Joyville
by Shapoorji Pallonji

September 30, 2022

To,
BSE Limited
P. J. Towers, Dalal Street,
Mumbai – 400 001.

Dear Sir/ Madam,

Subject: Disclosure of information pursuant to Regulation 55 and Regulation 51(2) read with Part B of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Scrip Codes: 952984, 952985, 973940 and 973941

In terms of Regulation 55 and Regulation 51(2) read along with Part B of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), this is to disclose and inform that credit rating of the issued Non-Convertible Debentures of the Company has been changed as below:

From	To
CARE BBB+ (Triple B Plus) (under Credit Watch with Developing Implications)	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)

Enclosed is the Credit Rating Letter dated September 29, 2022, issued by CARE Ratings Ltd ("**CARE**") for your perusal.

Request you to kindly take the same on record and oblige.

Thanking you,

For **Joyville Shapoorji Housing Private Limited**

SIDDHANT PREMCHAND AGARWAL
Digitally signed by SIDDHANT PREMCHAND AGARWAL
Date: 2022.09.30 23:50:55 +05'30'

Siddhant Agarwal
Company Secretary & Compliance Officer
Membership No. A41137

Enclosed a/a.

live to grow

Joyville Shapoorji Housing Private Limited

September 29, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	200.00 (Reduced from 375.00)	CARE A; Stable (Single A; Outlook: Stable)	Revised from CARE BBB; Positive (Triple B; Outlook: Positive)
Total Bank Facilities	**200.00 (₹ Two Hundred Crore Only)**		
Non-Convertible Debentures	372.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed and removed from Credit watch with Developing Implications; Stable outlook assigned
Non-Convertible Debentures	868.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed and removed from Credit watch with Developing Implications; Stable outlook assigned
Total Long-Term Instruments	**1,240.00 (₹ One Thousand Two Hundred Forty Crore Only)**		

Details of instruments/facilities in Annexure-1.

^ Series A subscribed/to be subscribed by sponsor and Series B subscribed/to be subscribed by investors

Sponsor: Shapoorji Pallonji and Company Private Limited (SPCPL rated CARE A-; Stable/CARE A2)

Investors: Actis Place Holdings No.1 (Singapore) Private Limited [Formerly known as Standard Chartered Real Estate Investment (Singapore) II Private Limited], International Finance Corporation (IFC), Asian Development Bank (ADB)

Detailed rationale and key rating drivers

The revision in the rating assigned to the bank facilities of Joyville Shapoorji Housing Private Limited (JSHPL) factors in the improved sales velocity, collections as well as satisfactory construction progress over the last two years. The platform witnessed significant uptick in sales and collection over the last two years with units sold to launched improving from ~73% as on August 31, 2020, to ~83% as on August 31, 2022, and collection efficiency at about 95%+. The sales and collection in turn has enabled faster construction progress with project cost of around 53% completed as on March 31, 2022 (vis-a-vis 34% as on May 31, 2020). The company has committed receivable of Rs.1,257 crore as on August 31, 2022 which provides coverage of 9.3x for the outstanding senior debt (construction financing). At platform level, the company has been prepaying the construction finance debt which along with improved sales has resulted in such coverage. With no major construction financing debt proposed further, the coverage is expected to remain strong.

The rating continues to derive strength from the experience of developer cum sponsor i.e. Shapoorji Pallonji and Company Private Ltd (SPCPL, rated CARE A-; Stable/CARE A2) in real estate market and presence of prominent global financial investors. Moreover, the funding tie-up for the purchase of land from the sponsors and prominent investors and identification of majority of the development area for the planned projects are credit positives.

In addition, ratings assigned to the proposed/outstanding Non-Convertible Debentures (NCDs) of JSHPL factor in the flexibility in NCD terms associated with the redemption along with the accrued coupon subject to the availability of distributable amount at the end of 8.5 years from first date of allotment of NCDs (First Allotment Date is November 17, 2015) and the in-built provision to automatically extend the tenure of outstanding NCDs by another four and half years along with the accrued coupon. JSHPL has been able to commence distribution of surplus towards NCD with coupon payment on NCDs to an extent of Rs.312 crore distributed during the period December 2021 to September 1, 2022. In light of same, the rating assigned to the NCDs has been removed from credit watch with developing implication.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

The ratings strengths are, however, tempered by the exposure to marketing risks for the unsold area under development and planned development, execution risks, cyclical nature of the industry and higher dependence on customer advances for funding the construction cost. Further, out of the projects under development, the projects at Howrah and Virar have been relatively slow moving and low return generating projects which has been pulling down the overall profitability at platform level.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Significant improvement in sales and collection at platform level

