

October 9, 2020 Revised

S. D. Corporation Private Limited: Ratings downgraded to [ICRA]A2(CE); Rating placed on watch with negative implications and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Commercial Paper	750.0	0.0	[ICRA]A2(CE); Downgraded from [ICRA]A1(CE); Rating placed on watch with negative implications and withdrawn
Total	750.0	0.0	

**Instrument details are provided in Annexure-1*

Rating Without Explicit Credit Enhancement

[ICRA]A4+

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Rationale

The revision in rating of structured CP programme follows the revision in the short-term rating of Shapoorji Pallonji and Company Private Limited (SPCPL, Guarantor) to [ICRA]A2 (pronounced ICRA A two) from [ICRA]A1 (pronounced ICRA one). The ratings for SPCPL have been placed on watch with negative implications. The rating has been withdrawn at the request of the company and upon receipt of confirmation of no debt outstanding against the rated facility. This is in accordance with [ICRA's policy on withdrawal and suspension of credit rating](#). For link to previous rationale [click here](#).

Key rating drivers and their description: Not Applicable

Credit strengths: Not Applicable

Credit Challenges: Not Applicable

Liquidity position: Not Applicable

Rating sensitivities: Not Applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	Parent/Group Company: Shapoorji Pallonji Group For arriving at the ratings, ICRA has taken into account the unconditional and irrevocable Guarantee from SPCPL that would cover all the repayment obligations to the lender as per the terms of the transaction documents.
Consolidation/Standalone	Not Applicable since the rating is based on unconditional and irrevocable Guarantee from SPCPL

About the company

SDCPL is an equal joint venture between the Shapoorji Pallonji Group and the Dilip Thacker Group, is a Mumbai-based real estate developer with its marquee project being the twin Imperial Towers at Tardeo, Mumbai – at present, India's tallest completed residential project.

At present, SDCPL is executing three projects in Mumbai, namely Sarova (located in Samata Nagar, Kandivali; three towers in South parcel, namely Alpine (received OC), Epsilon & Astron and Phase I of North Parcel named Siennaa have been launched as on date), The Imperial Edge (Tower IV of the Imperial Tower project located in Tardeo) and The Lumiere (located in SVP Nagar, Versova). The total area under development is about ~2.9 million square feet.

The Sarova project is a large-scale project, involving redevelopment of Maharashtra Housing and Area Development Authority (MHADA) buildings and rehabilitation of existing tenants over a 52-acre land parcel. The project has a total saleable potential of over 8.9 million square feet.

The Imperial Edge, designed as a high-end luxury project and a part of the Imperial Tower development at Tardeo, comprises 46 luxury units aggregating to 0.2 million square feet of development. At same location in tardeo, another luxury tower, T3 (about 1.2 mn sq ft) and Tower 5 (about 4 lakh sq ft of saleable area) are proposed to be launched in near future.

The Lumiere project is also a part of the MHADA redevelopment initiative and comprises 64 units aggregating to 0.1 million square feet. Apart from these two flagship Sarova & Imperial project, SDCPL, through its subsidiaries and associate companies, also has various projects in pipeline with saleable area of 1.5 mn sq ft in Mumbai.

Key financial indicators (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	344.4	757.3
PAT (Rs. crore)	-3.4	-69.5
OPBDIT/OI (%)	108.8%	52.2%
RoCE (%)	10.8%	9.4%
Total Outside Liabilities/Tangible Net Worth (times)	116.2	1914.3
Total Debt/OPBDIT (times)	10.6	12.2
Interest Coverage (times)	1.0	0.8
DSCR	0.5	0.5

About Guarantee Provider

Shapoorji Pallonji and Company Private Limited (SPCPL), is the flagship company of the Shapoorji Pallonji Group (SP Group), which is a diversified industrial conglomerate comprising of a group of companies held by the Mistry Family. The SP Group has a diversified presence across sectors such as construction (SPCPL, Afcons Infrastructure Limited), mechanical electrical and plumbing (Sterling & Wilson Private Limited), contracting (Sterling & Wilson Private Limited), water purification (Eureka Forbes Limited), infrastructure development (Shapoorji Pallonji Infrastructure Capital Company Private Limited), solar power generation and contracting (Sterling & Wilson Private Limited and Shapoorji Pallonji Infrastructure Capital Company Private Limited), floating production storage and offloading (FPSO) vessels (SP Oil & Gas Private Limited) etc. The SP Group is also the largest private shareholder (18.37%) in Tata Sons Private Limited, the holding company of the Tata Group.

SPCPL, which is held by Mistry family through various group companies, functions as the holding-cum-operating company of the SP Group. The company holds stakes in various listed and unlisted companies, within and outside the SP Group, and has significant investments in properties that have high market value. SPCPL is one of India's leading construction companies, with a heritage of more than 150 years. Over the years, SPCPL has built diverse civil and engineering structures such as factories, stadiums and auditoriums, airports, hospitals, housing complexes, and power plants.

For detailed rating rationale on Shapoorji Pallonji and Company Private Limited, [click here](#) for referring to the release published on ICRA website.

Key Financial Indicators (Standalone)

	FY2018	FY2019
Operating Income (Rs. crore)	9,823	13,474
PAT (Rs. crore)	342	368
OPBDIT/ OI (%)	13.4%	11.90%
RoCE (%)	11.6%	12.1%
Total Debt/ TNW (times)	2.9	2.7
Total Debt/ OPBDIT (times)	5.8	5.9
Interest coverage (times)	1.8	1.9

Source: Company, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instru ment	Rating (FY2021)				Rating History for the Past 3 Years											
		Ty pe	Amo unt Rate d	Amoun t Outsta nding	Current Rating	FY2020			FY2019								FY2018
					9-Oct- 2020	8-Jan- 2020	4-Dec- 2019	28- May- 2019	28- Mar- 2019	28- Nov- 18	25-Sep- 18	29-Aug- 18	31-July- 2018	27-Jun- 2018	27- June 2018	9-Mar- 2018	
1	Comm ercial Paper	Sh ort Ter m	0.0	-	-	-	-	-	-	-	-	-	-	-	Provisional[ICRA]A1+(SO)	-	
2	Comm ercial Paper	Sh ort Ter m	0.0	-	[ICRA]A2(CE)@; withdrawn	[ICRA] A1 (CE)	[ICRA] A1 (CE)	[ICRA]A 1+ (SO)	[ICRA] A1+ (SO) &	[ICRA] A1+ (SO) &	[ICRA]A 1+ (SO)	[ICRA]A 1+ (SO)	[ICRA]A 1+ (SO)	[ICRA]A 1+ (SO)	[ICRA]A1+(SO)	[ICRA]A 1+ (SO)	
3	NCD	Lo ng Ter m	0.0	-	-	[ICRA] A(CE) (Negat ive); withdr awn	[ICRA] A(CE) (Negat ive)	[ICRA]A +(SO) &	[ICRA] AA- (SO) &	[ICRA] AA- (SO) &	[ICRA]A A(SO) (Stable)	[ICRA]A A(SO) (Stable)	[ICRA]A A(SO) (Stable)	[ICRA]A A(SO) (Stable)	[ICRA]AA(SO) (Stable)	[ICRA]A A(SO) (Stable)	

Amount in Rs. Crore; @: Rating watch with negative implications; &: Rating watch with developing implications

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial Paper	-	-	-	0.00	[ICRA]A2(CE)@; withdrawn

Source: SDCPL; @: Rating watch with negative implications

Corrigendum

Rationale dated October 09, 2020 has been revised with changes as below:

Link added in the rationale section for ICRA's Policy on withdrawal of credit rating.

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