

PDL/SEC/ SE/2020-21/

August 14, 2020

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street,
Mumbai – 400 001

Dear Sirs,

Scrip Code No. : PARSVNATH – EQ (NSE); 532780 (BSE)

Sub: Re-affirmation of Brickwork Rating for the Non-Convertible Debentures of Parsvnath Rail Land Project Private Limited, a subsidiary company of the Company

In terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby informed that Brickwork Ratings India Pvt. Ltd. (Brickwork) has re-affirmed the long term rating (with a change in outlook) from BWR B+ (Stable) to BWR B+ (Credit watch with developing implications), assigned to Rs.3.60 Crores Secured Rated Redeemable Non-Convertible Debentures (Series A) and Rs.112.57 Crores Secured Rated Redeemable Non-Convertible Debentures (Series B) of Parsvnath Rail Land Project Private Limited, a subsidiary company of the Company.

A copy of Rating Rationale issued by Brickwork is attached herewith, for your information and records.

Thanking you,

Yours faithfully,
For Parsvnath Developers Limited



(V. Mohan)
Company Secretary &
Compliance Officer

Encl. as above

Rating Rationale

12 August 2020

Parsvnath Rail Land Project Pvt. Ltd

Brickwork Ratings reaffirms the long term rating with change in outlook from ‘stable’ to ‘credit watch with developing implications’ for the secured rated redeemable NCD Series A of ₹ 3.60 Crores and the secured rated redeemable NCD Series B of Rs. 112.57 Crs of Parsvnath Rail Land Project Pvt Ltd.

Particulars

Instrument	Issue Date DD.MM.YY	Previous Amt. (Rs Cr)	Amt (Rs. Cr)	Coupon (p.a.)	Maturity Date DD.MM.YY	ISIN Particulars	Previous Rating	Rating*
NCD Series A	20.12.2012	3.60	3.60	15%	18.12.2022	INE187O07031	BWR B+/Stable	BWR B+ (Credit watch with developing implications)
NCD Series B	21.08.2013	114.38	112.57	15%	20.08.2023	INE187O07049		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings
Complete details of Bank facilities are provided in Annexure-I

RATIONALE/OUTLOOK

The reaffirmation in the rating of Parsvnath Rail Land Projects Pvt. Ltd (PRLPPL or the company) factors in the significant reduction in its total borrowings on a receipt of funds from Railway Land Development Authority (RLDA) during FY20. The management had also confirmed that the company had settled the dispute with Three C Infra (one of the co-investors in the NCD issue) and fully paid its pending dues.

The ratings also factor in the agreement between the issuer and the investor that coupon is payable to the investor subject to availability of distributable profits. As such, there is no coupon servicing obligation for the issuer. The confirmation from the Debenture Trustee (DT) has also been obtained in this regard.

The ratings are, however constrained by inability of the company to redeem its outstanding NCDs as the same is contingent upon settling of the remaining claims from RLDA.

**CERTIFIED TRUE COPY
For Parsvnath Developers Ltd.**

Company Secretary

RATING OUTLOOK: Credit watch with developing implications

BWR has revised its outlook to 'Credit watch with developing implications' considering that the recoveries claimed from RLDA are still pending at the arbitration court, which may conclude over the medium to long term.

KEY RATING DRIVERS

Credit Strengths

Reduction in its total borrowings: The total borrowings of the company were reduced from Rs. 937.09 Cr to Rs. 116.37 Cr during FY20, post recovering a significant amount of funds from RLDA.

Coupon payment: The company is not liable to make coupon payments to the investor, as per agreement, unless it generates distributable profits, and hence the status of no interest liability continues to remain the same. As per the Auditor's Report, the holders of NCDs and the company, by way of board resolution, have decided that interest on these debentures will accrue on the date on which the company achieves the target sales and if sales target is not achieved by the specified date or such other date as unanimously approved, no interest shall be paid to the debenture holders. Accordingly, the company has not accrued any interest liability on these debentures for the year. There is no impact on the loss for the year due to such non-accrual.

Credit Risks

Delay in recovery of remaining claims from RLDA: The company had filed a petition against RLDA for the recovery of losses incurred due to the termination of the agreement. The matter is still pending for the settlement with RLDA and thus, it may take longer than expected time to resolve.

LIQUIDITY POSITION

The company has not reported any revenues because the project was not implemented. The company received a significant amount of cash inflows during FY20 which were utilized to repay its pending statutory liabilities, unsecured debentures and partial redemption of its secured NCDs. Since the interest will accrue only once the company will achieve target sales and profits, it does not have any immediate burden of the remaining debt obligations.