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Inability to execute the projects within envisaged time and cost
- Higher than estimated increase in external construction debt
- Weak sales from launched projects moderating the debt coverage indicators
- Non-adherence to covenants of the NCD transaction structure

Detailed description of the key rating drivers

Key Rating Strengths

Experienced sponsor/developer

JSHPL primarily is the investment vehicle and has appointed Shapoorji Pallonji Real Estate Private Limited (SPRE, owned by SPCPL) as the Development and Marketing Manager (DMM) for each of the projects. SPRE executes suitable agreements with JSHPL for each project, in a form and manner agreed by the investors, as required by the investors or their advisors, which governs the rendering of all management services provided by the DMM (SPRE) to JSHPL. SPRE, in its capacity as a DMM, is primarily responsible for all aspects of the projects, including but not limited to planning, designing, securing approvals, budgeting, arranging finance, tendering, procurement, monitoring construction, branding, marketing, sales and customer relationship, commissioning and handover of the Projects. SPRE act as construction manager and is liable for the completion of the construction related activities.

SPCPL is the holding-cum-operating company of the Shapoorji Pallonji group and is one of the leading construction companies of India. The Shapoorji Pallonji group is an extensive conglomerate with business interests in several sectors such as real estate, coal mining, power, ports, roads, biofuels & agriculture, shipping & logistics, consumer products, textiles etc. The Sponsor SPCPL was undergoing onetime restructuring under RBI guidelines issued on August 6, 2020, and September 7, 2020. Credit profile of SPCPL has seen improvement with exit from OTR as on March 31, 2022. The debt level witnessed reduction of about Rs.10,000 crore during FY22 with repayment of entire external debt under OTR (Rs.12,500 crore) which was largely funded through fund raising at promoter level, planned asset monetization and debt refinancing.

Prominent multilateral organizations as partner investors

Large prominent multilateral organizations viz International Finance Corporation, Asian Development Bank and ACTIS Place and No.2 (Singapore) Private Limited (ACTIS) together hold 51.5% of shareholding in JSHPL. The investors provide the required financial support with entire land purchase funding committed to be funded by the Investors and sponsors (in ratio of 70:30). JSHPL was to receive the investment aggregating Rs.1,240 crore from these marquee investors and SPCPL. Till June 30, 2022, JSHPL has received NCDs amounting to Rs.904 crore from the investors and sponsors. These funds are used for purchase of land and other pre-development expenses for the projects already acquired. The balance NCDs are expected to be issued over the next two years and proceeds from the same shall primarily be used to purchase land bank for projects.

Strong receivable coverage for construction financing debt

The company had sanctioned construction financing of ~Rs.700 crore since the launch of platform with outstanding at Rs.105 crore as on Aug 31, 2022 (Rs.30 crore un-availed as August 31, 2022). Including the un-availed limit of Rs.30 crore (For Manjri 2), the committed receivables (Rs.1,257 crore) provide external debt cover of 9.31x as on Aug 31, 2022 (as against 2.65x as on

Aug 30, 2020). The company may avail additional construction financing debt for the balance projects, though the plans are not firmed. Any debt addition resulting in material reduction in the coverage would be important from credit perspective.

Robust sales momentum and collections

At platform level, JSHPL has planned development of an area of 119 lsf spread across 8 projects. Currently, it has launched only six projects with saleable area of 91.44 lsf. The proportion of area sold to launched has witnessed continuous improvement over the past 2 years with significant momentum witnessed in the Gurugram, Hinjewadi (I) and Manjri projects. The sales to launched units has improved from 73% as on August 31, 2020 to 83% as on August 31, 2022. During FY22, the company has sold 1,491 units. As on August 31, 2022, launched unsold inventory stood at 1,339 units and considering the sales momentum (average 125 units per month) the balance inventory is likely to be sold in next 12 months. The collection efficiency has also remained comfortable at 95%+. The committed receivable from sold inventory cover almost 47% of balance construction cost and construction financing debt.

Satisfactory project execution in majority of the sites

JSHPL is currently developing a total saleable area of 91.44 lsf (~77% of total area) across Kolkata (Howrah), Virar, Gurugram and Pune (Hinjewadi - I, Hinjewadi - II and Manjri). Furthermore, JSHPL has plans to develop additional 27.68 lsf across Pune (Hinjewadi – III and Manjri - II). As on March 31, 2022, the company has already incurred around 53% of total cost projected for the area under development. At project specific level, the projects are at various stage of completion (ranging between ~25% to ~91%). Out of the projects under development, the projects at Howrah and Virar have been relatively slow moving. The construction for Hinjewadi 1 has almost completed, four blocks of Howrah have received the occupancy certificate and another three recently launched blocks are in initial stages. For Virar project three blocks have received occupancy certificates, one block is in final stages of completion and two blocks are in initial stages. Construction work for Manjri-II and Hinjewadi -III is yet to begin.

