

September 25, 2025

Simpliwork Offices Pvt Ltd: [ICRA]A (Stable) assigned; CE rating withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund based - Term loan	104.00	0.00	[ICRA]A(CE) (Stable); withdrawn
Long-term – Fund based - Term loan	0.00	550.0	[ICRA]A (Stable); assigned
Total	104.00	550.00	

*Instrument details are provided in Annexure-I

Rationale

The assigned rating reflects Simpliwork Offices Private Limited's (SOPL) established position in the Indian flex office industry with healthy occupancy (93% as of March 2025) levels in its geographically diversified portfolio; comfortable leverage and healthy debt coverage metrics with five-year debt-service coverage ratio (DSCR) above 2 times. The rating also positively factors in the strong financial flexibility derived by being a part of the Sattva Group, with an established track record of support from Sattva Developers Private Limited (SDPL) (rated at [ICRA]AA (Stable)), which is expected to continue going forward as well. ICRA expects SDPL to provide timely funding support to SOPL, in case of financial exigencies, if any. ICRA notes that SDPL has also provided corporate guarantee for bank borrowings of SOPL while it does not have a well - defined payment and invocation mechanism.

The company's operational area improved to 3.63 msf with a healthy occupancy level of 93% as of March 2025 (against an operational area of 3.41 msf with an occupancy of 96% as of May 2024). The operating income improved by 17.4% to Rs. 660.6 crore in FY2025 and are projected to improve by 10-13% in the near term supported by further addition of leasable area and continued healthy occupancy levels. This along with scheduled debt repayments are expected to result in comfortable leverage, as reflected by Total debt (including lease liabilities)/OPBITAR¹ of 5.0-5.2 times as on March 31, 2026 (5.4 times as on March 31, 2025). Consequently, the debt coverage metrics as reflected by 5-year average DSCR (FY2026-FY2030) is likely to be healthy above 2.0 times.

The rating, positively, factors in the extensive experience of its support providers, the Sattva Group, which holds ~54% of the shareholding of SOPL as on March 31, 2025. The Sattva Group has an established position in the real estate market with a track record of around four decades and has executed over ~74msf of completed saleable area in the residential and commercial real estate sectors in Bengaluru and Hyderabad.

The rating, however, remains constrained by the market risk arising from a total annual capex outlay of around ~Rs. 100-150 crore with proposed addition of around 0.7 - 1 msf each in FY2026 and FY2027. The same is likely to be funded through internal accruals and external debt. Timely ramp-up of occupancy levels in the upcoming space remain important to maintain comfortable liquidity and return (RoCE) indicators. Further, the rating factors in the company's exposure to lease renewal risks with 24% of the leased area due for renewal during Aug 2025-Mar 2027. The ratings favourably notes the lower churn rate, higher renewal rate due to the high stickiness of the tenants in the past as well as healthy tenant profile and its established track record in the leasing industry. Nonetheless, the renewal rates of the future lease expiry will remain a key monitorable. The company is also exposed to moderate tenant concentration risk. The credit profile remains exposed to the cyclicity in the office leasing segment, vulnerability to external factors as well as material changes in occupancy and interest rates.

¹ OPBITAR = Operating profits before interest, depreciation, amortization, tax and rental expense

ICRA has withdrawn the ratings assigned to the previous rated debt facility of Rs. 104.0 crore, as the same is fully redeemed, and is in accordance with ICRA's policy on withdrawal of ratings.

The Stable outlook on the rating reflects ICRA's expectation that the company would sustain healthy occupancy and operating profits supported by the diversified presence across key markets while maintaining comfortable leverage and healthy debt coverage metrics.

Key rating drivers and their description

Credit strengths

Geographically diversified portfolio with healthy occupancy levels - SOPL has a geographically diversified portfolio with major presence in Gurugram, Hyderabad, Bengaluru and Pune. The company's operational area improved to 3.63 msf with a healthy occupancy level of 93% as of March 2025 (against operational area of 3.41 msf with occupancy of 96% as of May 2024). In addition, the company has around 0.33 msf of under-development area which is expected to become operational in FY2026. Consequently, the rental inflows improved by 17.4% to Rs. 660.6 crore in FY2025 and are projected to improve by 10-13% in the near term.

