

June 23, 2026

RMZ City Estates Private Limited: Rating reaffirmed; outlook revised to Positive from Stable

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|------------------------------------|--------------------------------------|-------------------------------------|--|
| Long-term – Fund-based – Term loan | 1,200.00 | 1,200.00 | [ICRA]A (Positive); reaffirmed and outlook revised to Positive from Stable |
| Long-term – Non-fund based | 29.69 | 29.69 | [ICRA]A (Positive); reaffirmed and outlook revised to Positive from Stable |
| Long-term – Unallocated | 20.31 | 20.31 | [ICRA]A (Positive); reaffirmed and outlook revised to Positive from Stable |
| Total | 1,250.00 | 1,250.00 | |

*Instrument details are provided in Annexure II

Rationale

The revision in outlook to Positive for RMZ City Estates Private Limited (RCEPL) factors in the expected improvement in leverage, supported by an increase in net operating income (NOI) on account of scheduled rental escalations and debt reduction as per the loan amortisation schedule, with no plans of additional indebtedness. The rating takes note of the sustained robust occupancy levels at 100% since January 2022 with a reputed tenant profile for its commercial office asset, RMZ Star Tech, in Koramangala, Bengaluru. The leverage, measured by total debt/NOI, is estimated to improve and remain comfortable at around 4.5-5.0 times as of March 2027 compared to 5.6 times as of March 2026. Consequently, the debt coverage metrics are likely to remain adequate with five-year average debt service coverage ratio (DSCR) projected to be in the range of 1.25-1.30 times during FY2027-FY2031. The rating considers the favourable location of the asset, having good infrastructure and connectivity, thereby enhancing its marketability. The rating draws comfort from the presence of strong promoters, the RMZ Group and the CPPIB Group, wherein 51% stake is held by the CPPIB and the remaining 49% by the RMZ Group. The RMZ Group has a strong execution and leasing track record in the commercial real estate space and manages over 25 million square feet (msf) of commercial real estate portfolio across cities.

The rating is, however, constrained by the high tenant concentration risk, with two tenants occupying 100% of the area. This heightens the vulnerability to market risks in the event of any significant vacancy or non-renewal of leases. Nonetheless, the risk is partially offset by a reputed tenant profile, as well as investments made by the tenants towards fitouts. The rating factors in the single-asset nature of the special purpose vehicle (SPV) and the dependence on revenues from a single property, exposing it to asset concentration risk. The company remains exposed to the inherent cyclicity in the real estate industry and is susceptible to external factors. The rating notes the vulnerability of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels.

Key rating drivers and their description

Credit strengths

Healthy occupancy, comfortable leverage and adequate debt coverage metrics – The company has sustained 100% occupancy levels since January 2022 with a reputed tenant profile for its commercial office asset. The leverage, measured by

total debt/NOI, is estimated to improve and remain comfortable at around 4.5-5.0 times as of March 2027 compared to 5.6 times as of March 2026. Consequently, the debt coverage metrics are likely to remain adequate with five-year average DSCR projected to be in the range of 1.25-1.30 times during FY2027-FY2031.

Strong promoter profile with established track record in commercial real estate business – RCEPL is promoted by the RMZ Group and the CPPIB Group, wherein 51% stake is held by the CPPIB, and the remaining 49% stake is held by the RMZ Group. The RMZ Group has a strong execution track record in the real estate space and is one of the leading players in the commercial real estate segment. It has developed over 25 msf of commercial real estate space across several cities. The Group has a long track record of timely completion of large-sized projects with high occupancy levels across its properties. The strong promoter groups and their demonstrated track record in commercial real estate development lend healthy financial flexibility to RCEPL.

Favourable asset location – The project is favourably located in Koramangala, Bengaluru, which is characterised by good infrastructure and connectivity, thereby enhancing its marketability.

