

Span Ventures Private Limited

August 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	40.06	CARE BB+; Stable	Assigned
Short-term bank facilities	14.94	CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Span Ventures Private Limited (SVPL) are constrained by a concentrated tenant profile primarily from the IT sector, moderate capital structure, exposure to group entities, and vulnerability of the cash flows to fluctuation in rentals and rise in interest rates. However, ratings draw strength from the promoters' extensive experience in real estate development and strong financial capability, reputed client profile with comfortable occupancy levels in the rental properties.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Diversification of clientele resulting in lower client and sector concentration.
- Improving lease rental discounting (LRD) debt/rentals below 4x.
- Ability to successfully renew the existing agreement on expiry with longer contract tenures and lock in period.

Negative factors

- Pre-mature termination of lease agreement with key tenants leading to reduction in occupancy rates.
- Cash coverage ratio (CCR) falling below 1.20x on a sustained basis.
- Further exposure to group companies leading to stretch in liquidity.

Analytical approach: Standalone

Outlook: Stable

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

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

Despite long operational track record of two decades, the scale of operations stood relatively modest, with rental income ranging from ₹2 to 4.5 crore over the last three years ending in FY23. The total income rose to ₹15.5 crore in FY25, attributed to addition of real estate income amounting to ₹3.4 crore, following the merger with another group entity, Span Shelters Private Limited, which is engaged in the real estate sector. In Q1FY26 (refers to April 01 to June 30), the company booked income of ₹3.52 crore.

Tenant concentration risk

The property's tenant profile reveals a high concentration in the IT sector, which significantly influences revenue generation proportionate to the sector's performance. Of a total leased area of 2.0 lakh square feet (lsf), IT companies occupy ~90% total area. As on date, IT tenants contribute ~₹90.04 lakh per month, which represents 88% of the total monthly rent. The top two tenants contribute 51% total income in FY25. The high dependence on IT sector tenants indicates limited diversification and exposes the property to sector-specific risks, such as changes in technology trends or economic shifts affecting the IT industry.

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

Rollover risk of existing leases

The real estate development sector is inherently exposed to rollover risks associated with existing leases. The average lease tenure remains ~5 years, which is relatively short compared to the lease rental loan tenure of 12 years. The lock-in period for tenants typically ranges between three to five years, further adding to the risk of tenant turnover. Although the lease agreements include an annual rent escalation clause of 5–6%, which provides certain financial cushion, the shorter lease duration and limited lock-in period could lead to renewal and vacancy risks. Currently, the lease agreements of tenants, who occupy 13% leased are set to expire by the end of FY26.

Moderate capital structure with increasing exposure to group entities

Capital structure remained moderate with overall gearing at 2.46x as on March 31, 2025, increased from 1.28 as on March 31, 2024, due to increase in LRD loans and unsecured loans in FY25. The company had extended investments, loans and advances to the group entities which are in real estate business amounting to ₹23.55 crore (56% net worth) as on March 31, 2025, against ₹15.72 crore (76% net worth) as on March 31, 2024. Entire advances are non-interest bearing. SVPL is also developing an additional lease space of ~100,000 square feet, with 50% area already tied up with tenants. SVPL has proposed to avail additional LRD loans against the current rentals to fund the ongoing capital expenditure for the new lease space and convention center.

Vulnerability of cash flows to fluctuation in rentals and rise in interest rates

The company's cash flow stability is subject to two key external factors: occupancy rates and interest rates. Any decrease due to competition, tenant relocation, or economic downturns would directly impact cash flow. Similarly, the company's debt carries inherent interest rate risk. Rising rates would increase future EMI payments, potentially straining cash flow and affecting the cash coverage ratio. To mitigate these risks, maintaining high occupancy rates with favourable lease terms and long-term lock in periods is crucial.

Key strengths

Vast experience of promoters

SPVL's promoters have extensive experience across education, technology, and infrastructure. Dr. Madan A Sendhil holds a Ph.D. from ASHWOOD University, USA, and M.S. in Computer Engineering from the University of Central Florida, and a B.E. from Coimbatore Institute of Technology. He is the promoter of Rathinam Group, which is involved in lease rentals operations, real estate business and education institutions since 2000. He is supported by his wife, Shima Sendhil, who holds a B.S. in Computer Science and an MBA in Human Resources. She has nearly two decades' experience in lease rentals operations, real estate business, and education institutions.

Reputed client profile with comfortable occupancy levels in the rental properties

SVPL has a long-standing operational history of over 18 years, having built strong relationships with its clients, with track record of renewal of contracts. In 2011, the company leased out 50,000 square feet space, which expanded to 200,000 square feet starting in 2019. The tenants include reputed companies such as Larsen & Toubro Infotech Limited and Lakshmi Precision Technologies Private Limited, among others. As of June 2025, occupancy levels stood comfortable at 82%. The debt coverage ratio was also comfortable, with LRD debt to rentals at 4.38x as on March 31, 2025.

Liquidity: Stretched

The liquidity is stretched marked by tightly matched rentals against the repayment obligations of the LRD loans. LRD loans are of longer tenure while rent agreements are of shorter tenure with relatively lower lock in period, leading risk of renewability and liquidity mismatch. The company has created escrow account, and debt repayments of LRD loans are met through waterfall mechanism of rent receipts. However, there is no debt service reserve account (DSRA) requirement. The free cash balance as on March 31, 2025, stood moderate at ₹0.22 crore. The company has LRD overdraft of ₹17.0 crore with Diminishing Drawing Power. The average working capital utilisation for the OD limit stood at 65% for the last 12 months ending June 2025.

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](#)
[Real Estate Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Real estate related services

SVPL was incorporated in 2005 and is part of the Rathinam Group, which is well-established for its educational institutions in Coimbatore. With nearly two decades' experience, the company has been actively engaged in development and management of lease rental projects. SVPL is primarily involved in leasing commercial properties within the Rathinam Techzone Special Economic Zone (SEZ) campus, on Pollachi Main Road, Eachanari. The tenant profile predominantly includes IT and ITeS firms, and corporate offices from the infrastructure development and manufacturing sectors. Rathinam Techzone India Private Limited (RTIPL) holds 97% SVPL's stake.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	27.72	15.49	3.52
PBILDT	10.73	6.64	2.50
PAT	4.61	0.56	0.89
Overall gearing (times)	1.28	2.46	NA
Interest coverage (times)	3.12	1.66	2.19

A: Audited UA: Unaudited NA: Not Available; 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		-	-	-	40.06	CARE BB+; Stable
Fund-based - ST-Bank Overdraft		-	-	-	14.94	CARE A4+

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	40.06	CARE BB+; Stable				
2	Fund-based - ST-Bank Overdraft	ST	14.94	CARE A4+				

LT: Long term; ST: Short 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
2	Fund-based - ST-Bank Overdraft	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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