

July 01, 2019

## Goswami Infratech Private Limited: Rating downgraded and withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating
Non-Convertible Debenture Programme	600.00	600.00	[ICRA]AA-(SO) (Negative); downgraded from [ICRA]AA+(SO) (Stable) and withdrawn
Non-Convertible Debenture Programme	270.00	181.90	[ICRA]AA-(SO) (Negative); downgraded from [ICRA]AA+(SO) (Stable) and withdrawn
<b>Total</b>	<b>870.00</b>	<b>781.90</b>	

\*Instrument Details are provided in Annexure-1

### Rationale

The revision in the rating of Goswami Infratech Private Limited (GIPL), which is based on the strength of an unconditional, irrevocable and continuing Credit Support Undertaking (CSU) provided by four Shapoorji Pallonji (SP) Group entities (together referred to as Credit Enhancement Providers/ CEPs), namely: a) Cyrus Investments Private Limited (CI), b) Sterling Investment Corporation Private Limited (SI), c) SC Finance and Investments Private Limited (SCF) and d) SP Finance Private Limited (SPF), reflects the downgrade in the ratings of the principal operating company of the SP Group – Shapoorji Pallonji and Company Private Limited (SPCPL) <sup>1</sup>.

Furthermore, the rating has been withdrawn at the request of the company and in accordance with ICRA's policy on withdrawal and suspension.

### Outlook: Negative

The outlook on the company is negative given the overall weakening of the credit profile of the Shapoorji Pallonji Group.

### Key rating drivers

#### Credit strengths

**Undertaking from CEPs** – The rating for the NCDs is based on the strength of unconditional, irrevocable and continuing CSU by the CEPs. The CSU from CEPs would cover all issuer obligations that may arise on the rated NCDs.

**Presence of payment mechanism** – The NCDs would be redeemed at a premium to the book value on the maturity date. No coupon payment on the NCDs is scheduled in the interim period. The payment mechanism is designed to ensure timely payment to the NCD investors as per terms of the transactions, even if the CSU has to be invoked by the debenture trustee (Trustee). The transaction also covenants a cap on the aggregate amount of the financial indebtedness of the CEPs which provides additional comfort.

<sup>1</sup> Ratings of SPCPL have been revised to [ICRA]AA-/A1+ from [ICRA]AA/A1+ and the long-term rating continues to remain under watch with developing implications

### Liquidity Position:

The company's liquidity is dependent on the liquidity profile of the CEPs.

### Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Approach for rating debt instruments backed by third-party explicit support</a> <a href="#">ICRA Policy on Withdrawal and Suspension of Credit Rating</a>
Parent/Group Support	For arriving at the rating, ICRA has taken into account, inter alia, the explicit support provided by the CEPs to the company in the form of a credit support undertaking.
Consolidation / Standalone	Standalone

### About the company:

Goswami Infratech Private Limited (GIPL) is held entirely by SC Finance and Investments Private Limited (SCF) and SP Finance Private Limited (SPF) and acts as an investment holding company for certain investments of the Shapoorji Pallonji Group (SP Group). In addition to this the company also provides other services like consultancy services and data management to corporates.

### About the Credit Enhancement Providers:

Cyrus Investments Private Limited and Sterling Investment Corporation Private Limited are systemically important non-deposit taking NBFCs whereas SP Finance Private Limited and SC Finance and Investments Private Limited are holding companies of Shapoorji Pallonji and Company Private Limited. The income of these companies largely comprises of dividend income received from investee companies. CI and SI hold 9.185% equity stake each in Tata Sons Limited, the holding company of the Tata Group.

### Key Financial Indicators (GIPL)

	FY2018A	FY2019*
Operating Income (Rs. crore)	0.4	0.5
PAT (Rs. crore)	(139.3)	(172.0)
OPBDIT/ OI (%)	71.1%	67.8%
RoCE (%)	0.01%	0.01%
Total Debt/ TNW (times)	0.64	0.50
Total Debt/ OPBDIT (times)	2966.5	3544.32
Interest coverage (times)	0.0	0.0

Source: GIPL; \*Unaudited financials

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

**Rating history for last three years:**

Instrument	Type	Current Rating (FY2020)		Chronology of Rating History for the past 3 years				
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
1	NCD	600	600	July 2019 [ICRA]AA-(SO) (Negative); withdrawn	July 2018 [ICRA]AA+(SO) (Stable)	January 2018 [ICRA]AA+(SO) (Stable)	April 2017 [ICRA]AA+(SO) (Stable)	March 2016 [ICRA]AA+(SO) (Stable)
2	NCD	181.90	181.90	July 2019 [ICRA]AA-(SO) (Negative); withdrawn	July 2018 [ICRA]AA+(SO) (Stable)	January 2018 [ICRA]AA+(SO) (Stable)	April 2017 [ICRA]AA+(SO) (Stable)	March 2016 [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](http://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
INE219O07131	NCD	12-Jun-14	0%*	26-Dec-20	181.90	[ICRA]AA-(SO)(Negative); withdrawn
INE219O07123	NCD	21-Dec-12	0%**	21-Dec-20	600.00	[ICRA]AA-(SO)(Negative); withdrawn

Source: GIPL

\*Yield of 10.53% per annum from pay-in date to June 26, 2019 and yield of 12.50% per annum there-after

\*\*Yield of 10.20% per annum from pay-in date to December 13, 2017, yield of 8.90% per annum from December 14, 2017 to November 28, 2018 and yield of 11.15% per annum there-after

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