Credit challenges

High tenant and asset concentration risks – RCEPL is susceptible to high tenant concentration risk, with two tenants occupying 100% of the area. This exposes the company to market risks in the event of any significant vacancy or non-renewal of leases. Nonetheless, the risk is partially offset by a reputed tenant profile, as well as investments made by the tenants towards fit outs. The rating factors in the single-asset nature of the SPV and the dependence on revenues from a single property, exposing it to asset concentration risk.

Exposure to cyclicity in commercial real estate – The company remains exposed to the inherent cyclicity in the real estate industry and vulnerability to external factors. RCEPL’s debt coverage metrics remain vulnerable to factors such as changes in interest rates or reduction in occupancy levels.

Liquidity position: Strong

The company’s liquidity profile is strong, backed by sustained healthy free cash balances of Rs. 75-80 crore as of March 2026. It has paid dividends of Rs. 154 crore to the sponsors in FY2026. The cash flow from operations is expected to remain comfortable to service the total debt obligations due in FY2027 and FY2028.

Rating sensitivities

Positive factors – The rating can be upgraded if the company is able to sustain high occupancies and material reduction in indebtedness leading to improvement in the debt protection metrics. Specific credit metrics that could lead to a rating upgrade include total debt/NOI lower than 5.5 times on a sustained basis.

Negative factors – The outlook can be revised to Stable if there is any material decline in occupancy levels or significant increase in indebtedness resulting in weakening of debt coverage and leverage metrics. Specific credit metric for a rating downgrade includes five-year average DSCR remaining less than 1.2 times on a sustained basis.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Realty - Leasing |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | Standalone |

About the company

RCEPL is a private limited company held by CPPIB and Millennia Realtors Private Limited (part of RMZ Group) in a 51:49 ratio. The company has a commercial office property with a total leasable area of 1.37 msf called RMZ Star Tech, in Koramangala, Bengaluru. The asset has sustained 100% occupancy since January 2022.

Key financial indicators

| Standalone | FY2025 | FY2026 |
|--|---------|-------------|
| | Audited | Provisional |
| Operating income | 200.3 | 198.6 |
| PAT | 150.5 | 62.5 |
| OPBDIT/OI | 86% | 85% |
| PAT/OI | 75% | 31% |
| Total outside liabilities/Tangible net worth (times) | 1.1 | 1.1 |
| Total debt/OPBDIT (times) | 5.6 | 5.6 |
| Interest coverage (times) | 2.7 | 2.4 |

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 (FY2027) | | | Chronology of rating history for the past 3 years | | | | | |
|------------------------------|------------------|--------------------------|--------------------|---|------------------|--------------|------------------|--------|--------|
| | Type | Amount rated (Rs. crore) | June 23, 2026 | FY2026 | | FY2025 | | FY2024 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| Term loan | Long-term | 1,200.00 | [ICRA]A (Positive) | May 20, 2025 | [ICRA]A (Stable) | May 28, 2024 | [ICRA]A (Stable) | - | - |
| Non-fund based limits | Long-term | 29.69 | [ICRA]A (Positive) | May 20, 2025 | [ICRA]A (Stable) | May 28, 2024 | [ICRA]A (Stable) | - | - |
| Unallocated | Long-term | 20.31 | [ICRA]A (Positive) | May 20, 2025 | [ICRA]A (Stable) | May 28, 2024 | [ICRA]A (Stable) | - | - |

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

| Sr. No. | Instrument | FSR |
|---------|--|--|
| 1 | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities) | SEBI |
| 2 | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities) | MCA |
| 3 | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | SEBI |
| 4 | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | SEBI |
| 5 | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | RBI |
| 6 | Listed Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 7 | Unlisted Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 8 | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$) | RBI |
| 9 | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Listed Security Receipts | SEBI |
| 15 | Unlisted Security Receipts | RBI |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

| Sr. No. | Activity Name | FSR |
|---------|--|------|
| 1 | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs) | SEBI |
| 2 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |
| 3 | Independent Credit Evaluation (ICE) | RBI |
| 4 | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs) | RBI |
| 5 | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities)) | SEBI |

| | | |
|----|--|------|
| 6 | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA |
| 7 | Credit Rating of Borrowing programme | (@) |
| 8 | Issuer Ratings | (#) |
| 9 | Monitoring Agency | SEBI |
| 10 | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|------------------------------------|----------------------|
| Long-term – Fund-based – Term loan | Simple |
| Long-term – Non-fund based limits | Simple |
| Long-term – Unallocated | Not Applicable |

