

Sundew Properties Limited



June 12, 2024

To,
BSE Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

Scrip Code: 973500 (Debentures)

Subject: Intimation under Reg. 55 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") in respect of the annual credit ratings obtained by Sundew Properties Limited ("the Company")

Reference: 6.1% SECURED RATED LISTED REDEEMABLE NON-CONVERTIBLE DEBENTURES

Dear Sir/Madam,

Please note that as per Regulation 55 of SEBI LODR, the rating obtained by the listed entity with respect to non-convertible securities shall be reviewed at least once a year by a credit rating agency registered by SEBI.

In respect of the same, ICRA Limited has reaffirmed the long-term Rating of [ICRA] AAA (pronounced ICRA triple A) for the non-convertible debentures issued by the Company amounting to Rs. 400 crores. The Outlook on the long-term Rating is Stable.

The rating letter and rationale issued by ICRA Limited vide its letter no. ICRA/ Sundew Properties Limited/11062024/1 dated June 11, 2024 in respect of the aforesaid credit rating is enclosed herewith.

Please take the same on your record.

Thanking you,
For and on behalf of Sundew Properties Limited,

Pooja Karia
Company Secretary and Compliance Officer
M. No.: A21076
Place: Mumbai

CIN: U70102TG2006PLC050883

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ICRA

ICRA Limited

Ref: ICRA/ Sundew Properties Limited/11062024/1

Date: June 11, 2024

Ms. Preeti Chheda

Sundew Properties Limited

Mindspace Cyberbad, S.No. 64(Part),
HITECH City, Madhapur, Hyderabad,
Telangana-500081

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 400.00 crore Non-convertible debenture (NCD) programme of Sundew Properties Limited

Please refer to the Rating Agreement/Statement of Work dated May 31, 2022 executed between ICRA Limited (“ICRA”) and your Company, whereby, ICRA is required to review its rating(s), on an annual basis, or as and when the circumstances so warrant. Based on a review of the latest developments, the Rating Committee of ICRA, after due consideration has reaffirmed the long-term Rating of **[ICRA] AAA** (pronounced ICRA triple A) (“Rating”). The Outlook on the long-term Rating is **Stable**. For Rating definition(s), please refer to ICRA website at www.icra.in.

In any of your publicity material or other document wherever you are using the above Rating(s), it should be stated as **[ICRA]AAA (Stable)**.

The aforesaid Rating(s) will be due for surveillance any time before **June 03, 2025**. However, ICRA reserves the right to review and/or, revise the above Rating(s) at any time on the basis of new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s). Therefore, request the lenders and Investors to visit ICRA website at www.icra.in for latest Rating(s) of the Company.

The Rating(s) are specific to the terms and conditions of the NCD as indicated to us by you, and any change in the terms or size of the same would require a review of the Rating(s) by us. In case there is any change in the terms and conditions or the size of the rated NCD, the same must be brought to our notice before the NCD is used by you. In the event such changes occur after the Rating(s) have been assigned by us and their use has been confirmed by you, the Rating(s) would be subject to our review, following which there could be a change in the Rating(s) previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the NCD from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated NCD availed/issued by your company.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s), or occurrence

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RATING • RESEARCH • INFORMATION



of any significant development that could impact the ability of the company to raise funds such as restriction imposed by any authority from raising funds through issuance of debt securities through electronic bidding system. Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,
Yours sincerely,
For ICRA Limited

VALAPREDDY
ANUPAMA REDDY

Digitally signed by VALAPREDDY
ANUPAMA REDDY
Date: 2024.06.11 10:11:08 +05'30'

Ms. Anupama Reddy
Vice President & Co-Group Head
anupama.reddy@icraindia.com



Annexure:

ISIN	Instrument Details	Amount (Rs. crore)	Rating	Rating Assigned on
INE424L07018	Non-Convertible Debentures	400.00	[ICRA]AAA (Stable)	June 04, 2024
Total		400.00		

June 11, 2024

Sundew Properties Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture (NCD)	400.00	400.00	[ICRA]AAA(Stable); reaffirmed
Total	400.00	400.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for Sundew Properties Limited (SPL) continues to factor in the strength of the promoter, with the entity being a part of Mindspace Business Parks REIT (Mindspace REIT, rated [ICRA]AAA (Stable)) and its strategic importance for the parent. SPL contributed to 24% of Mindspace REIT's consolidated NOI for FY2024 and around 16% of the REIT's market value as on March 31, 2024. ICRA notes that certain assets of SPL have been encumbered towards the secured borrowings at Mindspace REIT, leading to higher linkages between the entities.

