

January 07, 2025

Pluto Business Parks 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	250.00	250.00	[ICRA]A- (Stable); reaffirmed
Long-term – Fund-based – Overdraft^	(50.00)	(50.00)	[ICRA]A- (Stable); reaffirmed
Total	250.00	250.00	

*Instrument details are provided in Annexure-I; ^Sublimit of term loans

Rationale

The rating reaffirmation for the bank facilities of Pluto Business Parks Private Limited (PBPPL) factors in the healthy occupancy levels (100% as on September 30, 2024) for the commercial office asset, supported by its favourable location in the Central Business District, Bengaluru, and the reputed tenant profile, which includes multinational companies such as Deloitte, Amazon, etc. The rating notes the comfortable leverage, as measured by the external total debt/net operating income, which is likely to be around 5.8 - 6 times as of March 2025 (P.Y: 5.6 times). The debt coverage indicators remain healthy with annual debt service coverage ratio (DSCR) of above 1.5 times during FY2025-FY2028. The rating favourably considers the high financial flexibility being a part of the Blackstone Group, which has a strong track record of operating commercial real estate assets in India.

The rating is, however, constrained by the company's exposure to refinancing risk, given that the loan availed by PBPPL has a residual tenure of around 3.6 years (as of December 31, 2024) with a significant bullet repayment in July 2028. Nonetheless, the risks are partly mitigated by the comfortable leverage metrics estimated at the time of the loan maturity and the sponsor's high financial flexibility. The rating is constrained by the vulnerability of its debt coverage indicators to changes in interest rates and reduction in occupancy levels. PBPPL faces high tenant concentration risk with top 3 tenants occupying 79% of the total leased area as of September 2024, though the risk is partly mitigated by the favourable location of the asset. Moreover, the single asset nature of the business heightens the market risk in case of any vacancy/non-renewal of leases.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that PBPPL will maintain healthy occupancy levels for its commercial office asset, supported by its favourable location and maintain comfortable leverage.

Key rating drivers and their description

Credit strengths

Comfortable leverage and debt coverage metrics – The leverage, as measured by the external debt/net operating income ratio, is likely to be comfortable at around 5.8 - 6 times as of March 2025 (P.Y: 5.6 times). The debt coverage indicators remain healthy with annual DSCR of above 1.5 times during FY2025-FY2028. The loan is supported by escrowing of rent receipts and debt service reserve account (DSRA) covering three months of debt servicing obligations.

Favourable location of property with high occupancy and reputed tenants – PBPPL acquired 1.75 lakh square feet of the leasable area in Prestige Trade Tower from the Prestige Group in March 2021. Prestige Trade Towers is located on the Palace Road in the Central Business District, Bangalore. It is a prime area for commercial office space. The company's share of area has an occupancy of 100% as of September 2024. The tenant profile is strong comprising multinational companies such as Amazon, Deloitte, etc.

Strong promotor group with established track record lends financial flexibility – The company is owned by the sponsor, which is India’s leading office landlord with offices across Bangalore, Pune, Hyderabad, Mumbai, the National Capital Region (NCR) and Chennai. The sponsor has established leasing relationships with several blue-chip multinational companies as well as Indian corporates. The sponsor’s long track record in the real estate sector and large, diverse portfolio in retail and commercial real estate business in India provide comfort and allow it to command high financial flexibility.

Credit challenges

Refinancing risk – The loan availed by PBPPL has a residual tenure of around 3.6 years (as of December 31,2024) with a significant bullet repayment in July 2028. Nonetheless, the risks are partly mitigated by the comfortable leverage metrics estimated at the time of the loan maturity and the sponsor’s high financial flexibility.

High tenant concentration – PBPPL has high tenant concentration with top three tenants occupying 79% of the area leased as of September 2024 with the largest tenant occupying 47% of the leased area, though the risk is partly mitigated by the favourable location of the asset.

Vulnerability of debt coverage ratios to changes in interest rate and occupancy levels – The debt coverage ratios remain linked to additional debt, changes in interest rates and reduction in occupancy levels.

Liquidity position: Adequate

The rating draws comfort from the company’s adequate liquidity position of Rs. 31.1 crore (including free cash and undrawn overdraft) as on September 30, 2024. PBPPL’s debt repayment obligations on the external borrowings for FY2025 and FY2026 are expected to be comfortably serviced by the operational cash flows.

Rating sensitivities

Positive factors – Significant improvement in operational cash flows and substantial reduction in debt resulting in an improvement in leverage, while maintaining healthy coverage metrics and liquidity, on a sustained basis, could lead to a rating upgrade.

