

October 24, 2025

Divyasree Tarbus Builders Private Limited: Rating downgraded and outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	664.00	664.00	[ICRA]BBB (Stable); downgraded from [ICRA]BBB+ (Negative) and outlook revised to Stable
Total	664.00	664.00	

*Instrument details are provided in Annexure I

Rationale

The rating action for the bank facilities of Divyasree Tarbus Builders Private Limited (DTBPL) factors in the increase in leverage and moderate coverage metrics on account of additional top-up loan of Rs. 121 crore availed in May 2025. The company has re-leased around 80% of the vacant space at significantly higher rentals (Rs. 150–155/sft/month vis-à-vis ~Rs. 83/sft/month earlier) with around 70% of these rental inflows commencing in FY2026 and the balance will commence in FY2027. Despite higher annualised rentals, the leverage, as measured by total external debt/annualised net operating income (debt/annualised NOI), is expected to remain elevated at 8.8-8.9 times as of March 2026 (8.36 times as of March 2025), primarily owing to the incremental debt from the top-up loan availed during the year. Consequently, the debt coverage metrics are estimated to remain moderate in FY2026 and FY2027. The rating notes the high tenant concentration risk and high lease non-renewal risk or vacancy risk as ~37% of the leases (area occupied by Dell) is due for renewal in FY2026. However, the same is mitigated by the significantly lower (~Rs. 95 per sft) rent rates compared to the prevailing market rent rates (~Rs.140-160 per sft). The rating is constrained by the high geographical and asset concentration risks and vulnerability of debt coverage ratios to factors such as changes in interest rates or reduction in occupancy levels.

However, the rating derives strength from the healthy occupancy as of August 2025 at 91% (same as of August 2024) for the assets, along with the estimated increase in rental income in FY2026 owing to higher average rent rate at Rs. 125-130 /sft/month against the earlier Rs. 95-98 /sft/month. The recent lease tie-ups have lock-in expiry of 3-3.5 years. Further, the company has incurred capex against the improvement of the asset, Divyasree Greens, which was initially build as a built-to-suit model for tenant Dell, thereby improving its marketability. The rating also considers the assets being favourably located at a prime location near Embassy Golf Links, at Inner Ring Road, Domlur, Bengaluru. DTBPL is also backed by the established track record of Divyasree Group in the development and management of commercial real estate assets.

The Stable outlook on the [ICRA]BBB rating reflects ICRA's opinion that the company will benefit from the favourable location of the assets and will sustain healthy occupancy levels at increased average rent rates, thereby improving the leverage in the medium term.

Key rating drivers and their description

Credit strengths

Favourable location – The projects, Divyasree Greens and Divyasree Greens Annexe, are located at a prime location near Embassy Golf Links, at Inner Ring Road, Domlur, Bengaluru, which supports healthy leasing. Divyasree Greens is a Grade-A property with high-end infrastructure and is near the residential areas of Indiranagar and Koramangala and close to the junction with Old Airport Road, which connects it to Whitefield.

Healthy occupancy levels with improvement in rental income – The occupancy for the assets as of August 2025 stood at 91% (same as of August 2024). Post Dell vacating ~64% (0.47 msf) of Divyasree Greens in H1 FY2025, the company has re-leased around 80% of the vacant space to two new tenants, Atlassian India LLP and Tablespace Technologies Private Limited, which occupied 0.21 msf and 0.16 msf, respectively, at significantly higher rent rates at ~Rs.155/sft/month compared to ~Rs. 83/sft/month earlier, with around 70% of these rental inflows commencing in FY2026 and the balance will commence in FY2027. The rentals are expected to be around Rs. 81 crore and Rs. 108 crore in FY2026 and FY2027 respectively. Further, the new lease tie-ups have the lock-in expiry of 3-3.5 years.

Credit challenges

High leverage and moderate debt coverage metrics – The company has taken an additional top-up loan of Rs. 121 crore in May 2025, being utilised for asset improvement and general corporate purpose (including loans and advances to group companies). The total debt outstanding increased to Rs. 785.0 crore as of August 2025 from Rs. 652.7 crore as of March 2025. The leverage, as measured by total external debt/ annualised NOI, is expected to remain elevated at 8.8-8.9 times as of March 2026 (8.36 times as of March 2025), primarily on account of the incremental debt from the top-up loan availed during the year. Nevertheless, the leverage is expected to improve going forward, supported by timely debt repayments. Consequently, the debt coverage metrics are estimated to remain moderate in FY2026 and FY2027. Nonetheless, the coverage metrics are likely to improve post commencement of the remaining 30% rentals from the new tenants from FY2027 onwards. Further, the DSCR remains vulnerable to any changes in interest rates and occupancy levels.

Asset and tenant concentration risks – The company remains exposed to asset concentration risk, given its dependence on a single asset—Divyasree Greens. Moreover, the tenant concentration is high, with the top three tenants occupying the entire leased area, resulting in heightened exposure to market risks in the event of any vacancy or non-renewal of leases. Nonetheless, these risks are partly mitigated by the project's favourable location and the presence of a reputed tenant profile.

