April 14, 2025

Gigaplex Estate Private Limited: Rating upgraded to [ICRA]AAA (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan 1	172.61	172.61	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
Long-term Fund-based – Term loan 2	220.00	220.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
Total	**392.61**	**392.61**	

**Instrument details are provided in Annexure*

Rationale

The rating upgrade for Gigaplex Estate Private Limited (GEPL) favourably factors in the sustained improvement in the occupancy levels leading to healthy debt protection metrics. The committed occupancy levels improved to 87% as of December 2024 (72% as of December 2023), supported by healthy demand in the Airoli micro market. The occupancy, backed by a healthy leasing pipeline, is expected to further improve in the near to medium term. The leverage metric as measured by total debt[1]/annualised net operating income (NOI) is estimated to improve to 5.9 times as of March 2025 from 7.5 times as of March 2024 and is expected to remain below 5.5 times by March 2026. The five-year average debt servicing coverage (DSCR) is expected to remain comfortable at above 1.5 times during FY2025-FY2029, supported by healthy rental inflows. The rating continues to factor in the strength of the promoter, being a part of Mindspace Business Parks REIT (Mindspace REIT, rated [ICRA]AAA (Stable)/[ICRA]A1+) and its strategic importance for the parent. GEPL contributed to 14% of Mindspace REIT's consolidated NOI for 9M FY2025 and around 17% of the REIT's market value as on December 31, 2024. ICRA expects that Mindspace REIT will be willing to extend financial and operational support, if required, given the strategic importance of GEPL to the REIT Group, and the significant contribution of GEPL to the overall EBITDA and valuation of the Group.

The rating also factors in GEPL's established business position, with a favourably located commercial asset in Airoli, Mumbai, which has a completed area of 5.3 million square feet (msf). The under-development/future development area of 1.1 msf in the property includes a built-to-suit data centre, which is fully pre-leased. Moreover, the existing tenant profile is strong and is spread across diversified sectors, with lease tenures ranging within 3 to 15 years, ensuring rental visibility over the near to medium term.

ICRA, however, considers GEPL's moderate tenant concentration risk, wherein the top five tenants contribute to ~49% of the rental income. Nonetheless, the strong tenant profile of the business park, low competition in the vicinity, and significant investments in fitouts mitigate the tenant concentration risk to some extent. The rating also notes the inherent cyclicality in the real estate industry and vulnerability to adverse macroeconomic and external conditions, which could impact the tenant's business risk profile. Also, the rating notes the susceptibility of its debt coverage metrics to factors such as changes in interest rate or material reduction in occupancy levels.

The Stable outlook on the rating reflects ICRA's expectations that the company will benefit from healthy occupancy levels and will maintain comfortable debt protection metrics.

[1] Includes debt from Mindspace REIT and external debt at SPV level

Key rating drivers and their description

Credit strengths

Strength derived from parentage and status as a strategically important SPV of Mindspace REIT – GEPL's entire stake has been held by Mindspace REIT since August 2020. The asset portfolio under the REIT includes some of the major business parks in Mumbai, Hyderabad, Pune and Chennai, with a reputed and diversified tenant mix comprising leading multinationals and Indian corporates. The REIT's portfolio includes completed office space area of 26.8 msf, along with under-construction and future development potential of 5.2 msf. GEPL contributed to 14% of Mindspace REIT's consolidated net operating income (NOI) for 9M FY2025 and around 17% of the REIT's market value as on December 31, 2024.

Sustained improvement in occupancy levels and comfortable debt coverage metrics – The company's committed occupancy levels improved to 87% as of December 2024 (72% as of December 2023), supported by healthy demand in the Airoli micro market. The occupancy, backed by healthy leasing pipeline, is expected to further improve in the near to medium term. The leverage metric as measured by total debt[2]/annualised net operating income (NOI) is estimated to improve to 5.9 times as of March 2025 from 7.5 times as of March 2024 and is expected to remain below 5.5 times by March 2026. The five-year average debt servicing coverage (DSCR) is expected to remain comfortable at above 1.5 times during FY2025-FY2029, supported by healthy rental inflows.