Comfortable leverage and healthy debt coverage metrics – The expected increase in rental inflows, supported by further addition of leasable area and continued healthy occupancy levels along with scheduled repayments of debt are likely to result in comfortable leverage metric, as reflected by Total debt (including lease liabilities)/OPBITAR. The same is estimated to improve to 5.0-5.2 times as on March 31, 2026 (5.4 times as on March 31, 2025). Consequently, the debt coverage metric as reflected by 5-year average DSCR (FY2026-FY2030) is likely to be healthy above 2.0 times.

Improvement in credit profile of support provider; Extensive experience of Sattva Group in the real estate industry – The Sattva Group, holds ~54% of the shareholding of SOPL as on March 31, 2025. The Sattva Group has an established position in the real estate market with a track record of around four decades. It has executed over ~74msf of completed saleable area in the residential and commercial real estate sectors in Bengaluru and Hyderabad. The key managerial personnel of the Group are members on the board of directors of SOPL. Further, Sattva Developers Private Limited, which is the flagship entity of Sattva Group, has provided corporate guarantee to SOPL's debt. However, the same does not have defined payment mechanism. In addition, there has been an improvement in the credit profile of SDPL. ICRA expects the support provider, SDPL, to provide timely financial support to SOPL for funding any shortfall, given their substantial financial linkages, SOPL's strategic importance to the Sattva Group and the Group's reputation sensitivity to default.

Credit challenges

Exposure to lease renewal and moderate tenant concentration risks – SOPL remains exposed to lease renewal risks with 24% of the leased area due for renewal during Aug 2025-Mar 2027. Notwithstanding the lower churn rates and higher renewal rates in the past, the renewal rates of the future lease expiry will remain a key monitorable. The company is also exposed to moderate tenant concentration risk. However, the healthy tenant profile and track record of the company in the leasing industry provide comfort.

Exposure to market risk due to capex plans – The company has capex plans at a total annual outlay of around ~Rs. 100-150 crore with proposed addition of around 0.7 - 1 msf each in FY2026 and FY2027, exposing it to market risk for the new capacities. The proposed capex is likely to be funded through internal accruals and external debt. Timely ramp-up of occupancy in the upcoming space remain important to maintain comfortable liquidity and return (RoCE) indicators.

Vulnerability of commercial real estate sector to cyclical – SOPL is exposed to the cyclical in the office leasing segment, vulnerability to external factors as well as material changes in occupancy and interest rates.

Liquidity position: Adequate

SOPL's liquidity profile is adequate with free cash and liquid investment of Rs. 32.9 crore as on March 31, 2025. The scheduled debt repayment obligations for FY2026 and FY2027 are expected to be comfortably serviced from estimated cash flow from

operations. The capital expenditure of Rs. 100-150.0 crore each in FY2026 and FY2027 is likely to be met through a combination of security deposits, internal accruals and external funding. ICRA expects that the company will be able to access funding support from the Sattva Group in case of short-term cash flow mismatches.

Rating sensitivities

Positive factors – The rating might be upgraded if there is a significant increase in the company’s scale of operations, backed by healthy occupancy levels and improvement in the coverage metrics while maintaining comfortable leverage. The rating could also be upgraded in case of an improvement in the credit profile of the support provider, SDPL.

Negative factors – The rating could be downgraded in case of a material decline in occupancy levels or significant increase in indebtedness resulting in weakening of debt protections metrics on a sustained basis. Any deterioration in the credit profile of support provider or weakening of linkages with the support provider, SDPL could put pressure on the rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD) Policy on withdrawal of credit ratings
Parent/Group support	Group Company: Sattva Developers Private Limited (SDPL) ICRA expects SDPL to provide timely funding support to SOPL, in case of financial exigencies, if any. ICRA notes that SDPL has also provided corporate guarantee for bank borrowings of SOPL while it does not have a well-defined payment and invocation mechanism.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SOPL.

About the company

SOPL, incorporated on December 2017, provides build-to-suit, customised, fully furnished managed offices in Grade-A commercial buildings for medium and large enterprise customers. As on March 31, 2025, the Sattva Group holds ~54% of the shareholding of the company and the balance is held by individual promoters. It has total supply of ~4.0 msf as on March 31, 2025. The company has taken up spaces in commercial buildings developed by reputed commercial real-estate players like DLF, Tata Realty and Infrastructure Limited, Brigade, Prestige, Panchshil Realty Group, Embassy Group, Godrej Group, and My Home Group. ICRA notes that SDPL, which is the flagship entity of Sattva Group, has provided corporate guarantee to SOPL’s debt, however, the same does not have defined payment mechanism.

