

Olympia Cyberspace Private Limited

February 14, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	484.38 (Enhanced from 469.00)	CARE BBB+; Stable	Upgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the rating assigned to bank facilities of Olympia Cyberspace Private Limited (OCPL) factors in robust improvement in occupancy levels and conversion of construction debt to lease rental discounting (LRD)/term loan facility with longer tenure and lower rate of interest. Occupancy level of 'Olympia Cyberspace' crossed 90% as of January 2025, compared to 12% in November 2023.

The rating continues to draw comfort from strategic location of the property, experienced and resourceful promoters in the Olympia group and their established track record in developing and operating commercial real estate properties. However, the rating remains constrained by OCPL's exposure to lease renewal and customer concentration risk, leveraged financial risk profile, and overall cyclicity associated with the real estate industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive Factors

- Sustained increase in cash inflows leading to cash coverage ratio (CCR) improving above 1.3x.
- Improvement in total debt/rentals below 3x.

Negative Factors

- Significant decline from existing occupancy level on a sustained basis
- CCR declining to less than 1.1x on a sustained basis owing to lower cash inflows or higher debt obligations

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) expects OCPL's credit profile to remain stable considering its favourable location, healthy occupancy ratio and strong tenant profile.

Detailed description of key rating drivers:

Key strengths

Established track record of Olympia group in developing and operating commercial real estate properties

OCPL was initially promoted as a 51:49 joint venture between Chennai-based Olympia group (through Guindy Technopolis LLP (GT)) and Apollo Asia RE Singapore I Pte Ltd (AASPL), part of Apollo Global Management Inc. In September 2024, the Olympia group bought out the entire stake held by AASPL and compulsorily convertible debentures (CCDs) through the group entity, Olympia Tech Park (Chennai) Private Limited (OTPL). The Olympia group was established in 2004 and has developed over 2 million square feet (msf) of commercial real estate projects, mostly in Guindy, Chennai. OTPL, the largest one among its commercial projects with ~1.3 msf of leasable area, has been almost fully occupied since its commercial operations. Other major commercial projects executed by the group include Olympia Platina, Olympia Teknos, Olympia National Towers and Olympia Inspire, with majority being leased out completely. It also has presence in Bengaluru and Kolkata markets.

Strategic location of the project

The project is favourably located in Central Business District – Guindy, Chennai within SIDCO Industrial Estate (Tamil Nadu Small Industries Development Corporation). The Guindy micro market is a major hub in Chennai city to many commercial office towers housing large number of domestic and international corporates, with the group's own OTPL being a prominent one. The property is strategically located at centre of Chennai with good connectivity by roads, suburban railway, metro lines and easy access to the airport.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Robust growth in occupancy levels with strong tenant profile

The asset's occupancy level has sharply improved, reaching 90% as on January 31, 2025, up from 12% as on November 30, 2023, due to tie-up of leases for a significant portion of vacant space. Occupancy is expected to cross 94% in Q1FY25 with few LOIs signed in January 2025. Improved occupancy is anticipated to boost rental income, enhancing the company's revenue profile in the medium term. Most leases are long-term, spanning 9-10 years, with a 3-year lock-in period and built-in escalation clauses of 12%-15% every three years, ensuring long-term revenue visibility. The property is leased to reputable tenants from diverse industries. The tenant profile is strong and features both renowned global names and Indian corporates, with top five tenants accounting for ~70% of the total leased area as of December 31, 2024.

Conversion of debt to long tenured loans with lower rate of interest

As the rental flow started with improved occupancy, the company converted the construction debt to LRD/term loans with longer tenure and lower rate of interest. These loans are repayable over periods ranging from 12-15 years, significantly reducing the company's annual debt repayment burden. There is a structured escrow mechanism for LRD debt, where entire cash inflows consisting of lease rentals, and other inflows (CAM receipts, parking income among others) are routed through an escrow account, with a waterfall mechanism, which stipulates priority for servicing of LRD debt, over operational expenses, statutory payments or other payments for business purpose, demonstrating strong financial discipline. OCPL has also created a DSRA equivalent to one quarter's principal and interest throughout the tenure of the loan, which supplements the liquidity profile

Key weaknesses**Moderately leveraged capital structure and debt protection metrics; improvement envisaged in the medium term**

