

## India Ratings Upgrades T-Hills' NCDs to 'IND BBB+'; Outlook Stable

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India Ratings and Research (Ind-Ra) has upgraded T-Hills Private Limited's (T-Hills; erstwhile Jaganmata Property Developers Private Limited) non-convertible debentures (NCDs) to 'IND BBB+' from 'IND BBB' with a Stable Outlook as follows:

Instrument Type	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
NCDs	INE0G2607029	20 March 2021	No fixed coupon*	22 December 2028	INR210	IND BBB+/Stable	Upgraded
NCDs	INE0G2607011	23 December 2020	No fixed coupon*	22 December 2028	INR1,360	IND BBB+/Stable	Upgraded

\*Distribution is a function of returns generated by the underlying project

**Analytical Approach:** Ind-Ra continues to take a top-down rating approach under its Parent Subsidiary Linkage Criteria to rate T-Hills, a special purpose vehicle (SPV), and has linked its rating as well as Outlook to those of its 100% parent Puravankara Limited ('IND A-/Positive') (<https://www.indiaratings.co.in/Issuers?search=1&issuerID=1379>) due to the strong strategic and operational ties between the two entities.

### Key Rating Drivers

**Strong Ties with Financially Robust Parent:** At FYE21, T-Hills had INR2,219 million of debt outstanding (FY20: INR351 million), of which INR594.6 million was held by the parent. The SPV raised INR1,570 million through NCDs, which will be also backed by the Puravankara Group.

T-Hills project was launched in September 2021. T-Hills operates under Purva Land Ltd (a subsidiary of Puravankara) and shares a common management with it. Puravankara plans to focus on the Purva Land brand, which sells low-risk plotted projects, for growth over the near term. The SPV's business plan is a major step in that direction. The agency believes the success of T-Hills is a key strategic priority for Puravankara.

Puravankara has completed 75 projects over the last four decades with a total floor space of 43.07 million square feet (sf) across both its brands - Provident and Puravankara - in the major cities of south and west India. Provident, as a brand, has been in existence for over 11 years now, and is well established. Puravankara is a top 10 player in most of the cities it operates in and has a strong presence in Bangalore, where T-Hills operates. The association with Puravankara and the ability to use the brand Provident enable T-Hills benefit from the former's strong brand image, experience and project execution capabilities.

**Emerging Project Location:** The project is located within 15km of Bangalore International Airport and 2km-3km from Devanahalli town. The location witnessed strong real estate demand over FY15-FY21 due to the proximity to the airport and improving transportation connectivity.

**Liquidity Indicator - Adequate:** The raised NCDs have neither a fixed coupon nor a fixed principal repayment schedule. The entire debt of INR594.7 million is held by the parent Puravankara and is junior to the NCDs. In addition, Puravankara has invested up to INR288 million in T-Hills, alongside the investors' subscription to NCDs of INR1,570 million. Ind-Ra believes the advances from the customers will be sufficient to meet the cash requirement for construction and in case of a temporary shortfall, the support from NCD investors and the parent is likely to help the company.

**Geographic Concentration and New Project Risk:** T-Hills' standalone credit profile is constrained by its only project that is based in a single location. In addition, the standalone business faces risks common to all new real estate ventures such as those relating to customer reception, project execution and construction. However, Ind-Ra believes experienced promoters are likely to help T-Hills sail through any difficulties.

**Small Standalone Size and Scale:** At FYE21, the SPV had a shareholder equity of negative INR1 million (FY20: negative INR0.25 million) and total asset worth INR2,222 million (INR353 million).

## Rating Sensitivities

**Negative:** A rating downgrade of Puravankara or a weakening of linkages between Puravankara and the SPV could result in a rating downgrade.

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on T-Hills, either due to their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here (<https://www.indiaratings.co.in/PressRelease?pressReleaseID=56916>). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here (<https://www.indiaratings.co.in/PressRelease?pressReleaseID=57016>).

## Company Profile

T-Hills is 100% owned by Puravankara. The SPV owns up to 60.71 acres of land at Devanahalli Taluk, North Bengaluru. Of which, the entire land will be used to sell plotted development. The total plots for the sale will amount up to 1,422,332sf.

## FINANCIAL SUMMARY

The financial summary is not relevant as the SPV is in the initial stages of starting its operations.

## Solicitation Disclosures

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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## Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (million)	Rating	24 March 2021	9 March 2021	16 December 2020	18 November 2020
NCD	Long-term	INR1,570	IND BBB+/Stable	IND BBB/Positive	IND BBB/Positive	IND BBB/Positive	Provisional IND BBB/Positive

## Complexity Level of Instruments

Instrument Type	Complexity Indicator
NCDs	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators> (<https://www.indiaratings.co.in/complexity-indicators>).

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