

May 23, 2025

Pegeen Builders & Developers Private Limited: Ratings reaffirmed; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Proposed NCD	800.00	800.00	Provisional [ICRA]AA(CE) reaffirmed; outlook revised to Positive from Stable
Total	800.00	800.00	

Rating in the absence of pending actions/documents	[ICRA] A
Rating without explicit credit enhancement	[ICRA] A

*Instrument details are provided in Annexure I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

The rating is based on the strength of the corporate guarantee to be provided by DLF Home Developers Limited (DHDL/the guarantor, rated [ICRA]AA(Positive)/ [ICRA]A1+), one of the sponsors of Pegeen Builders & Developers Private Limited (PBDPL), for the proposed non-convertible debenture (NCD) programme. The Positive outlook on this rating reflects ICRA's outlook on the rating of guarantor, DHDL.

Adequacy of Credit Enhancement

The rating of the instrument is based on the credit substitution approach, whereby the rating of the guarantor has been translated to the rating of the said instrument. The guarantee is expected to be legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument and has a well-defined pre -default invocation and payment mechanism. Given these attributes, the guarantee to be provided by DHDL is adequately strong to result in an enhancement in the rating of the said instrument to **[ICRA]AA(CE)** against the rating of [ICRA]A without explicit credit enhancement. In case the rating of the guarantor was to undergo a change in future, the same would reflect in the rating of the aforesaid instrument as well.

Salient covenants of the rated facility

The details will be included at the time of finalisation of the provisional rating when the company shares the final term sheet for the NCD programme.

Key rating drivers and their description – For the guarantor (DHDL)

Credit strengths

- Strong operational performance expected to sustain in FY2026; heathy leverage
- Established market position and exceptional financial flexibility
- Availability of large low-cost, well-located and diversified land bank

Credit challenges

- High dependence on the NCR real estate market and project concentration risk
- Exposure to execution and market risks and cyclicalities in the real estate sector
- Significant contingent liabilities and pending litigations

Please refer to the following link for detailed rationale of the guarantor’s ratings, published in April 2025; [Click here](#).

Liquidity position:

For the guarantor (DHDL): Strong (more details can be seen at this link: [Click here](#))

For the rated entity (PBDPL): Adequate

The company’s liquidity position is adequate with unencumbered cash and liquid balances of around Rs. 26 crore as on December 31, 2024. The balance project cost is expected to be met from proposed NCDs, customer advances and fund infusion by promoters, as and when required. ICRA expects the guarantor, DHDL, to provide full support to the entity towards any funding shortfall, if needed.

Rating sensitivities

Positive and negative factors – The rating assigned by ICRA to the proposed NCDs of PBDPL is principally based on the strength of the corporate guarantee proposed to be executed by DHDL. Accordingly, any future rating change, upgrade or downgrade, will remain synchronous with changes, if any, in the credit quality of DHDL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Realty - Commercial/Residential/Retail Policy on Provisional Ratings
Parent/Group support	The rating is based on the corporate guarantee proposed to be extended by DHDL in favour of the investors in the NCDs of PBDPL.
Consolidation/Standalone	The proposed NCDs are going to be backed by a corporate guarantee from DHDL. To arrive at rating of DHDL, ICRA has taken a consolidated view along with DLF Limited (including its subsidiaries, JVs and associate entities). Details of the entities considered for consolidation are available at this link (Click here)

Pending Actions/documents required to be completed for conversion of provisional rating into final

The assigned rating is provisional and would be converted into final upon:

1. Execution of corporate guarantee deed
2. Execution of transaction documents which includes term sheet and Debenture trust Deed (DTD).

Validity of the provisional rating

In case the debt instrument/borrowing facility for which a provisional rating has been assigned is subsequently issued, the provisional rating would have to be converted into a final rating within 90 days (validity period) from the date of issuance of the debt instrument. If considered appropriate, the validity period may be extended by a further 90 days for converting the provisional rating into final, in circumstances where the rated entity expressly indicates its intention to complete the pending actions/documents over the near term. Under no circumstances shall the validity period be extended beyond 180 days from the date of issuance. For further details, refer to ICRA’s Policy on Provisional Ratings available at www.icra.in.

If neither the pending actions/documents nor the issuance is completed after one year of the assignment of the provisional rating, ICRA would withdraw the provisional rating. However, the validity period may be extended beyond one year, subject to the conditions outlined in ICRA’s Policy on Provisional Ratings available at www.icra.in.

