



Rating Rationale

30 October 2024

Parsvnath Rail Land Project Pvt. Ltd

Brickwork Ratings downgrades 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.

Particulars

Instrument	Amt (Rs. Cr)	Tenure	Rating [^]	
			Previous Rating*	Rating*
NCD Series A	3.60	Long Term	BWR B+/ Rating Watch with developing implications*(Downgrade)	BWR C (Downgrade)
NCD Series B	112.57	Long Term		
Total	116.17	INR One Hundred Sixteen Crores & Seventeen Lakhs Only.		

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

Details of the NCD instruments are provided in Annexure-I

*The rating was placed under Rating watch as a settlement of the remaining arbitration proceedings is still pending at the Arbitration Courts and the impact of the same is yet to be ascertained.

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

RATING ACTION/OUTLOOK

Brickwork downgrades in the rating of Parsvnath Rail Land Projects Pvt. Ltd (PRLPPL or the company) factors in continuing Arbitration proceedings with Arbitral Courts and uncertainty regarding the timely receipt of the pending amount to repay the debt obligations. The company is singularly dependent upon the outcome of the proceedings for its liquidity required for redemption of the rated instruments.

The ratings also factor that the level of debt remained the same in past fiscal years and as per the agreement between the issuer and the investor that the coupon is payable to the investor subject to the availability of distributable profits. As such, there is no coupon servicing obligation for the issuer. The ratings are, however, constrained by any delay in the timely settling of claims by RLDA as this is its only source for redeeming its outstanding NCDs.

KEY RATING DRIVERS

Credit Strengths:-

No interest liability accrued: The status of no interest liability accrued 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:-

Uncertainty of recovery of claims from RLDA: The matter is subjudice in Arbitration Court for settling the claims along with pending interest from RLDA. The said dispute may take longer than expected time to resolve.

Pending stock exchange approvals: Debenture Trustee (DT) has informed that stock exchange approval is pending for the extension of NCDs maturity date up to 31 December 2024.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

To arrive 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 delay/decision against the company in Arbitral Courts will severely impact its ability to fully redeem its outstanding NCDs.

LIQUIDITY POSITION: Poor

The Liquidity position of the company continues to be poor as the arbitration proceedings continue. As per the information available, the company is entitled to receive a total sum of approximately Rs. 267.76 Crs (Rs. 264.09 Crs from Arbitration Process -III and Rs.3.67 Crs from Arbitration Process IV) however the company has to wait till the expiry of the limitation period of 90 days available to RLDA as per the provisions of the Act to file an objection petition against the decision. The expected income from the Arbitration proceeding is the sole source available (as per the available information) to service the NCDs.

Key Covenants of the instrument-rated:

Secured listed redeemable NCD of Rs. 3.60Crs and Rs.112.57Crs

1. The NCDs are listed on the Bombay Stock Exchange (BSE). The NCDs (series A & B) have extended their maturity date till 31 December 2024 with a coupon rate to be 0% revised from 15%.
2. Vistra ITCL (India) Limited are debenture trustee.
3. The company has not accrued any liability for interest payments on its secured debentures as the interest rate revised from 15% to 0%.
4. As per the term sheet, the Debenture shall be redeemed upon the availability of cash flows at a price mutually agreed. However, in case cash flows available are less than the principal amount then only the amount available shall be paid for redemption of NCD.



ABOUT THE COMPANY

Incorporated on November 11, 2011, Parsvnath Rail Land Project Private Limited (PRLPPL) has been created as a Special Purpose Vehicle (SPV) with the objective of developing the railway land area located at Sarai Rohilla – Kishanganj, between Rani Jhansi Road and DCM Road, Delhi.

Parsvnath Developers Limited (PDL), the holding Company was selected as the bidder for the grant of lease for the development of residential, commercial, and other related infrastructure facilities on a plot of land at Sarai Rohilla, Kishanganj by Rail Land Development Authority (RLDA) vide its 'Letter of Acceptance' (LOA) dated 26 November 2010. Parsvnath Promoters and Developers Private Limited (PPDPL) was identified as a Special Purpose Vehicle (SPV) Company for the implementation of the project and RLDA accorded its in-principle approval on 7 February 2011. Subsequently as per the requirement of RLDA and their subsequent approvals vide letter dated 3 August, 2012, PDL incorporated a new company Parsvnath Rail Land Project Private Limited (PRLPPL) for the development and implementation of the project.

Due to lack of statutory approvals of layout and building plans by NDMC, Parsvnath Rail Land Projects Pvt Ltd (PRLPPL) was not able to achieve 'Financial Closure' as per Article 7 of the Development Agreement with Rail Land Development Authority (RLDA) which resulted in deemed termination of the agreement. The Company invoked the arbitration clause in the Development Agreement for recovery of the amount paid to RLDA together with interest thereon.

Key Financial Indicators:

Particulars	FY22 (A)	FY23 (A)	Q1FY25
Total Operating Income (Rs. Crs)	0.00	0.00	0.00
EBITDA (Rs. Crs)	-0.19	-0.17	-0.07
PAT (Rs. Crs)	-0.19	-0.17	-0.07
Tangible Networth (Rs. Crs)	-50.52	-50.68	N.A
Total debt (Rs. in Crores)	116.29	116.45	N.A
Gearing (Total Debt/TNW) Ratio (times)	-2.30	-2.30	N.A
ISCR (times)	N.A	N.A	N.A

Status of non-cooperation with previous CRA (if applicable)- Not Available.

Any other information: Nil

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

Instru ments	Current Rating (2023)			2023		2022		2021	
	Tenure	Amount (Rs. Crs)	Rating	Date	Rating	Date	Rating	Date	Rating
NCDs	Long Term	3.60	BWR C (Downgrade)	03 Nov 2023	BWR B Rating watch with developing implications (Downgrade)	03 Oct 2022	BWR B+/ Rating watch with developing implications (Reaffirmatio n)	13 Sep 2021	BWR B+ / Rating watch with developing implications (Reaffirmed)
NCDs	Long Term	112.57		03 Nov 2023		03 Oct 2022		13 Sep 2021	
	Total	116.17	INR One Hundred Sixteen Crores & Seventeen Lakhs Only.						

The rating is placed under Rating watch since settlement of the remaining arbitration proceedings are still pending at the Arbitration Courts and the impact of the same is yet to be ascertained.

Complexity Levels of the Instruments: Simple

BWR complexity levels are meant to educate investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf). Investors' queries can be sent to info@brickworkratings.com.

Hyperlink/Reference to applicable Criteria

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

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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
Secured listed redeemable NCD Series A	20.12.2012	3.60	0% p.a.	31.12.2024	INE187O07031
Secured listed redeemable NCD Series B	21.08.2013	112.57	0% p.a.	31.12.2024	INE187O07049
Total		116.17	INR One Hundred Sixteen Crores & Seventeen Lakhs Only.		

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