May 29, 2025

Piramal Corporate Tower Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term Fund Based – Term Loans	510.00	492.74	[ICRA]A+ (Stable); reaffirmed
Long term Fund based – Overdraft	5.00	5.00	[ICRA]A+ (Stable); reaffirmed
Total	**515.00**	**497.74**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation to the bank lines of Piramal Corporate Tower Private Limited (PCTPL) factors in the favourable location of the asset in the Central Business District of Mumbai, its healthy occupancy of 97% as of May 2025 with a reputed tenant profile. The rating draws comfort from PCTPL's strong sponsor, Piramal Enterprises Limited (PEL), which holds a 100% stake in the company and has a demonstrated track record of fund infusion in PCTPL, with board approved support line available in case of any cash flow mismatch. In addition to the escrow mechanism and debt service reserve account (DSRA) equivalent to one month of principal and interest payment (P+I), the company has cash and liquid investments of Rs. 31.6 crore as on March 31, 2025, which supports the liquidity profile. The rating also takes into consideration the company's satisfactory debt coverage metrics, with total external debt via-a-vis the net operating income of around 7.5 times as of March 2025, with comfortable five-year DSCR of 1.10-1.15 times for its total external debt during FY2026-FY2030, supported by long tenure and favourable repayment schedule for the existing lease rental discounting (LRD) loan.

The rating, however, remains constrained by the vacancy risk, given the low weighted average lease expiry compared to the weighted average debt maturity. Around 19% of the leased area is due for expiry in FY2026 and another 20% in FY2027 and the lock-in period of ~35% of the total leased area expired by March 31, 2025. PCTPL is also exposed to lease renewal risk and its ability to renew the contracts at attractive rates would be monitored. The rating is also constrained by the company's exposure to the refinancing risk as the company has large repayments of loan against property (LAP) due in FY2028 and FY2029. ICRA, however, derives comfort from expectation that need-based funding support from PEL would be available. As PCTPL is a single asset-owning company, the market risk is more in case of any vacancy/non-renewal of leases. Nonetheless, the risk is partly mitigated by the property's favourable location. Around 30% of the total leased area of PCTPL is occupied by the Piramal Group companies and sustenance of healthy occupancy level mitigates the risk to an extent. The rating also factors in the vulnerability of the debt coverage ratios to fluctuations in interest rates and occupancy levels.

The Stable outlook reflects ICRA's opinion that the company will be able to sustain its healthy occupancy level over the near-to-medium term and maintain adequate buffer in lease rentals against the repayments, leading to satisfactory DSCRs.

Key rating drivers and their description

Credit strengths

Favourable location of the property and high occupancy – PCTPL acquired 3.10 lakh square feet of the leasable area of Piramal Tower from the promoter company, M/s Aasan Corporate Solutions Private Limited, on December 27, 2023. Piramal Towers is a grade A commercial property located at the junction of Ganpatrao Kadam Marg and Senapati Bapat Marg in Lower Parel, which is a part of Mumbai's central business district. The property is well connected to the other parts of Mumbai through road as well as railways. The well-developed catchment area of the property further makes it favourable to the tenants.

Healthy operational performance of the property with ~97% occupancy rate – The property has a total leasable area of 3.1 lakh sq. ft. Further, the company has a strong tenant profile with reputed tenants such as Piramal Group companies, and reputed private equity and financial services entities. The tenant concentration also remains moderate as the top-five tenants accounted for 45-50% of the total leased area as of May 2025.

Strong promoter group with demonstrated track record of fund infusion lends financial flexibility – The company is owned by the sponsor PEL, which is a non-banking financial company (NBFC). It has a presence in retail lending, wholesale lending, and fund-based platforms. PEL infused Rs. 289.6 crore as equity and Rs. 105 crore as inter corporate deposits (ICD) in FY2024 to acquire the Piramal Tower from Aasan Corporate Solutions Private Limited. ICRA also factors in the willingness of the parent, the PEL Group, to provide timely financial support, if required, with a board approved support line aggregating to Rs. 1,200 crore for FY2026, which provides comfort and lends high financial flexibility. Further, the interest on ICDs is not required to be paid and gets accrued, supporting the liquidity position of the company.

Satisfactory leverage and comfortable average DSCR, liquidity support through DSRA – The company's leverage (debt/annualised NOI) remains satisfactory and stood at ~7.5 times in FY2025 (estimated). Further, the 5-year average DSCR for the total external debt remained comfortable at 1.10-1.15 times, taking into account the stated consideration that the term loan (LAP) will either be refinanced or met by fund infusion from the sponsor on its due date in FY2028 and FY2029. ICRA further draws comfort from the sponsor's commitment to infuse funds in a timely manner to support the cash flow mismatches, if required. The loan is supported by escrowing of rent receipts and DSRA covering one month of debt servicing obligations. Further, the liquidity is supported by existing cash and liquid investments of Rs. 31.6 crore as on March 31, 2025.

