

RATING RATIONALE

Palacial Real Estate Private Limited

3 June 2020

Brickwork Ratings downgrades the ratings for the Non-Convertible Debentures (Deep Discounted Bonds) issue amounting to Rs. 27.01 Crores of Palacial Real Estate Private Limited.

Particulars: As per details below.

Instrument**	Previous Amount (Rs. Cr)	Current Amount (Rs. Cr)	Tenure	Previous Rating	Current Rating *
Zero Coupon Secured Redeemable Non-Convertible Deep Discount Bond	27.01	27.01	Long Term	BWR B-Negative	BWR D
Total	27.01	27.01	INR Twenty Seven Crores and One Lakh Only.		

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

** Details of bonds is provided in Annexure-I

Rating Action: Downgrade in rating to BWR D.

The debenture trustee have sent the default notice on occurrence Event of Default (EOD) to Palacial Real Estate Developers Private Limited (Issuer) and Radius Estate and Developers Private Limited (earlier known as Vishwaroop Estate and Developers Private Limited (VEDPL) on 1st November 2019. As per the trust deed, upon the trustee delivering a written notice (Default Notice) to the Company requiring the company to redeem the outstanding bonds the Company shall within a period of 60 days from date of default notice should redeem the bond. As per the information received on 2 June 2020 the NCD are not redeemed within the specified time period causing default.

Please refer to the below link for the previous published rating rationale.
www.brickworkratings.com/Admin/PressRelease/X-Palacial-Real-Estate-3Oct2019.pdf

Details of NCD (Deep Discount Bond)



PREPL has bought 11 units of a project being developed by Radius and DB Realty, namely, X – BKC situated at Bandra (BKC), Mumbai under the SPV, namely, Vishwaroop Estate and Developers Private Limited. The total sale consideration for the same was 51.60 Cr valued at Rs. 23000 per sq. ft. and with an acquired total saleable area of 22380 sq. ft. In order to fund the above transaction, PREPL had issued deep discount bond (DDB's) amounting to Rs. 27.01 Cr (i.e. the upfront payment amount - being an amount equivalent to 50% of the total mortgaged/ sale consideration value). The tenor of DDB's is 12 years and are issued at Rs. 32767 having face value of Rs. 1,00,000 issued on a private placement basis, to be redeemed on or before 12 years from the date of allotment, depending on the availability of the cash flows. These Bonds are issued at Zero Coupon and repayment is on quarterly basis subject to availability of cash flows from the sales of these mortgaged units. However, it is to be noted that these Bonds has a "Put Option" of early redemption, which can be exercised after 30th November 2019. One of the Event of Default in trust deed is failure in completion of construction of zoes/wings in which the mortgaged apartments are situated and /or obtaining the occupation certificate for the zones/wings in which the mortgaged apartments are situated by December 1 2019.

COMPANY PROFILE: Palacial Real Estate Pvt. Ltd. (PREPL) is an independent investment company, which was incorporated on 3rd August 2016 with its registered office at Santacruz East, Mumbai with an authorized capital of Rs. 1.00 Lac. The company currently does not have any real estate projects but invests in other projects developed by other real estate developers.

The Board of PREPL comprises of 2 directors, namely, Mr. Sanjay Lulla and Mr. Chirag Mathijia.

KEY FINANCIAL INDICATORS (in INR Crs)

Particulars (Amt in Rs. Crs)	2018 Audited	2019 Audited
Total Operating Income	NA	NA
Equity	0.02	0.02
Total Debt	34.35	40.32

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY (Including Withdrawal and Suspended)

Sl. No.	Instrument / Facility	Current Rating (Year 2020)			Rating History		
		Type	Amount (Rs in Cr)	June 2020	October 2019	October 2018	September 2017
1	Zero Coupon Secured Redeemable Non-Convertible Deep Discount Bond	Long Term	27.01	BWR D	BWR B-Negative	BWR B-Stable	BWR B-Stable

COMPLEXITY LEVELS OF THE INSTRUMENTS

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

Link to Rating Criteria

- [General Criteria](#)
- [Approach to Financial Ratios.](#)
- [Default](#)
- [Service Sector](#)

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Annexure 1: Details of Instrument.

Instrument	Amount (Rs. Cr)	Coupon	ISIN	Issue Date	Maturity Date
Zero Coupon Secured Redeemable Non-Convertible Deep Discount Bond	27.01	Zero	INE787V11019	20-September2016	20- September 2028

For print and digital media

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