

April 07, 2017

RMZ Azure Projects Private Limited

Instruments*	Amount	Rating Action
	In Rs crore	
Proposed term loan	180.0	Provisional [ICRA]A+(SO) (Stable) assigned

**Instrument details are provided in Annexure-1*

Rating Action

ICRA has assigned a long term rating of Provisional [ICRA]A+(SO) (pronounced provisional ICRA A plus Structured Obligation) to the Rs 180.0 crore proposed term loan of RMZ Azure Projects Private Limited (RAPPL). 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 rated instrument does not involve a structured payment mechanism.

Rationale

The rating is based on the strength of the corporate guarantee to be provided by RMZ Infotech Private Limited (RIPL / "the guarantor", rated [ICRA]A+ with stable outlook) towards the proposed term loan of RAPPL.

Key Rating Drivers

The rating is provisional and is based on the corporate guarantee to be provided for the proposed term loan by RIPL. ICRA will assign the final rating for the captioned programme post receipt and review of the executed documentation. 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.

Analytical Approach

The rating is based on the strength of the corporate guarantee to be provided by RMZ Infotech Private Limited (RIPL / "the guarantor", rated [ICRA]A+ with stable outlook) towards the proposed term loan of RAPPL.

Links to Applicable Criteria

[Corporate Credit Rating – A Note on Methodology](#)

[Approach for rating debt instruments backed by third-party explicit support](#)

[ICRA's policy on assigning provisional ratings](#)

Company Profile

RMZ Azure Projects Private Limited (RAPPL, formerly GMR Hebbal Towers Private Limited) is a 100% subsidiary of RIPL. This company was earlier part of the GMR group and held the land parcel of 1.92 acres in Hebbal, Bangalore, which was to house a commercial development for GMR group's headquarters. However, subsequently GMR sold off the company to the RMZ Group in FY2015. RIPL acquired RAPPL from a group company in FY2017. RAPPL plans to develop commercial office space with built-up area of around 0.4 million square feet (msf) in the near term.

**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.

Status of Non-cooperation with Previous CRA: Not Applicable

Any Other Information: Not Applicable

Rating History:

Table: Rating History

Sl. No.	Name of Instrument	Current Rating			Previous Ratings
		Type	Amount (Rs. crore)	Rating	
				April 2017	
1	Proposed term loan	Long term	710	Provisional [ICRA]A+(SO) Stable	No previous ratings

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

**Annexure-1
Details of Instruments**

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. Cr)	Current Rating and Outlook
Proposed term loan	-	-	-	180.0	Provisional [ICRA]A+(SO) (Stable)

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