

September 19, 2025

VR Majha Limited: Rating downgraded

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	165.0	165.0	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable)
Total	165.0	165.0	

*Instrument details are provided in Annexure I

Rationale

The revision in rating for VR Majha Limited (VRML) factors in the sustained moderate occupancy of the shopping mall and its high debt levels, which are likely to exert pressure on its estimated cash flow from operations and debt coverage metrics in the near term. VRML operates a shopping mall, VR Ambarsar, at Basant Nagar in Amritsar (Punjab) with a total leasable area of 0.52 million square feet (msf). The committed occupancy levels for the mall declined to 54% as of August 2025 from 61% as of May 2024 with the occupancy remaining moderate in the range of 55-60% since FY2022. The debt service coverage ratio (DSCR) for the mall is likely to remain weak in FY2026 and FY2027 given the moderate occupancy levels and high debt levels. The shortfall for debt servicing, if any, is expected to be met from available cash and liquid investments of ~Rs. 40.6 crore as on March 31, 2025. During FY2024, the company availed a top-up loan, which is parked in fixed deposits, supporting VRML's liquidity position. Although the company has an adequate leasing pipeline, the timely ramp-up of the occupancy at adequate rental rates remains a key monitorable. The rating also considers VRML's tenant concentration risk as its top five tenants occupy about 53% of the total leased area. Moreover, the rating continues to be constrained by the inherent risks associated with a single asset company, and the vulnerability of debt coverage indicators to changes in occupancy and interest rates.

The rating continues to derive strength from the mall's favourable location and its established anchor tenant base. The mall is in Amritsar, adjacent to the high-end residential areas of Basant Avenue, Ranjit Enclave and Medical Enclave, which form the city's primary catchment area. The rating draws comfort from the track record of the promoter group, VR South Asia, in developing and operating shopping centres across multiple cities in India. The rated instrument has a debt service reserve account (DSRA) equivalent to three months of interest and principal payments as well as an escrow structure for rent collections.

The Stable outlook on the rating reflects ICRA's opinion that the company will benefit from the asset's favourable location, which is likely to support occupancy levels, and adequate liquidity position.

Key rating drivers and their description

Credit strengths

Favourable location with an established anchor tenant base – VR Ambarsar has been operational since October 2013 and enjoys a diverse and reputed anchor tenant base, which includes PVR INOX, Lifestyle, Decathlon, Pantaloons and others. The project site is located within the new centre of Amritsar, adjacent to the high-end residential areas of Basant Avenue, Ranjit Enclave and Medical Enclave, which forms its primary catchment area.

Reputed parentage lends strong operational support – VRML is a subsidiary of Moribus Holding Pte Limited, which is 100% held by Virtuous Retail South Asia (VRSA). VRSA is a 23:77 joint venture (JV) between Xander Group (through Virtuous Retail Pte Limited) and APG Asset Management, a Dutch pension fund. At present, VRSA operates six shopping malls in India with a

total leasable area of over 5.6 msf. ICRA derives comfort from the track record of Virtuous Retail in successfully constructing and operating retail malls in India.

Credit challenges

Sustained moderate occupancy levels and high debt levels resulting in weak coverage metrics – The committed occupancy levels for the mall declined to 54% as of August 2025 from 61% as of May 2024 and has remained moderate in the range of 55-60% since FY2022. The DSCR for the mall is likely to remain weak in FY2026 and FY2027 given the moderate occupancy levels and high debt levels. The shortfall for debt servicing, if any, is expected to be met from available cash and liquid investments of ~Rs. 40.6 crore as on March 31, 2025. During FY2024, the company availed a top-up loan, which is parked in fixed deposits, supporting VRML's liquidity position. Although the company has an adequate leasing pipeline, the timely ramp-up of the occupancy at adequate rental rates remains a key monitorable.

Tenant concentration and single-asset concentration risks – VRML's dependence on a single asset, VR Ambarsar, exposes the entity to risks arising from any adverse changes in the operational profile of the asset, as well as competition from the existing shopping malls in the vicinity. The company is also exposed to tenant concentration risk as the top five tenants account for about 53% of the total leased area. The weighted average lease expiry for the existing leased area is around six years. The timely renewal of leases/new lease tie-ups without any rental loss will be critical from the credit perspective, in case of any major vacancy.

Vulnerability of debt coverage indicators to changes in occupancy and interest rates – The company's debt coverage indicators remain exposed to any decline in occupancy levels or increase in interest rates.

Liquidity position: Adequate

The company's liquidity position is adequate, with free cash balance of around Rs. 40.6 crore as of March 31, 2025. The company has repayment obligations of nearly Rs. 7.5 crore in FY2026, which can be serviced through estimated cash flow from operations and on-balance sheet liquidity. The company may incur ~Rs. 30 crore capex for the hospitality segment at the higher floors of the mall in the near-to-medium term, after entering into a management agreement with a suitable partner.

Rating sensitivities

Positive factors – The rating could be upgraded if there is a healthy ramp-up in occupancy at adequate rental rates, resulting in an improvement in debt coverage metrics on a sustained basis. Specific credit metric that could lead to a rating upgrade include a five-year average DSCR greater than 1.10 times on a sustained basis.

Negative factors – Pressure on VRML's rating could arise if a material decline in occupancy or rental rates, or a significant increase in indebtedness, result in a weakening of the entity's debt protection metrics and liquidity on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

VRML is a special purpose vehicle (SPV) that was initially promoted by Tata Realty & Infrastructure Limited (TRIL). On December 09, 2019, private equity firm Xander Group's retail arm 'Virtuous Retail', through its 100% subsidiary, Moribus Holdings Pte. Ltd., acquired 100% equity from TRIL. VRML had undertaken development of the shopping mall, VR Ambarsar (formerly known as Trilium), at Basant Nagar, Amritsar. The project has a total area of around 0.52 msf spread over eight floors of the shopping complex from the lower ground floor to sixth floor. The mall has a food court with a seating capacity of 800, a multiplex (six-screen facility operated by PVR INOX currently), department stores, fashion and lifestyle (Lifestyle, Decathlon, Pantaloons, etc) outlets, and other retail stores.

Key financial indicators

VRML (Standalone)	FY2024	FY2025*
Operating income	36.0	33.2
PAT	-30.7	-33.9
OPBDIT/OI	36.7%	25.7%
PAT/OI	-85.3%	-102.0%
Total outside liabilities/Tangible net worth (times)	-4.3	-3.4
Total debt/OPBDIT (times)	27.9	42.0
Interest coverage (times)	0.3	0.2

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; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sep 19, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long-term	165.00	[ICRA]BBB- (Stable)	Sep 17, 2024	[ICRA]BBB (Stable)	Jan 18, 2024	[ICRA]BBB+ (Negative)	-	-
Non-convertible debenture	Long-term	-	-	-	-	Jan 18, 2024	[ICRA]BBB+ (Stable)	Mar 31, 2023	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term loan	Simple

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	Long-term – Fund-based – Term loan	September 2023	-	September 2038	165.0	[ICRA]BBB- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3300

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Abhishek Lahoti

+91 40 6939 6433

abhishek.lahoti@icraindia.com

Aashay Jain

+91 80 4332 6431

aashay.jain@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.