

## SBK Properties Private Limited

March 15, 2018

### Summary of rated instruments

| Instrument*                         | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action                          |
|-------------------------------------|--------------------------------------|-------------------------------------|--|
| Non Convertible Debenture Programme | 125.00                               | 83.33                               | [ICRA]AA- (SO) (Stable);<br>Reaffirmed |
| <b>Total</b>                        | <b>125.00</b>                        | <b>83.33</b>                        |  |

\*Instrument details are provided in Annexure-1

### Rating action

ICRA has reaffirmed the rating of Rs. 83.33 crore<sup>1</sup> (reduced from Rs 125.00 crore) NCDs issued by SBK Properties Private Limited (SBK/ Issuer) at [ICRA]AA-(SO) (pronounced ICRA Double A minus Structured Obligation)<sup>2</sup>. The outlook on the long-term rating is 'Stable'.

### Rationale

The rating for the NCDs is based on the strength of an unconditional, irrevocable and continuing guarantee by KSL Holdings Private Limited (KHPL/ Guarantor), one of the holding entities of the Kalyani Group. The rating also factors the payment mechanism designed to ensure timely payment on the rated NCDs as per the terms of the transaction.

### Outlook: Stable

The outlook may be revised if there is a change in outlook of Bharat Forge Limited.

### Key rating drivers

#### Credit Strengths

- Guarantee from KSH Holdings Private Limited (KHPL)
- Payment mechanism designed to ensure timely payment to the NCD investors
- KSL holds around 9.94% shareholding in Bharat Forge Limited (rated [ICRA] AA+(Stable)/[ICRA]A1+)

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

### Description of key rating drivers highlighted above:

The NCDs has a scheduled tenor of 36-60 months from the deemed date of allotment. The principal amount on the NCDs would be payable in three installments on the respective scheduled maturity dates. The guarantees from KHPL 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 continuing guarantees by KHPL which is one of the principal holding entities of the Kalyani group. The transaction also envisages an external borrowing cap on KHPL linked to the market value of the free and unencumbered shares of BFL which lends further comfort.

**Analytical approach:** For arriving at the rating, ICRA has taken into account the unconditional and irrevocable guarantee from KHPL 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 (issuer)

SBK Properties Private Limited (SBK) was incorporated in 2010 and its mandate is to carry out real-estate business, both in commercial and residential space.

### About KHPL

KSL Holdings Private Limited (KHPL) is one of the holding companies of Kalyani Group which holds majority stake in Kalyani Carpenter and Special Steels Private Limited. KHPL also holds minority stake in Bharat Forge Limited (BFL, 9.9%; rated [ICRA]AA+ Stable and [ICRA]A1+), BF Utilities Limited (BFUL, 11.5%) and BF Investments Limited (BFIL, 13.4%).

KHPL is directly/ indirectly owned by family members of the Kalyani Group. Dividend income from investments is the primary source of revenue for KHPL.

### Key financial indicators of KHPL:

|                              | FY 2016 | FY 2017 |
|------------------------------|---------|---------|
| Operating Income (Rs. crore) | 31.20   | 8.91    |
| PAT (Rs. crore)              | 29.25   | 8.29    |
| OPBDIT/ OI (%)               | 96.45%  | 98.17%  |
| RoCE (%)                     | 15.51%  | 3.68%   |
|                              |         |         |
| Total Debt/ TNW (times)      | 0.01    | 0.17    |
| Total Debt/ OPBDIT (times)   | 0.08    | 4.57    |
| Interest coverage (times)    | 51.10   | 46.79   |
| NWC/ OI (%)                  | -       | -       |

Source: SBK Properties Private Limited

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

### Any other information: None

### Rating history for last three years:

| Current Rating (FY2018) |           |                          |                               |                       | Chronology of Rating History for the past 3 years |                         |                      |                         |
|-------------------------|-----------|--------------------------|-------------------------------|-----------------------|---|-------------------------|----------------------|-------------------------|
| Instrument              | Type      | Amount Rated (Rs. crore) | Amount Outstanding (Rs Crore) | Date & Rating         | Date & Rating in FY2017                           | Date & Rating in FY2016 |                      | Date & Rating in FY2015 |
|                         |           |                          |                               | Mar 2018              | Jan 2017  | May 2015                | Apr 2015             | -                       |
| 1 NCD                   | Long Term | 83.33                    | 83.33                         | [ICRA]AA-(SO)(Stable) | [ICRA]AA-(SO)(Stable)                             | [ICRA]AA-(SO)(Stable)   | [ICRA]A+(SO)(Stable) | -                       |

### 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

| ISIN No      | Instrument Name | Date of Issuance /<br>Sanction | Coupon Rate | Maturity<br>Date | Amount<br>Rated<br>(Rs. crore) | Current Rating<br>and Outlook |
|--------------|-----------------|--------------------------------|-------------|------------------|--------------------------------|-------------------------------|
| INE729R08015 | NCD             | 25-Apr-14                      | 12.65%      | 09-Jan-20        | 83.33                          | [ICRA]AA- (SO)<br>(Stable)    |

Source: SBK Properties Private Limited

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