Structured payment mechanism for NCDs and commencement of coupon payments

The entire structuring of the instruments is aimed to ensure a kind of preference to the NCDs subscribed by the investors over the NCDs subscribed by the sponsors, which in turn are subordinated to the senior debt. The redemption of NCDs shall be carried out through waterfall mechanism elaborated under an order of distribution. The order of distribution is structured to ensure that the investors receive back their principal and a pre-determined Internal Rate of Return (IRR) on their investment. The distribution is to be monitored by the Distribution Committee comprising of shareholders/debenture holders. The distributable amount shall be the amount arrived after deducting expenses for the next 6 months and amount for senior debt servicing for next 6 months from the sale proceeds, receivables, etc. Further as per the terms of the instrument there are no scheduled repayment or coupon payment as a result of which, probability of default does not arise till the redemption period of 8.5 years (FY2024-25). The flexibility of extension by 4.5 years i.e. till 13 years from first date of allotment of debentures translates into extension of repayment upto FY2028-29. Thus, these in-built provisions to extend the tenure of outstanding NCDs by another 4.5 years provides substantial cushion for JSHPL in the form of longer time frame for project execution and subsequent monetization which act as a major credit comfort.

JSHPL has started paying coupons on the NCDs from FY22 onwards which is in line with the estimated timelines envisaged for surplus available for distribution. Till September 01, 2022, it has distributed surplus of Rs.312 crore.

Key Rating Weaknesses

Project execution risk and marketing risk

The estimated project cost for 6 projects under construction is Rs.5,659 crore which is being funded through customer advance of 80% and balance through NCD/CCD and term debt. The company has incurred Rs.2,942 crore (i.e. 53%) as on March 31, 2022, as against 34% on May 31, 2020. Although there is significant progress, there is still significant portion of cost to be completed and to that extent the execution risk prevails. The projects being executed are highly dependent on customer advances with funding of 80% of the project cost. As on March 31, 2022, 24% of overall project cost for area under development (91 lsft) is dependent upon unsold inventory. Further, JSHPL has planned development of additional 27.68 lsft under 2 projects namely Manjri 2 and Hinjenwadi-3 which have not been commenced. Project risk w.r.t same thus remains relatively high.

JSPHL is exposed to market risk for the under-development as well as upcoming projects and the redemption of NCDs in line with targeted IRRs is dependent on the sales achieved from these projects. Timely collection from the area sold, no considerable cancellations and ability to achieve new sales shall remain crucial.

Cyclical nature of real estate industry

The company is exposed to the cyclicality associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high interest rate scenario could further discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Liquidity: Adequate

JSHPL is a project stage company and majority funding related to pre-development expenses is provided by the marquee investors and sponsor in the form of Non-Convertible Debentures and Compulsorily Convertible Debentures. Further, the repayments of NCDs (having a payable when able structure) are not due until 8.5 years (i.e. FY2024-25) from date of first allotment, with an extension of 4.5 years, which would then lead to scheduled repayments falling due in FY2028-29. Adequate liquidity is available in the form of bank balance of Rs.175 crore as on June 30, 2022, against term debt of Rs.137 crore as on same date.

Analytical approach:

The assessment of bank facilities of JSHPL is on standalone basis.

The assessment of the ratings of the NCDs is based on the strong profile of the investors in the Joyville platform and structuring on NCD based on payable when able structure. As per the agreed terms there are no scheduled repayment or coupon payment till the redemption period of 8.5 years (FY2024-25) for the Non-Convertible Debentures. The flexibility of extension by 4.5 years i.e. till 13 years from first date of allotment of debentures translates into extension of repayment up to FY2028-29 which provides longer time horizon for the project execution and subsequent monetisation. If the Investors have not been able to secure the Cash Flow Preference Event within the period of 6.5 years, the Company shall immediately start applying 100% of the Distributable Amounts towards distributions to the Series B NCDs, until the Investors have achieved the Cash Flow Preference Event Scenario. Further, without prejudice to the other rights and remedies available to the investors, if an event of default occurs, each investor may, at its sole discretion, issue a notice to the sponsor (SPCPL) and the company (JSHPL) to provide an exit, subject to extant applicable Indian Laws & regulatory guidelines, to the investors at value calculated as per DTD.

Applicable criteria

Policy on default recognition
Factoring Linkages Parent Sub JV Group
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Credit Watch
Rating methodology for Real estate sector

About the company

Joyville Shapoorji Housing Private Limited (JSHPL) was originally incorporated on 11th January, 2007 with the name of Drashti Developers Private Limited. The name of the Company was changed to the current nomenclature with effect from 15th October 2015. The Company is mainly into urban affordable housing segment and has planned development of 119.02 lsf residential space at Howrah, Virar, Gurugram, Pune and Mumbai. Currently, it has undertaken development of 91 lsft.

