

May 27, 2025

## Aratt One World 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	350.00	340.00	[ICRA]BB (Stable); reaffirmed
<b>Total</b>	<b>350.00</b>	<b>340.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation for Aratt One World Private Limited (AOWPL) factors in the established track record of the Aratt Group, spanning more than two decades in the Bengaluru real estate market and the favourable location of the residential tower (Ayatana Residences) and the commercial tower (One World - Tower 1), being developed as Phase 1 of the mixed-use development township, by the company in Electronics City, Bengaluru, enhancing the marketability. Ayatana Residences was launched for sale in July 2024, with a total saleable area of 0.39 million square feet (msf), of which 12% has been sold at a total sales value of Rs. 51 crore as of March 2025, with committed receivables of Rs. 38 crore. Further, One World - Tower 1 has a pre-leasing tie-up for 44% of the total leasable area of 1.0 msf. The company's collections are expected to increase to Rs. 35-40 crore in FY2026 (PY: Rs. 12 crore) and to Rs. 80-85 crore in FY2027, supported by adequate sales velocity and construction progress.

The rating is, however, constrained by the company's modest scale of operations with expected collections of Rs. 35-40 crore in FY2026. At present, it is developing a residential tower (construction started in April 2024) and a commercial tower (construction is expected to start in Q1 FY2026), with ~89% (as of December 2024) of the total cost yet to be incurred on both projects combined, exposing it to execution risk. Considering the initial stages of construction of the residential tower and low sales velocity, the cash flow adequacy ratio<sup>1</sup> remained moderate at ~40% as on March 31, 2025. As of March 2025, the company has sold only ~12% of the total saleable area (residential tower launched for sale in July 2024) and leased ~44% of area (LOI signed) in the commercial tower, thus exposing it to market risk. Moreover, the handover of the pre-leased area of the commercial tower as per the LOI is in November 2025. However, it is likely to be extended by a year. The leverage as measured by Total Debt/CFO (for both residential and commercial tower combined) is estimated to be high at 5.9 times as on March 31, 2026. The company is also exposed to refinancing risk associated with the bullet repayment due in FY2028. Timely completion of projects without any time and cost overruns, along with tying of leases at adequate rates in a timely manner would remain the key monitorable. The company faces geographical concentration risk due to the ongoing project being in the Bengaluru region. Being a cyclical industry, the residential real estate sector is highly dependent on macro-economic factors, which exposes its sales to any downturn in demand and competition within the region from various established developers.

The Stable outlook on the rating reflects ICRA's opinion that the company will benefit from the favourable location of the projects, supporting the marketability of its residential and commercial projects and resulting in an improvement in the overall collections and leverage metrics.

<sup>1</sup> Adequacy of committed cash flows = (Receivables from sold area)/(Pending Cost +Debt Outstanding)

## Key rating drivers and their description

### Credit strengths

**Favourable location of property** – AOWPL is developing a mixed-use development located at a premium location in Phase 1 Electronics City, Bengaluru, thereby enhancing its marketability. It offers significant locational advantages, making it an ideal area for both businesses and residents. It is home to numerous IT parks and corporate offices, including major companies like Infosys and Wipro. The area boasts excellent connectivity through Hosur Road, Electronic City flyover, and NICE Ring Road, along with access to public transport options like Electronic City Metro Station. Residents and businesses benefit from the nearby educational institutions, healthcare facilities, and a variety of shopping and dining options. Additionally, the area is less congested compared to central Bengaluru and features green spaces, contributing to a higher quality of life.

**Established track record of developer in real estate and hospitality sectors** – The Aratt Group, promoted by Mr. Tony Vincent and his family members, has around two and half decades of experience in developing residential, commercial, hospitality and plotted projects. As of March 2025, the Group had developed around 36 residential projects with a saleable area of around 7 msf in Bengaluru, while four projects with 1.7 msf of area are under development and five projects of around 3 msf are in the pipeline. The Group has presence in the hospitality industry and operates under the name of Ayatana Hospitality in Karnataka and Kerala.

**Expected increase in collections in FY2026 and FY2027** – The company's collections are expected to increase to Rs. 35-40 crore in FY2026 (PY: Rs. 12 crore) and to Rs. 80-85 crore in FY2027, supported by adequate sales velocity and construction progress.

