

PDL/SEC/ SE/2019-20/

August 9, 2019

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: Upgradation 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 upgraded the rating to BWR B+ (Pronounced as BWR Single B Plus) (Stable) (Upgrade) from BWR B (Pronounced as BWR Single B) (Credit Watch with Developing Implications) (Reaffirmation), assigned to Rs.360 Crores Secured Non-Convertible Debentures (Series A) and Rs.244.39 Crores Secured 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

Parsvnath Rail Land Project Pvt. Ltd.

09 August 2019

Brickwork Ratings upgrades the ratings for the secured NCD Series A of ₹ 3.60 Crores and secured NCD Series B of ₹ 114.38 Crores of Parsvnath Rail Land Project Pvt. Ltd ('PRLPPL' or 'The Company').

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 June 2019	Rating*
NCD Series A	20.12.2012	360.00	3.60**	15%	18.12.2022	INE187007031	BWR B (Pronounced as BWR Single B) (Credit Watch with Developing Implications) (Reaffirmation)	BWR B+ (Pronounced as BWR Single B Plus) (Stable) (Upgrade)
NCD Series B	21.08.2013	244.39	114.38**	15%	20.08.2023	INE187007049		

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

**As per the information disclosed in BSE on 31 July 2019, PRLPPL had remit the amount of Rs. 356.40 Cr & Rs. 130.01 Cr towards part redemption of secured NCD Series A and secured NCD Series B, respectively.

Rating: Upgraded

Rationale:

BWR has essentially relied upon the Company's audited financials up to FY19, recent Hon'ble Supreme Court order in favor of the Company, other publicly available information and clarification provided by the Company.

The rating upgrade factors in the receipt of money from Railway Land Development Authority (RLDA) post Hon'ble Supreme Court order dated 08 July 2019 and subsequently, significant reduction of its o/s NCD dues during July 2019. The Company is also entitled to receive remaining claims along with pending interest from RLDA which will be utilized to redeem the remaining NCD dues over the medium term. BWR also notes that the Hon'ble Delhi High Court stayed remittance of Rs. 250 Crs via order dated on 25 July 2019, following an appeal filed by Three C Infra (one of the co-investor in the said NCD





issue). Three C Infra had invested around Rs. 65.50 Crs in optional convertible debenture and thus it is now claiming the refund of Rs. 250 Cr (including interest). PRLPPL also closed its corporate loan facility of Rs. 75.00 Crs, availed from IL&FS during October 2018.

The ratings also factors in the agreement between the issuer and the investor about non-accrual of interest on rated instrument till the sales target is achieved. In view of the development indicated, there is no coupon servicing obligation for the issuer.

Rating Sensitivities:

The rating of the Company remains sensitive to full recovery of the remaining claims along with pending interest from RLDA and able to resolve the recent dispute arise with one of their co-investor i.e. Three C Infra, over the medium term.

Description of key rating drivers:

Credit Strengths:

Receipt of disputed amount from RLDA: Hon'ble Supreme Court gave judgement in favor of the Company via order dated 08 July 2019. Post-judgement, the Company recovered its principal payment from RLDA. Remaining claims along with pending interest is likely to be recovered over the medium term.

Significant reduction in its outstanding NCD dues: Post receipt of amount from RLDA, the Company remit the amount of Rs. 356.40 Cr & Rs. 130.01 Cr towards part redemption of secured NCD Series A of Rs. 360 Cr and secured NCD Series B of Rs. 244.39 Cr, respectively during July 2019. The Company also repaid its outstanding corporate loans availed from IL&FS during October 2018.

No Interest Liability Accrued: The status of no interest liability accrued continuous to remain the same. As per the Auditor's Report, the holders of NCD and the Company by way of board's resolution have decided that interest on these debentures will accrue on the date on which the Company achieve 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 matter is subjudice in Arbitration Court for settling the remaining claims along with pending interest from RLDA. The said dispute may take longer than expected time to resolve.

Rating Outlook: *Stable*





BWR changes the Outlook from 'Credit watch with developing implications' to 'Stable' considering recovery of disputed amount from RLDA post Hon'ble Supreme Court judgement dated 08 July 2019, significant reduction in its outstanding NCD issues and entire repayment of its corporate loan availed from IL&FS in Oct 2018. The rating outlook may be revised to 'Positive' in case if the Company recovers remaining claims along with interest from RLDA over the medium term.

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.

Company Financial Performance

No revenues were reported till date because the project was not yet implemented. The total tangible net worth of the company stood at Rs. 5.14 Crs in FY19.

Rating History for the last three years

S No.	Instrument	Current Rating (Aug 2019)				Rating History		
		Tenure	Previous Amt (Rs. Cr)	Amt (Rs Cr)	Rating	19 June 2019	29 June 2018	28 Feb 2018
1.	NCD Series A	10 years	360.00	3.60	BWR B+ (BWR Single B Plus) (Stable)	BWR B (BWR Single B) (Reaffirmation)	BWR B (BWR Single B) (Reaffirmation)	BWR B (BWR Single B) (Reaffirmation)



2.	NCD Series B	10 years	244.39	114.38		(Credit watch with developing Implications)	(Credit watch with Positive Implications)	(Credit watch with Positive Implications)
Total			604.39	117.98	INR One hundred and Seventeen Crores & Ninety Eight Lakhs only.			

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

Any other information: Nil

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios

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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 in 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 reasons.