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 II: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|------|-----------------------|------------------|-------------|----------|--------------------------|----------------------------|
| NA | Term loan | FY2023 | NA | FY2038 | 1200.0 | [ICRA]A (Positive) |
| NA | Non-fund based limits | - | - | - | 29.69 | [ICRA]A (Positive) |
| NA | Unallocated | - | - | - | 20.31 | [ICRA]A (Positive) |

Source: Company data, ICRA Research

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

Annexure III: List of entities considered for consolidated analysis - Not Applicable

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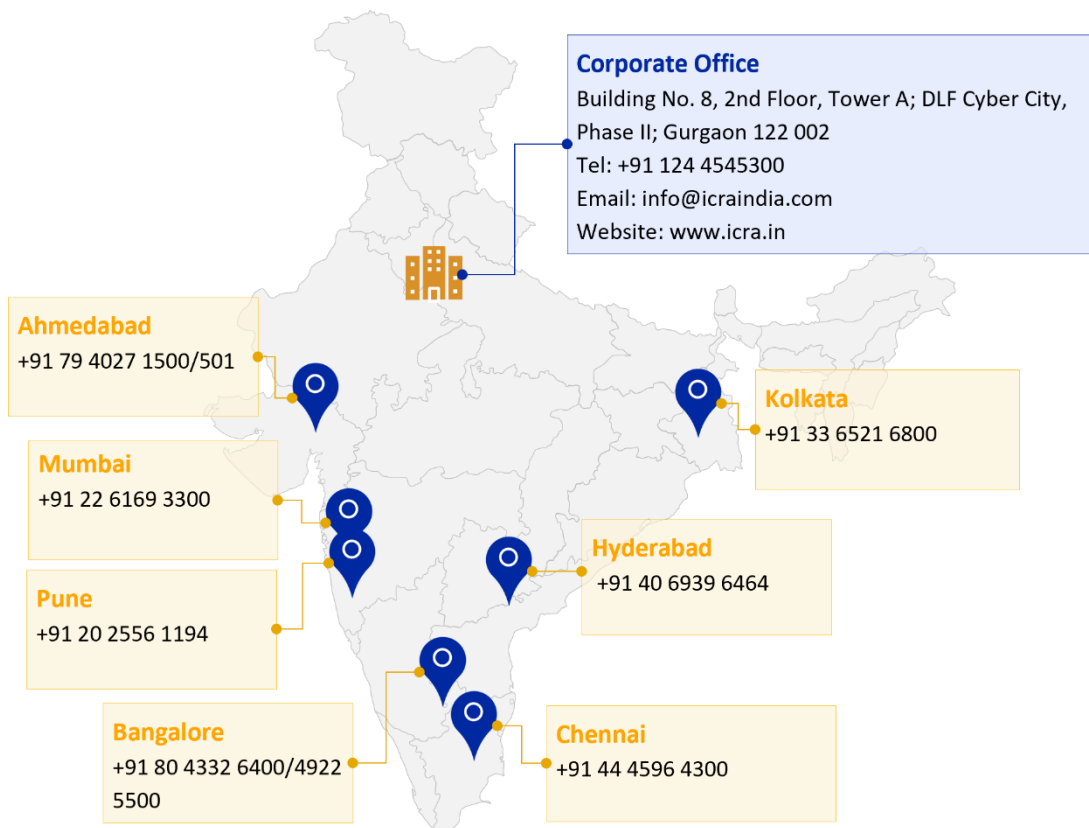
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