

Peninsula Land Limited

November 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	300.00	CARE BB+; Stable	Downgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the rating assigned to bank facilities of Peninsula Land Limited (PLL) primarily factors in an increase in the intensity of delays in receipt of lease rentals, which, along with continued losses in business operations, has resulted in a significant moderation in the debt coverage indicators of the company in H1FY26 (refers to period from April 2025 to September 2025). Revision also factors in CARE Ratings Limited's (CareEdge Ratings') expectations of moderation in PLL's liquidity in the near future owing to the upcoming redemption of the optionally convertible debentures (OCDs) availed by the company, which, in absence of conversion, is likely to absorb the available liquidity buffer. CareEdge Ratings notes that the company is planning to avail an additional top-up loan on the existing lease rental discounting (LRD) term loan to shore up its liquidity but same would result in further moderation in the coverage indicators for its LRD loan.

Regarding the OCDs, the company had raised ~₹150 crore in June 2024, for undertaking real estate (RE) projects in a joint venture (JV). Per the terms, OCDs are to be converted into equity within 18 months from the date of allotment and if not converted, same are to be repaid by the company within 15 days from the exercise date. CareEdge Ratings' notes that the share price of the company is trading significantly below the exercise price, thus resulting in a high likelihood of redemption of the OCDs. Per management articulation, PLL has invested part funds (₹112.49 crore) of the OCD proceeds in non-convertible debentures (NCDs) of an entity, which was further invested by the said entity in market linked debentures. The same is expected to be returned to PLL before the exercise date of OCDs. For the balance OCD redemption, the company intends to utilise the available liquidity and cash flows from RE segment.

The rating continues to remain constrained by high tenant concentration risk with the entire leasable area being occupied by only two tenants and the top tenant accounting for over 70% of the total monthly rentals, and agreement rollover risk with both the existing lease agreements expiring in August 2026.

However, the rating continues to derive strength from the experienced promoters, favourable location of the leased property, presence of debt service reserve account (DSRA) and escrow mechanism, and an established track record of full occupancy levels.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Realisation of rental arrears and establishment of a steady track record of timely receipt of monthly rentals, resulting in a sustained cash coverage ratio (CCR) of above 1.3x.
- Improvement in scale of operations and achieving healthy profitability on a sustained basis.
- Maintenance of adequate free liquidity of over ₹20 crore in addition to DSRA per sanction terms post redemption/conversion of OCDs.

Negative factors

- Higher-than-envisaged moderation in liquidity owing to the OCD redemption.
- Continued delays in receipt of rentals or availment of major debt impacting debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CareEdge Ratings' expectations that PLL will be able to maintain its moderate debt coverage indicators backed by its established track record of full occupancy with the same tenants.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key weaknesses

Increase in intensity of delays in receipt of monthly rentals and upcoming large debt repayments likely to impact company's liquidity

There have been multiple instances of delays in receipt of monthly rentals from the tenants in the last six months. While earlier the delay was only from one of the tenants, the company has now witnessed delay from the other tenant which contributes 70% of the total lease rentals. Also, despite renewal of lease agreement, there is delay in recovery of part arrears impacting its cash flow and requiring support for timely repayment obligations. CareEdge Ratings has considered the liquidity available with the company to support the repayment obligations in case of mismatches. However, due to increase in intensity of delay and expected utilisation of free liquidity towards upcoming repayment obligations for OCD, same is expected to reduce the buffer available with the company.

The company had raised ~₹150 crore in form of OCD in June 2024 for undertaking RE projects in JV. Per terms, OCDs are to be converted into equity within 18 months from date of allotment, and if not converted, the same are to be repaid by the company in 15 days from the exercise date. CareEdge Ratings notes that the share price of the company is trading significantly below the exercise price resulting in high likelihood of redemption of OCD. The exercise date is December 24, 2025, and in case of non-conversion into equity shares, PLL is required to repay ~₹150 crore along with interest (per terms) within 15 days from the date of exercise. Per management articulation, PLL has invested part (₹112.49 crore) funds in JV in form of NCDs which was invested in market linked debentures, and the same is expected to return to PLL before due date. For balance, the company intends to utilise the liquidity in the system and cash flows from RE segment. As on September 30, 2025, the company has free cash and mutual funds investment of ₹30 crore. This provides liquidity cushion to an extent for upcoming OCD repayment obligations. However, timely receipt of funds from JV and collections from RE remains key credit monitorable.

CareEdge Ratings notes that the company is planning to avail an additional top-up loan on the existing LRD term loan to shore up its liquidity, but the same would result in further moderation in the coverage indicators for its LRD loan.

