

S. D. Corporation Private Limited

September 25, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	-	60.00	Provisional [ICRA]A1+(SO); assigned
Commercial Paper	50.00	50.00	Provisional [ICRA]A1+(SO) confirmed as final
Commercial Paper	1060.00	1060.00	[ICRA]A1+(SO); Outstanding
Non-Convertible Debenture Programme	435.00	435.00	[ICRA]AA(SO) (Stable); Outstanding
Total	1,545.00	1,605.00	

*Instrument details are provided in Annexure-1

Rating action

ICRA has assigned a short-term rating of Provisional [ICRA]A1+(SO) (pronounced provisional ICRA A one plus structured obligation)¹ to the Rs. 60-crore² commercial paper (CP) programme of S. D. Corporation Private Limited (SDCPL).

ICRA has also confirmed the provisional rating of [ICRA]A1+(SO) (pronounced ICRA A one plus structured obligation) assigned to the Rs. 50-crore CP programme of SDCPL.

ICRA also has an outstanding rating of [ICRA]A1+(SO) on the Rs. 1060-crore CP programme and an outstanding rating of [ICRA]AA(SO) (pronounced ICRA double A structured obligation) with stable outlook on the Rs. 435-crore non-convertible debentures of SDCPL. The letter SO in parenthesis suffixed to the rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. 'SO' ratings do not represent ICRA's opinion on the general credit quality of the issuer concerned. The rating for the CPs of Rs. 60-crore is provisional as of now (as denoted by the prefix 'Provisional' before the rating symbol) and is subject to the fulfilment and review of all pending actions/ documentation, pertaining to the facility rated by ICRA. The final rating may differ from the provisional rating in case the completed actions/ documentation are not in line with ICRA's expectations.

Rationale

The provisional rating assigned to the proposed Rs. 60-crore commercial paper (CP) programme takes into account the unconditional and irrevocable corporate guarantee from Shapoorji Pallonji and Company Private Limited (SPCPL) (rated [ICRA]AA+(Stable)/ [ICRA]A1+). The rating is based on the strength of this guarantee from SPCPL, the integrity of the legal structure, and the structured payment mechanism designed to ensure timely payment on the rated CPs as per the terms of the transaction.

In August 2018, ICRA had assigned Provisional [ICRA]A1+(SO) rating to the Rs. 50-crore CP programme of SDCPL. SDCPL has now shared the executed copy of the guarantee for the Rs. 50-crore CP. Since the guarantee is in line with the initial rating conditions, the rating for the said CP has now been confirmed as final.

¹ For complete rating scale and definitions, please refer ICRA's website (www.icra.in) or other ICRA rating publications

² 100 lakh = 1 crore = 10 million

Outlook: Stable

The outlook may be revised if there is a change in outlook of the guarantee provider, Shapoorji Pallonji and Company Private Limited (SPCPL)

Key rating drivers

Credit strengths

Guarantee from SPCPL: The CP programme is backed by an unconditional and irrevocable guarantee by SPCPL.

Presence of payment mechanism: The CPs of face value of proposed Rs. 60-crore to be issued would have a maturity upto one year from the value date. The amount due on the CPs would be payable on the maturity date. The guarantee from SPCPL would cover all issuer obligations that may arise on the rated CPs. The payment mechanism is designed to ensure timely payment to the CP investors, as per the terms of the transaction.

Analytical approach: For arriving at the rating for the proposed Rs. 60-crore CP programme, ICRA has taken into account the unconditional and irrevocable guarantee from SPCPL that would cover all the repayment obligations to the CP holders as per the terms of the transaction.

The rating action for Rs. 50 crore CP programme is based on the executed version of the transaction documents being in line with the terms initially shared with ICRA.

Links to applicable criteria:

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

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, namely Alpine, Epsilon, & Astron 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 ~1.9 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 7.5 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. The project was launched for sale in May 2014. The Lumiere project is also a part of the MHADA redevelopment initiative and comprises 67 units aggregating to 0.1 million square feet.

Key financial indicators (standalone, audited)

	FY2016	FY2017
Operating Income (Rs. crore)	267	130
PAT (Rs. crore)	(23)	(3)
OPBDIT/ OI (%)	57.5%	159.2%
RoCE (%)	8.3%	8.7%
Total Debt/ TNW (times)	37.6	51.8
Total Debt/ OPBDIT (times)	13.5	13.1
Interest coverage (times)	0.8	0.9

About the guarantor:

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 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 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. SPCPL has a rating of [ICRA]AA+ with Stable outlook for its long-term debt programme and [ICRA]A1+ for its short-term debt programme.

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 (Audited, Standalone)

	FY 2016	FY 2017
Operating Income (Rs. crore)	6839	8227
PAT (Rs. crore)	110	245
OPBDIT/ OI (%)	13.0%	15.1%
RoCE (%)	10.1%	11.7%
Total Debt/ TNW (times)	3.5	3.3
Total Debt/ OPBDIT (times)	7.3	5.6
Interest Coverage (times)	1.3	1.7

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2019)				Chronology of Rating History for the Past 3 Years		
				Date & Rating	Date & Rating	Date & Rating	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
				September 2018	August 2018	July 2018	June 2018	March 2018	December 2016	August 2015
1	Commercial Paper	Short Term	60.00	-	Provisional [ICRA]A1+ (SO)	-	-	-	-	-
1	Commercial Paper	Short Term	50.00	-	[ICRA]A1+ (SO)	Provisional [ICRA]A1+ (SO)	-	-	-	-
2	Commercial Paper	Short Term	1060.00	-	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	Provisional [ICRA]A1+ (SO)
4	NCD	Long Term	435.00	435.00	[ICRA]AA (SO) (Stable)	[ICRA]AA (SO) (Stable)	[ICRA]AA (SO) (Stable)	[ICRA]AA (SO) (Stable)	[ICRA]AA (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

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE660N08029	Non-Convertible Debenture	20-Jun-16	10.00%	29-Apr-21	300.00	[ICRA]AA(SO) (Stable)
INE660N08045	Non-Convertible Debenture	04-Aug-16	9.95%	29-Apr-19	60.00	[ICRA]AA(SO) (Stable)
INE660N08052	Non-Convertible Debenture	04-Aug-16	9.95%	27-Apr-20	75.00	[ICRA]AA(SO) (Stable)
NA	Commercial Paper	-	8.75%-9.93%	7-365 days	1110.00	[ICRA]A1+(SO)
NA	Commercial Paper	-	-	7-365 days	60.00	Provisional [ICRA]A1+(SO)

Source: SDCPL

ANALYST CONTACTS

Shubham Jain

+91 12 4454 5306

shubhamj@icraindia.com

Vibhor Mittal

+91 22 6114 3440

vibhorm@icraindia.com

Gaurav Mashalkar

+91 22 6114 3431

gaurav.mashalkar@icraindia.com

Manav Mahajan

+91 12 4454 5817

manav.mahajan@icraindia.com

Ashirbad Rath

+91 22 6169 3327

ashirbad.rath@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 6606 9999

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