

March 31, 2025

Millennia Realtors Private Limited: [ICRA]A+ (Stable) assigned for proposed NCD; rating reaffirmed for existing limits and rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based/Term loans	499.0	749.0	[ICRA]A+ (Stable); reaffirmed and assigned for the enhanced amount
Non-convertible debentures (NCD)^	210.0	210.0	[ICRA]A+ (Stable); reaffirmed
Proposed non-convertible debentures	0.0	250.0	[ICRA]A+ (Stable); assigned
Total	709.0	1209.0	

*Instrument details are provided in Annexure I; ^it was proposed NCDs during previous exercise

Rationale

The rating action for Millennia Realtors Private Limited (MRPL, ultimate holding company of the RMZ Group) factors in the adequate risk profile of its investee companies, with 60-65% (in terms of leasable area) of the investment portfolio expected to become operational by the end of FY2026 (51% as of December 2024). As of February 2025, MRPL has operational commercial office leasing portfolio of around 10.5 million square feet (msf) (across five investee companies) and under-construction office portfolio of around 10 msf (across six investee/group companies). The operational office assets are fully leased, and the Group has adequate leasing pipeline for the investment portfolio, which is likely to be operational over the next six to twelve months, mitigating the market risk to an extent. Further, in 9M FY2025, MRPL has entered the data centre (DC) segment in partnership with a global DC player, Colt Data Centres. The rating considers the low funding risk as the entire equity is in place for the current under-construction office assets and the DC segment.

The rating favourably factors in the established track record and reputation of the RMZ Group in the commercial real estate sector. MRPL has strong financial flexibility, aided by its established relationships with lenders and partnerships with reputed investors (like Canada Pension Plan Investment Board (CPPIB) and Mitsui Fudosan Co. Ltd (Mitsui)) and Colt Data Centre Services (Colt). The ongoing projects are well funded with tie-ups from equity investors and MRPL's existing investment portfolio provides headroom to raise additional debt or stake dilution, if required, to fund any future investing requirements.

The rating is, however, constrained by the holding company nature of operations with limited cash flows on a standalone basis with an annual rental income of around Rs. 40-45 crore. Against these cash flows, it has lease rental discounting (LRD) and corporate loans of around Rs. 660.0 crore as of February 2025. Moreover, the company plans to raise around Rs. 500 crore debt in March/April 2025 to fund the growth capex/equity requirements for the upcoming projects. Hence, MRPL has reliance on monetisation of assets or upstreaming of surpluses from the investee companies or support from group companies to meet its debt obligations. In case of material delays in monetisation, MRPL could be exposed to refinancing risk in the interim. The rating also notes that the Group has sizeable projects with under development office assets of around 10 msf and sizeable pipeline of projects across verticals (office, data centre, warehousing and residential), which exposes it to moderate market and execution risks. Notwithstanding the RMZ Group's track record of leasing and favourable locations of the projects, timely lease tie-ups, remains a key monitorable, given the large scale of the area under development. Major delays, if any, in new leasing activity can impact the pre-leasing in the ongoing projects and refinancing ability for the Group's construction finance loans. Nonetheless, ICRA notes that the Group intends to stagger the development in line with the market conditions and tie-

up equity funding for the upcoming projects through investments from financial investors, as seen for its current ongoing projects.

The RMZ Group has a track record of monetisation of portfolio and dilution of stake in various SPVs with reputed investor profile. This has been demonstrated by a successful monetisation of One Paramount 1 (OP1) asset (under RMZ Infinity Chennai Private Limited) in FY2025, which was sold to the Singapore-based Keppel Group. ICRA notes that there has been a significant reduction of contingent liabilities to ~Rs. 500 crore as of February 2025 from Rs. 3,647 crore as of December 2022. Further, ICRA is given to understand that MRPL will incrementally not provide any substantial corporate guarantees to the investee/group companies.

The Stable outlook reflects ICRA's expectations that MRPL will benefit from the healthy leasing levels for its completed portfolio, adequate leasing pipeline for assets, which are expected to be operational in the next one-year, low funding risk for its ongoing portfolio and strong financial flexibility derived from its investment portfolio.

Key rating drivers and their description

Credit strengths

Strong execution track record of the Group in commercial real estate – The RMZ Group has a strong execution track record in the real estate space and is one of the leading players in the commercial real estate segment. It has developed over 30 msf of commercial real estate space across Bengaluru, Chennai, Hyderabad, Pune, Kolkata, and Gurgaon. The Group has a track record of timely completion of large-sized projects with high occupancy levels across its properties. As of February 2025, MRPL has operational commercial office leasing portfolio of around 10.5 msf (across five investee companies) and under-construction office portfolio of around 10 msf (across six investee/group companies). The operational office assets are fully leased, and the Group has adequate leasing pipeline for the investment portfolio, which is expected to be operational over the next six to twelve months and reduces the market risks to an extent.

Equity funding in place for the ongoing projects – MRPL has tied up with equity investors such as CPPIB and Mitsui for majority of the ongoing office projects, resulting in low funding risk. Around Rs. 5,000 crore of equity was infused from CPPIB and Mitsui into the RMZ Group SPVs during FY2022-2024. Its investee companies' risk profile is adequate with 60-65% (in terms of leasable area) of the investment portfolio expected to become operational by the end of FY2026 (51% as of December 2024). Further, in 9M FY2025, MRPL has entered the DC segment in partnership with a global DC player, Colt Data Centres. The initial equity requirements for the DC project have been met through top-up loans from office portfolio.

Strong financial flexibility – MRPL has strong financial flexibility, aided by its established relationships with lenders and partnerships with reputed investors (like CPPIB, Mitsui and Colt). The ongoing projects are well funded with tie-ups from equity investors. MRPL's existing investment portfolio provides headroom to raise additional debt or stake dilution, if required, to fund any future investing requirements.

