

April 09, 2025

## Alyssum Developers Private Limited: Rating upgraded to [ICRA]A+ (Stable)

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loans	400.00	400.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
<b>Total</b>	<b>400.00</b>	<b>400.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade for Alyssum Developers Private Limited (ADPL) factors in the healthy committed leasing of Phoenix Mall of the Millenium with a leasable area of 1.2 million square feet (msf) at 91% as of December 2024 and improvement in average trading occupancy for the mall operations to 87% in 9M FY2025 from 57% in 9M FY2024, supported by ramp-up in footfalls and trading values, which is expected to sustain in the medium term. Backed by healthy leasing and low debt levels, the leverage as reflected by Total External Debt/net operating income (NOI) is projected to remain low below 5.0 times in the medium term. Moreover, given low leverage and healthy cash flow from operations, its coverage metrics remain strong. The rating upgrade factors in the improvement in credit profile of the parent company, Island Star Mall Developers Private Limited (ISMDPL, rated at [ICRA]AA- (Stable)).

ADPL is a wholly-owned subsidiary of Island Star Mall Developers Private Limited (ISMDPL), a 51:49 joint venture (JV) of The Phoenix Mills Limited (PML) and Canada Pension Plan Investment Board (CPPIB). The PML Group is India's leading owner, operator and developer of retail-led mixed-use destinations with its developments spread across retail, hospitality, commercial offices, and residential asset classes, with strong brand strength and operational track record of over three decades. The promoter group PML and its partnership with CPPIB, with a demonstrated track record in real estate development lends exceptional financial flexibility to ADPL. ICRA expects ISMDPL to extend financial support to ADPL, given its strategic importance and to protect its reputation from the consequence of a subsidiary's distress. The rating notes the attractive location of the mall. It has good connectivity to key city areas and has an attractive catchment area due to the presence of many residential and commercial developments, which are likely to support healthy footfalls.

The rating, is however, constrained by the exposure to residual execution and high market risks for the office space of 1.4 msf being developed by ADPL – Millenium Towers (integrated with Phoenix Mall of the Millenium). The office project is nearing completion, where one of the three office towers built has recently received the Occupancy Certificate (OC) and OC for the remaining towers is expected to be received in H1 FY2026 exposing it to residual execution risk. Also, with minimal leasing in the office project, it is susceptible to high market risk. Consequently, slower-than-expected ramp-up in office leasing is unlikely to have a material impact on the overall coverage metrics. Nonetheless, ICRA expects the occupancy in the office portfolio to improve gradually over the next 2-3 years. The company is exposed to geographical and asset concentration risks, which are inherent in companies with single projects. In addition, ADPL's credit profile remains exposed to adverse macroeconomic and force majeure events, which could impact the tenant's business risk profiles and occupancy levels.

The Stable outlook reflects ICRA's expectation that ADPL will be able to sustain healthy occupancy levels for the retail mall and maintain strong debt protection metrics.

## Key rating drivers and their description

### Credit strengths

**Healthy leasing and ramp-up in trading occupancy for mall operations; comfortable debt protection metrics** – The mall’s committed leasing stands healthy at 91% as of December 2024 and the average trading occupancy improved to 87% in 9M FY2025 from 57% in 9M FY2024, supported by ramp-up in footfalls and trading values, which is expected to sustain in the medium term. The mall has signed long-term lease agreements with reputed tenants viz Inox, Lifestyle, Shoppers Stop, H&M, etc, with top 10 tenants occupying 30% of the chargeable area. Backed by healthy leasing and low debt levels, the leverage as reflected by Debt/NOI is projected to remain low below 5.0 times in the medium term. Moreover, given the low leverage and healthy cash flow from operations, its coverage metrics remain strong.

**Location-specific advantage and good connectivity** – The mall has an operational retail leasable area of ~1.2 msf and office space of ~1.4 msf, which is nearing completion. The location of the asset has good connectivity to key city areas and has an attractive catchment area due to the presence of many residential and commercial developments, which are likely to support healthy footfalls.

