September 02, 2026

Provident Cedar Private Limited: Rating downgraded to [ICRA]BBB- (Stable)

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action	Financial sector regulator#
NCD	13.10	6.91^	[ICRA]BBB- (Stable) rating downgraded from[ICRA]BBB (Stable)	SEBI
NCD	7.00	7.00	[ICRA]BBB- (Stable) rating downgraded from[ICRA]BBB (Stable)	SEBI
Proposed NCD	17.00	17.00	[ICRA]BBB- (Stable) rating downgraded from[ICRA]BBB (Stable)	SEBI
Total	**37.10**	**30.91**		

**Instrument details are provided in Annexure-I*

Note: Amounts in Rs. crore; ^Partial amount has been redeemed, but no complete ISIN redemption done

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The rating is based on the combined business and financial profiles of Provident Cedar Private Limited (PCPL) and Provident Meryta Private Limited (PMPL) (referred to as combined entity), factoring in the significant operational and financial linkages between the companies. The two companies (held by the same parent entity) have acquired adjoining land parcels in Chennai, which are being developed as a single project, albeit in a phased manner. Additionally, the non-convertible debentures (NCDs) issued for acquisition of land parcels and for construction of the project across both companies have a common investor.

The rating downgrade factors in subdued sales velocity in the previous quarters for the combined entity, leading to weaker visibility on future cash flows. Despite the receipt of occupancy certificate (OC), the sales performance remained below expectations, with 58% of the total saleable area sold as on June 2026 (June 2025: 53%), on account of increased competition following the launch of an adjacent plotted development by Provident Housing Limited (PHL[1], rated [ICRA]A- with Stable outlook) and a measured sales approach adopted by the management amid ongoing litigation relating to a land parcel of PHL. While the litigation does not have a direct bearing on saleable area of PCPL and PMPL, concerns regarding the development of inter-connected common amenities across the phases have moderated the sales velocity. Moreover, the entities remain exposed to geographical concentration risk arising from their dependence on a single project and micro-market, as well as the inherent cyclicality of the real estate sector. Nevertheless, the Puravankara Group's established track record in project execution and sales and the project's favourable location provides comfort. ICRA notes that returns to NCD investors are linked to the project's realised cash flows, although the project sponsor has guaranteed a minimum IRR of 12% at the fund level.

The rating continues to favourably factor in the strong parentage PCPL and PMPL, which are wholly-owned subsidiaries of PHL and part of the Puravankara Group. The Group has an established track record spanning four decades in real estate development and completed 97 residential and commercial projects aggregating 59 msf as of June 2026. ICRA also expects PHL to provide timely financial support to PCPL and PMPL in case of any funding shortfall, given their strategic importance to the parent and PHL's reputation sensitivity to default. Although approximately 33% of the project remains to be completed as on June 2026 (primarily relating to common amenities), the receipt of OC substantially mitigates execution risk and is expected

[1] *Wholly-owned subsidiary of Puravankara Limited*

to aid collections from customers. Also, the project benefits from its favourable location and the healthy underlying demand for plotted developments in the micro-market.

The Stable outlook on the [ICRA]BBB- rating reflects the company's favourable project location, which is likely to support sales, and the benefits of operational and financial support from its parent entity.

Key rating drivers and their description

Credit strengths

Part of the Puravankara Group – The Puravankara Group has a track record of four decades in the real estate industry, with presence across both premium and affordable housing segments under the brands – Puravankara and Provident, respectively. The Group has demonstrated project execution capabilities having delivered 59 msf of saleable area as of June 2026, supported by engagement of reputed civil contractors. The Group maintains a strong presence in Bengaluru and has diversified into other key markets such as Chennai, Pune, Hyderabad, Mumbai and Kochi. PCPL and PMPL benefit from their association with the Group and their ability to use the brand name Puravankara enables it to benefit from the Group's strong brand image, experience and project execution capabilities. ICRA expects the parent, PHL, to provide timely financial support to PCPL and PMPL for any funding shortfall, given their strategic importance to the parent and PHL's reputation sensitivity to default.

Favourable location of the project – Project Soukhyam is favourably located at Kayarambedu in the Kancheepuram district of Chennai, with access to National Highway-32, located around 6-8 km away, and Chennai International Airport, situated around 24-25 km from the project. The project's connectivity and accessibility support its saleability, while ongoing infrastructure initiatives in Chennai, including the metro network expansion and flood mitigation measures, are expected to improve the attractiveness of the location.

Credit challenges

Exposure to market risks – Although 58% of the project's combined saleable area was sold as of June 2026, sales velocity in the last 12 month ending June 2026 has been low, enhancing the market risk. While initially the project witnessed healthy sales traction, the sales momentum moderated in the previous quarters owing to additional supply of residential plotted developments in the vicinity by PHL and the management's calibrated sales strategy amid the ongoing litigation involving an adjoining land parcel. Although the saleable area attributable to PCPL and PMPL remains unaffected, sales progress has been impacted by the interdependence of certain common amenities. Nevertheless, the project continues to benefit from its favourable location and healthy underlying demand for plotted developments in the micro-market, which is expected to support an improvement in sales and collections over the medium term, subject to greater clarity on the litigation.