The rating favourably considers its comfortable leverage and debt coverage metrics. The leverage [Debt¹/Net operating income (NOI)] is estimated to be comfortable at less than 3.5 times in the medium term, supported by low debt levels as well as sustained rental inflows on the back of high occupancy levels. Consequently, the company's debt coverage metrics as reflected by the five-year average debt servicing coverage ratio (DSCR) are expected to remain healthy at above 3.5 times during FY2025-FY2029. The rating factors in SPL's established position, with a favourably located commercial asset in Madhapur, Hyderabad, which has a completed area of 5.8 million square feet (msf), along with healthy occupancy of 97% as on March 31, 2024. The existing tenant profile is strong spread across diversified sectors with lease tenures of 5-15 years, ensuring rental income visibility in the near to medium term.

ICRA, however, considers the moderate lessee concentration risk with the top five tenants contributing to 38% of the gross rentals and occupying 40% of the total leased area as of March 2024. Further, the company's NCD contributing to 58% of the total external debt as of March 31, 2024 is due for repayment on June 28, 2024. The same is expected to be repaid via debt to be raised at Mindspace REIT level over the next two weeks. The high financial flexibility as a part of Mindspace REIT and low leverage as reflected in REIT's LTV of 21.1% as on March 31, 2024 provide comfort. The rating also notes the cyclicity associated with the commercial real estate sector and vulnerability to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles.

ICRA believes that the company's credit profile will remain stable on the back of a steady operational portfolio, strong tenant profile, comfortable debt coverage and leverage metrics.

Key rating drivers and their description

Credit strengths

Strength derived from parentage and status as a strategically important SPV of Mindspace REIT – SPL, part of Mindspace Business Parks REIT, co-owns and operates one commercial project, Mindspace Madhapur (Hyderabad), with a total completed

¹ Including external debt of SPL and guaranteed debt backed by security of SPL which is raised at REIT level

area of 5.8 msf as on March 31, 2024. The asset portfolio under the REIT includes some of the major business parks in Mumbai, Hyderabad, Pune and Chennai, with a reputed and diversified tenant mix comprising leading multi-nationals and Indian corporates. The REIT’s portfolio includes completed office space area of 26.3 msf, along with under-construction and future development potential of 7.0 msf. SPL contributed to 24% of Mindspace REIT’s consolidated NOI for FY2024 and around 16% of the REIT’s market value as on March 31, 2024.

Comfortable leverage and debt coverage metrics – The company’s leverage (Debt¹/NOI) is estimated to be comfortable at less than 3.5 times in the medium term, supported by low debt levels as well as sustained rental inflows. Consequently, its debt coverage metrics as reflected by the five-year average DSCR are expected to remain comfortable at above 3.5 times during FY2025-FY2029.

Strong tenant profile – The commercial asset is favourably located in Madhapur, Hyderabad, having a completed area of 5.8 msf along with a healthy occupancy of 97% as of March 31, 2024. The existing tenant profile is strong spread across diversified sectors with lease tenures of 5-15 years, ensuring rental income visibility in the near to medium term.

Credit challenges

Moderate lessee concentration risk – The lessee concentration risk is moderate with the top five tenants contributing to 38% of the gross rentals and occupying 40% of the total leased area as of March 2024. Further, the company’s NCD contributing to 58% of the total external debt as of March 31, 2024 is due for repayment June 28, 2024. The same is expected to be repaid via debt to be raised at Mindspace REIT level over the next two weeks. The high financial flexibility as a part of Mindspace REIT and low leverage as reflected in REIT’s LTV of 21.1% as on March 31, 2024 provide comfort.

Vulnerable to cyclical – The company remains exposed to the inherent cyclical in the real estate industry and vulnerability to adverse macroeconomic and external conditions, which could impact the tenant’s business risk profiles. The rating notes the susceptibility of its debt coverage metrics to factors such as changes in interest rates or reduction in occupancy levels.

Liquidity position: Strong

The company’s liquidity position is strong and will be supported by stable rental income from the underlying assets. It has Rs. 400 crore of repayment obligations towards to its NCDs on June 28, 2024 and the same is expected to be funded through loan from the REIT over the next two weeks. The remaining principal repayments of Rs. 16.9 crore in FY2025 can be met comfortably through its estimated cash flow from operations. Additionally, SPL has an undrawn term loan facility of ~Rs. 122 crore as on March 31, 2024.