Credit challenges

Exposed to market and renewal risks – The rating remains exposed to the vacancy risk, given the low weighted average lease expiry of 2.6 years compared to the weighted average debt maturity of 9.9 years. ICRA notes the lock-in period for around 35% of the total leased area had expired by March 31, 2025, which increases the vacancy risk and exert pressure on the coverage metrics. Moreover, the company's ability to renew the contracts at an attractive rate remains monitorable. However, around 30% of the total leased area is occupied by the Piramal Group companies, which provides some comfort. Also, the risk is partly mitigated by the property's favourable location.

Exposed to possible refinancing risk – The company has availed lease rental discounting loan of Rs. 435 crore and has overtaken the existing Rs. 75 crore LAP for acquisition of Piramal Tower. As the repayment of Rs. 75 crore has five-year tenure with two equal bullet payments in FY2028 and FY2029, it exposes the company to the refinancing risk. Nonetheless, the risks are partly mitigated by the strong financial flexibility of the company as it is a part of the Piramal Group and makes repayment through fund infusion by the parent.

Single asset concentrated operations – The company owns only one commercial property, which is located in Lower Parel, Mumbai. This exposes it to asset concentration risk.

Vulnerability of debt coverage ratios to changes in interest rate and occupancy level – The debt coverage ratio remains linked to additional debt, changes in interest rates and reduction in occupancy levels.

Liquidity position: Adequate

As on March 31, 2025, the company had bank balance and liquid investments of around Rs. 31.6 crore. The cash flows from operations are expected to be sufficient to cover the debt obligations of Rs. 60 crore (principal + interest on external borrowings) in FY2026. Apart from the unencumbered cash and bank balances, the company also maintained DSRA for one month of principal plus interest amounting to Rs. 5.2 crore as on March 31, 2025. The company is expected to incur a capex of around Rs. 7 crore in FY2026-FY2027 for upgradation of tower and is expected to be funded by existing cash and liquid investments. ICRA also factors in the willingness of the parent, the PEL Group, to provide timely financial support, if required.

Rating sensitivities

Positive factors – ICRA could upgrade the rating in case a significant reduction in debt level leads to a sustained improvement in leverage and coverage metrics. Any improvement in the credit profile of the parent entity will also be a positive rating trigger.

Negative factors – Sustained pressure on earnings on account of a decline in the occupancy level and/or an increase in debt, impacting the company's leverage and coverage metrics, could result in a rating downgrade. Inability of the company to timely refinance the LAP loans at favourable terms will also be a negative factor. Any weakening of support or linkage from PEL, or any moderation of PEL's credit profile will also be a negative rating trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Parent company: Piramal Enterprises Limited, rated at [ICRA]AA (Stable)/[ICRA]A1+ ICRA expects the parent, PEL, to provide timely financial support to PCTPL, for funding any shortfall in cash flows
Consolidation/Standalone	Standalone

About the company

Piramal Consumer Products Pvt. Ltd. was formed on July 18, 2012, for dealing in consumer products, durables and ancillary services. The company is a 100% subsidiary of the listed flagship company, PEL. The company acquired Piramal Tower, located at Peninsula Corporate Park, Lower Parel, Mumbai, from Aasan Corporate Solutions Private Limited, a promoter group company, on December 27, 2023. The company now owns and operates a commercial office building, Piramal Tower, in Lower Parel with a total leasable area of 3.1 lakh sq. ft. The company was renamed as Piramal Corporate Tower Private Limited on February 13, 2024.

Key financial indicators (audited, standalone)

	FY2024	FY2025*
Operating income	21.8	76.3
PAT	-1.9	-13.1
OPBDIT/OI	79.5%	77.6%
PAT/OI	-8.6%	-17.2%
Total outside liabilities/Tangible net worth (times)	2.1	2.2
Total debt/OPBDIT (times)	35.5	10.1
Interest coverage (times)	1.1	1.0

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. Crore; * Provisional Numbers*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	May 29, 2025	Date	Rating	Date	Rating	Date	Rating
Term Loans	Long term	492.74	[ICRA]A+ (stable)	-	-	Mar-28-2024	[ICRA]A+ (stable)	-	-
Fund Based - OD	Long term	5.00	[ICRA]A+ (stable)	-	-	Mar-28-2024	[ICRA]A+ (stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - fund based – Term loan	Simple
Long term - Fund Based - Overdraft	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	**Term Loan – I**	Dec 2023	NA	FY2036	417.74	[ICRA]A+ (stable)
NA	**Term Loan – II**	Dec 2023	NA	FY2029	75.00	[ICRA]A+ (stable)
NA	**Overdraft**	NA	NA	NA	5.00	[ICRA]A+ (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

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