

June 21, 2017

## Grand View Estates Private Limited

### Summary of rated instruments

Instrument	Rated Amount (in crore)	Rating Action
Non-Convertible Debentures (NCDs)	150.00	Provisional [ICRA]AA(SO) (Stable) assigned
Non-Convertible Debentures (NCDs)	105.00	[ICRA]AA(SO) (Stable); outstanding
Non-Convertible Debentures (NCDs)	160.00	[ICRA]AA(SO) (Stable); outstanding
Non-Convertible Debentures (NCDs)	150.00	[ICRA]AA(SO) (Stable); outstanding

\*Instrument details are provided in Annexure-1

### Rating action

ICRA has assigned rating of Provisional [ICRA]AA(SO) (pronounced ICRA Double A Structured Obligation) to Rs. 150.00 crore non-convertible debenture (NCD) programme of Grand View Estates Private Limited (GVEPL). ICRA also has rating of [ICRA]AA(SO) outstanding on NCD programmes of Rs. 150.00 crore, Rs. 160.00 crore and Rs. 105.00 crore of GVEPL. The aforesaid ratings carry a stable outlook.

### Rationale

The NCDs would be backed by an unconditional, irrevocable and revolving DSRA guarantee by Shapoorji Pallonji and Company Private Limited (SPCPL) that would cover all obligations that may arise on the rated NCDs. The rating is based on the strength of this DSRA Guarantee from SPCPL, the integrity of the legal structure and the structured payment mechanism designed to ensure timely payment on the rated NCDs, as per the terms of the transaction. The rating is subject to fulfilment of all conditions under the structure and the review of documentation pertaining to the transaction by ICRA.

### Key rating drivers

#### Credit Strengths

- DSRA Guarantee from SPCPL which is the flagship company of the Shapoorji Pallonji Group (SP Group)
- Payment mechanism designed to ensure timely payment to the investors

#### Description of key rating drivers highlighted above:

The NCDs would have a scheduled tenor of around three years from the deemed date of allotment. The principal amount on the NCDs would be payable in one bullet installment on the scheduled maturity date. The coupon would be payable on a quarterly basis. The DSRA guarantee from SPCPL 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.

The rating for the NCDs is based on the strength of unconditional, irrevocable and revolving DSRA Guarantee from SPCPL which is the flagship company of the Shapoorji Pallonji Group (SP Group). The transaction also envisages that SPCPL would not cede management control of GVEPL during the tenor of the NCDs which lends further comfort.

**Analytical approach:**

For arriving at the rating, ICRA has taken into account the unconditional and irrevocable DSRA Guarantee from SPCPL that would cover all the repayment obligations to the NCD holders as per the terms of the transaction.

**Links to applicable criteria:**

[Approach for rating debt instruments backed by third-party explicit support](#)

**About the company:**

SPCPL holds 50% equity stake in GVEPL with the rest of the stake being held by Anand Agencies Private Limited (Shapoorji Pallonji Group Company). GVEPL is engaged in the revival of sick/loss-making units and is currently engaged in reviving The Svadeshi Mills Company Limited (SMCL), an entity currently under liquidation. GVEPL holds around 29% equity stake in SMCL and is also a secured creditor of the latter.

**About SPCPL:**

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 (MEP) contracting (Sterling & Wilson Private Limited, SWPL), water purification (Eureka Forbes Limited), infrastructure development (Shapoorji Pallonji Infrastructure Capital Company Private Limited, SPICCP), solar power generation and contracting (SPICCP and SWPL respectively), floating production storage and offloading (FPSO) vessels (Armada D1 and Armada C7) etc.

SPCPL, which is equally held by Mr. Shapoor Mistry and Mr. Cyrus Mistry 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 also 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.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:**

Sr. No	Name of Instrument	Current Rating (FY2018)			Chronology of Rating History for the past 3 years							
		Type	Rated amount (Rs. Crore)	Month - year & rating	Month - year & Rating in FY2017			Month - year & Rating in FY2016			Month - year & Rating in FY2015	
					Jun 2017	Dec 2016	May 2016	Apr 2016	Jul 2015	May 2015	Apr 2015	Mar 2015
1	Non-Convertible Debenture	Long term	150.00	-	[ICRA]AA (SO) (stable)	[ICRA]AA (SO) (stable)	Provisional [ICRA]AA (SO) (stable)	--	--	--	--	
2	Non-Convertible Debenture	Long term	160.00	-	[ICRA]AA (SO) (stable)	[ICRA]AA (SO) (stable)	--	[ICRA]AA (SO) (stable)	[ICRA]AA (SO) (stable)	--	--	
3	Non-Convertible Debenture	Long term	105.00	-	[ICRA]AA (SO) (stable)	[ICRA]AA (SO) (stable)	--	[ICRA]AA (SO) (stable)	--	[ICRA]AA (SO) (stable)	Provisional [ICRA]AA (SO) (stable)	
4	Non-Convertible Debenture	Long term	150.00	Provisional [ICRA]AA (SO) (stable)	--	--	--	--	--	--	--	

**Table:**
**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 [www.icra.in](http://www.icra.in)

**Annexure-1  
Instrument Details**

<b>Name of the instrument</b>	<b>Date of issuance</b>	<b>Coupon rate</b>	<b>Maturity Date</b>	<b>Size of the issue (Rs. Cr)</b>	<b>Current Rating and Outlook</b>
NCD 1	Mar-15	10.35%	Mar-18	105.00	[ICRA]AA(SO) (Stable)
NCD 2	May-15	10.05%	Mar-18	160.00	[ICRA]AA(SO) (Stable)
NCD 3	Mar-16	10.32%	Mar-19	150.00	[ICRA]AA(SO) (Stable)
NCD 4	June-17	9.60%	June-20	150.00	Provisional [ICRA]AA (SO) (Stable)

Source: GVEPL

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