Rating sensitivities

Positive factors – Not applicable

Negative factors – ICRA could downgrade SPL’s rating if a significant increase in borrowings or a material decline in NOI leads to an increase in the Total Debt/NOI to above 6.0 times on a sustained basis. Further, any deterioration in the credit profile of the Mindspace REIT might have a bearing on SPL’s rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Parent Company: Mindspace Business Parks REIT

	ICRA expects that SPL's parent will be willing to extend financial and operational support to it, if required, given the strategic importance of SPL to the Mindspace REIT, and the significant contribution of the SPV to the overall NOI and valuation of the REIT
Consolidation/Standalone	The rating is based on the company's standalone financial statements

About the company

Incorporated in August 2006, Sundew Properties Limited (SPL) was promoted by the CL Raheja Group. It was registered as a private limited company in 2006 and was later converted to a public limited company in December 2012. SPL was acquired by Mindspace Business Parks REIT in July 2020 and is now 89% subsidiary of the REIT, while the balance 11% is held by Telangana State Industrial Development Corporation.

SPL co-owns and operates one commercial project, Mindspace Madhapur (Hyderabad). Mindspace Madhapur is collectively owned by three entities, Intime Properties Limited, K Raheja IT Park (Hyderabad) Ltd. and SPL. Mindspace Madhapur comprises 21 commercial buildings (total leasable area of 13.1 msf), of which SPL owns and operates 8 commercial buildings having a total leasable area of 5.8 msf.

Key financial indicators (audited)

SPL	FY2023	FY2024
Operating income	484.0	524.5
PAT	183.7	213.6
OPBDIT/OI	82.3%	80.9%
PAT/OI	38.0%	40.7%
Total outside liabilities/Tangible net worth (times)	4.7	7.0
Total debt/OPBDIT (times)	1.9	1.8
Interest coverage (times)	5.9	6.5

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

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on March 31, 2024 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				June 11, 2024	June 22, 2023	July 08, 2022	-
1 NCD	Long term	400.00	399.8	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
NCD	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
INE424L07018	NCD	Sept 27, 2021	6.1%	June 28, 2024	400.00	[ICRA]AAA (Stable)

Source: Company

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

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



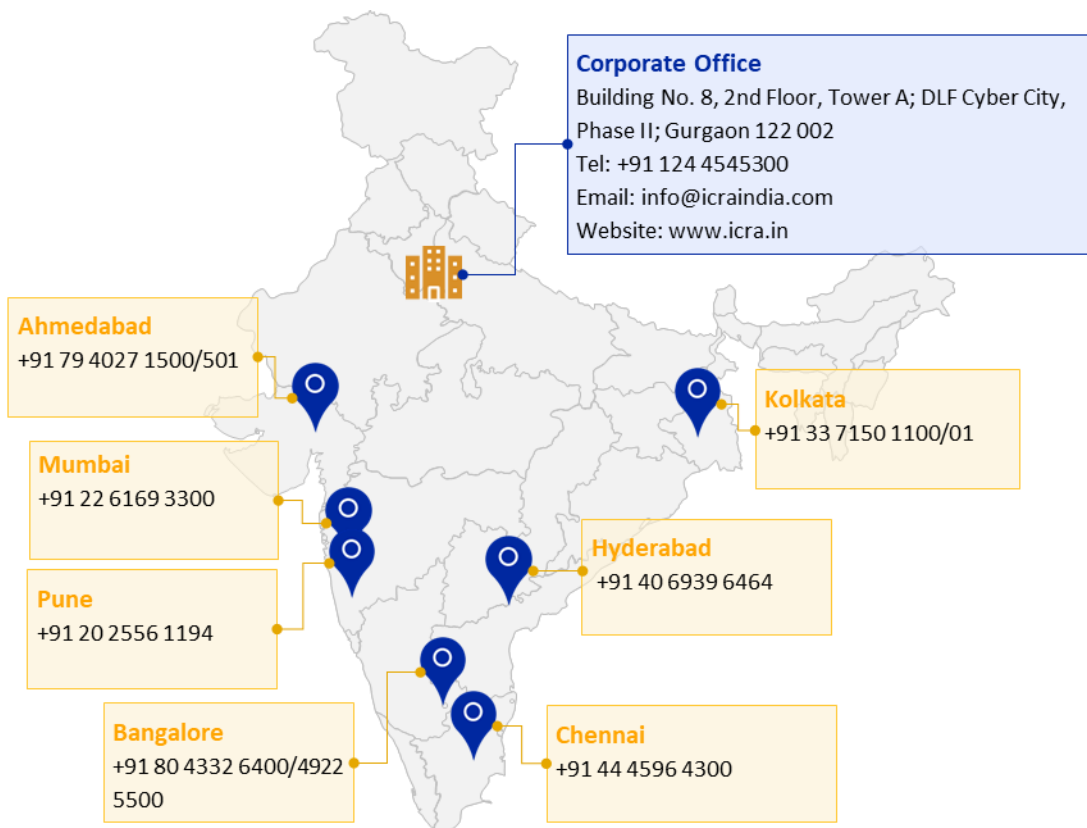
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Branches



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