April 09, 2025

Insight Mall 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 loan	350.00	350.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Total	**350.00**	**350.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade for Insight Mall Developers Private Limited (IMDPL) factors in the healthy committed leasing of Phoenix Citadel with a leasable area of ~1 million square feet (msf) at 93% as of December 2024 and sustenance of healthy average trading occupancy levels for the mall operations at 92% in 9M FY2025 (87% 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 likely 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. The rating upgrade factors in the improvement in the credit profile of the parent company Island Star Mall Developers Private Limited (ISMDPL, rated at [ICRA]AA- (Stable)).

IMDPL is a wholly-owned subsidiary of Island Star Mall Developers Private Limited, 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 IMDPL. ICRA expects ISMDPL to extend financial support to IMDPL, given its strategic importance and to protect its reputation from the consequence of a subsidiary's distress. The rating notes the favourable location of the mall at MR 10 Junction, in Indore. The location is close to key commercial and residential areas and supported by good road infrastructure, which is likely to augment healthy footfalls.

The rating is, however, exposed to geographical and asset concentration risks, which are inherent in companies with a single project. IMDPL's credit profile remains exposed to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles and occupancy levels. The debt coverage metrics would remain vulnerable to material changes in occupancy and interest rates.

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

Key rating drivers and their description

Credit strengths

Healthy leasing and trading occupancy levels and comfortable debt protection metrics – Commencing in December 2022, the mall has achieved a healthy committed leasing of 93% as of December 2024 and sustained healthy average trading occupancy levels of 92% for 9M FY2025 (87% for 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/NOI is likely 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 ~1.0 msf. The mall is in MR 10 Junction, in Indore, and in proximity to key commercial and residential areas, supported by good road infrastructure, which is likely to support healthy footfalls.

Strong sponsor profile – IMDPL is a wholly-owned subsidiary of ISMDPL, a 51:49 JV of PML and 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. 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 CPPIB, with a demonstrated track record in real estate development lends exceptional financial flexibility to IMDPL.

Credit challenges

Geographical and asset concentration risks – As IMDPL 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.

Vulnerability to external factors and material changes in occupancy and interest rates – IMDPL's credit profile remains exposed to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles and occupancy levels. The debt coverage metrics would remain vulnerable to material changes in occupancy and interest rates.

Liquidity position: Strong

The company's liquidity position is strong. With healthy leasing levels and no capex plans, its cash flows from operations are expected to remain healthy. The debt repayment obligations for FY2026 and FY2027 can be comfortably met from the estimated cash flow from operations. Additionally, it has free cash and liquid investments of Rs. 57 crore and undrawn debt of Rs. 250 crore as of December 2024.

Rating sensitivities

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

Negative factors – Pressure on the rating could be exerted with a material decline in occupancy or rent rates or a significant increase in indebtedness resulting in the weakening of debt protection metrics on a sustained basis. Specific credit metric that could lead to a downgrade is Total debt/NOI greater than 5.5 times on a sustained basis. Any weakening of the credit profile of the parent entity, ISMDPL, could lead to a downgrade.

Analytical approach

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

About the company

Insight Mall Developers Private Limited is a subsidiary of Island Star Mall Developers Private Limited, a 51:49 subsidiary of PML and CPPIB. The company has developed a retail mall in Indore, Madhya Pradesh, known as Phoenix Citadel with a gross leasable area of 1.0 msf. The mall started operations in December 2022.

Key financial indicators (audited)

IMDPL Standalone	FY2023	FY2024
Operating income (OI)	41.6	141.4
PAT	-2.3	36.5
OPBDIT/OI	25.2%	53.3%
PAT/OI	-5.5%	25.8%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt/OPBDIT (times)	9.5	1.4
Interest coverage (times)	2.3	5.6

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

	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	350.00	[ICRA]A+ (Stable)	25-JUN-2024	[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**	FY2024	NA	FY2034	350.00	[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 22 6169 3300
ashish.modani@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Abhishek Lahoti
+91 40 6939 6433
abhishek.lahoti@icraindia.com

Mihir Gada
+91 22 6169 3326
mihir.gada@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