### Credit challenges

**Moderate scale of operations** – AOWPL's scale of operations is moderate with expected collections of Rs. 35-40 crore in FY2026 from the ongoing residential tower, with a total saleable area of 0.39 msf, along with a commercial tower (construction yet to start) with a total leasable area of 1.0 msf.

**Exposure to execution, market and refinancing risks** – At present, the company is developing a residential tower (construction started in April 2024) and a commercial tower (construction is expected to start in Q1 FY2026), with ~89% (as of December 2024) of the total cost yet to be incurred on both projects combined, exposing it to execution risk. Considering the initial stages of construction of the residential tower and low sales velocity, the cash flow adequacy ratio remained moderate at ~40% as on March 31, 2025. Further, as of March 2025, the company has sold only ~12% of the total saleable area (residential tower launched for sale in July 2024) and ~44% of area is (LOI signed) leased for commercial tower, thus exposing it to market risk. Moreover, the handover of the pre-leased area of the commercial tower as per the LOI is in November 2025. However, it is expected to be extended by a year. The company is exposed to refinancing risk associated with the bullet repayment due in FY2028. The leverage as measured by Total Debt/CFO (for both residential and commercial tower combined) is estimated to be high at 5.9 times as on March 31, 2026.

**Geographical concentration risk and susceptibility to cyclical in real estate sector** – The company faces geographical concentration risk due to the ongoing project being in the Bengaluru region. Moreover, being a cyclical industry, the residential real estate sector is highly dependent on macro-economic factors, which exposes its sales to any downturn in demand and competition within the region from various established developers.

## Liquidity position: Adequate

AOWPL's liquidity profile is adequate. The pending cost of ~Rs. 470 crore for the commercial tower as of December 2024 is likely to be met by the undrawn debt of Rs. 280 crore, promoter's contribution of ~Rs. 170 crore and the remaining from refundable security deposit. The pending cost of ~Rs. 94 crore for the residential tower as of December 2024 is likely to be met by the undrawn debt of ~Rs. 40 crore, promoter's contribution of ~Rs. 10 crore and the remaining from advances from customers. AOWPL has scheduled debt repayment obligation of Rs. 4.4 crore and Rs. 16.6 crore in FY2026 and FY2027 respectively, which are expected to be adequately met from its cash flow from operations.

## Rating sensitivities

**Positive factors** – Sustained growth in sales and collections for the company's residential project, and an increase in lease tie-ups, along with timely commencement of rentals for the commercial project, resulting in healthy debt protection metrics and improved liquidity position could result in a rating upgrade.

**Negative factors** – Weak sales or subdued collections for the residential project, or delay in commencement of rentals for the commercial project or inability to tie-up incremental leases at adequate rates, impacting the cash flows and debt coverage metrics could lead to a rating downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate credit rating methodology</a> <a href="#">Realty - Lease Rental Discounting (LRD)</a> <a href="#">Realty - Commercial/Residential/Retail</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Aratt One World Private Limited (AOWPL) is developing a mixed-use development (residential + commercial + hotel) project across a 14.14-acre land parcel in Electronics City, Bengaluru. The project is being developed in two phases, wherein Phase 1 is being undertaken on 8.5 acres, with a commercial tower (1.0 msf leasable area) and a residential tower of saleable area of 0.39 msf, while Phase 2 is in the nascent stages of discussion. Phase 2 is set for future development, once Phase 1 is completed. The residential tower is RERA registered and was launched for sale in July 2024, while the construction for the commercial tower (to be operated on lease model) is expected to start in Q1 FY2026.

**Key financial indicators:** Not meaningful as the company is currently in the project stage.

**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)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	340.00	27-May-25	[ICRA]BB (Stable)	-	-	Feb 28, 2024	[ICRA]BB (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	Sept 2024	-	FY2027-FY2030*	340.00	[ICRA]BB (Stable)

Source: Company; \*loan for the residential tower is to be repaid in 12 quarterly instalments from FY2027 onwards, while loan for the commercial tower has a bullet repayment due in April 2028

[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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