

November 04, 2025

Arnon Builders & Developers 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 loan	610.00	610.00	[ICRA]AAA (Stable); reaffirmed
Long-term fund based – Overdraft	20.00	20.00	[ICRA]AAA (Stable); reaffirmed
Long-term – non-fund based – Interchangeable [#]	(20.00)	(10.00)	[ICRA]AAA (Stable); reaffirmed
Total	630.00	630.00	

*Instrument details are provided in Annexure I

[#]Includes non-fund based facilities (bank guarantee/letter of credit) which is sublimit to overdraft

Note: Rostrum Realty Private Limited (RRPL) is a special purpose vehicle (SPV), which has three wholly owned subsidiaries – Aspen Buildtech Private Limited (ABL), Arnon Builders and Developers Private Limited (ABDL) and Oak Infrastructure Developers Private Limited (OIDL), together referred as pooled assets. The debt for the pooled assets has cross collateralisation and cross-default clauses.

Rationale

The rating reaffirmation of ABDL reflects its strong parentage derived from being wholly owned by RRPL which is ultimately equally owned by Brookfield India Real Estate Trust (BIRET, rated [ICRA]AAA (Stable)), and Brookfield group¹ as they have significant experience and operational track record in the commercial real estate industry. The pooled assets hold high strategic importance for BIRET, as they are estimated to contribute ~18% of gross asset value as of March 2025. The consolidated occupancy level of pooled assets improved to 95% as of June 2025 (from 93% in June 2024 and 88% in September 2023). This along with increase in rent rates, refinancing of loan with elongated repayment schedule and reduction in interest rates by ~100 bps has resulted in improvement in debt protection metrics of the pooled assets. The total debt/net operating income (NOI) is expected to be ~6.5-6.7 times as of March 2026 (6.8 times as of March 2025 and 7.9 times as of March 2024) and five-year average debt service coverage ratio (DSCR) of 1.50 – 1.55 times (FY2026 – FY2030). The company also derives strong financial flexibility being part of Brookfield REIT.

The rating continues to factor in healthy business risk profiles of the pooled assets, which consist of 2.47 million square feet (msf) of commercial office leasable space and 0.83 msf of retail space, spread across New Delhi, Gurugram and Ludhiana. The pooled assets have a reputed tenant mix and are in favourable locations with good connectivity enhancing their marketability.

ABDL owns and operates a mixed-use real estate asset, Worldmark 65 (WM65) in Gurugram, with office and retail leasable area of 0.48 msf and 0.27 msf, respectively. The occupancy of WM65 stood healthy at 95% as of June 2025 occupied by reputed tenants.

The leverage of ABDL on standalone basis as reflected in total debt/NOI stood moderate at 8.8 times as of March 2025 and is expected to remain in the range of 7.8-8.0 times as of March 2026. The leverage has increased at a standalone level due to repayment of inter-company loans. However, comfort is derived by the comfortable debt protection metrics for the pooled assets and the surplus sharing arrangement among them. Further, ABDL is exposed to moderate tenant concentration risk as

¹ Through Metallica Holdings (DIFC) Limited

the top five tenants for both office area and retail area, occupying around ~43% of the leased space, respectively. ADBL is also exposed to geographical and asset concentration risks, which are inherent in companies with a single asset.

The pooled assets remain exposed to the inherent cyclicalities in the real estate industry and vulnerability to external factors. The rating notes the vulnerability of debt coverage ratios to factors such as changes in interest rate or material reduction in occupancy levels.

The Stable outlook reflects ICRA's opinion that the company would benefit from the stable operations of the pooled assets, reputed tenant profile, improved debt protection metrics and strong financial flexibility being part of BIRET.

Key rating drivers and their description

Credit strengths

Strong parentage derived from Brookfield India Real Estate Trust and Brookfield Group – ADBL is wholly owned subsidiary of RRPL which in turn is equally owned by BIRET (rated [ICRA]AAA (Stable)), and Brookfield group as they have significant experience and operational track record in the commercial real estate industry. The pooled assets hold high strategic importance for BIRET, as they are estimated to contribute ~18% of gross asset value as of March 2025. The company also derives strong financial flexibility being part of Brookfield REIT.

Cross-collateralised structure with surplus sharing among SPVs lends strength to debt structure – The consolidated occupancy level of pooled assets improved to 95% as of June 2025 (from 93% in June 2024 and 88% in September 2023). This along with increase in rent rates, refinancing of loan with elongated repayment schedule and reduction in interest rates by ~100 bps has resulted in improvement in debt protection metrics of the pooled assets. The total debt/net operating income (NOI) is expected to be ~6.5-6.7 times as of March 2026 (6.8 times as of March 2025 and 7.9 times as of March 2024) and five-year average debt service coverage ratio (DSCR) of 1.50 – 1.55 times (FY2026 – FY2030).

