July 31, 2024

Vismaya Infrastructure Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund-based/Term loan	1040.00	1040.00	[ICRA]BBB+ (Stable); reaffirmed
Total	**1040.00**	**1040.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating reaffirmation for Vismaya Infrastructure Private Limited (VIPL) factors in the favourable location of the project at Outer Ring Road (ORR), in Bengaluru, which enhances its marketability and is expected to translate into adequate pre-leasing tie-ups till the completion of the project. The rating further takes into account the presence of a strong promoter, RMZ Group, which has a strong execution track record in the real estate space and is one of the leading players in the commercial real estate segment in Bangalore. It has developed over 20 million square feet (msf) of area across several cities and leased the same to marquee clients resulting in strong financial flexibility. The Group has a demonstrated track record of timely completion of large-sized projects with high occupancy levels across its properties. The rating favourably notes the comfortable funding mix for the project with debt-to-equity ratio of 1.3:1. The project faces low funding risk, given the sanction of construction finance (CF) loan of Rs. 1,040.0 crore and a significant part of the equity (73%) has already been infused by the promoter group as of March 2024.

The rating, however, is constrained by the moderate execution risk of the project, where around 38% (16% as of December 2022) of the total construction cost has been incurred as of March 2024. The project is exposed to significant market risk with nil pre-leasing as on date. Nevertheless, the company is in discussions with the prospective tenants and expects to achieve adequate leasing before the project is completed. Notwithstanding the Group's track record in execution and leasing, any significant delay in project handover or leasing could adversely impact its cash flow and ability to refinance the construction loan outstanding. The comfortable moratorium on the rated debt facility till March 2026, compared to the date of commencement of commercial operations (DCCO) date of September 2025, partly mitigates the risks arising due to any delay in the development or leasing of the project. Nonetheless, the project's micromarket witnesses the highest absorption of office space in the city and the existing Ecoworld campus operates at high occupancy with a reputed tenant profile.

The Stable outlook reflects ICRA's opinion that the company would be able to achieve adequate leasing progress before the completion of project benefitting from the location-specific advantage of the project and operational track record of the promoter group in the micromarket.

Key rating drivers and their description

Credit strengths

Favourable location of project – The RMZ Ecoworld 20 project is located in ORR, Bengaluru, which has seen a significant growth in demand and absorption of commercial office space. The Group has demonstrated healthy performance in the earlier phases of Ecoworld campus. The favourable location of the project is expected to translate into adequate pre-leasing status by its scheduled completion. ICRA notes that the project's micromarket witnesses the highest absorption of office space in the city and the existing Ecoworld campus operates at high occupancy with a reputed tenant profile.

Low funding risks with majority of equity already infused – The project has a comfortable funding mix with debt-to-equity ratio of 1.3:1. It faces low funding risk, given the sanction of CF loan of Rs. 1,040.0 crore and a significant part of the equity (73%) has already been infused by the promoter group as of March 2024.

Strong promoter profile with established track record in commercial real estate business – VIPL is a part of the RMZ Group, which has a strong execution track record in the real estate space and is one of the leading players in the commercial real estate segment in Bangalore. It has developed over 20 msf of area across several cities and leased the same to marquee clients resulting in strong financial flexibility. The Group has a demonstrated track record of timely completion of large-sized projects with high occupancy levels across properties.

Credit challenges

Significant market risk – The project is exposed to significant market risk with nil pre-leasing as on date. Nevertheless, it is in discussions with the prospective tenants to lease the vacant spaces and expects to achieve healthy leasing before the project is completed. Notwithstanding the Group's track record and low vacancy in the project's micromarket at present, VIPL is exposed to the risk of any decline in demand in the market.

Exposure to moderate execution risk – The RMZ Ecoworld 20 project involves developing 1.9 msf of leasable office space in ORR, Bengaluru. The construction started in FY2022 and is expected to be concluded by FY2026. The company has incurred around 38% of the total construction cost as of March 2024 (16% as of December 2022) resulting in moderate execution risks. ICRA, however, notes that the CF is in place and majority of the equity (73%) has been already infused by the promoter group. Additionally, a top-up loan of LRD loan is likely to be availed to fund the pending costs, if required.

Exposure to refinancing risk – Despite the Group's track record, any significant delay in project handover or leasing could adversely impact its cash flow and ability to refinance the construction loan outstanding. The comfortable moratorium on the rated debt facility till March 2026, compared to the DCCO date of September 2025, partly mitigates the risks arising due to any delay in development or leasing of the project.

Liquidity position: Adequate

The company's liquidity position is adequate, supported by sufficient undrawn CF loan of Rs. 505 crore as of March 2024. Further, the security deposit inflow on lease tie-ups is likely to support the project's overall funding requirements.

Rating sensitivities

Positive factors – Faster-than-expected leasing and construction progress providing higher visibility on timely refinancing of construction debt could lead to a rating upgrade.

Negative factors – Downward pressure on the rating could emerge if any delay in timely completion or adequate leasing of the office space impacts the company's ability to refinance the outstanding CF loan.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the standalone financials of VIPL

About the company

Vismaya Infrastructure Private Limited (VIPL) is a special purpose vehicle (SPV) incorporated by the RMZ Group for execution of the EW20 project located in Bengaluru. The project involves development and leasing of 1.9 msf of office space at Outer Ring Road (ORR) in Bengaluru on a 9-acre land parcel. This project is a part of the larger Ecoworld project that the RMZ Group is developing in this locality. At present, about 5.4 msf of commercial space is under development as a part of Ecoworld project. The construction of the project is expected to be completed by September 2025.

Key financial indicators

Not applicable being a project-stage company.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2025)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				Jul 31, 2024	May 12, 2023	Jun 23, 2022	-
1	Term loan	Long term	1040.0	[ICRA]BBB+ (Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term loan	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	**Term loan**	February 2022	NA	June 2026	1040.0	[ICRA]BBB+ (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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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.

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