Crisil Ratings

Rating Rationale

June 25, 2025 | Mumbai

Nexus Select Trust

'Crisil AAA/Stable' assigned to Non Convertible Debentures

Rating Action

Rs.700 Crore Non Convertible Debentures	**Crisil AAA/Stable (Assigned)**
Rs.1000 Crore Non Convertible Debentures	**Crisil AAA/Stable (Reaffirmed)**
Rs.1000 Crore Non Convertible Debentures	**Crisil AAA/Stable (Reaffirmed)**
Corporate Credit Rating	**Crisil AAA/Stable (Reaffirmed)**

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1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has assigned its **'Crisil AAA/Stable'** rating to the Rs 700 crore proposed non-convertible debentures (NCDs) of Nexus Select Trust (NxST; sponsored by Wynford Investments Ltd [a Blackstone Inc affiliate]) and has reaffirmed its 'Crisil AAA/Stable' rating on the existing NCDs. Also, Crisil Ratings has reaffirmed its 'Crisil AAA/Stable' corporate credit rating on the trust.

Business risk profile is driven by strong operating performance and healthy occupancy levels. The real estate investment trust (REIT) reported net operating income (NOI) of Rs 1,711 crore with NOI margin of 74.9% for fiscal 2025. Consumption (consolidated sales done by retailers within the malls) grew ~3% during fiscal 2025. Further, the consolidated committed occupancy for all 17 retail malls (excluding the Nexus Vega City mall and recently acquired Nexus MBD mall) in the portfolio remained strong at 97.2% as of March 2025 (97.6% in March 2024).

Financial risk profile also remained comfortable, with low consolidated gross debt of ~Rs 5,344 crore (at an average cost of debt of around 7.9% per annum [p.a.]) as on March 31, 2025, leading to comfortable loan-to-value (LTV) ratio of ~19% (on gross debt basis as per external valuation dated March 31, 2025; 17% as of March 2024) despite debt-funded acquisitions. Unencumbered cash and cash equivalents (including mutual fund investments and excluding distribution announced for the fourth quarter of fiscal 2025) stood at Rs 902 crore as on March 31, 2025, resulting in ~16% LTV on net debt basis. The REIT acquired the Vega City and MBD complex malls in February 2025 and May 2025 respectively and is further planning to acquire more retail assets in the near term; accordingly, it has planned to raise debt for fully, debt-funded acquisition. Despite this planned acquisition, the LTV ratio should remain comfortable.

The ratings continue to reflect comfortable LTV ratio of NxST characterised by low debt levels, strong debt protection metrics and stable revenue profile of the assets given healthy occupancy level and benefits from tenant and geographical diversification. The strengths are partially offset by competition in the retail real estate market and exposure to volatility in the real estate sector resulting in fluctuations in rental rates and occupancy.

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of NxST with those of its special purpose vehicles (SPVs), in-line with its criteria for rating entities in homogeneous groups. This is because NxST has direct control over its SPVs and will support them during any exigency. Additionally, as per Securities and Exchange Board of India's (SEBI's), Real Estate Investment Trust (REIT) Regulations, 2014, NxST and its SPVs are mandated to distribute at least 90% of their net distributable cash flow. Also, the cap on borrowing by the REIT has been defined at a consolidated level (equivalent to 49% of the aggregate value of NxST's assets).

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Comfortable LTV ratio of NxST: The consolidated gross debt of NxST was low at Rs 5,344 crore as on March 31, 2025, and the total cash and cash equivalents (including mutual fund investments and excluding distribution announced for fourth quarter of fiscal 2025) stood at Rs 902 crore. Consequently, NxST has comfortable gross and net LTV ratio of ~19% and ~16% respectively (as per external valuation dated March 31, 2025) despite debt-funded acquisitions. The low LTV ratio shields investors from the risk of any decline in property prices and its consequent impact on refinancing.

The REIT is planning to make a fully, debt-funded acquisition of retail assets. However, LTV on a net debt basis is expected to remain comfortable going forward as well. That said, significant increase in debt, in the absence of commensurate cash inflow, will remain a monitorable.

