



## Press Release

### Rattha Holding Company Private Limited

April 03, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	447.16	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Upgraded	<a href="#">Simple</a>
Proposed Long Term/ Short Term Bank Facilities	17.84	IVR BBB+/Stable/IVR A2 (IVR Triple B Plus with Stable Outlook; IVR A Two)	-	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>465.00 (Rupees Four Hundred and Sixty- Five Crore Only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the Bank facilities of Rattha Holding Company Private Limited (RHCPL) due to sustained rental cash flows leading to healthy cash flow coverage, supported by healthy occupancy with diversified and marquee client profile. The rating also derive strength from established track record of Rattha group, favourable project location, escrow mechanism and structured payment waterfall. The rating is however constrained by renewal risk of master lease agreements, susceptibility to cyclicity inherent in the real estate sector and exposure to group companies.

The outlook is stable is view of experienced promoters, presence of DSRA, and established track record of the group in the real estate industry.



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### Key Rating Sensitivities:

#### Upward Factors

- Substantial and sustained improvement in revenue and/or profitability.
- Timely receipt of payments from counter parties.

#### Downward Factors

- Non-renewal/fresh tie-ups at competitive rates upon the expiry of lease tenor.
- Termination of the lease agreement with any of the major tenants leading to reduction in occupancy rates and/or cash surplus.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of the Rattha group**

Rattha group has presence in Clothing, Hospitality, Healthcare, Infra & Housing Development, Co-Workspaces. The group diversified into development of IT parks, SEZ's and the smart office spaces on one hand and the residential projects on the other under M/s. Rattha Holding Company Pvt. Ltd. The company is operating two IT parks namely, Tek Meadows and Tek Towers in OMR (Old Mahabalipuram Road – Chennai) and has invested in Rattha Somerset Greenways, Aether Space Development and Grande City Development.

- **Favourable project location**

The project 'TEK Meadows' is located along Rajiv Gandhi Salai (the designated 'IT Corridor' of Chennai) in Sholinganallur market, Chennai. It is spread across a land area of approx. 8.17 acres of which approx. 6.37 acres has been developed as a commercial IT/ITeS development with a cumulative leasable area of approx. 780,928 Sq. ft. Similarly, the project 'TEK Tower' is located along Rajiv Gandhi Salai and enjoys adequate frontage along the access road. It is an operational commercial property admeasuring a total leasable area of approx. 244,176 sft. located along Rajiv Gandhi Salai, Thoraipakkam, Chennai. Project location is surrounded by all basic necessities and conveniences including shopping centres, healthcare centres, education institutes, business centres, restaurants



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which can be accessible easily. Rajiv Gandhi Salai has emerged as an important commercial vector of Chennai with establishment of significant commercial activity primarily focused on IT / ITeS SEZ and Non-SEZ buildings.

- **Escrow mechanism and structured payment waterfall**

The main bank loan facility has been structured in the form of a Lease Rental Discounting (LRD) facility. The terms of the LRD facility require that the lease rent receivables from all the tenants to be routed directly to an Escrow Account set up specifically for the repayment of the said LRD facilities. The lease rent amounts deposited into the Escrow Account would be applied towards statutory dues and the scheduled interest and principal repayments of the LRD facilities as per the payment waterfall. Only after fulfilling the repayments towards the LRD facility, any amounts remaining in the Escrow Account would be allowed to be paid out to the company. Further the company has created DSRA for 3 months of debt repayment to meet short term contingencies.

- **Stable cash flow from lease rentals, supported by healthy occupancy with diversified clientele**

The company has a total leasable area of 10.25 lakh square feet pertaining to its two buildings Tek Meadows (Tower A, B and C) and Tek Towers. Presently, the entire area is leased out to moderately diverse client base of 109 clients with major client being TCS, Eureka, Royan Enfield, American mega trends etc. There is a well-structured lease structure placed in with lock-in period, notice period and an in-built revenue escalation clause for most of its tenants. The occupancy levels have been consistently maintained over 95%. The largest client is TCS with 11.81% area leased. The top 5 and top 10 clients have 28.72% and 43.61% respectively area under lease representing diversified client profile with majority of the clients MNCs.