Key financial indicators

SOPL (Standalone)	FY2024	FY2025 [^]
Operating income	562.7	660.6
PAT	-86.8	-76.0
OPBDIT/OI	69.5%	70.2%
PAT/OI	-15.4%	-11.5%
Total outside liabilities/Tangible net worth (times)	-5.6	-5.5
Total debt/OPBDIT (times)	5.4	5.3
Interest coverage (times)	1.7	1.9

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)	Sept 25, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	550.00	[ICRA]A (Stable)	-	-	-	-	-	-
Term loans	Long term	0.00	[ICRA]A(CE) (Stable); withdrawn	Jun 21, 2024	[ICRA]A (CE) (Stable)	-	-	Mar 27, 2023	[ICRA]A (CE) (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	Term loan	FY2024-FY2025	NA	FY2030-FY2031	550.00	[ICRA]A (Stable)
NA	Term loan	Dec 2019	NA	Feb 2025	0.00	[ICRA]A(CE) (Stable); withdrawn

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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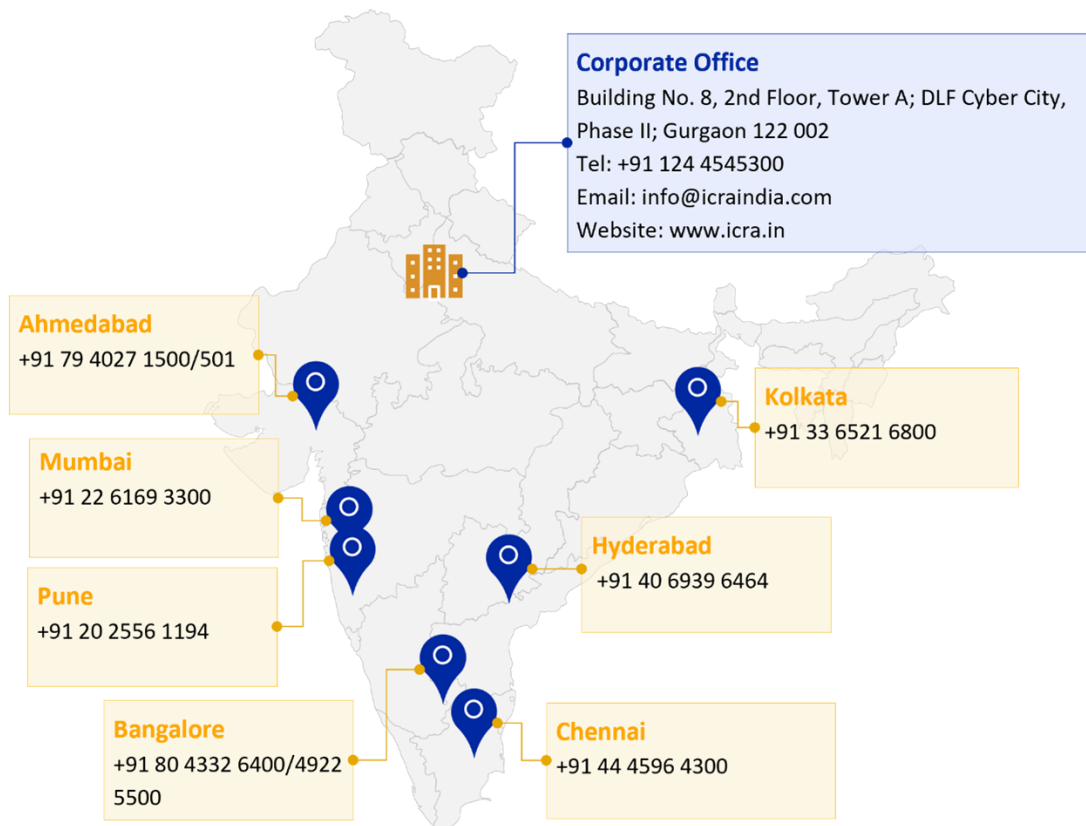
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