Favourable locations of pooled assets with reputed tenants – The pooled assets consist of 2.47 msf of commercial office leasable space and 0.83 msf of retail space, spread across New Delhi, Gurugram and Ludhiana. The pooled assets have a reputed tenant mix and are in favourable locations with good connectivity enhancing their marketability. ADBL owns and operates a mixed-use real estate asset, Worldmark 65 (WM65) in Gurugram, with office and retail leasable area of 0.48 msf and 0.27 msf, respectively. The occupancy of WM65 improved to 95% as of June 2025, driven by ramp-up in occupancy of office space.

Credit challenges

Moderate leverage levels; exposure to tenant and asset concentration risks in ADBL – The leverage of ADBL on standalone basis as reflected in total debt/NOI stood moderate at 8.8 times as of March 2025 and is expected to remain in the range of 7.8-8.0 times as of March 2026. The leverage has increased at a standalone level due to repayment of inter-company loans. However, comfort is derived by the comfortable debt protection metrics for the pooled assets and the surplus sharing arrangement among them. Further, ADBL is exposed to moderate tenant concentration risk as the top five tenants for both office area and retail area, occupying around ~43% of the leased space, respectively. ADBL is also exposed to geographical and asset concentration risks, which are inherent in companies with a single asset.

Vulnerable to cyclicalities and changes in interest rates – The pooled assets remain exposed to the inherent cyclicalities in the real estate industry and vulnerability to external factors. Nonetheless, ICRA takes comfort from the healthy occupancy levels of the pooled assets. The rating notes the vulnerability of debt coverage ratios to factors such as changes in interest rate or material reduction in occupancy levels.

Liquidity position: Adequate

The pooled assets had cash and bank balance of Rs. 200.4 crore as on March 31, 2025, and estimated principal repayment obligations of Rs. 2.9 crore in H2 FY2026 and Rs. 51 crore in FY2027, which can be comfortably serviced through its estimated cash flow from operations. ABDL on standalone basis, had cash and bank balance of Rs. 12.4 crore as of March 31, 2025. Its liquidity is supported by the debt structure, wherein each SPV has access to the surpluses of the other SPVs under pooled assets.

Rating sensitivities

Positive factors – NA

Negative factors – Negative pressure on the ratings could emerge if there is a material decline in occupancy or a significant increase in indebtedness for the pooled assets resulting in weakening of debt protection metrics on a sustained basis. Further, any deterioration in the credit profile or weakening of linkages with Brookfield REIT might have a bearing on ABDL's rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Parent: Pool of four entities namely Rostrum Realty Private Limited (RRPL) and its wholly-owned subsidiaries namely Aspen Buildtech Private Limited (ABL), Arnon Builders and Developers Private Limited (ABDL) and Oak Infrastructure Developers Private Limited (OIDL). All the four entities have common lenders and the debt availed by them have a cash flow pooling mechanism, with presence of cross-default clauses and surplus sharing. The rating for ABDL has been arrived at by following the analytical steps as given below: 1. An assessment of the standalone credit profile of ABDL. 2. An assessment of the credit profile of the pooled assets by considering consolidated business and financial risk profiles of the pooled assets. 3. The final rating for the bank facility of ABDL is arrived at by suitably notching up the standalone rating after duly considering the support from the pooled assets as per the debt structure and the linkages between the standalone entity and the pooled assets.
Consolidation/Standalone	Standalone

About the company

Arnon Builders & Developers Private Limited was incorporated on March 09, 2006. It is wholly owned subsidiary of Rostrum Realty Private Limited (RRPL) which is ultimately owned by Brookfield India Real estate Trust (50%) and Brookfield group (50%) as of June 30, 2025. Brookfield group acquired Arnon in March 2023 post which the entity was transferred from Bharti Group to RRPL. Currently Arnon owns and operates mixed use real estate asset with office and retail mall – World Mark Gurgaon (WM 65) with total leasable area of 0.75 msf with office share of 0.48 msf (63.5%) and retail share of 0.27 msf (36.5%).

