



## DSL Infrastructure & Space Developers Private Limited

Instrument	Amount In Rs. crore	Rating Action
Long term unallocated limits	50.00	[ICRA]BB- (Stable) assigned

ICRA has assigned a long term rating of **[ICRA]BB-** (pronounced ICRA double B minus) to Rs. 50.00 crore unallocated facilities of DSL Infrastructure & Space Developers Private Limited (DSL)<sup>†</sup>. The outlook on the long-term rating is stable.

The assigned rating is constrained by significant execution risk with nascent stage of construction as only 36% of the project cost incurred of total Rs 132.56 crore; significant funding risk with financial closure not yet achieved for the proposed Rs 50.00 crore term loan and Rs 0.68 crore of promoter contribution yet to be brought in of the committed Rs 16.66 crore; and market risk arising out of 76% of the total 0.33 million sft developed area yet to be leased. Further, 10% of the developed space is proposed to be sold to fund Rs 22.38 crore unsecured loans. The rating, however, positively factors in the three decades of experience of promoters in the Hyderabad real estate market; location advantage with close proximity to the fast emerging IT hub with high-end commercial development such as Raheja IT Park, Infosys Campus, Arena SEZ, Pioneer IT Park and prominent gated communities such as Singapore City, etc.; and low competition with the project being the sole mall and multiplex in a 5 km radius. ICRA also notes that IL&FS Realty Fund has invested Rs 31.50 crore for 45% of stake in the company in 2007.

Going forward, the ability of the company to successfully execute the ongoing project without time and cost overruns and leasing of remaining area will remain the key rating sensitivities from credit perspective.

### Company Profile

DSL Infrastructure and Space Developers Private Limited (DSL) is a Special Purpose Vehicle incorporated in 2006 to develop an integrated IT park, shopping mall and multiplex spread over 4.24 acres of land in Uppal, Hyderabad. The project will be constructed in two phases – and currently Phase I is in progress. Under Phase I, the company is constructing shopping mall and multiplex with a total built up area of 0.63 million sft. The estimated cost of Phase I is Rs 132.56 crore and the expected COD is March 2017. The company is promoted by Late Sri Laxmi Prasad Agarwal and Sri Manoj Kumar Agarwal. The promoters own 55% of the shareholding while rest 45% is owned by Investor Group (IL&FS Realty Fund I & IL&FS Realty Fund II). The promoters have over three decades of experience in real estate development along with shareholdings in other sister concerns such as Bhagyanagar Construction Company, Brindavan Construction Company, Annapurna Builders, Sri Balaji Construction Company and S.V. Properties with a total area developed of around 1.31 million sft.

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*For further details please contact:*

Analyst Contacts:

**Mr. K. Ravichandran**, (Tel. No. +91-44-45964301)  
ravichandran@icraindia.com

Relationship Contacts:

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

\* Rs 1 Crore = Rs 100 Lakh = Rs 10 Million

† For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: **9871221122**

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: **9821086490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-  
79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500