**Strong sponsor profile** – ADPL is a wholly-owned subsidiary of ISMDPL, a 51:49 JV of PML and CCPIB. The PML Group is India’s leading owner, operator and developer of retail-led mixed-use destinations with its developments spread across retail, hospitality, commercial offices, and residential asset classes, with strong brand strength and operational track record of over three decades. PML and its subsidiaries have an operational retail portfolio of ~11.5 million sq. ft. of retail space across 8 major cities of India and approx. 5 million sq. ft. of retail space under development. The PML Group’s mixed-use destinations also include Grade A offices with an operational office portfolio of ~3 million sq. ft. (including Phoenix Asia Towers in Bangalore) and ~4 million sq. ft., in the pipeline across Mumbai, Bangalore, Pune and Chennai to be delivered by 2027. PML Group has delivered 3 iconic residential projects across the country and currently has one project under development in Kolkata. PML Group also owns and operates two hotels – The St. Regis, Mumbai and Courtyard by Marriot, Agra and currently has a Grand Hyatt hotel under planning at Whitefield Bengaluru. The promoter group PML and its partnership with CCPIB, with a demonstrated track record in real estate development lends exceptional financial flexibility to ADPL.

### Credit challenges

**Exposure to residual execution and high market risk for office project** – The office project is nearing completion, where one of the three office towers built has recently received the Occupancy Certificate (OC) and OC for the remaining towers is expected to be received in H1 FY2026 exposing it to residual execution risk. Also, with minimal leasing in the office project, it is exposed to high market risk. ICRA notes that the office project is funded from internal accruals and undrawn LRD loan taken against the retail mall. Consequently, slower-than-expected ramp-up in office leasing is unlikely to have a material impact on the overall coverage metrics. Nonetheless, ICRA expects the occupancy in office portfolio to improve gradually over the next 2-3 years.

**Geographical and asset concentration risks; vulnerability to external factors** – As ADPL is a single project special purpose vehicle (SPV), it is exposed to geographical and asset concentration risks, which are inherent in companies with single projects. In addition, ADPL’s credit profile remains exposed to adverse macroeconomic and force majeure events, which could impact the tenant’s business risk profiles and occupancy levels.

## Liquidity position: Adequate

The company's liquidity position is adequate. With healthy leasing levels, its cash flows are expected to remain adequate to meet the debt repayment obligations in FY2026 and FY2027. The pending project cost is expected to be funded by the internal accruals and undrawn LRD loan taken against the retail mall.

## Rating sensitivities

**Positive factors** – ICRA could upgrade the rating if there is a significant ramp-up in leasing of office portfolio, while sustaining high occupancy of retail malls resulting in improvement in debt protection metrics and liquidity position on a sustained basis. Further, improvement in the credit profile of parent entity, ISMDPL, could lead to a positive rating action.

**Negative factors** – Negative pressure on the rating could emerge if there is material decline in occupancy or rent rates in the mall project or significant increase in indebtedness resulting in weakening of debt protection metrics on a sustained basis. Specific credit metric that could lead to a rating downgrade is Total Debt/NOI greater than 5.5 times on a sustained basis. Any weakening of the credit profile of parent entity, ISMDPL, could also lead to a rating downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Realty - Lease Rental Discounting (LRD)</a>
Parent/Group support	Parent company: Island Star Mall Developers Private Limited ICRA expects ISMDPL to extend financial support to ADPL, given its strategic importance and to protect its reputation from the consequence of a subsidiary's distress.
Consolidation/Standalone	Standalone

## About the company

Alyssum Developers Private Limited is a wholly-owned subsidiary of ISMDPL, a 51:49 subsidiary of PML and CPPIB. The company has developed a retail mall in Pune, Phoenix Mall of the Millenium, at a gross leasable area of 1.2 msf in the retail space, which got operationalised from September 1, 2023. Further, it is developing Phoenix Millennium Towers, in Pune, with a leasable area of ~1.4 msf in the office segment, which is expected to commence in H1 FY2026.

## Key financial indicators (audited)

ADPL Standalone	FY2024
Operating income	102.2
PAT	29.3
OPBDIT/OI	57.4%
PAT/OI	28.7%
Total outside liabilities/Tangible net worth (times)	0.3
Total debt/OPBDIT (times)	2.7
Interest coverage (times)	14.2

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; mall started operations in FY2024

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Apr 09, 2025	Date	Rating	Date	Rating	Date	Rating
Long term-term loan-fund based	Long Term	400.00	[ICRA]A+ (Stable)	-	-	02-JAN-2024	[ICRA]A (Stable)	17-NOV-2022	[ICRA]A- (Stable)

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	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	Term Loans	FY2022	NA	FY2034	400.00	[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

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## 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.

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