Strong debt protection metrics: Steady cash flow from rentals should lead to comfortable consolidated average debt service coverage ratio (DSCR) for REIT. Further, the trust had incremental liquidity of Rs 902 crore (including debt service reserve equivalent to 1-3 months of debt servicing obligations and excluding distribution announced for fourth quarter of fiscal 2025) in the form of cash, other bank balances and mutual funds as on March 31, 2025.

Debt of Rs 3533 crore and Rs 1,801 crore at the REIT and SPV levels, respectively, as on March 31, 2025, is amortising in nature with a long tenure of 12-15 years.

NCDs – Series I (tranche A) of Rs 700 crore raised in June 2023 have been utilised for refinancing of external debt at underlying SPVs. These are non-amortising with bullet repayment at the end of three years (June 2026), while coupon of 7.86% p.a. is payable quarterly.

NCDs – Series I (tranche B) of Rs 300 crore raised in June 2023 have been utilised for refinancing of external debt at underlying SPVs. These are non-amortising with bullet repayment at the end of five years (June 2028), while coupon of 8.00% p.a. is payable quarterly.

NCDs – Series II (tranche A) of Rs 600 crore raised in October 2024 have been utilised for acquisition purpose. These are non-amortising with bullet repayment at the end of three years (May 2027), while coupon of 7.69% p.a. is payable quarterly.

NCDs – Series II (tranche B) of Rs 400 crore raised in October 2024 have been primarily utilised for refinancing of external debt and for acquisition purpose. These are non-amortising with bullet repayment at the end of four years (June 2028), while coupon of 7.72% p.a. is payable quarterly.

These NCDs expose the trust to refinancing risk. Nevertheless, the risk is mitigated by low LTV, ability and track record in refinancing and healthy revenue potential of the underlying assets.

Stable revenue profile of REIT SPVs: 19 retail assets (including MBD Ludhiana acquired in May 2025) have stable operations with a track record of at least five years of rental collection – the consolidated revenue from these retail assets was around Rs 2,012 crore for fiscal 2025. Majority of these assets have maintained robust occupancy of over 90% for the past five fiscals; average occupancy was strong at ~97% as of March 2025. Occupancy is expected to remain strong, given good asset quality and favourable location in prime areas within the cities they are situated in.

NxST owns and operates total retail area of around 10.6 million square feet (sq ft) with a healthy mix of anchors, vanilla and food and beverage tenants. The assets are spread across 15 cities in the country, with the largest asset contributing to ~17% of portfolio NOI for fiscal 2025. The ratings also factor in a well-secured lease structure, with lock-in and lease period of over three years and five to nine years respectively and an in-built revenue escalation clause for most tenants. Also, 9-10% of the rent is generated through revenue share income.

Weaknesses:

Competition in the retail real estate market: Although the portfolio of NxST generates steady cash flow from lease rentals (supported by healthy occupancy), the assets may continue to face competition from other retail assets and established high streets. Some malls in the portfolio have been impacted due to competing malls opening within their micro markets. Though this impact on consumption and footfalls is expected to stabilise over the medium term, the REIT's ability to keep reinventing and remaining relevant tackling existing and new competition will remain essential. Any substantial impact on footfalls and consumption and, therefore, rental cash flow at the assets due to competition will remain a key rating sensitivity factor.

Exposure to volatility in the real estate sector: Rental collection, the main source of revenue, is exposed to volatility because of economic downturns, thereby impacting the tenant's business risk profile and, hence, occupancy and rental rates. Further, around 4 million sq ft of area will be due for renewal in the next four years; ~1 million sq ft each year. Ability of the company to renew/enter agreements at existing or better terms will be a key monitorable. While majority of the tenants are established companies and may continue to occupy the property, any industry shock leading to vacancies may make it difficult to find alternate lessees within the stipulated time. This could adversely impact cash flow, and hence, will be a key rating sensitivity factor.

Liquidity: Superior

Liquidity remains strong, supported by healthy debt protection metrics, including for permitted additional financing. NCDs are non-amortising, exposing the debenture-holders to refinancing risk. Nevertheless, a low LTV ratio enhances the REIT's financial flexibility. Consolidated debt of the REIT is unlikely to cause the Crisil Ratings-sensitised LTV ratio to increase materially, thus protecting investors from any decline in property prices and the consequent impact on refinancing. NxST has available cash and cash equivalents of Rs 902 crore (including mutual fund investments and excluding distribution announced for fourth quarter of fiscal 2025) as on March 31, 2025.