Geographical concentration risk and vulnerability to external factors – Both PCPL and PMPL remain exposed to high geographical and asset concentration risks inherent in single asset special purpose vehicles (SPVs). The real estate sector, being a cyclical industry, is dependent on macroeconomic factors, which, in turn, render the company's sales vulnerable to any demand downturn.

Liquidity position: Adequate

The liquidity is adequate with cash and liquid investment of Rs. 3.58 crore as of June 2026. Given the zero-coupon nature of NCD, there would not be any ongoing interest payments. The estimated cash flow from operations and on balance sheet liquidity is expected to be adequate for repaying the principal and redemption premium upon maturity. Further, the terms of the NCD allow the company to partially redeem the debentures (subject to collections), out of the revenue share from the project, on the 28th of every month. The parent/group is expected to provide funding support, in case a need arises.

Rating sensitivities

Positive factors – The rating may be upgraded if the company is able to demonstrate significant sales and collections resulting in strong cashflows.

Negative factors – The rating may be downgraded in case of any inability to improve sales and collections impacting cash flow from operations. The rating will also be sensitive to the credit profile of its parent company.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
Parent/Group support	Provident Housing Limited (PHL) ICRA expects the parent, PHL, to provide timely financial support to PCPL and PMPL, for funding shortfall, if any, given their strategic importance for the parent and PHL's reputation sensitivity to default
Consolidation/Standalone	The rating is based on the combined business and financial profiles of Provident Cedar Private Limited (PCPL) and Provident Meryta Private Limited (PMPL). The two companies have acquired adjoining land parcels in Chennai, which are being developed as a single project, albeit in a phased manner. Additionally, the NCDs issued for acquisition of land parcels and for construction of the project across both companies have a common investor. The rating also considers the significant operational and financial linkages between the companies, supported by their common ownership under the same parent.

About the company

PCPL and PMPL have undertaken development of a plotted residential land development project, 'Project Soukhyam', located at Kayarambedu, in the Kancheepuram district of Chennai, in adjoining land parcels, with a combined land area of 51.6 acres. The project was launched in March 2024 under the Group's Purva Land vertical. The land parcels are being developed as a single project, albeit in a phased manner, and have ~954 units with a total saleable area of 1.37 msf. Of the total area, Phase M is 0.82 msf and Phase C is 0.55 msf. Both phases have received OC from TN RERA, Phase M received OC in Q4 FY2026 and Phase C received it in Q2 FY2027.

Key financial indicators

Provident Cedar Private Limited (Consolidated)	FY2025	FY2026
Operating income	1.4	82.6
PAT	-5.0	15.6
OPBDITA/OI	2172.9%	75.6%
PAT/OI	-366.0%	18.9%
Total outside liabilities/Tangible net worth (times)	-30.6	43.0
Total debt/OPBDITA (times)	4.1	2.0
Interest coverage (times)	0.8	1.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sep 02, 2026	Date	Rating	Date	Rating	Date	Rating
NCD	Long term	6.91*	[ICRA]BBB- (Stable)	Sep 03, 2025	[ICRA]BBB (Stable)	Sep 04, 2024	[ICRA]BBB (Stable)	Sep 25, 2023	[ICRA]BBB (Stable)
NCD	Long term	7.00	[ICRA]BBB- (Stable)	Sep 03, 2025	[ICRA]BBB (Stable)	Sep 04, 2024	[ICRA]BBB (Stable)	Sep 25, 2023	[ICRA]BBB (Stable)
Proposed NCD	Long term	17.00	[ICRA]BBB- (Stable)	Sep 03, 2025	[ICRA]BBB (Stable)	Sep 04, 2024	[ICRA]BBB (Stable)	Sep 25, 2023	[ICRA]BBB (Stable)

**partial amount has been redeemed*

Complexity level of the rated instruments

Instrument	Complexity Indicator
NCD	Simple
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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
INE0NF907031	**NCD**	October 18, 2022	Zero	April 17, 2028	6.91*	[ICRA]BBB- (Stable)	SEBI
INE0NF907023	**NCD**	October 17, 2023	Zero	April 16, 2028	7.00	[ICRA]BBB- (Stable)	SEBI
NA	**Proposed NCD**	Yet to be issued	-	-	17.00	[ICRA]BBB- (Stable)	SEBI

*Source: Company; *partial amount has been redeemed*

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Annexure II: List of entities considered for consolidated analysis

Company Name	Remarks	Consolidation Approach
Provident Meryta Private Limited	Group entity*	Full consolidation

**Wholly owned subsidiary of PHL*

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