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### Key Rating Weaknesses

- **Renewal risk of master lease agreements**

Renewal risk arises from the fact that the master lease agreements have been entered with different parties for various tenors ranging from 5 to 10 years. Majorly, the lease rent is being enhanced every 1-3 years at the rate of ~5% to 15% over the last paid lease rent.

- **Susceptibility of cyclicalities inherent in the real estate sector**

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements.

- **Exposure to group companies**

The company has huge exposure to its group companies. The total exposure to its group companies including long term loans and advances and noncurrent investments remains at Rs. 386.94 crore in FY24 (refers to a period from April 01, 2023 – March 31, 2024). Due to this exposure the adjusted TNW remains at -389.54x as on March 31, 2024. These loans and investments are made in group companies with view of financial assistance for construction purpose. Larger than expected outflows to group companies impacting the cash flow coverage of LRD loans will have negative impact on the credit profile.

**Analytical Approach:** Standalone.

**Applicable Criteria:**

[Lease Rental Discounting \(LRD\) - Rating Methodology](#)

[Rating Methodology for Real estate entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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### **Liquidity –Adequate**

The liquidity position is projected at an adequate level with the cash cover above unity over FY25-FY37. It is expected to improve y-o-y with increase in lease contracts and reducing debt with scheduled repayments. As on December 31, 2024, the free cash and bank balance remain at Rs.5.03 crore. As on March 31, 2024, the free cash and bank balance remain Rs.10.73 crore.

### **About the Company**

The Rattha Group was established in 1992 with the manufacture and export of garments by the promoter and directors. Since then, the group has ventured into Infrastructure, Housing, Hospitality and Health Care. The group has built 1.2 million Sq. ft. of IT parks and leased to clients. The group have also developed about 5 million Sq. ft. of residential apartments and villas with partners like Prestige Estates and Appaswamy Real Estates. The group has its presence in 15 countries with 10 global service partners having an employee base of around 6000 employees.

M/s. Rattha Holding Company Pvt. Ltd. was incorporated in Sep 2004 in Chennai. The company was established with an objective to acquire, promote, construct, develop, etc residential or commercial Industrial and Info Tech Parks & to carry on any business of Investment Company, Real Estate, Software Tech Park and others. The company operates two IT parks namely, Tek Meadows and Tek Towers in OMR and has invested in Rattha Somerset Greenways, Aether Space Development and Grande City Development. The company has done 2.5 million square feet of development so far.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	69.91	77.26
EBITDA	47.67	55.66
PAT	-3.02	4.00
Total Debt	501.18	489.72
Tangible Net Worth	-6.61	-2.51



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EBITDA Margin (%)	68.20	72.04
PAT Margin (%)	-3.61	5.06
Overall Gearing Ratio (x)	-1.30	-1.26
Interest Coverage (x)	0.79	1.30

*\* Classification as per Infomerics' standards.*

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**

**Rating History for last three years:**

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023
					Date (March 20, 2024)	Date (December 21, 2023)	Date (November 22, 2022)
1.	LRD Loans	Long Term	447.16	IVR BBB+/Stable	-	IVR BBB/Stable	IVR BB+/Negative ; ISSUER NOT COOPERATING
2.	Proposed Long Term/ Short Term Bank Facilities	Long Term/ Short Term Bank Facilities	17.84	IVR BBB+/Stable/IVR A2	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Limited formerly known as Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
LRD loans	-	-	-	May 2037	447.16	IVR BBB+/Stable
Proposed Long Term/ Short Term Bank Facilities	-	-	-	-	17.84	IVR BBB+/Stable/IVR A2

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-RatthaHolding-03apr2025.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).