Credit challenges

Limited cash flow on standalone basis – MRPL is a holding company with limited cash flows on a standalone basis with an annual rental income of around Rs. 40-45 crore. Against these cash flows, it has LRD and corporate loans of around Rs. 660.0 crore as of February 2025. Moreover, the company plans to raise around Rs. 500 crore of debt in March/April 2025 to fund the growth capex/equity requirements for the upcoming projects. Hence, MRPL has reliance on monetisation of assets or upstreaming of surpluses from the investee companies or support from group companies to meet its debt obligations. In case of material delays in monetisation, MRPL could be exposed to refinancing risk in the interim.

Exposure to moderate market and execution risks – The Group has sizeable projects with under development office assets of around 10 msf and sizeable pipeline of projects across verticals (office, data centre, warehousing and residential), which

exposes it to moderate market and execution risks. Notwithstanding the RMZ Group’s track record of leasing and favourable locations of the projects, timely lease tie-ups, remains a key monitorable, given the large scale of the area under development. Major delays, if any, in new leasing activity can impact the pre-leasing in the ongoing projects and refinancing ability for the Group’s construction finance loans. Nonetheless, ICRA notes that the Group intends to stagger the development in line with the market conditions and tie-up equity funding for the upcoming projects through investments from financial investors, as seen for its current ongoing projects.

Liquidity position: Adequate

MRPL’s liquidity is expected to remain adequate, with cash flow from operations and management income received from its investee/group companies sufficient to meet all the debt servicing requirements at a standalone level. MRPL has strong financial flexibility arising from its investments in completed, ongoing and upcoming commercial real estate projects, which provides headroom to raise additional debt or stake dilution, if required, to fund any future investing requirements.

Rating sensitivities

Positive factors – Significant improvement in the risk profile of investee companies with more than 75% of investment portfolio becoming operational and/or monetisation of completed portfolio resulting in improvement in the leverage of the holding company and liquidity position may trigger a rating upgrade.

Negative factors – Any significant increase in leverage at the holding company level for investments in ongoing/upcoming projects or inadequate leasing tie-up/execution progress in the under-development portfolio, which increases dependence on funding support from MRPL, can put pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD) Investment Companies
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the standalone financials of MRPL. Due to the presence of external investors and/or defined cash flow waterfall mechanism as part of debt availed in the SPVs, a limited consolidation approach has been undertaken for the SPVs, under which the proposed equity investments for under-construction projects and funding support required by the operational special purpose vehicles (if any) towards debt servicing and operational shortfall have been considered.

About the company

MRPL is the ultimate holding company of the RMZ Group, which is one of the leading players in the commercial real estate segment. Since 1997, the Group’s activities have been concentrated on the commercial real estate segment, primarily in Bengaluru. Other locations where the RMZ Group has completed projects include Hyderabad, Pune, Chennai and Gurgaon. On a standalone basis, MRPL derives rental income from its share of The Millenia, an office property in Bangalore. The RMZ Group has also ventured into data centre and warehousing segments.

Key financial indicators (audited)

MRPL Standalone	FY2023	FY2024
Operating income	78.9	71.8
PAT	-91.2	31.2
OPBDIT/OI	-115.7%	-51.6%
PAT/OI	-115.6%	12.9%
Total outside liabilities/Tangible net worth (times)	0.5	0.5
Total debt/OPBDIT (times)	-15.2	-41.3
Interest coverage (times)	-2.1	1.7

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2025)			Chronology of rating history for the past 3 years					
		FY2025			FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	749.0	March 31, 2025	[ICRA]A+ (Stable)	March 28, 2024	[ICRA]A+ (Stable)	Apr 05, 2022	[ICRA]A (Stable)	-	-
			-	-	June 23, 2023	[ICRA]A+ (Stable)	-	-	-	-
NCD*	Long term	210.0	March 31, 2025	[ICRA]A+ (Stable)	March 28, 2024	[ICRA]A+ (Stable)	-	-	-	-
Proposed NCD	Long term	250.0	March 31, 2025	[ICRA]A+ (Stable)	-	-	-	-	-	-

*It was proposed during the previous exercise

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based/Term loan	Simple
NCD	Simple
Proposed NCD	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
-	Term loans	June 2018	-	June 2033	749.0	[ICRA]A+ (Stable)
INE487H07021	NCD*	April 2024	9.9%	April 2026	210.0	[ICRA]A+ (Stable)
-	Proposed NCD	-	-	-	250.0	[ICRA]A+ (Stable)

Source: Company; *It was proposed during the previous exercise

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Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership*	Consolidation Approach
RMZ One Paramount Private Limited	50%	Limited Consolidation
Divija Commercial Properties Pvt Ltd	50%	Limited Consolidation
Vismaya Infrastructure Pvt Ltd	100%	Limited Consolidation
Emine Realty Private Limited	27.6%	Limited Consolidation
RMZ Hotels Private Limited	50%	Limited Consolidation
RMZ City Estates Private Limited	49%	Limited Consolidation
Prahitha Construction Private Limited	50%	Limited Consolidation
RMZ Unified Service Private Limited	50%	Limited Consolidation
RMZ Construction India Pvt Ltd	50%	Limited Consolidation
One Boat Club Road Real Estate Private Limited	20%	Limited Consolidation
Koregaon Park High Street Properties Private limited	68%	Limited Consolidation
Data Centre Holdings India LLP	50%	Limited Consolidation

Source: Company; ICRA Research; *directly held by MRPL/held by the common shareholders of MRPL as of December 2024

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