



Press Release
SALSETTE DEVELOPERS PRIVATE LIMITED
November 18, 2024
Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Issuer Rating (IR)	0.00	ACUITE A- Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn its long-term Issuer Rating (IR) of **ACUITE A -' (read as ACUITE A minus)** of Salsette Developers Private Limited (SDPL).

The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company.

Rationale for Rating

The rating action 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 LRD term loan (sustainability-linked loan) of Rs. 1200 Cr. for a period of 5 years from HSBC bank. 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

Acuite 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 stream 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.

Acuite 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 HSBC Bank. 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.

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.

Outlook

Not Applicable

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)

Not Applicable

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 such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Sep 2024	Issuer Rating	Long Term	0.00	ACUITE A- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Issuer Rating	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.00	Simple	ACUTE A- Reaffirmed & Withdrawn

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Amay Gupta Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.