Moderation in debt coverage indicators with continued high leverage

PLL's capital structure continues to remain leveraged owing to availment of incremental debt and consistent erosion of the net worth with losses incurred in business operations, over the last two years. PLL's overall gearing stood at 2.51x as on September 30, 2025 against 2.19x as on March 31, 2025. Going forward, although the OCDs are due for conversion/redemption in December 2025, the expected additional LRD loan is likely to keep the capital structure leveraged.

Debt coverage indicators moderated significantly in H1FY26 considering delayed receipt of rentals, and continued losses owing to delay in recognition of revenue from RE segment and additional costs incurred against the ongoing legal hurdles. The PBILDT interest coverage ratio stood below unity in H1FY26. Also, for the LRD debt, the CCR stood modest for H1FY26 which would further moderate in case of availment of proposed top-up of the LRD loan.

Subdued performance of RE segment and continued losses in H1FY26

PLL recognises revenue on completed contract method (CCM) post receipt of OC and handover of possessions. As the OC is received in different quarters, there is a fluctuation in the scale of operations. In FY25, the company reported significant decline in scale of operations due to lower revenue from RE segment including delay in receipt of OC, which also continued in H1FY26. This and higher operating expenses and additional costs incurred against the ongoing legal cases (in the form of legal expenses and impairment) resulted in continued net losses (of ₹23.98 crore in H1FY26 compared to ₹25.27 crore in FY25).

Tenant concentration risk and renewal risk

PLL is susceptible to tenant concentration risk with only two tenants occupying 100% of the total leased out area. The company also remains susceptible to the agreement renewal risk with all existing lease agreements expiring in August 2026 (tenure of the agreements is usually three years). However, given the tenants being government companies and PLL having long track record of leasing the property to these tenants over five decades, credit and revenue risks are mitigated to some extent.

Key strengths

Strategic location of the leased property

Parel is one of the commercial hubs in Mumbai with a sizeable number of government offices, private offices, and MNCs resulting an average rate is over 30,000 per square feet. 'Piramal Chambers' is in Lalbaug, Parel, which is at a distance of less than 1 km from Lower Parel Railway station. Both roadways and railways are well connected to this location.

Presence of escrow mechanism and DSRA

PLL has leased out its property 'Piramal Chambers' at Lalbaug, Mumbai, to two tenants in lieu of monthly lease rentals and the company has availed the LRD facility of ₹295.50 crore. The entire cash inflow consisting of lease rentals (including parking charges and maintenance charges) generated from the property, is being routed through a designated escrow account maintained with the lender, which prevents fund leakages as the bank does not allow withdrawal of surplus rental income before settlement of the monthly repayment obligation. The company has maintained DSRA of ₹10.12 crore (equivalent to three months' debt servicing obligation) by fixed deposit with the bank, which provides added security in relation to its repayment obligations.

Reputed tenants base

The company has leased out 100% of its total leasable area of 1.30 lakh square feet (lsf) as on March 31, 2025. There are only two tenants at the property which are government entities such as Income Tax Department (CBDT) and GST Department. The contract's tenure with the Income Tax Department and GST Department is for three years with rent escalation upto 8% per annum and 15%, respectively, at the time of renewal. The said tenants have occupied the property for over five decades. Thus, CareEdge Ratings expects the company to maintain full occupancy level in the near-to-medium term as well, although it remains exposed to risks arising from delays in dealing with government, regulatory changes, and tenant concentration.

Liquidity: Stretched

PLL has a scheduled monthly rental income of ~₹3.91 crore sufficient to meet the monthly interest and principal repayment obligation aggregating ₹2.94 crore in FY26. However, delays in receipt of lease rentals from both the tenants in H1FY26 resulted in a significant moderation in CCR, for the LRD debt. The CCR could further moderate in case of avilment of the top-up LRD loan. Also, the upcoming redemption of the OCDs availed by the company, in absence of conversion, is likely to absorb the available liquidity buffer of ₹30 crore (excluding DSRA worth ₹10.12 crore) as on September 30, 2025. Thus, the overall liquidity profile of the company is expected to moderate in near term.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

Incorporated in 1871, PLL is the RE development arm of Ashok Piramal Group. The company is primarily engaged in developing residential and commercial RE projects. It has leased out a property in Parel, Mumbai, to two government tenants since 1970. The company has 23 subsidiaries (including seven direct and 16 step-down subsidiaries), six JVs, and one associate company as on March 31, 2025. Till FY25, the company has developed and delivered total area of 11.82 million square feet (msf) of 15 RE projects across Mumbai, Pune, Bangalore, and Goa.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	519.63	241.65	74.08
PBILDT	114.30	20.48	24.00
PAT	93.79	-25.27	-23.98
Overall gearing (times)	1.75	2.19	2.51
Interest coverage (times)	3.06	0.56	0.85

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2039	300.00	CARE BB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	300.00	CARE BB+; Stable	1)CARE BBB-; Stable (09-Jul-25)	1)CARE BBB-; Stable (27-Nov-24)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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