Key financial indicators (audited)

Standalone - ABDL	FY2024	FY2025
Operating income	77.0	90.6
PAT	-20.7	-9.4
OPBDIT/OI	68.2%	70.7%
PAT/OI	-26.9%	-10.4%
Total outside liabilities/Tangible net worth (times)	-3.7	-3.4
Total debt/OPBDIT (times)	13.2	10.6
Interest coverage (times)	0.7	0.9

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

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							
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	610.00	Nov 04, 2025	[ICRA]AAA (Stable)	Sep 30, 2024	[ICRA]AAA (Stable)	Oct 05, 2023	[ICRA]A (Stable)	-	-
		-			Mar 13, 2025	[ICRA]AAA (Stable)	-	-	-	-
Overdraft	Long-term	20.00	Nov 04, 2025	[ICRA]AAA (Stable)	Sep 30, 2024	[ICRA]AAA (Stable)	Oct 05, 2023	[ICRA]A (Stable)	-	-
		-			Mar 13, 2025	[ICRA]AAA (Stable)	-	-	-	-
Non-fund based limits	Long-term	-			Sep 30, 2024	[ICRA]AAA (Stable)	Oct 05, 2023	[ICRA]A (Stable)	-	-
Non-fund based - Interchangeable [#]	Long-term	(10.00)	Nov 04, 2025	[ICRA]AAA (Stable)	Mar 13, 2025	[ICRA]AAA (Stable)	-	-	-	-

- Includes non-fund based facilities (Bank guarantee/letter of credit) which is sublimit to overdraft

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term loan	Simple
Long-term Fund-based – Overdraft	Simple
Long Term – Non-fund based – Interchangeable [#]	Very 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 loans	FY2025	-	FY2040	610.00	[ICRA]AAA (Stable)
NA	Overdraft	-	-	-	20.00	[ICRA]AAA (Stable)
NA	Interchangeable limits [#]	-	-	-	(10.00)	[ICRA]AAA (Stable)

Source: Company; # - Includes Non-fund based facilities(Bank guarantee/letter of credit) which is sublimit to overdraft

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3300

ashish.modani@icraindia.com

Abhishek Lahoti

+91 40 6939 6433

abhishek.lahoti@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Rabbani Mohammed D

+91 40 6939 6422

d.rabbani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



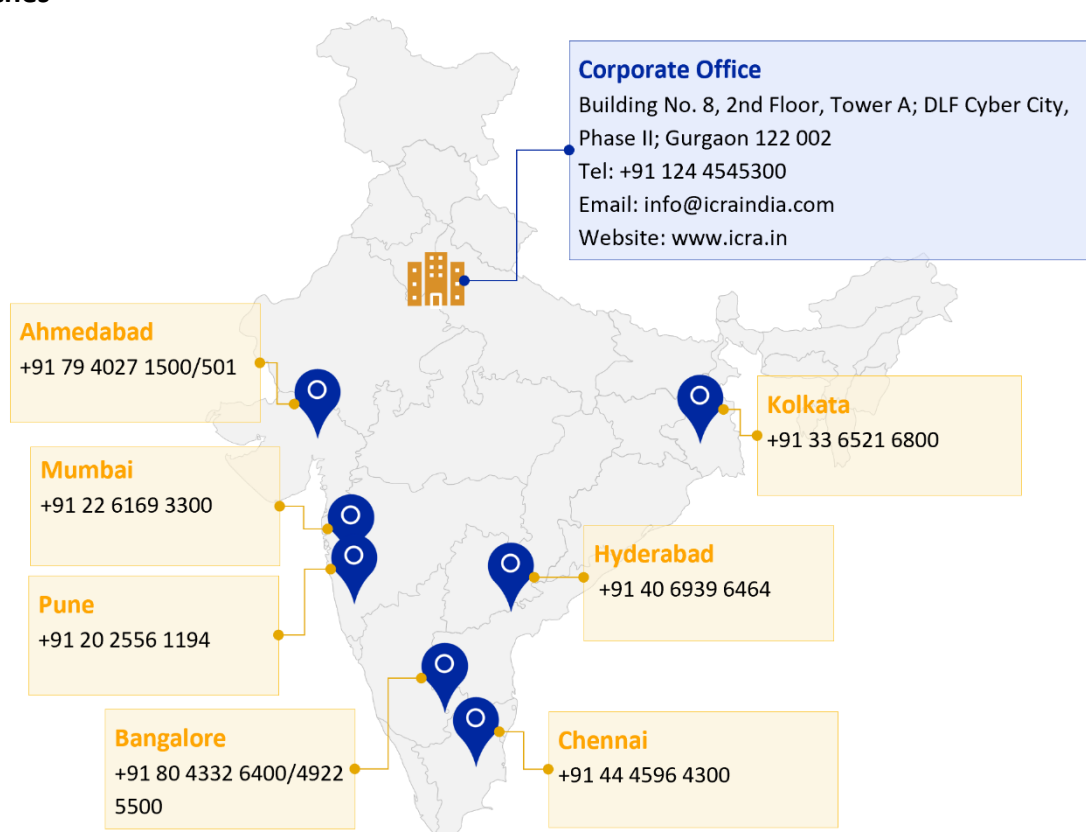
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.