The shareholding in JSHPL is held by SPCPL (48.5%) and balance by Actis Place Holdings No.2 (Singapore) Private Limited (25.75%), IFC (12.875%) and ADB (12.875%).

Brief Financials (Rs. crore)	FY21 (A)	FY22 (A)	Q1FY23(UA)
Total operating income	127	592	273
PBILDT	-29	-106	31
PAT	-49	-130	20
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited; UA: Unaudited, NM: Not Meaningful;

Status of non-cooperation with previous CRA: Not Applicable
Any other information: Not Applicable
Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March-2026	200.00	CARE A; Stable
Debentures-Non Convertible Debentures-Series A	INE373S08572	November 17, 2015	10%	8.5 years	48.00	CARE BBB+; Stable
	INE373S08572	December 3, 2015	10%		16.50	CARE BBB+; Stable
	INE373S08572	January 20, 2016	10%		25.34	CARE BBB+; Stable
	INE373S08572	July 4, 2018	10%		45.30	CARE BBB+; Stable
	INE373S08572	July 19, 2018	10%		17.54	CARE BBB+; Stable
	INE373S08572	November 20, 2018	10%		62.40	CARE BBB+; Stable
	INE373S08572	August 13, 2019	10%		20.40	CARE BBB+; Stable
	INE373S08572	March 13, 2020	10%		18.00	CARE BBB+; Stable
	INE373S08606	March 20, 2020	10%		7.20	CARE BBB+; Stable
	INE373S08572	May 13, 2022	10%		10.80	CARE BBB+; Stable
Debentures-Non Convertible Debentures-Series A (Proposed)	-	-	10%	8.5 years	100.52	CARE BBB+; Stable
Convertible Debentures-Series B	INE373S08580	November 17, 2015	10%	8.5 years	112	CARE BBB+; Stable
	INE373S08580	December 3, 2015	10%	8.5 years	38.5	CARE BBB+; Stable
	INE373S08580	January 20, 2016	10%	8.5 years	59.12	CARE BBB+; Stable
	INE373S08580	July 4, 2018	10%	8.5 years	105.7	CARE BBB+; Stable
	INE373S08580	July 19, 2018	10%	8.5 years	40.93	CARE BBB+; Stable
	INE373S08580	November 20, 2018	10%	8.5 years	109.2	CARE BBB+; Stable
	INE373S08598	November 20, 2018	10%	8.5 years	36.4	CARE BBB+; Stable
	INE373S08580	August 13, 2019	10%	8.5 years	47.6	CARE BBB+; Stable
	INE373S08580	March 13, 2020	10%	8.5 years	42	CARE BBB+; Stable
	INE373S08580	March 20, 2020	10%	8.5 years	16.8	CARE BBB+; Stable
	INE373S08614	May 13, 2022	10%	8.5 years	25.2	CARE BBB+; Stable
Debentures-Non Convertible Debentures-Series B(Proposed)	-	-	10%	8.5 years	234.55	CARE BBB+; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (30-Sep-21)	1)Provisional CARE BBB+ (CWN) (08-Oct-20)	1)Provisional CARE A+ (CWN) (22-Nov-19) 2)Provisional CARE A+ (CWN) (30-Jul-19)
2	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (30-Sep-21)	1)Provisional CARE BBB+ (CWN) (08-Oct-20)	1)Provisional CARE A+ (CWN) (22-Nov-19) 2)Provisional CARE A+ (CWN) (30-Jul-19)
3	Debentures-Non Convertible Debentures	LT	372.00	CARE BBB+; Stable	-	1)CARE BBB+ (CWD) (30-Sep-21)	1)CARE BBB+ (CWN) (08-Oct-20)	1)CARE A+ (CWN) (22-Nov-19) 2)CARE A+ (CWN) (30-Jul-19)
4	Debentures-Non Convertible Debentures	LT	868.00	CARE BBB+; Stable	-	1)CARE BBB+ (CWD) (30-Sep-21)	1)CARE BBB+ (CWN) (08-Oct-20)	1)CARE A+ (CWN) (22-Nov-19) 2)CARE A+ (CWN) (30-Jul-19)
5	Fund-based - LT-Term Loan	LT	200.00	CARE A; Stable	-	1)CARE BBB; Positive (30-Sep-21)	1)CARE BBB; Negative (08-Oct-20)	1)CARE BBB; Negative (07-Oct-19) 2)CARE BBB; Negative (30-Jul-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please click here

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:
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