Outlook: Stable

NxST will continue to benefit from the quality of its underlying assets over the medium term.

Rating sensitivity factors

Downward factors

- Decline in the value of the underlying assets or higher-than-expected incremental borrowings, resulting in Crisil Ratings-sensitised LTV ratio of 40% or above on a sustained basis
- Occupancy level declining below 85% on a sustained basis
- Acquisition of assets of lower quality, affecting portfolio health on a sustained basis

- Any impact on independence of REIT operations due to but not limited to change in sponsorship of the trust or ownership of the REIT manager

About the Company

NxST is registered as an irrevocable trust under the Indian Trust Act, 1882, and as a REIT under SEBI's REIT Regulations, 2014, as amended. NxST is sponsored by Wynford Investments Ltd (a Blackstone Inc affiliate). It has 19 retail malls, three office spaces and three hotels and a solar plant.

Details of assets held by the REIT are as follows:

SPVs	Asset	Asset type	Location	Leasable area *(million sq ft)*	Occupancy@
Select Infrastructure Pvt Ltd	Nexus Select Citywalk	Mall	Delhi	0.51	98.8%
	Nexus Seawoods	Mall	Navi Mumbai	0.97	98.6%
	Nexus MBD complex*	Mall	Ludhiana	0.3	-
		Hotel		96 Key	-
CSJ Infrastructure Pvt Ltd	Nexus Elante complex	Mall	Chandigarh	1.22	98.1%
		Office		0.09	88.4%
		Hotel		211 Key	70.3%
Euthoria Developers Pvt Ltd	Nexus Ahmedabad One	Mall	Ahmedabad	0.89	98.1%
	Nexus Amritsar	Mall	Amritsar	0.54	96.8%
Nexus Hyderabad Retail Pvt Ltd	Nexus Hyderabad	Mall	Hyderabad	0.83	98.5%
	Nexus Koramangala	Mall	Bengaluru	0.31	96.8%
Vijaya Productions Pvt Ltd	Nexus Vijaya complex	Mall	Chennai	0.65	99.4%
		Office		0.19	100.0%
	Nexus Vega City**	Mall	Bengaluru	0.45	97.1%
Chitrali Properties Pvt Ltd	Nexus Westend complex	Mall	Pune	0.44	96.9%
Daksha Infrastructure Pvt Ltd		Office		0.98	81.2%
Safari Retreats Pvt Ltd	Nexus Esplanade	Mall	Bhubaneswar	0.42	99.9%
Nexus Shantiniketan Retail Pvt Ltd	Nexus Shantiniketan	Mall	Bengaluru	0.62	97.8%
Nexusmalls Whitefield Pvt	Nexus Whitefield complex	Mall	Bengaluru	0.31	97.2%
		Hotel		143 Key	72.4%
Nexus Udaipur Retail Pvt Ltd	Nexus Celebration	Mall	Udaipur	0.40	94.0%
Nexus Mangalore Retail Pvt Ltd	Fiza by Nexus	Mall	Mangaluru	0.71	95.8%
Nexus Mysore Retail Pvt Ltd	Center City	Mall	Mysore	0.32	99.8%
Naman Mall Management Co. Pvt Ltd	Indore Central	Mall	Indore	0.24	87.9%
Indore Treasure Island Pvt Ltd (ITIPL)^	Treasure Island	Mall	Indore	0.43	87.2%
Mamadapur Solar Pvt Ltd	Karnataka Solar Park	Solar power plant	Karnataka	15 megawatt capacity	-

** MBD complex has been acquired in May 2025. Contribution from MBD is going to start from fiscal 2026.*
*** Vega City mall has been acquired in February 2025. Major contribution from the mall is expected from fiscal 2026.*
^ ITIPL, investment entity with 50% shareholding
@ Occupancy as of March 2025.

