

Peninsula Land Limited

May 26, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 278.90 Crore	Regulator[^]
Long Term Rating	IVR BBB-/Stable (Rating Assigned)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has assigned the rating of IVR BBB- with Stable outlook to the bank facilities of Peninsula Land Limited (PLL). The rating takes into account the strategic location of leased property, presence of escrow mechanism and DSRA enhancing the debt servicing discipline. The rating also factors in experienced promoters' group and renowned tenant base. However, the rating is constrained by tenant concentration risk, weak operating performance in the real estate segment as evidenced by continued losses in 9MFY26, and exposure to group entities.

Outlook: Stable

The Stable outlook reflects the expectation of steady lease rentals from Piramal Chambers, which is fully leased to Government of India departments, along with the comfort derived from the escrow and DSRA mechanisms that support timely debt servicing. Further, the company is expected to maintain moderate debt coverage indicators, supported by 100% occupancy.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- Strategic location of leased property

PLL has leased out commercial property “Piramal Chambers’ admeasuring 1.30 lakh Sq.Ft. located at Lalbaug Parel, Mumbai. Parel is one of the commercial hubs in Mumbai having many government offices, private offices and MNCs. The said property has good connectivity with Parel railway station being 1 km away. Its strategic location, coupled with proximity to key business districts and public transport infrastructure, provides a significant advantage to the company by supporting sustained tenant demand, higher occupancy stability, and steady rental income generation.

- **Presence of escrow mechanism and DSRA enhances debt servicing discipline**

The presence of an escrow mechanism along with a Debt Service Reserve Account (DSRA) provides strong support to the company’s debt servicing discipline. Lease rentals from the property are routed through an escrow account, ensuring that cash flows are ring-fenced and prioritized for servicing debt obligations before being utilized for other purposes. Additionally, the maintenance of a DSRA equivalent to three months interest plus principal repayment amounting to ~Rs. 10 crore is maintained with the bank in the form of fixed deposit acts as a liquidity buffer, offering protection against any temporary delays in rental receipts. Together, these structured safeguards enhance financial discipline, improve repayment reliability, and provide comfort to lender regarding the timely servicing of debt obligations.

- **Revenues diversified across lease rentals and real estate development**

PLL benefits from a diversified revenue profile, with steady cash flows from lease rentals of Piramal Chambers and monetisation potential from its real estate development portfolio. While lease rentals from fully occupied commercial property leased to Government of India departments provide visibility and stability to cash flows, the real estate segment supports incremental growth through ongoing and upcoming residential and commercial projects under PLL and JVs with two other investor companies. This diversification across annuity-based rental income and project-led development revenues reduces dependence on a single business stream and provides some resilience to the overall credit profile.

- **Experienced promoters’ group and renowned tenant base**

PLL is a part of the Ashok Piramal Group, is engaged in the development of residential and commercial real estate projects and has developed an aggregate area of 118.20 lakh sq. ft. up to FY25. The company benefits from stable lease rental income supported by a strong tenant profile comprising departments of the Government of India. Its property measuring 1.30 lakh sq. ft. is fully leased to the Income Tax Department and the GST Department, both of which have occupied the premises for more than five decades. This reflects the strength and credibility of the counterparties and provides stability to the

company's cash flows. Further, the lease agreements are structured with defined escalation clauses and lock-in periods, enhancing revenue visibility while mitigating vacancy risk. Overall, the presence of sovereign-backed tenants provides significant comfort with respect to timely rent collection and the long-term sustainability of lease income.

Weaknesses

- **Tenant Concentration risk**

Tenant concentration risk remains high as the entire lease rental stream from “Piramal Chambers” is dependent on only two tenants, namely the Income Tax Department and GST Department, both of which are Government of India entities. However, this is partly mitigated by the sovereign nature of the tenants having long leasing track record of over five decades at the property and the tenants have given the letter of intent to extend the lease rental agreement upon expiry of current agreements in August 2026 and PLL has accepted the same thereby reducing renewal risk to an extent.

