



Rating Rationale

03 Oct 2022

Parsvnath Rail Land Project Pvt. Ltd

Brickwork Ratings reaffirms the long term rating for the secured rated redeemable NCD Series A of ₹ 3.60 Crs and the secured rated redeemable NCD Series B of Rs. 112.57 Crs of Parsvnath Rail Land Project Pvt Ltd and continues to place its rating under ‘credit watch with developing implications’.

Particulars

Instrument	Amt (Rs. Cr)	Tenure	Rating [^]	
			Previous Rating*	Rating*
NCD Series A	3.60	Long Term	BWR B+/Credit watch with developing implications	BWR B+ /Credit watch with developing implications
NCD Series B	112.57	Long Term	(Reaffirmed)	(Reaffirmed)

*Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings .

Complete details of the said NCD instruments are provided in Annexure-I

[^]Instruments with this rating are considered to have high risk of default regarding the timely servicing of financial obligations.

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 receipt of funds from Railway Land Development Authority (RLDA) during FY20. 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.

BWR continues to place its ratings under ‘Credit watch with developing implications’ considering that the recoveries claimed from RLDA are still pending at the arbitration court and impact of the same on its operations and liquidity position is yet to be ascertained over the medium 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. 116.20 Cr during FY22, post recovering a significant amount of funds from RLDA. There is no other secured debt availed by the Company (apart from the aforesaid o/s NCD issues) as on 31st March 2022.

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.

Credit Risks:-

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

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.

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.

LIQUIDITY POSITION: Poor

The Company has already recovered majority of its pending dues from RLDA which has been subsequently utilized to partially redeemed its unsecured and secured debentures during FY20. The Company has also initiated other arbitration proceedings wherein the Company has sought refunds of the amounts retained as alleged losses, losses incurred on account of RLDA's breach of its representations and warranties in respect of the land sought to be leased and other matters. Thus, the remaining o/s NCDs will be redeemed from the settlement of the said pending arbitration proceedings.

The Company has already recovered the majority of its pending dues from RLDA which has been subsequently utilized to partially redeem its unsecured and secured debentures during FY20. The company also filed a petition against the RLDA for the recovery of the estimated losses incurred due to termination of the said agreement with RLDA which is still pending for



decision in the Hon'ble High Court. Further, the status of no interest liability accrued on its secured debentures has continued to remain the same.

As per the audit report of FY22, the holders of non convertible debentures and the Company by way of Board Resolution decided to waive the interest on debentures and the Company has accordingly not accrued any liability for interest on these debentures. Further, there is no other secured debt availed by the Company as on date.

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	FY21 (A)	FY22 (A)
Total Operating Income (Rs. Crs)	0.00	0.00
EBITDA (Rs. Crs)	-0.12	-0.21
PAT (Rs. Crs)	-0.11	-0.21
Tangible Networth (Rs. Crs)	-50.12	-50.33
Gearing (Total Debt/TNW) Ratio (times)	-2.32	-2.31
ISCR (times)	N.A.	N.A.

Key Covenants of the instrument/facility rated: The terms include standard covenants normally stipulated for such facilities/instruments.

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 (2021)			Chronology of Rating History for the past 3 years (Rating Assigned and Press Release date) along with outlook/ Watch, if applicable								
Bank Loan Facilities											
03 Oct 2022			13 Sep 2021			13 Aug 2020			13 Aug 2019		
Facilities	Amt. (Rs. Crs)	Rating	Facilities	Amt. (Rs. Cr)	Rating	Facilities	Amt. (Rs. Cr)	Rating	Facilities	Amt. (Rs. Cr)	Rating
CD Series A	3.60	BWR B+/ Credit watch with developing implications (Reaffirmed)	NCD Series A	3.60	BWR B+/ Credit watch with developing implications (Reaffirmed)	NCD Series A	3.60	BWR B+/ (Credit watch with developing implications)	NCD Series A	3.60	BWR B+/ Stable (Upgrade)
CD Series B	112.57		NCD Series B	112.57		NCD Series B	112.57		NCD Series B	114.38	
						19 June 2019			29 June 2018		
						Facilities	Amt. (Rs. Cr)	Rating	Facilities	Amt. (Rs. Cr)	Rating
						NCD Series A	360.00	BWR B (Credit watch with developing implications) (Reaffirm ation)	NCD Series A	360.00	BWR B (Credit watch with positive implications) (Reaffirm ation)
						NCD Series B	244.39		NCD Series B	244.39	

Complexity Levels of the Instruments: It is Simple because the said instruments have fixed rate of return, predetermined repayment period, no prepayment risk and involve one counterparty. For more information, visit

www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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

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Parsvnath Rail Land Projects Pvt Ltd

Annexure I - Instrument Details

Name of the Instrument	Issue Date	Issue Size (Rs. Cr)	Coupon Rate	Maturity Date	ISIN Particulars	Rating Assigned/Outlook
secured rated redeemable NCD Series A	20.12.2012	3.60	0% p.a.	31.12.2024	INE187O07031	BWR B+/Credit Watch with Developing Implications (Reaffirmed)
secured rated redeemable NCD Series B	21.08.2013	112.57	0% p.a.	31.12.2024	INE187O07049	BWR B+/Credit Watch with Developing Implications (Reaffirmed)

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