

## Panchsheel Buildtech Private Limited

February 24, 2020

### Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long term Bank Facilities	279.01	CARE D (Single D)	Revised from CARE BB; Stable (Double B; Outlook: Stable)
Total Facilities	279.01 (Rupees Two Hundred and seventy nine crore and one lakh only)		
Long-term Instruments- NCDs	139 (Rupees One Hundred and Thirty Nine crore only)	CARE D (Single D)	Revised from CARE BB; Stable (Double B; Outlook: Stable)

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities and instruments of Panchsheel Buildtech Private Limited (PBPL) takes into consideration ongoing delays in debt servicing by the company on account of stretched liquidity position.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

#### Ongoing delays in debt servicing

As per the NDS received from the client dated Feb 20, 2020 and also confirmed by the banker, there are ongoing delays in debt servicing by Panchsheel Buildtech Private Limited.

#### High dependence on customer advances for project execution and debt repayment

PBPL has proposed to fund the overall project cost of Rs. 2,864 Cr through Promoter funds of Rs.246 Cr, debt of Rs.536 Cr and remaining through customer advances of Rs.2082 Cr [0.08:0.18:0.72 (Equity: debt: customer advances)].

#### Project Execution Risk:

PBPL is currently executing six projects with total salable area of 98.68 Isf. All the necessary approvals for the said projects have already been acquired. Since, the company is successfully executing the projects and the past experience of the promoters of delivery of projects mitigates risks of project execution to some extent.

#### Support to Group Company – Valuent Infradevelopers Private Limited (VIPL)

PBPL has extend explicit support to one of its group entity Valuent Infradevelopers Private Limited by being a co borrower to the debt of Rs.81 Cr availed for the development of the project Panchsheel Pratishtha. The project is completed. This creates additional liability on PBPL in case VIPL is not able to service its debt obligation.

#### Subdued real estate scenario

With the on-going economic conditions, the real estate industry is currently facing issues on many fronts, including subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, etc. thereby resulting in stress on cash flows of developers. The industry has seen low demand in the recent past, primarily due to factors like sustained high level of inflation leading to high interest rates and adverse impact on the buying power and affordability for the consumers.

### Key Rating Strengths

#### Experienced promoters and track record in real estate business

Panchsheel Buildtech Private Limited incorporated in 2006 is the flagship company of Panchsheel Group. The Company derives strength from extensive experience of its promoter Mr. Ashok Chaudhary who has over two decades of experience in undertaking commercial & residential projects in Delhi & NCR region. The group has to its credit the successful completion of residential and commercial complexes admeasuring 38 Isf primarily in Ghaziabad, Indirapuram and Sahibabad. The projects successfully delivered by group includes Greenaria, Panchsheel Well Bazaar, Panchsheel Square, Panchsheel Primrose and Panchsheel Wellington.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Analytical approach:** Standalone

**Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Real Estate methodology](#)

**About the Company**

Panchsheel Buildtech Private Limited (PBPL), incorporated in December 2006 and is the flagship company of Panchsheel group. The group is engaged in the residential and commercial real estate development in the Delhi NCR region, majorly catering to Noida and Ghaziabad regions. The group promoted by Mr. Ashok Chaudhary, Mr. Anuj Kumar and family members have successfully delivered projects of approximately 38 lsf in Ghaziabad, Indirapuram and Sahibabad area (Delhi NCR Region) and have an extensive experience of over two decades in the real estate industry.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	231.25	286.48
PBILDT	15.13	8.40
PAT	4.88	2.96
Overall gearing (times)	4.22	4.32
Interest coverage (times)	8.22	12.54

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	ISIN No.	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	-	279.01	CARE D
Debentures-Non Convertible Debentures	INE991V07015	January 22, 2018	15	Jan 15, 2023	139.00	CARE D

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	279.01	CARE D	-	1)CARE BB; Stable (22-Jan-19)	1)CARE BB; Stable (04-Jan-18)	1)CARE BB; Stable (13-Feb-17)
2.	Debentures-Non Convertible Debentures	LT	139.00	CARE D	-	1)CARE BB; Stable (22-Jan-19)	1)CARE BB; Stable (04-Jan-18)	-

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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