Risk associated with provisional rating

In case the issuance is completed, but the pending actions/documents are not completed by the entity within 90 days (validity period) from the date of issuance, the provisional rating will be converted into final upon the review of the required actions/documents to the extent they are completed by the end of the validity period. This implies that the provisional rating may even be revised at the end of validity period, while being converted into final, to a level commensurate with rating in the absence of pending actions/documents (as disclosed in the earlier rationale). ICRA may consider extending the validity period in accordance with its Policy on Provisional ratings available at www.icra.in.

About the company

Pegeen Builders & Developers Private Limited (PBDPL) is a 51:49 joint venture between DLF Home Developers Limited (DHDL), i.e., 100% wholly-owned subsidiary of DLF Limited and Trident Buildtech Private Limited (Trident). It is a slum rehabilitation project located in Oshiwara, Andheri West, in Mumbai with a saleable area of 0.9 million square feet (msf). The company is responsible for constructing the sale portion of the project. The project is expected to be launched shortly.

Key financial indicators (audited): Not meaningful as the company is currently in the project stage.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Chronology of rating history for the past 3 years								
	Current (FY2026)			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 23, 2025	Date	Rating	Date	Rating	Date	Rating
Proposed NCD	Long term	800.00	Provisional [ICRA]AA(CE) (Positive)	Mar 12, 2025	Provisional [ICRA]AA(CE) (Stable)	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Proposed NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA’s website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
-	Proposed NCD	NA	NA	NA	800.00	Provisional [ICRA]AA(CE) (Positive)

Source: Company

Annexure II: List of entities considered for consolidated analysis- Not Applicable

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ABOUT ICRA LIMITED

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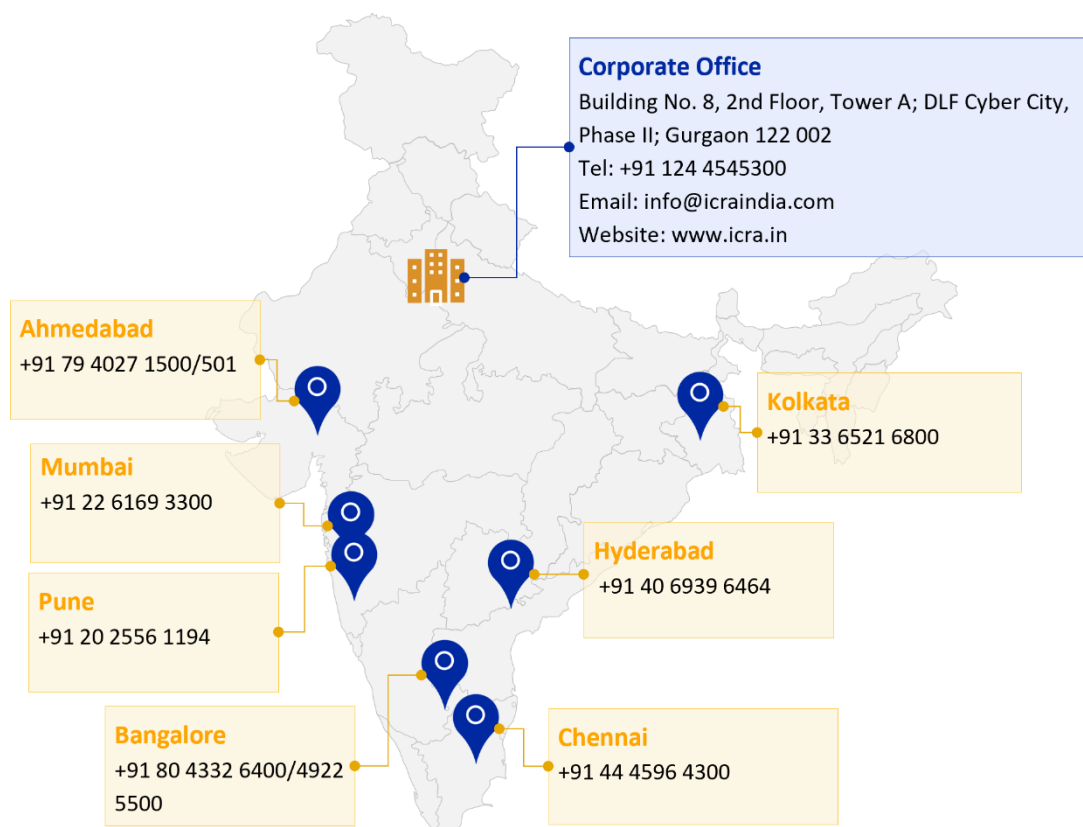
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