

Vital Construction Private Limited

Instrument	Amount	Rating Action
	In Rs crore	November 2016
Term Loan	252.0	[ICRA]A+(SO) (Stable) upgraded

ICRA has upgraded the long term rating assigned to the Rs 252.0 crore bank lines of Vital Construction Private Limited (VCPL) to [ICRA]A+(SO) (pronounced as ICRA A plus structured obligation) from [ICRA]A(SO) (pronounced as ICRA A structured obligation). The long term rating carries a stable outlook. The letters SO in parenthesis suffixed to a rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms and its structure. SO ratings do not represent ICRA's opinion on the overall credit quality of the issuers concerned.

The rating is based on the strength of the corporate guarantee provided by RMZ Infotech Private Limited (RIPL / "the guarantor") towards the captioned bank facilities of VCPL. The rating addresses the servicing of the loan to happen as per the terms of the underlying loan and the guarantee arrangements and the rating assumes that the guarantee will be duly invoked in case there is a default in payment by the borrower. Please note that in the event that the guarantor revokes or discontinues the guarantee, the rating for the captioned facility will not apply. In that event, the rating on the facility will have to be reviewed. The rated instrument does not involve a structured payment mechanism.

The rating action follows the revision in the long term rating of the guarantor to [ICRA]A+ with stable outlook. Please refer the rating rationale of RMZ Infotech Private Limited dated November 2016 for further details of the rating factors.

Company Profile

Vital Construction Private Limited (VCPL), a company earlier promoted by the BPTP group, is an SPV that owns a 7.3 lakh sft office building in Udyog Vihar, Gurgaon. The company was acquired by RMZ group in FY16 through RMZ Infotech Private Limited's wholly owned subsidiary, RMZ Infratech Private Limited. The total purchase consideration was close to Rs 850 crore, including the existing debt of Rs 250 crore on the books of VCPL. The building, which has now been rebranded as RMZ Infinity, is 100% occupied with Deloitte being the major tenant.

Guarantor Profile

RMZ Infotech Private Limited (RIPL) belongs to RMZ Group of companies, one of the leading players in the commercial real estate segment in Bangalore. Formed in 1997, the group's activities are concentrated on the commercial office segment, largely in Bangalore. Around 53% of RIPL's equity is currently held by Millennia Realtors Private Limited (MRPL), while two PE investors hold the remainder of RIPL's equity - QIA holds 25% and Barings PE holds 22%.

Presently RIPL, on a standalone basis, has a portfolio of five completed office buildings aggregating to leasable area of 5 msf, which includes four projects in Bangalore (4 msf) and one project in Chennai (1 msf). These properties are 100% occupied as on date.

In July 2012, RIPL acquired 100% stake in Adarsh Prime Projects Private Limited (APPL, renamed as RMZ Ecoworld Infrastructure Private Limited). REIPL is developing a commercial office park spread over 52 acres located on Sarjapur-Marthahalli Outer Ring Road (ORR), Bangalore with a total development potential of 7.5 msf. It has 4.2 msf of constructed and leased commercial space, of which 3.0 msf was completed and handed over in FY2015 and FY2016, after take-over of REIPL by the RMZ Group. Further, the company has recently completed construction of 3.3 msf area where rentals will commence over the next 6 months. REIPL also bought 0.7 msf of completed office space in Pune and Chennai from MRPL in FY2016.

In FY2016, RIPL acquired a 100% stake in Vital Construction Private Limited (VCPL) through its wholly owned subsidiary, RMZ Infratech Private Limited. VCPL owns a 0.7 msf commercial office building in Gurgaon that is fully leased out. Following this acquisition, RIPL, on a consolidated basis, owns commercial office space with leasable area of 10.6 msf spread across Bangalore, Chennai, Pune and Gurgaon.



Recent Results

As per provisional financials, VCPL reported a net profit of Rs 28 crore on operating income of Rs 80 crore in FY2016. During FY2015, VCPL reported a net profit of Rs 8 crore on operating income of Rs 79 crore.

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