

Eram Property Network Private Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	30.99 (Reduced from 32.00)	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Eram Property Network Private Limited (EPN) continues to be constrained by high tenant concentration risk, rollover risk of the existing leases, and a leveraged capital structure. The rating, however, derives strength from experienced and resourceful promoters with demonstrated track record of developing and leasing of properties, favourable location of the properties, and growth in occupancy levels.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Diversification of clientele resulting in lower client concentration
- Improvement in capital structure with overall gearing below 1.50x
- Regular and timely inflow of expected rental income supports maintaining an average Cash Coverage Ratio (CCR) of above 1.30x throughout the remaining loan tenor.

Negative factors

- Pre-mature termination of lease agreement with any of the key tenants leading to reduction in occupancy rates.
- CCR falling below 1.10x, on a consistent basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the entity is expected to sustain occupancy levels and benefit from limited counterparty credit risk owing to its association with reputed tenants.

Detailed description of key rating drivers:

Key weaknesses

Leveraged capital structure:

The company's capital structure continues to remain leveraged marked by overall gearing of 5.28x as on March 31, 2025 (PY: 4.66x). Increase in gearing was on account of incremental unsecured loan from promoters. The unsecured loans from promoters stood at ₹55.34 crore as on March 31, 2025 (PY: ₹53.63 crore), a part of which has also been utilised to fund the group companies. Unsecured loans from promoters are interest free and without any fixed repayment terms. As on March 31, 2025, the investments/advances into group companies stood at ₹35.82 crore (PY: ₹35.22 crore). Debt coverage metrics remain weak, with an interest coverage ratio of 1.38x and LRD debt to rental income of 5x in FY25.

Tenant concentration risk

EPN, despite having a strong tenant base comprising well-known corporates such as Trent Limited, Barbeque Nation Hospitality, and group entity Eram Motors Private Limited (EMPL; rated CARE BBB; Stable /CARE A3+), continues to face tenant concentration risk. As of March 31, 2025, the top three tenants account for approximately 80% of the total leased out area and contribute nearly 94% of the rental income. The group entity, EMPL accounts for 61% of the total leasable area. The company's ability to lower its client concentration and diversify its tenant profile shall remain crucial from a credit perspective.

Rollover risk of existing leases

Most of the leases with external tenants carry the risk of non-renewal post the stipulated lock-in period of 3 years. However, most of the leases are for a tenure of 15 years with a rent escalation of 15% every three years thereby mitigating tenant turnover risk and renewal risk to an extent. There is no escalation arrangement with the group concern, EMPL, which may lead to limited growth in future rentals.

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

Key strengths

Experienced and resourceful promoter group

EPN benefits from being part of the Eram Group, a diversified GCC-based business group headquartered in Saudi Arabia. With operations spanning over 16 countries, including India, the group maintains interests in sectors such as oil & gas, power and utilities, travel, food, healthcare, and automotive. The group is led by Dr. Siddeek Ahmed Haji Panamtharayil, who brings over 30 years of cross-sectoral experience. Notable entities in the group include Eram Motors Private Limited (EMPL) (rated CARE BBB; Stable / CARE A3+) and Eram Magnaflux Systems Private Limited.

Growth in occupancy levels

EPN has a total leasable area of 1.83 lakh square feet (lsf) across various properties situated in Kochi (0.68 lsf), Thrissur (0.63 lsf), and Calicut (0.49 lsf). The properties in Thrissur and Calicut are leased to group company EMPL and are 100% occupied. The occupancy in Kochi and Trivandrum properties which have been built for external tenants have also improved to 66% as on May 31, 2025 (May 31, 2024: 60%) as the company has let out additional space to one of the existing tenants. Overall occupancy across all properties rose to 84% as of Mar 31, 2025, compared to 82% a year earlier. The company's ability to continue enhancing occupancy through the addition of new tenants will remain a critical rating factor.

Liquidity: Stretched

EPN's liquidity profile is stretched marked by the tightly matched accruals against repayment obligations. The cash balance stood low at ₹0.30 crore as on March 31, 2025 (Prov.). However, comfort is drawn from long and structured repayment of over 15 years with modest repayments in the first five years. The liquidity position of the company is expected to improve as lease rentals are expected to increase due to increase in occupancy rate and escalation terms in the coming years.

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](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

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

EPN, incorporated in the year 2009, is a part of the Eram group. It is engaged in leasing of commercial spaces and acts as an investment arm of the group. The company is managed by Dr. Siddeek Ahmed, the chairman and Managing Director. As on May 31, 2025, the company owns about 1.83 lsf of leasable area.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	5.23	5.72	6.52
PBILDT	3.33	3.87	4.24
PAT	-2.64	-2.57	-2.03
Overall gearing (times)	3.74	4.66	5.28
Interest coverage (times)	1.43	1.27	1.38

A: Audited UA: Unaudited; 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-Lease rental discounting/ Rent Receivables Financial		-	-	-	30.99	CARE BB+; 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 2025-2026	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
1	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	LT	30.99	CARE BB+; Stable	-	1)CARE BB+; Stable (02-Jul-24)	1)CARE BB+; Stable (04-Aug-23)	-

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-Lease rental discounting/ Rent Receivables Financial	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.

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