RATING SENSITIVITIES

Positive: The company's ability to fully recover its losses from RLDA and subsequently redeem its outstanding NCDs, over the medium term.

Negative: Any decision against the company will severely impact its ability to fully redeem its outstanding NCDs.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has considered the standalone financials of the company. BWR has applied its rating methodology as detailed in the Rating Criteria detailed below.

ABOUT THE COMPANY

PRLPPL is a joint venture (JV) between Parsvnath Developers Ltd (PDL) & Red Fort Capital Group. Incorporated on November 11, 2011, PRLPPL has been created as a Special Purpose Vehicle (SPV) with the objective to develop the railway land area located at Sarai Rohilla – Kishanganj, between Rani Jhansi Road and DCM Road, Delhi.

PDL was selected as the preferred bidder for grant of lease to develop land parcel of 37.72 acres in Sarai Rohilla, Delhi, auctioned by Rail Land Development Authority (RLDA) vide its Letter of Acceptance' (LOA) dated November 26, 2010. In order to comply with RLDA's directions, PDL incorporated a new SPV i.e. Parsvnath Rail Land Project Pvt. Ltd. (PRLPPL) to implement the project which had received approval from RLDA.

The selected bidder was required to make payment of Rs.1651.51 Crs towards Lease Premium to RLDA in six instalments. Till date, the company has paid three instalments amounting to Rs. 1166.00 Crs (including interest amount). PRLPPL has utilized the proceeds of NCD issues to meet installment of Lease Premium to RLDA and other project expenses.

Key Financial Indicators:

Particulars	FY19 (A)	FY20 (Prov.)
Total Operating Income (Rs. Crs)	0.00	0.00
EBITDA (Rs. Crs)	-1.77	-12.19
PAT (Rs. Crs)	-13.28	-55.16
Tangible Networth (Rs. Crs)	5.15	-50.01
Gearing (Total Debt/TNW) Ratio (times)	182.12	-2.32
ISCR (times)	-0.13	-0.95

Status of non-cooperation with previous CRA (if applicable)- N.A.

Any other information: Nil

Rating History for the last three years (including withdrawn/suspended ratings)

Current Rating (2020)			Chronology of Rating History for the past 3 years (Rating Assigned and Press Release date) along with outlook/ Watch, if applicable								
Bank Loan Facilities											
			13 Aug 2019			29 June 2018			23 Feb 2017		
Facilities	Amt. (Rs. Crs)	Rating	Facilities	Amt. (Rs. Cr)	Rating	Facilities	Amt. (Rs. Cr)	Rating	Facilities	Amt. (Rs. Cr)	Rating
NCD Series A	3.60	BWR B+ (Credit watch with developing implications) (Reaffirmed)	NCD Series A	3.60	BWR B+/Stabl (Upgrade)	NCD Series A	360.00	BWR B (Credit watch with positive implications)	NCD Series A	360.00	BWR B (Credit watch with developing implications)
NCD Series B	112.57		NCD Series B	114.38		NCD Series B	244.39		NCD Series B	244.39	
			19 June 2019			28 Feb 2018					
Facilities	Amt. (Rs. Cr)	Rating	Facilities	Amt. (Rs. Cr)	Rating	Facilities	Amt. (Rs. Cr)	Rating			
NCD Series A	360.00	BWR B (Credit watch with developing implications)	NCD Series A	360.00	BWR B (Credit watch with positive implications)	NCD Series A	360.00	BWR B (Credit watch with positive implications)			
NCD Series B	244.39		NCD Series B	244.39		NCD Series B	244.39				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)

Annexure I

Details of NCDs rated by BWR

ISIN No.	Name of the Instrument	Date of Issue	Coupon Rate	Date of Maturity	Issue Size (Rs. Cr)	Rating Assigned/Outlook
INE 187007031	secured rated redeemable NCD Series A	20.12.2012	15% p.a.	18.12.2022	3.60	BWR B+/Credit Watch with Developing Implications (Reaffirmed)
INE 187007049	secured rated redeemable NCD Series B	21.08.2013	15% p.a.	20.08.2023	112.57	BWR B+/Credit Watch with Developing Implications (Reaffirmed)

Analytical Contacts	Investor and Media Relations
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For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers, etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation with respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reason.

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For Parsvnath Developers Ltd.



Company Secretary