

S. D. Corporation Private Limited

June 12, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	-	50.00	Provisional [ICRA]A1+(SO); assigned
Commercial Paper	910.00	910.00	[ICRA]A1+(SO); Outstanding
Non-Convertible Debenture Programme	485.00	485.00	[ICRA]AA(SO) (Stable); Outstanding
Total	1,395.00	1,445.00	

*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. 50 crore² commercial paper (CP) programme of S. D. Corporation Private Limited (SDCPL). ICRA also has an outstanding rating of [ICRA]A1+(SO) on Rs.910 crore CP programme of SDCPL. ICRA also has an outstanding rating of [ICRA]AA(SO) (pronounced ICRA double A structured obligation) on the Rs. 485 crore non-convertible debentures of SDCPL. The outlook on the long-term rating is Stable. 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 issuers concerned. The rating for the CPs of Rs. 50 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 rating assigned to Rs. 50 crore commercial paper (CP) programme takes into account the unconditional and irrevocable corporate guarantee from by Shapoorji Pallonji and Company Private Limited (SPCPL) ([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.

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)

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

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 Rs. 50 crore would have 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 Rs. 50 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.

Links to applicable criteria:

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

About the company:

S. D. Corporation Private Limited (SDCPL), 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 – currently India’s tallest completed residential project.

SDCPL is currently 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 part of the Imperial Tower development at Tardeo, comprising of 46 luxury units aggregating to 0.2 million square feet of development was launched for sale in May 2014. The Lumiere project is also part of MHADA redevelopment and it comprises of 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:

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 Limited, the holding company of the Tata Group.

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. 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.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2018 March 2018	Date & Rating in FY2017 Decemb er 2016	Date & Rating in FY2016 August 2015
				June 2018			
1 Commercial Paper	Short Term	50.00	-	Provisional [ICRA]A1+ (SO)	-	-	-
2 Commercial Paper	Short Term	910.00	-	[ICRA]A1+ (SO)	[ICRA]A1+ (SO)	[ICRA]A 1+ (SO)	Provisional [ICRA]A1+ (SO)
3 NCD	Long Term	485.00	485.00	[ICRA]AA (SO) (Stable)	[ICRA]AA (SO) (Stable)	[ICRA]A 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

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
INE660N08037	Non-Convertible Debenture	04-Aug-16	9.95%	25-Apr-18	50.00	[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	-	7.85%- 8.10%	7-365 days	910.00	[ICRA]A1+(SO)
NA	Commercial Paper	-	-	7-365 days	50.00	Provisional [ICRA]A1+(SO)

Source: SDCPL

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