

Aasan Corporate Solutions Private Limited

Rating of Provisional [ICRA]A+(SO) has been assigned to NCDs of face value of Rs. 250 crore¹ to be issued by Aasan Corporate Solutions Private Limited (ACSPL; erstwhile Aasan Developers & Constructors Private Limited), as mentioned in the table below[†]. The assigned rating carries a stable outlook.

Description	Face Value (Rs. Crore)	Rating
NCDs	250.0	Provisional [ICRA]A+(SO) (Stable)

The rating for the NCDs is based on the strength of unconditional, irrevocable and continuing guarantees by a) The Sri Krishna Trust (SKT; Guarantor 1), one of the principal holding entities of the Ajay Piramal group and b) Piramal Management Services Private Limited (PMSPL; Guarantor 2). The rating also factors the payment mechanism designed to ensure timely payment on the rated NCDs, as per the terms of the transaction.

Key Features of the Transaction

The NCDs would have a scheduled tenor of around 3 years from the deemed date of allotment. The principal and coupon amount on the NCDs would be payable in one bullet installment on the scheduled maturity date. The guarantees from SKT and PMSPL are joint and several, and would cover all Issuer obligations that may arise on the rated NCDs. The payment mechanism is designed to ensure timely payment to the NCD investors, as per the terms of the transaction.

About the Issuer

AASAN Corporate Solutions Private Limited (ACSPL: erstwhile AASAN Developers & Construction Private Limited) was setup in July 14, 2011 and is engaged in advancing loans to group and external companies. The sole shareholder of ACSPL is Alpex Holdings Private Limited (from November 2014; prior to that, the company was held by PEL InfraConstructions & Developers Private Limited, PRL Developers Private Limited and Thoughtful Realtors Private Limited), which is held by Akshar Fincom Private Limited, which is the sole trustee of Sri Gopalkrishna Trust.

About SKT

The Sri Krishna Trust (SKT) was incorporated in 2005 for managing the investment holdings of the promoters in Piramal Enterprises Limited (PEL; rated [ICRA]AA(Stable)/[ICRA]A1+ by ICRA) and Piramal Phytocare Limited (PPL). The sole trustee for SKT is Piramal Management Services Private Limited (PMSPL) where the major shareholders are Mr. Ajay Piramal and Dr. Swati Piramal. As on March 31, 2016 the promoter group holding in PEL is 51.58% of which 48.62% is held via SKT.

Based on the current group structure, SKT is the principle holding trust for the promoter stake held in PEL (the flagship company of the Piramal Group). SKT's credit profile is supported by its reasonably strong financial flexibility owing to its 48.62% stake in PEL (market valuation of Rs. 15,405.13 crore as of August 18, 2016). PEL holding also provides steady flow of dividends to SKT. The credit profile is further supported by the borrowing cap applicable on SKT (lower of Rs. 3,300 crore and 25% of the market value of PEL shares held by SKT), which ensures that it has adequate refinancing ability.

The source of income for SKT has primary been dividend from key investee company PEL (minimal income from other sources like sale of shares and interest received against FDs). Until Dec 2012, SKT was holding shares of PEL through its 100% subsidiary PHL Holdings Private Limited (PHL) and not directly. The dividend distributed by PEL was Rs. 350.98 crores for FY2012 (which was declared and distributed in August 2012). By virtue of its 48.7% shareholding in PEL, PHL had received Rs. 170.45 crore as cash flows from dividend. However, only around 2.7% of this amount (Rs. 4.73 crore) was passed to SKT in FY2013, and the balance was retained on the books of PHPL. In Dec 2012, the Piramal Group decided to amalgamate PHL into PEL. Post the merger (Jan 2013 onwards), SKT became the direct holding entity for promoter's stake in PEL. Thus, though the amount of total dividend distributed by PEL for FY 2013 was largely stable on Y-o-Y basis at Rs.

¹ 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer ICRA's website (www.icra.in) or other ICRA Rating Publications

353.31 crore; by virtue of holding 48.7% stake in PEL directly, SKT received Rs. 147.23 crore as cash flows from dividends in FY2014.

In May 2014, PEL's board approved a special dividend of Rs. 35.0 per equity share, which was in addition to the normal dividend of Rs.17.50 per equity share for FY2014. Hence, SKT received dividend cash flows of ~Rs. 441 crore in August 2014. In FY2016, in addition to the normal dividend, PEL announced an interim dividend of Rs. 17.50 per share in March 2016; thus SKT has reported dividend income of Rs. 315.08 crore in FY2016.

August 2016

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