March 03, 2025

Salsette Developers Private Limited: [ICRA]A(Stable) assigned for BLR and reaffirmed for issuer rating

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]A(Stable); reaffirmed
Long-term – Fund-based – Term loans	0.00	1,200.00	[ICRA]A(Stable); assigned
Total	**0.00**	**1,200.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for Salsette Developers Private Limited (SDPL) favourably factors in the long operating track record of the Viviana Mall, in Thane, spanning over a decade with healthy leasing occupancy (99% as of December 2024), and the comfortable leverage and debt coverage metrics for the project. ICRA expects SDPL's rentals to improve by 5-7% in FY2025 and by another 3-5% in FY2026 on the back of scheduled rent escalations. SDPL had debt outstanding of Rs. 850.3 crore as on March 31, 2024, which was refinanced through a new lease rental discounting (LRD) loan (including top-up) of Rs. 1,200 crore with a five-year tenure. The top-up debt is proposed to be utilised towards refurbishment capex and payment of interest on sponsor's compulsory convertible debentures (CCD). While the leverage [total external debt/Net operating income (NOI)] is likely to be around 6.0 times as of March 2025 compared to 4.4 times as of March 2024 due to increase in debt levels, it is at adequate levels. Further, the leverage is expected to improve to 5.6-5.8 times as of March 2026 with rise in NOI. Despite the increase in debt levels, the five-year average DSCR is estimated to remain comfortable at 1.47-1.51 times in FY2025-2029 on account of the back-ended nature of repayments.

Viviana Mall is favourably located at Eastern Express Highway in Thane West. The mall is surrounded by the major residential area in Thane with good social infrastructure, which is likely to augment healthy footfalls. The rating positively notes in the strong sponsor profile of Lake Shore India Retail Venture Fund (LSIRVF), an Alternate Investment Fund, which is backed by Abu Dhabi Investment Authority (ADIA, the sovereign wealth fund of Abu Dhabi). LSIRVF has a portfolio of five operational retail assets with a total leasable area of around 2.4 million square feet (msf) and three under-construction assets with a total leasable area of around 2.0 msf.

The rating is, however, exposed to high refinancing risk for the LRD loan, which has a bullet repayment of Rs. 1,110 crore in FY2030, though the risk is mitigated to an extent on account of the healthy NOI from the mall and comfortable leverage metrics estimated at the time of the loan maturity to support the refinancing of the existing loan. The rating is constrained by the geographical and asset concentration risks, which are inherent in companies with a single project. SDPL's revenues are exposed to adverse macroeconomic and external conditions, which could impact the tenant's business profile. The debt coverage metrics would remain vulnerable to material changes in occupancy and interest rates.

The Stable outlook reflects ICRA's expectation that SDPL will be able to sustain healthy occupancy levels, supported by the mall's favourable location and maintain adequate leverage, along with a comfortable five-year average DSCR.

Key rating drivers and their description

Credit strengths

Long operational track record of maintaining healthy occupancy levels; comfortable debt protection metrics – The mall has a long operating track record of over a decade with healthy leasing occupancy (99% as of December 2024). ICRA expects SDPL's rentals to improve by 5-7% in FY2025 and by another 3-5% in FY2026 on the back of scheduled rent escalations. SDPL had debt outstanding of Rs. 850.3 crore as of March 31, 2024, which was refinanced through a new LRD loan (including top-up) of Rs. 1200 crore with a five-year tenure. The top-up debt is proposed to be utilised towards refurbishment capex and payment of interest on sponsor's CCD. While the leverage, total external debt/NOI, is likely to be around 6.0 times as of March 2025 compared to 4.4 times as of March 2024 due to increase in debt levels, it is at adequate levels, Further, the leverage is expected to improve to 5.6-5.8 times as of March 2026 with rise in NOI. Despite the increase in debt levels, the five-year average DSCR is estimated to remain comfortable at 1.47-1.51 times in FY2025-2029 on account of the back-ended nature of repayments.

Favourable location of asset – Viviana Mall is favourably located at Eastern Express Highway in Thane West. The mall is surrounded by the major residential area in Thane with good social infrastructure, which is likely to augment healthy footfalls.

Strong sponsor profile – SDPL is entirely owned by Lake Shore India Retail Venture Fund (LSIRVF), an Alternate Investment Fund, which is backed by Abu Dhabi Investment Authority (ADIA, the sovereign wealth fund of Abu Dhabi). LSIRVF has portfolio of five operational retail assets with a total leasable area of around 2.4 msf and three under-construction assets with a total leasable area of around 2.0 msf.

Credit challenges

Refinancing risk – SDPL is exposed to high refinancing risk for the LRD loan, which has a bullet repayment of Rs. 1,110 crore in FY2030, though the risk is mitigated to an extent on account of the healthy NOI from the mall and comfortable leverage metrics estimated at the time of the loan maturity to support the refinancing of the existing loan.

Geographical and asset concentration risks – As SDPL is a single project special purpose vehicle (SPV), it is exposed to geographical and asset concentration risks, which are inherent in companies with a single project.

Vulnerability to external factors and material changes in occupancy and interest rates – SDPL's revenues are exposed to adverse macroeconomic and external conditions, which could impact the tenant's business profiles. The debt coverage metrics remain vulnerable to material changes in occupancy and interest rates.

Liquidity position: Adequate

The company's liquidity position remains adequate. With healthy leasing levels and limited capex plans, its cash flows from operations are expected to remain healthy. The debt repayment obligations for FY2025 and FY2026 can be comfortably met from the cash flows of the mall's operations. Further, SDPL has free cash and bank balances of Rs. 10.6 crore as of December 2024.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is a significant improvement in earnings, while sustaining high occupancy of the retail mall, resulting in improvement in debt protection metrics and liquidity position on a sustained basis.

Negative factors – Pressure on the rating could be exerted with a material decline in occupancy or rent rates or a significant increase in indebtedness resulting in weakening of debt protection metrics on a consistent basis. Specific credit metric that could lead to a rating downgrade is Total debt/NOI greater than 6.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Realty - Lease Rental Discounting (LRD)](#)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Salsette Developers Private Limited (SDPL) is owned by Lake Shore India Retail Venture Fund (LSIRVF). The company operates a retail mall in Thane, Maharashtra, known as Viviana Mall with a leasable area of 0.95 msf. The mall started operations in June 2013.

The mall was owned and operated since 2013 by Sheth Developers & Realtors (India) Limited (SDRIL). SDPL acquired 99.99% stake in SDRIL effective from February 2022. Subsequently, SDRIL got amalgamated with SDPL in July 2023.

Key financial indicators (audited)

	FY2023	FY2024
Operating income	224.8	254.1
PAT	-53.5	-26.5
OPBDIT/OI	68.5%	67.6%
PAT/OI	-23.8%	-10.4%
Total outside liabilities/Tangible net worth (times)	4.5	4.6
Total debt/OPBDIT (times)	9.6	8.2
Interest coverage (times)	0.9	0.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2025)					Chronology of rating history for the past 3 years					
	FY2025					FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs. crore)	Mar 03, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term - Term loan - Fund-based	Long Term	1,200.00	[ICRA]A (Stable)	-	-	-	-	-	-	-	-
Issuer rating	Long Term	-	[ICRA]A (Stable)	Aug 09, 2024	[ICRA]A (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	Not Applicable
Long-term – Fund-based – Term loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Issuer rating**	NA	NA	NA	-	[ICRA]A (Stable)
NA	**Term loans**	Aug-2024	NA	Jul-2029	1,200.00	[ICRA]A (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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