Liquidity position: Adequate

The company's liquidity is adequate. As on August 31, 2025, the free cash and liquid investments of Rs. 93.95 crore (against Rs. 19.4 crore as on December 31, 2024). Further, it has debt obligations (P+I) of Rs. 65.7 crore in FY2026 and Rs. 77.6 crore in FY2027, which will be serviced through cash flow from operations, available liquidity and support from the Divyasree Group (if the need arises).

Rating sensitivities

Positive factors – The rating can be upgraded if the company is able to sustain high occupancies and significantly improve the debt protection metrics.

Negative factors – The rating may be downgraded in case of a material decline in occupancy or rental rates and/or delayed rental commencement, or inability to improve the debt coverage metrics or liquidity position on a sustained basis. Further, any material increase in loans and advances adversely impacting the liquidity of DTBPL may put pressure on the rating.

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

Divyasree Tarbus Builder Private Limited (DTBPL) is involved in real estate development. DTBPL is a part of the Divyasree Group, which has completed over ~30.0 msf of commercial office and residential space as of August 2025, across Bengaluru, Hyderabad, and Chennai. The company's assets included 0.71 msf of operational leasable area named Divyasree Greens and 0.05 msf of office space named DivyaSree Greens Annexe, in the land parcel adjoining DivyaSree Greens, on Inner Ring Road, Domlur, Bengaluru. As of August 2025, the occupancy of the assets stood at 91%.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	99.3	95.0
PAT	39.5	50.7
OPBDIT/OI	79.1%	74.2%
PAT/OI	39.8%	53.4%
Total outside liabilities/Tangible net worth (times)	3.6	3.1
Total debt/OPBDIT (times)	9.2	10.1
Interest coverage (times)	1.3	1.1

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

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 24, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based-Term loan	Long term	664.00	[ICRA]BBB (Stable)	Jan 30, 2025	[ICRA]BBB+ (Negative)	Jul 28, 2023	[ICRA]BBB+ (Stable)	Jul 22, 2022	[ICRA]BBB+ (Stable)
				Apr 26, 2024	[ICRA]BBB+ (Negative)				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – 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	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund-based – Term loans	May 2025	NA	April 2040	664.00	[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

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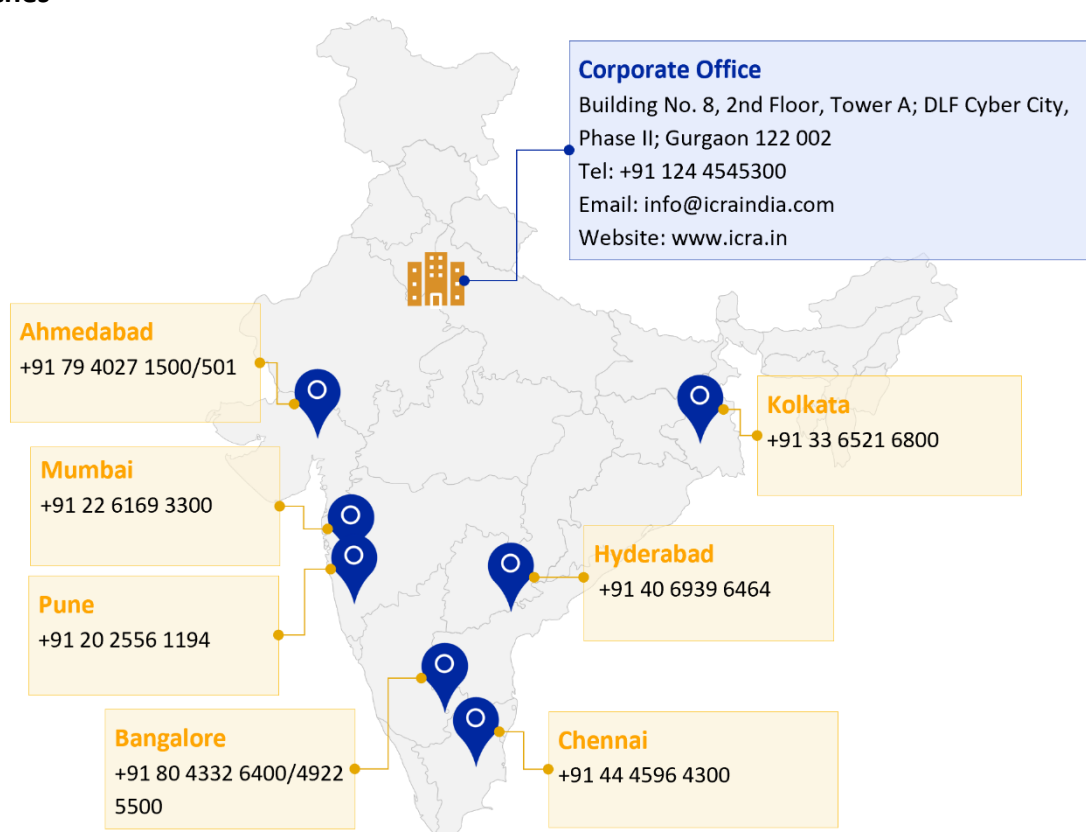
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