



Rating Rationale

Tanglin Developments Limited

31 Jul 2019

Brickwork Ratings revises the rating to BWR BBB(SO) for the NCDs aggregating to Rs 50.00 Crores of Tanglin Developments Limited (hereafter referred to as TDL or the company) and places the rating on Credit Watch with Negative Implications

Particulars

Instrument	Issue (Rs Crs)	Coupon	Redemption Date	ISIN	Previous Rating (Aug, 2018)	Present Rating
NCD	25.00	1.25%	23-Jan-2020	INE311I07047	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook : Stable	BWR BBB (SO) Downgraded and placed on Credit Watch with Negative Implications
NCD	25.00	1.25%	22-Nov-2019	INE311I07039	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook : Stable	BWR BBB (SO) Downgraded and placed on Credit Watch with Negative Implications
Total	50.00	Rupees Fifty Crores Only				

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale

BWR has taken note of the material event relating to the demise of the founder promoter of the Coffee Day Group, Mr. V G Siddhartha. According to various media reports on July 30 2019, Mr V G Siddhartha, was unreachable since the evening of July 29 2019. On July 31 2019, it was confirmed that he was no more.

Coffee Day Enterprises Ltd (CDEL) is the listed holding company for various companies of the Coffee Day group. CDEL has issued a Press Release stating that the Board of CDEL is confident that the professional management of the Company and each of the entities in the Coffee Day Group and their respective leadership team will ensure continuity of all the business operations. In the interim, the board is evaluating and assessing the situation, formulating appropriate steps to ensure business operations are unaffected, and has resolved to cooperate with authorities.

Following this development, the shares of two of the listed entities of the group viz., Coffee Day Enterprises Ltd (CDEL) and Sical Logistics Ltd(Sical) have witnessed a decline of 20% on 30 July 2019 and 31 July 2019. The rated NCDs of TDL are backed by pledge of shares of CDEL and Sical and another group company. The sharp decline in prices of the listed shares have contributed to a diminution in the value of cover. BWR is awaiting details of the present security cover and top up requirements from the Debenture Trustee for the rated NCDs.



In view of the material development relating to the main promoter and the significant decline in share prices of the listed shares offered as security, the consequent uncertainty with respect to the management of the Coffee Day group and the extent of impact on the business and credit profiles of the various Coffee Day group entities, BWR has revised the rating to BWR BBB(SO) and placed the rating of the NCDs of Tanglin Developments Ltd on Credit Watch with Negative Implications. BWR will monitor the developments and review the ratings once there is more clarity on the developments.

About the Company

Tanglin Developments Limited (TDL) was incorporated in Dec 1995 at Bengaluru. TDL is a 100% subsidiary of CDEL. TDL owns technology parks viz., 'Global Village' in Bengaluru and 'Tech Bay' in Mangalore. Global Village is spread across a land parcel of approximately 114 acres, located on Mysore Road, Bengaluru, with approximately 3.6 million sq. ft of developed area. Tech Bay is spread across a land parcel of approximately 21 acres which is located opposite Mangalore Club, with approximately 0.3 million sq. ft. of developed area. These commercial spaces are leased to various tenants including Mindtree Ltd, Mphasis, Accenture, HGS, Sonata etc.

[Previous Rating Rationale](#)

Rating History for the last three years

i. Outstanding NCDs

Sl. No.	Instrument	Current Rating (July 2019)			Rating History				
		Type	Amount (Rs Crs)	Rating	2018		2017	2016	
					27 Aug 2018	27 Jun 2018	04 Aug 2017	02 Nov 2016	21 Sep 2016
1	NCD (Tenor: 3 years 3 Months)	Long Term	25.00	BWR BBB (SO) Downgraded and placed on Credit Watch with Negative Implications	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	NA
2	NCD (Tenor: 3 years 2 Months)	Long Term	25.00	BWR BBB (SO) Downgraded and placed on Credit Watch with Negative Implications	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable
Total			50.00	Rupees Fifty Crores Only					

ii. Withdrawn NCDs

Sl. No.	Instrument	Current Rating (2019)				Rating History				
		Type	Amount (Rs Crs)	23 May 2019	30 Apr 2019	2018		2017	2016	
						27 Aug 2018	27 Jun 2018	04 Aug 2017	02 Nov 2016	28 Jun 2016
1	NCD	Long Term	75.00	-	Withdrawn on full redemption	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook:Stable	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook:Stable	NA	NA	NA
2	NCD	Long Term	75.00	-	Withdrawn on full redemption	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook:Stable	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook:Stable	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook: Stable	NA	NA
3	NCD	Long Term	50.00	-	Withdrawn on full redemption	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook: Stable	NA	NA
4	NCD	Long Term	50.00	-	Withdrawn as NCDs were not issued	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook:Stable	NA	NA	NA	NA
5	NCD	Long term	100.00	-	-	Withdrawn on full redemption	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook: Stable	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook: Stable	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook: Stable	BWR A+ (SO) (Pronounced as BWR A Plus) (Structured Obligation) Outlook: Stable
6	NCD	Long term	120.00	Withdrawn on full redemption	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable	NA



Hyperlinks/Reference to applicable Criteria

- [General Criteria](#)
- [Ratings Policy](#)
- [Infrastructure Sector](#)
- [Structured Obligation \(SO\) Instruments](#)

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About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



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