- **Weak operating performance in the real estate segment evidenced by continued losses in 9MFY26**

PLL follows the Completed Contract Method (CCM) for revenue recognition, wherein revenue is recognized only upon receipt of the Occupancy Certificate (OC) and handover of possession. Consequently, revenue recognition remains lumpy and heavily dependent on the timing of project completions, resulting in volatility in the company's operating performance across reporting periods. In FY25, the company reported a significant decline in operating revenue to Rs. 241.65 crore from Rs. 519.63 crore in FY24, primarily due to lower contribution from the real estate segment arising from delays in obtaining OCs for key projects. This subdued performance persisted in 9MFY26, with total operating revenue declining further to Rs. 100.99 crore, reflecting the continued impact of such delays on the company's financials. Additionally, the inherently cyclical nature of the real estate sector exposes the company to fluctuations in cash inflows due to volatility in realizations and sales velocity. Accordingly, PLL remains susceptible to cyclical-driven variations in business performance and cash flows.

- **Exposure to group entities**

The company has large exposure to its group company of Rs. 112.94 crore in FY25, Rs. 173.43 crore in FY24 and Rs. 238.59 crore in FY23. The decrease in loans and advances is on account of partly repayment of loans and advances from group company and partly by impairment of the same. Considering this the adjusted TNW stood at Rs. 86.90 crore in

FY25, which improved from negative adjusted TNW of Rs. 226.64 crore as at end FY23. Such exposures could constrain financial flexibility and would remain a monitorable from a credit perspective, especially if recovery of these advances is delayed.

Liquidity – Adequate

The liquidity position of PLL is adequate, supported by current monthly lease rental of around Rs. 3.44 crore as against monthly debt obligation of ~Rs. 2.90 crore. The rentals are routed through an escrow mechanism, ensuring prioritization of debt servicing. Further, the presence of a Debt Service Reserve Account (DSRA) equivalent to about three months of debt obligations of ~Rs. 10 crore provides an additional liquidity buffer. As per Infomerics estimates, the average DSCR over next five years would be around 1.20x. However, if PLL avails top up loan of around Rs. 35 crore, the company's average DSCR for five years could drop to around 1.10x. As on September 30, 2025, company had cash and cash equivalent of Rs. 10.17 crore offering cushion for near-term obligations in case of delays in monthly lease rental realisation.

Rating Sensitivities

Upward Factors

- Sustained improvement in debt coverage and liquidity, along with timely lease rentals and lease renewals with existing tenants.
- Debt to net operating income (relating to leasing business) reducing to 6 times on sustainable basis.

Downward Factors

- Any further exposure to group entities or continued delays in receipt of lease rentals may adversely impact the company's liquidity and debt coverage indicators.
- Average DCSR for 5 years below 1.05x.

About the Company

Peninsula Land Limited (PPL) is a Mumbai-based real estate development company incorporated in 1871 and part of the Ashok Piramal Group. The company is engaged in development of residential and commercial real estate projects. The company has leased out its property "Piramal Chambers" located at Parel, Mumbai, to two government entities since 1970s. The company has developed area admeasuring 118.20 lakh Sq.Ft. till FY25.

Key Financial Indicators (Standalone):



For the year ended/ As on*	31-03-2024	31-03-2025	9MFY2026
	Audited	Audited	Unaudited
Total Operating Income	519.63	241.65	100.99
EBITDA	114.30	20.48	10.45
PAT	93.79	-25.27	-35.10
Total Debt	357.70	436.00	-
Tangible Net Worth (TNW)	205.66	199.84	-
EBITDA Margin (%)	22.00	8.48	10.35
PAT Margin (%)	17.77	-9.61	-30.26
Overall Gearing (times)	1.74	2.18	-
Interest Coverage (times)	3.06	0.43	-

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Lease Rental Discounting](#)

[Rating Methodology for Real Estate Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: Nil.

Any other information: Nil.

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					-	-	-
1.	Fund based facilities	LT	278.90	IVR BBB-/Stable	-	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator [^]	Complexity Indicator
LRD Loan	-	-	-	March 2039	234.88	IVR BBB-/Stable	NA	RBI	Simple
LRD Loan	-	-	-	March 2039	44.02	IVR BBB-/Stable	NA	RBI	Simple



^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_peninsula_may26_9ae3196e86.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable.

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable.

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI

21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

Analytical Contact

Name: Sudarshan Shreenivas

Tel: (022) 6239 6023

Email ID: sudarshan.shreenivas@infomerics.com

About Infomerics

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