Key Financial Indicators*

Particulars	Unit	2025	2024
Operating income	**Rs crore**	**2,283**	**1,916**
Profit after tax (PAT)	**Rs crore**	**483**	**599**
PAT margin	**%**	**21.1**	**31.3**
Adjusted gearing	**Times**	**0.38**	**0.29**
Interest coverage	**Times**	**4.23**	**4.27**

**As per analytical adjustments made by Crisil Ratings*

Any other information:

Key covenants of the existing debt at REIT (Series I)

Financial covenants for NCDs	• REIT LTV <= 49% • Net debt to Earnings before interest taxes depreciation and amortisation <= 6 times • Asset LTV <= 55%
Call option on NCDs	• Tranche A – date falling at the expiry of 30 and 33 months from Tranche A deemed date of allotment (June 16, 2023), exercisable in the manner set out under terms of the issue-call option • Tranche B – date falling at the expiry of 54 and 57 months from Tranche B deemed date of allotment (June 16, 2023), exercisable in the manner set out under terms of the issue-call

	option

Key covenants of the existing debt at REIT (Series II)

Financial covenants for NCDs	• REIT LTV <= 49% • Net debt to NOI <= 6 times • Asset LTV <= 55%
Call option on NCDs	• Tranche A – date falling at the expiry of 25 and 28 months from Tranche A deemed date of allotment (October 22, 2024), exercisable in the manner set out under terms of the issue-call option • Tranche B – date falling at the expiry of 38 and 41 months from Tranche B deemed date of allotment (October 22, 2024), exercisable in the manner set out under terms of the issue-call option

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
INE0NDH07019	Non Convertible Debentures	16-Jun-23	7.86	16-Jun-26	700.00	Complex	Crisil AAA/Stable
INE0NDH07027	Non Convertible Debentures	16-Jun-23	8.00	16-Jun-28	300.00	Complex	Crisil AAA/Stable
INE0NDH07035	Non Convertible Debentures	22-Oct-24	7.7165	14-Jun-28	400.00	Complex	Crisil AAA/Stable
INE0NDH07043	Non Convertible Debentures	22-Oct-24	7.6937	28-May-27	600.00	Complex	Crisil AAA/Stable
NA	Non Convertible Debentures#	NA	NA	NA	700.00	Simple	Crisil AAA/Stable

 # Yet to be issued

Annexure - List of Entities Consolidated

Names of entities consolidated	Extent of consolidation	Rationale for consolidation
Select Infrastructure Pvt Ltd	Full	100% subsidiary
CSJ Infrastructure Pvt Ltd	Full	100% subsidiary
Euthoria Developers Pvt Ltd	Full	100% subsidiary
Nexus Hyderabad Retail Pvt Ltd	Full	100% subsidiary
Vijaya Productions Pvt Ltd	Full	100% subsidiary
Chitrali Properties Pvt Ltd	Full	100% subsidiary
Daksha Infrastructure Pvt Ltd	Full	100% subsidiary
Safari Retreats Pvt Ltd	Full	100% subsidiary
Nexus Shantiniketan Retail Pvt Ltd	Full	100% subsidiary
Nexusmalls Whitefield Pvt Ltd	Full	100% subsidiary
Mamadapur Solar Pvt Ltd	Full	100% subsidiary
Nexus Udaipur Retail Pvt Ltd	Full	100% subsidiary
Nexus Mangalore Retail Pvt Ltd	Full	100% subsidiary
Nexus Mysore Retail Pvt Ltd	Full	100% subsidiary
Naman Mall Management Company Pvt Ltd	Full	100% subsidiary

Indore Treasure Island Pvt Ltd	To the extent of shareholding	Investment entity with 50% shareholding

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Corporate Credit Rating	LT	0.0	Crisil AAA/Stable		--	09-10-24	Crisil AAA/Stable	30-05-23	Crisil AAA/Stable		--	--
			--		--	03-04-24	Crisil AAA/Stable	11-04-23	Provisional Crisil AAA/Stable		--	--
Non Convertible Debentures	LT	2700.0	Crisil AAA/Stable		--	09-10-24	Crisil AAA/Stable	30-05-23	Crisil AAA/Stable		--	--
			--		--	03-04-24	Crisil AAA/Stable		--		--	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
[Basics of Ratings (including default recognition, assessing information adequacy)]
[Criteria for Real estate developers, LRD and CMBS (including approach for financial ratios)]
[Criteria for REITs and InVITs]
[Criteria for consolidation]

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