Negative factors – Significant increase in vacancy leading to weakening of coverage metrics and liquidity position, on a sustained basis, would lead to a downgrade in rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in October 2020, PBPPL owns 1.75 lakh square feet of leasable area in Prestige Trade Tower in Bangalore, Karnataka. This asset was acquired by the company from the Prestige Group. It is owned entirely by entities affiliated with the Blackstone Group. As of September 2024, the asset is 100% occupied.

Key financial indicators (audited)

	FY2023	FY2024
Operating income	37.0	45.3
PAT	3.8	7.0
OPBDIT/OI	81.9%	78.2%
PAT/OI	10.2%	15.5%
Total outside liabilities/Tangible net worth (times)	1.4	1.2
Total debt/OPBDIT (times)	8.1	5.8
Interest coverage (times)	1.4	1.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 07, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
1 Term loans	Long term	250.00	[ICRA]A-(Stable)	08-Dec-2023	[ICRA]A-(Stable)	06-Jan-2023	[ICRA]A-(Stable)	31-Dec-2021	[ICRA]A-(Stable)
2 Overdraft	Long term	(50.00)	[ICRA]A-(Stable)	08-Dec-2023	[ICRA]A-(Stable)				

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple
Long-term Fund-based – Overdraft	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	Long-term - Term loans	July 2023	NA	July 2028	250.00	[ICRA]A- (Stable)
NA	Long-term - Overdraft	July 2023	NA	July 2028	(50.00)	[ICRA]A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 20 6606 9912

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Tushar Bharambe

+91 22 6169 3347

tushar.bharambe@icraindia.com

Chintan Chheda

+91 22 6169 3363

chintan.chheda@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



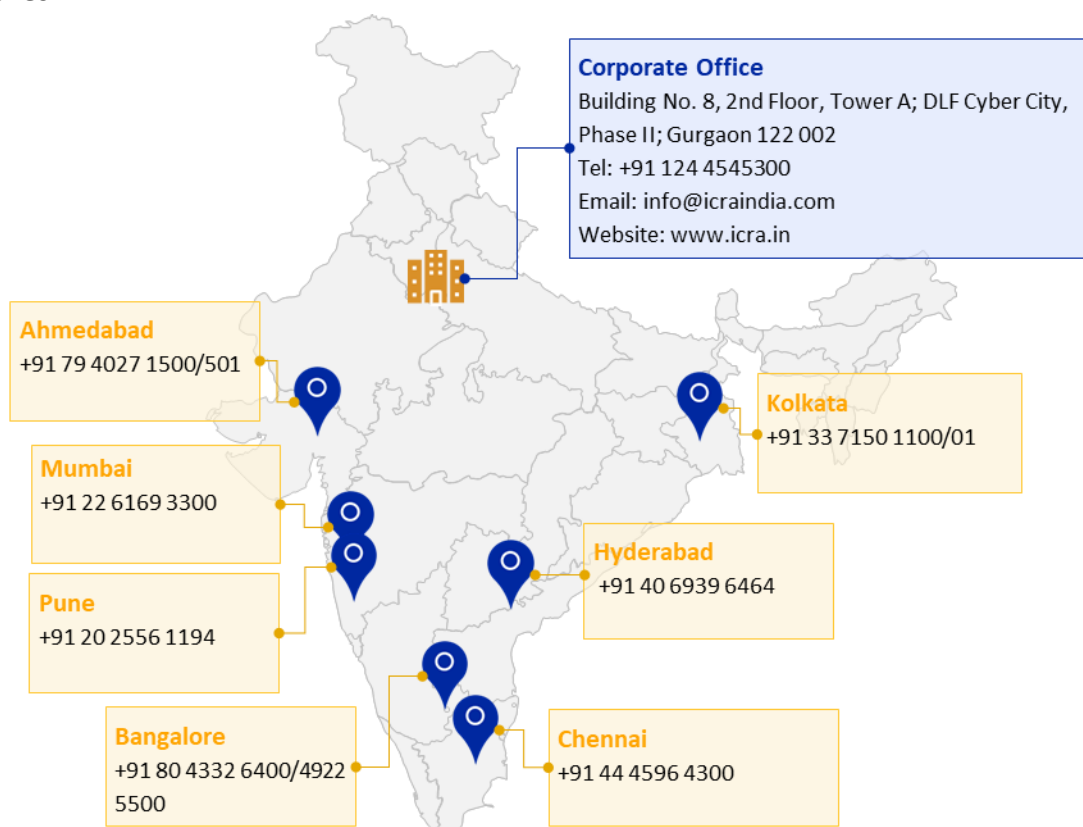
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.