

**Nature of Non Cooperation:**

The rating was due for annual review in May 2018. Brickwork Ratings took up with the issuer to provide required information over emails and through telephone communication. Despite clear obligations as per the Rating Contract/Agreement and the best efforts of Brickwork Ratings to get at least the minimum required information for a review, the Company did not provide the same. In the absence of adequate information from the issuer and continued lack of management cooperation, Brickwork Ratings is unable to assess the issuer's financial performance and its ability to service its debt and maintain a valid rating. Based on inadequate information and lack of management cooperation, Brickwork Ratings has reaffirmed the rating at BWR D and migrated it to the ISSUER NOT COOPERATING\* category for the outstanding NCDs of Rs 121.50 Crs. Also, the rating for the unutilized NCD issue of Rs 73.50 Crs has been withdrawn.

**Limitations of the ratings:**

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 ratings may also be accompanied by financial stress. Users of the credit ratings 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 ratings.

**Analytical approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed 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. Mr Prasad V. Potluri is the Chairman & Managing Director.

### Financial Performance

At standalone level, income from operations declined to Rs 28.39 Crs in FY18 as against Rs 37.67 Crs in FY17 mainly due to sluggish progress of the North Town Project in Chennai. The Company has reported loss of Rs 0.40 Crs in FY18 as against PAT of Rs 20.67 Crs in FY17. Total debt was Rs 139.31 Crs as on March 31 2018. Tangible net worth of Rs 623.83 Crs as on March 31 2018 is invested mainly as Non-current investments in subsidiaries viz. Picturehouse Media Ltd, PVP Global Ventures Pvt Ltd, New Cyberabad City Projects Pvt Ltd, PVP Media Ventures Pvt Ltd and Blaster Sports Ventures Pvt Ltd. The Company has reported income from operations of Rs 6.32 Crs and Net loss of 2.12 Crs for Q1FY19. At consolidated level, income from operations declined to Rs 58.43 Crs in FY18 as against Rs 155.60 Crs in FY17. The Company has reported net loss of Rs. 62.06 Crs in FY18 as against PAT of Rs 8.22 Crs in FY17 mainly on account of reduced operating income and higher interest & finance charges.

### Rating History for the last three years

Sl. No.	Instrument	Current Rating (2018)			Rating History		
		Tenure	Amount (Rs Crs)	Rating	06-July-2018 ^	12-Mar-2018 ^	3-May-2017 ^
1	Secured Rated Listed Redeemable NCD	5 years	(1) Tranche A- Rs 38.60 Crs [Raised ] (2) Tranche B- Rs 82.90 Crs raised out of 156.40 Crs	BWR D [Pronounced as BWR D] ISSUER NOT COOPERATING* Reaffirmed and migrated to ISSUER NOT COOPERATING* category	BWR D Downgraded	BWR BB (Negative) [Downgraded with revision in Outlook to Negative]	BWR BBB- (Sable) Assigned
	<b>Sub-total</b>		<b>Rs 121.50 Crs (Rupees One Hundred and Twenty One Crores &amp; Fifty Lakhs Only)</b>				
2.	Secured Rated Listed Redeemable NCD	5 years	73.50	Rating Withdrawn	BWR D Downgraded	BWR BB (Negative) [Downgraded with revision in Outlook to Negative]	BWR BBB- (Sable) Assigned
	<b>Sub-total</b>		<b>Rs 73.50 Crs (Rupees Seventy Three Crores and Fifty Lakhs Only)</b>				

^Amount rated: Rs 195 Crs

\*Issuer did not cooperate; Based on best available information

For other details, please refer to our earlier Rating rationale:

[Previous Rating Rationale](#)



**Status of non-cooperation with other CRA:** Not Applicable.

**Any other information:** Not Applicable.

**Hyperlink/Reference to applicable Criteria**

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

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities



**DISCLAIMER**

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