Press Release
SALSETTE DEVELOPERS PRIVATE LIMITED
September 27, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Issuer Rating (IR)	0.00	ACUITE A- | Stable | Assigned	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-

Rating Rationale
Acuite has assigned its long term Issuer Rating (IR) of **'ACUITE A -' (read as ACUITE A minus)** to Salsette Developers Private Limited (SDPL). The outlook is **'Stable'**.

Rationale for rating
The rating assigned reflects the strong promoter strength of the company. The rating also factors in the prime location of Viviana mall in Thane, Maharashtra with presence of reputed lessee profile consisting of high-end retail brands and healthy occupancy levels with medium to long-term lease agreements with them. Further, the rating factors in the recent refinancing of its existing loans done by securing a sanction of Rs. 1200 Cr. for a period of 5 years from a private lender. Furthermore, the average DSCR as per the revised sanction is estimated to remain over 1.5x till FY2028.
However, these strengths are partially offset by existence of refinancing risk in the medium term and the susceptibility of the revenues to the tenant's performance along with occupancy and renewal risk.

About the Company
Incorporated in 2012, Salsette Developers Private Limited (SDPL) is based in Mumbai. The Company is engaged in the business of owning and operating the Viviana Mall located in Thane, Maharashtra. SDPL is owned by Lake Shore India Retail Venture Fund (Lake Shore). Abu Dhabi Investment Authority (ADIA) is the primary investor in LSIRVF. The directors of the company include Mr. Ashwin Puri, Mr. Karim Kasimali Merchant & Mr. Rajamani Koshtishwaran Iyer.

Unsupported Rating
Not Applicable

Analytical Approach
Acuité has considered the standalone business and financial risk profiles of the SDPL to arrive

at this rating.

Key Rating Drivers

Strengths

Strong Promoter Strength

Salsette Developers Private Limited is fully owned by Lake Shore India Retail Venture Fund (LSIRVF). The primary investor in LSIRVF is the Abu Dhabi Investment Authority (ADIA), one of the world's largest sovereign wealth funds. ADIA has significantly contributed to Lake Shore's capacity to undertake large-scale projects. The group has developed various malls in the Mumbai Metropolitan Region (MMR), Pune, Gurugram, and Hyderabad. It currently operates five malls with a total leasable area of approximately 2.5 million sq. ft and has three upcoming

assets with an estimated leasable area of 1.9 million sq. ft.
Acuite believes the company will continue to benefit from its established presence and strong promoter strength in the industry.

Steady revenue st ream supported by medium to long-term lease agreements and reputed lessee profile
Viviana Mall is leased to various tenants across multiple sectors having medium to long-term lease agreements. The current monthly lease rental generated by the mall is approximately Rs. 15 Cr. The lessee profile includes prominent brands from the apparel segment such as Blackberry, Peter England, Calvin Klein, Beverly Hills Polo Club, Lacoste, Jack and Jones, amongst others. The food segment features brands like Starbucks, KFC, McDonald's, Subway, Social, and Bhagat Tarachand. Other segments include brands such as Tanishq, Nike, Adidas, Cinepolis, Fossil, Hush Puppies, Reliance Digital, and Nykaa. These agreements have tenures ranging from 1 to 9 years, with a price escalation clause of 15 percent every 3 years. The mall also maintains lock-in contracts with these lessees, with terms varying from 6 to 36 months.
Acuité believes that SDPL's revenue will continue to be supported by medium to long-term lease agreements and reputed lessee profile.

Locational Advantage along with healthy occupancy levels
Viviana mall is strategically located on the Eastern Express Highway, it is one of the most popular malls in the Thane region as well as those in other suburbs like Mulund, Powai and Ghatkopar. The mall attracts footfall from catchment areas as well as surrounding areas. The company has a leasable area 9,50,000 sq. ft with carpet area of approx. 6,85,000 sq. ft, the total leasable area includes 232 stores and around 55 kiosks. The mall features 232 stores, with 220 currently leased to a variety of brands spanning several sectors. The mall has a healthy occupancy level of above 95%, reflecting good vacancy management.

Weaknesses
Refinancing Risk
The company has recently refinanced its existing loans with a debt of Rs.1200.00 Cr from a private lender. This loan is scheduled for a bullet repayment of Rs.1110.00 Cr. in the fiscal year 2029. This scheduled bullet repayment exposes the company to a significant refinancing risk. However, the high market value of the company's mall assets provides further assurance against this risk, offering a strong collateral base that can be leveraged as has been done recently by the company.
Acuité believes that timeliness and adequacy of such refinancing measures resulting into easing of its liquidity position remains a key rating sensitivity factor.

Susceptibility to tenant's performance along with occupancy and renewal risk-
SDPL primarily generates cash flows from lease rentals. The company's ability to meet its repayment obligations will be dependent on the continued and timely flow of rentals as per the agreed terms under arrangement. The occurrence of events such as delays in receipt of rentals, or early exits/renegotiation by tenants due to the latter's lower than expected business performance may result in disruption of cash flow streams, thereby affecting SDPL's debt servicing ability. The renewals leasing at better terms, any significant renegotiations by the lessee can adversely impact the cash flows from the property.

Rating Sensitivities
Timely refinancing of the LRD loans scheduled for bullet repayment in FY2029.
Timely renewal of agreements at similar or better terms than the existing agreements Any significant decline in occupancy levels leading to cash flow mismatches.

Liquidity Position
Adequate
The liquidity of the company is adequate marked by generation of sufficient accruals to its maturing repayment obligations. It is further supported by maintenance of DSRA, equivalent to three months of repayment obligation which stood at Rs.23.60 Cr as of March 31,2024(Prov.) In addition, as per the terms of sanction, it stipulates an escrow mechanism through which rent receipts are routed and used for payment as per the defined payment

waterfall. In FY29, the company is anticipated to face a liquidity constraint due to the bullet repayment of Rs.1110 Cr.

Acuité believes that the liquidity of the company will remain adequate in the near term with steady cash inflows from the reputed tenants.

Outlook: Stable

Acuité believes that SDPL will maintain a 'Stable' outlook over the medium term on account of experienced management, steady cash flows from lease rentals from reputed lessee profile and the presence of DSRA and escrow mechanism for the LRD loan. The outlook may be revised to 'Positive' in case the company is able to refinance the LRD loans well ahead of scheduled repayments, thus easing the foreseen liquidity strain in FY2027. The outlook may be revised to 'Negative' if a significant dip in the lease rentals or re-negotiations leading to lower than expected cash inflows impacting the debt protection metrics.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	254.66	225.96
PAT	Rs. Cr.	(26.52)	(53.48)
PAT Margin	(%)	(10.41)	(23.67)
Total Debt/Tangible Net Worth	Times	(199.23)	(15.30)
PBDIT/Interest	Times	0.98	0.91

Status of non-cooperation with previous CRA (if applicable)
None

Any other information
None

Applicable Criteria
• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Real Estate Entities: https://www.acuite.in/view-rating-criteria-63.htm

Note on complexity levels of the rated instrument
In order to inform the investors about complexity of instruments, Acuité has categorized suchinstruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation ofthe instruments across the three categories is based on factors like variability of the returns tothe investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History :
Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Issuer Rating	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.00	ACUITE A- | Stable | Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.