

August 30, 2024

Wynford Investments Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer rating	-	-	[ICRA]AA (Stable); reaffirmed
Total	-	-	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation factors in Wynford Investment Limited's (WIL) steady cash flows expected in the form of distribution income from Nexus Select Trust (Trust, rated [ICRA]AAA (Stable)), a real estate investment trust (REIT), sponsored by the Blackstone Group. This is further supported by the regulatory stipulation prescribed by the Securities and Exchange Board of India (capital markets regulator) of at least 90% of the net distributable cash flows to be distributed to the REIT's unit holders. In CY2023, WIL received dividend income of around Rs. 97 crore (Rs. 70.0 crore from Euthoria Developers Private Limited and Rs. 27 crore from the Trust). ICRA expects the dividend income from the Trust to be around Rs. 55-60 crore in CY2024. The Trust has a diversified portfolio with 17 urban consumption centres (malls), three office properties, two hotels and one renewable energy plant spread across the country. The rating notes the strong parentage of the Blackstone Group, its established track record in the real estate sector and the diversified portfolio in the retail real estate business in India. The rating draws comfort from the absence of any external debt on WIL's books as of June 2024.

The rating is, however, constrained by the limited track record of distribution income from the Trust, which will remain a key rating monitorable in the near term. The rating is constrained by the limited diversification with the company's revenues entirely dependent on distribution income from the Trust. It has redeemable preference shares outstanding of USD 28.7 million as of December 2023, which will be due for redemption in November 2025. However, the preference shares have been subscribed by the existing equity shareholders of WIL (Blackstone Group entities) and the redemption of the preference shares can be extended, if required.

The Stable outlook reflects ICRA's opinion that the company will receive steady distribution income from the Nexus Select Trust with no current plans of taking any external debt.

Key rating drivers and their description

Credit strengths

Strong parentage – WIL is a portfolio company of the Blackstone Group and is the sponsor of the Nexus Select Trust. Blackstone is one of India's leading landlords for office, retail urban consumption centres and warehousing assets. The Trust is managed by Nexus Select Mall Management Private Limited, which is currently 79% owned by the Blackstone Group. All the assets housed under the Trust (excluding Select Citywalk) have been historically managed by Nexus Select Mall Management Private Limited, which is the retail management platform of the Blackstone Group in India. The rating derives comfort from the established track record of the sponsor group in the real estate sector and the diversified portfolio in the retail real estate business in India.

Steady cash flows from Nexus Select Trust – The rating favourably factors in WIL's steady cash flows expected in the form of distribution income from Nexus Select Trust to the extent of its unitholding of 6.04%. This is supported by the regulatory stipulation of at least 90% of the net distributable cash flows to be distributed to the REIT's unit holders. In CY2023, WIL received dividend income of around Rs. 97 crore (Rs. 70.0 crore from Euthoria Developers Private Limited and Rs. 27 crore

from the Trust). ICRA expects the dividend income from the Trust to be around Rs. 55-60 crore in CY2024. The Trust has a diversified portfolio with 17 urban consumption centres (malls), three office properties, two hotels and one renewable energy plant spread across the country.

No external debt obligations – As on June 30, 2024, WIL does not have any external debt on its books. The absence of external debt obligations mitigates any risk arising from volatility in its cash flows.

Credit challenges

Limited track record of distribution income and limited revenue diversification – WIL's revenues depend entirely on the distribution income from the Trust. There is limited track record of distribution income from the Trust, which will remain a key rating monitorable in the near term. The company is exposed to risks arising out of its revenue being exposed solely to the cash flows of the underlying REIT. However, the strong credit quality of the Trust mitigates the risk.

Preference shares due for redemption in November 2025 – The company has redeemable preference shares outstanding of USD 28.7 million as of December 2023, which will be due for redemption in November 2025. However, the preference shares have been subscribed by the existing equity shareholders of WIL (Blackstone Group entities) and the redemption of the preference shares can be extended, if required.

Liquidity position: Adequate

The estimated cash distribution from the Trust are expected to comfortably cover WIL's expenses. There is no external debt on the company's books and it has no current plans of availing any external debt. As of June 2024, WIP had free cash balances of USD 0.08 crore on its balance sheet.

Rating sensitivities

Positive factors – The rating could be upgraded if there is sustained and significantly higher distribution income from Nexus Select REIT, while maintaining comfortable debt/market value of investment.

Negative factors – The rating could witness a downward revision in case of weakening credit profile of the Nexus Select REIT or significantly lower-than-anticipated distribution from REIT. External indebtedness leading to debt/market value of above 20%, on a sustained basis, could also lead to a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Investment Companies
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the company's standalone financial statements

About the company

Wynford Investments Limited (WIL) is a portfolio company of Blackstone Inc. (Blackstone Group) and is the proposed sponsor of the Nexus Select Trust. At present, WIL holds 6.04% stake in Nexus Select Trust. While entities affiliated with the Blackstone Group acquired WIL in 2015, it has been invested in Nexus Amritsar and Nexus Ahmedabad One since 2007. WIL does not have any operations of its own on a standalone basis.

Key financial indicators (audited)

Standalone	CY2022	CY2023
Operating income (USD crore)	0.9	0.3
PAT (USD crore)	2.7	3.0
OPBDIT/OI	-	-
PAT/OI	98.5%	77.0%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDIT (times)	3.1	11.4
Interest coverage (times)	7.1	2.0

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

Current (FY2025)					Chronology of rating history for the past 3 years					
			FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long Term	-	Aug 30, 2024	[ICRA]AA (Stable)	Apr 18, 2023	[ICRA]AA (Stable)	-	-	-	-
					May 09, 2023	[ICRA]AA (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Issuer rating	Not Applicable

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	Issuer rating	NA	NA	NA	-	[ICRA]AA (Stable)

Source: Company

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

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Branches



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