The company's capital structure is moderately leveraged marked by overall gearing of 2.55x as on March 31, 2024 (PY: 1.89x). Total debt outstanding as on March 31, 2024, increased to ₹660 crore (PY: ₹486 crore), due to drawdown of balance construction debt in FY24 and infusion of unsecured loans from group companies. However, the company has refinanced entirety of its project debt of ₹480 crore with LRD loans and term loans with longer tenures in FY25. While the external debt to rental ratio is expected to be elevated above 8x in FY25 due to partial operations, with the majority occupancy commencing in H2, it is anticipated to improve once full-year rentals start coming in from FY26. The CCR is expected to remain comfortable in the medium term.

In September 2024, OTPL acquired entire shareholding and CCDs held by AASPL and paid off accrued interest on CCDs, for a total consideration of ₹215 crore. Of the acquired CCDs, a part has been converted into equity along with existing CCDs held by GT. OTPL has also converted existing and newly infused unsecured loans to CCD and changed terms of all active CCDs to zero-coupon bearing. Post these events, OTPL held equity stake of 49% and CCDs worth ₹214 crore in the company as of December 31, 2024. The conversion of CCDs to equity and unsecured loans to CCD led to an improvement in total networth (including CCDs treated as quasi-equity) from ₹259 crore as of March 2024 to ~₹325 crore as of December 31, 2024.

Geographical concentration risk

The project is exposed to the geographical concentration risk inherent with single project portfolio. OCPL in its project portfolio has single IT park and the entire leasable area is positioned at a single micro-market in Chennai. Adverse development or decline in the demand in such micro-market may significantly impact the company's rentals and occupancy. Nevertheless, prime location of the asset reduces risk to a certain extent.

Inherent risk associated with cyclical real estate industry

The company is exposed to the cyclicity associated with the real estate sector, which has direct linkage with the general macroeconomic scenario and interest rates. Rental collection remains susceptible to economic downturns which may constrain the tenant's business risk profile, and therefore, limit occupancy and rental rates. Moreover, any termination of leases will also impact the cash flow. Although there is stable leasing demand in Chennai market, at present, any adverse impact on the demand in micro-market will also remain monitorable.

Liquidity: Adequate

OCPL's liquidity remains adequate characterised by timely receipt of lease rentals/CAM charges and satisfactory cash and bank balances of ₹4.32 crore as of March 31, 2024. It also has an overdraft facility of ₹10 crore to meet operational requirements and average utilisation of the same stood at 52% for eight months ended November 2024. DSRA of ₹4.59 crore equivalent, to one quarter of debt and interest servicing is in place. The company is expected to generate adequate cash flows to comfortably service the LRD debt obligations over the tenure of the debt. The company's liquidity is further supported by healthy financial flexibility of the promoters and timely infusion of funds to meet cash flow mismatches.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

OCPL was initially promoted as 51:49 joint venture between GT (part of Olympia group) and AASPL to undertake development of commercial office space in Guindy, Chennai with a total leasable area of ~12.00 lakh square feet. The construction works started in July 2019 and project became operational from April 2023. In September 2024, Olympia group (through OTPL) has acquired the entire stake held by AASPL in OCPL. Occupancy as on January 31, 2025, stood at 90%.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.03	2.70
PBILDT	-1.01	0.06
PAT	-1.02	0.92
Overall gearing (times)	1.89	2.55
Interest coverage (times)	NM	NM

A: Audited NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	10.00	CARE BBB+; Stable
Fund-based - LT-Lease rental discounting/ Rent Receivables Financial		-	-	-	213.06	CARE BBB+; Stable
Fund-based-Long Term		-	-	-	261.32	CARE BBB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based-Long Term	LT	261.32	CARE BBB+; Stable	-	1)CARE BBB-; Stable (05-Jan-24)	1)CARE BBB-; Stable (27-Feb-23)	1)CARE BBB-; Stable (15-Feb-22)
2	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	LT	213.06	CARE BBB+; Stable	-	1)CARE BBB-; Stable (05-Jan-24)	-	-
3	Fund-based - LT-Bank Overdraft	LT	10.00	CARE BBB+; Stable	-	1)CARE BBB-; Stable (05-Jan-24)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable
Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	Simple
3	Fund-based-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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