

July 17, 2025

Chennai Business Tower Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Term loan	1,150.0	1,325.0	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount
Total	1,150.0	1,325.0	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Chennai Business Tower Private Limited (CBTPL) factors in the steady improvement in occupancy levels to ~91% [including letter of intent (LOI)] as of June 2025 from about 82% as of June 2024, providing cash flow visibility in the medium term. CBTPL operates a commercial office property, One Paramount, on Mt. Poonamalle Road near Porur, Chennai, with a total leasable area of 2.4 million square feet (msf). The company has an outstanding debt of Rs. 1,304.4 crore (as of June 30, 2025) with bullet repayment for 99% of the debt slated on September 30, 2025, thereby exposing it to refinancing risk. However, CBTPL has healthy leasing levels, which will enable it to refinance its outstanding debt with long-term lease rental discounting (LRD) loan before the due date. Further, ICRA understands that the company will not avail additional indebtedness while refinancing, resulting in adequate leverage and coverage metrics in the medium term. The leverage, as measured by total debt/ annualised net operating income (NOI), is estimated at 6.0-7.0 times by March 31, 2026. The rating also considers the favourable location of the asset in Porur, which is a well-developed suburb to the West of Chennai, enjoying adequate social infrastructure and good connectivity with the rest of the city, which enhances the marketability of the project.

These strengths are offset by CBTPL's exposure to tenant concentration risk, with its top five tenants generating nearly 51% of its total rental income. Nonetheless, this risk is partly mitigated by the long lease tenures, as well as the significant fit-out cost incurred by the tenants. It also faces asset and geographical concentration risks, which are inherent in single-asset portfolios. The rating also notes the vulnerability of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels.

The Stable outlook reflects ICRA's opinion that the company will benefit from the attractive location of the asset and its healthy occupancy rates, which will result in steady rental revenues and adequate debt protection metrics.

Key rating drivers and their description

Credit strengths

Healthy occupancy rates provide cash flow visibility in medium term – The company's occupancy levels improved steadily to ~91% (including LOI) as of June 2025 from about 82% as of June 2024, providing cash flow visibility in the medium term. The leverage, as measured by total debt/ annualised NOI, is estimated to be 6.0-7.0 times by March 31, 2026.

Favourable location of the project – The company has developed One Paramount, a commercial office space with a total leasable area of 2.4 msf. It has completed the construction of the project and received the occupancy certificate (OC) in January 2022. The property is located on Mt. Poonamalle Road, near Porur, which is a well-developed suburb to the West of Chennai,

having adequate social infrastructure and good connectivity with the rest of the city, which enhances the project's marketability. The company is expected to benefit from the attractive location of the asset.

Credit challenges

Exposure to tenant concentration risk – The company is exposed to tenant concentration risk, wherein the top five tenants generate about 51% of the total rental income. Nonetheless, this risk is partly mitigated by the long lease tenures, as well as the significant fit-out cost incurred by the tenants. It also faces asset and geographical concentration risks, which are inherent in single-asset portfolios. CBTP's debt coverage metrics remain vulnerable to factors such as changes in interest rates or material reduction in occupancy levels.

Exposure to refinancing risk in the near term – The company has an outstanding debt of Rs. 1,304.4 crore (as of June 30, 2025) with bullet repayment due for 99% of the debt on September 30, 2025, thereby exposing it to refinancing risk. However, CBTP has healthy leasing levels, which will enable it to refinance the outstanding debt with long-term LRD loan before the due date. Further, ICRA is given to understand that the company will not avail additional debt while refinancing, resulting in adequate leverage and coverage metrics in the medium term.

Liquidity position: Adequate

The company's liquidity profile is adequate, given the expected stable generation of rental income from the leased space. As on June 30, 2025, the company had free cash and liquid investments of Rs. 44.4 crore. It has a bullet repayment due in September 2025 for its outstanding debt, which is likely to be refinanced with an LRD loan.

Rating sensitivities

Positive factors – The rating could be upgraded if the company is able to sustain high occupancy levels along with material improvement in its debt protection metrics. Specific credit metrics that could lead to a rating upgrade include five-year average debt service coverage ratio (DSCR) greater than 1.3 times on a sustained basis.

Negative factors – The rating may be downgraded if there is material decline in occupancy or significant increase in debt, resulting in weakening of coverage and leverage metrics 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

CBTP owns a 14-acre land parcel along Mt. Poonamalle Road, in Porur, Chennai, on which it has developed an office park named, One Paramount, with a total leasable area of 2.4 msf. As on March 31, 2024, the company was held 50:50 by Millennia Realtors Private Limited, the ultimate holding company of the RMZ Group, and CPP Investment Board Private Holdings (4) In¹.

¹ It is a part of Canada Pension Plan Investment Board (CPPIB).

On August 6, 2024, the erstwhile promoters completed the sale transaction of its OP1 office asset to Singapore-based Keppel Limited at an enterprise value of approximately Rs. 2,216 crore.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	107.1	189.0
PAT	-74.1	-42.4
OPBDIT/OI	65%	67%
PAT/OI	-69%	-22%
Total outside liabilities/Tangible net worth (times)	-17.2	-11.5
Total debt/OPBDIT (times)	19.1	10.3
Interest coverage (times)	0.6	1.0

Source: Company, ICRA Research; * Provisional numbers; 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

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jul 17, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	1,325.00	[ICRA]A-(Stable)	Aug 14, 2024	[ICRA]A-(Stable)	Jun 23, 2023	[ICRA]A-(Stable)	Feb 24, 2023	[ICRA]A-(Stable)
				Sep 23, 2024	[ICRA]A-(Stable)				

Complexity level of the rated instruments

Instrument	Complexity indicator
Term Loans	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 Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	March 2023	NA	September 2025	1,325.0	[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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