Strong tenant profile – The commercial asset is favourably located in Airoli, Mumbai, which has a completed area of 5.3 million square feet (msf). The under-development/future development area of 1.1 msf in the property includes a built-to-suit data centre, which is fully pre-leased. Moreover, the existing tenant profile is strong and spread across diversified sectors, with lease tenures ranging within 3 to 15 years, ensuring rental visibility over the near to medium term.

Credit challenges

Exposure to moderate tenant concentration risk – At present, the top five tenants contribute ~49% of the rental income. Nonetheless, the strong tenant profile of the business park, low competition in the vicinity, and significant investments in fitouts mitigate the tenant concentration risks to some extent.

Vulnerable to cyclicality – The company remains exposed to the inherent cyclicality in the real estate industry and vulnerability to adverse macroeconomic and external conditions, which could impact the tenant's business risk profile. The rating notes the susceptibility of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels.

Liquidity position: Adequate

The company's liquidity position is adequate and will be supported by stable rental income from its assets. The company has Rs. 16 crore of principal repayments in FY2026, which can be met through the estimated cash flow from operations. Additionally, the planned capex of Rs. 200-250 crore in FY2026-FY2027 is expected to be funded through debt.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – ICRA could downgrade GEPL's rating, if a significant increase in borrowings or a material decline in the NOI results in an increase in the total debt/annualised NOI to above 6.5 times, on a sustained basis. Further, any deterioration in the credit profile of Mindspace REIT might have a bearing on GEPL's rating.

[2] *Includes debt from Mindspace REIT and external debt at SPV level*

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Lease Rental Discounting (LRD)
Parent/Group support	Parent company: Mindspace Business Parks REIT ICRA expects that GEPL's parent will be willing to extend financial and operational support, if required, given the strategic importance of GEPL to the REIT Group, and the significant contribution of the SPV to the overall EBITDA and valuation of the Group.
Consolidation/Standalone	Standalone

About the company

Gigaplex Estate Private Limited, incorporated in August 1990, was promoted by the CL Raheja Group and was earlier owned by K Raheja Corp (85%) and Blackstone (15%). The company was acquired by Mindspace Business Parks REIT in August 2020 and is now a 100% subsidiary of the REIT. As on date, it has a commercial project named Mindspace Airoli West with a total leasable area of 6.4 msf, of which 5.3 msf has been completed with a committed occupancy of 87.3% as of December 2024. The remaining 1.1 msf is an under-construction/future development area, which is 100% pre-leased.

Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income (OI)	247.8	345.1
PAT	-70.2	-9.9
OPBDIT/OI	63.9%	69.7%
PAT/OI	-28.3%	-2.9%
Total outside liabilities/Tangible net worth (times)	34.2	41.6
Total debt/OPBDIT (times)	12.0	8.2
Interest coverage (times)	1.3	1.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts 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 (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Apr 14, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan 1	Long-term	172.61	[ICRA]AAA (Stable)	May-24-2024	[ICRA]AA+ (Stable)	Feb-27-2024	[ICRA]AA+ (Stable)	Jan-30-2023	[ICRA]AA+ (Stable)
Term loan 2	Long-term	220.00	[ICRA]AAA (Stable)	May-24-2024	[ICRA]AA+ (Stable)	Feb-27-2024	[ICRA]AA+ (Stable)	Jan-30-2023	[ICRA]AA+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Term loan 1	Simple
Long-term fund-based – Term loan 2	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
-	**Term loan-I**	Jul 2021	NA	Jun 2034	172.61	[ICRA]AAA (Stable)
-	**Term loan-II**	Jan 2024	NA	Jan 2039	220.00	[ICRA]AAA (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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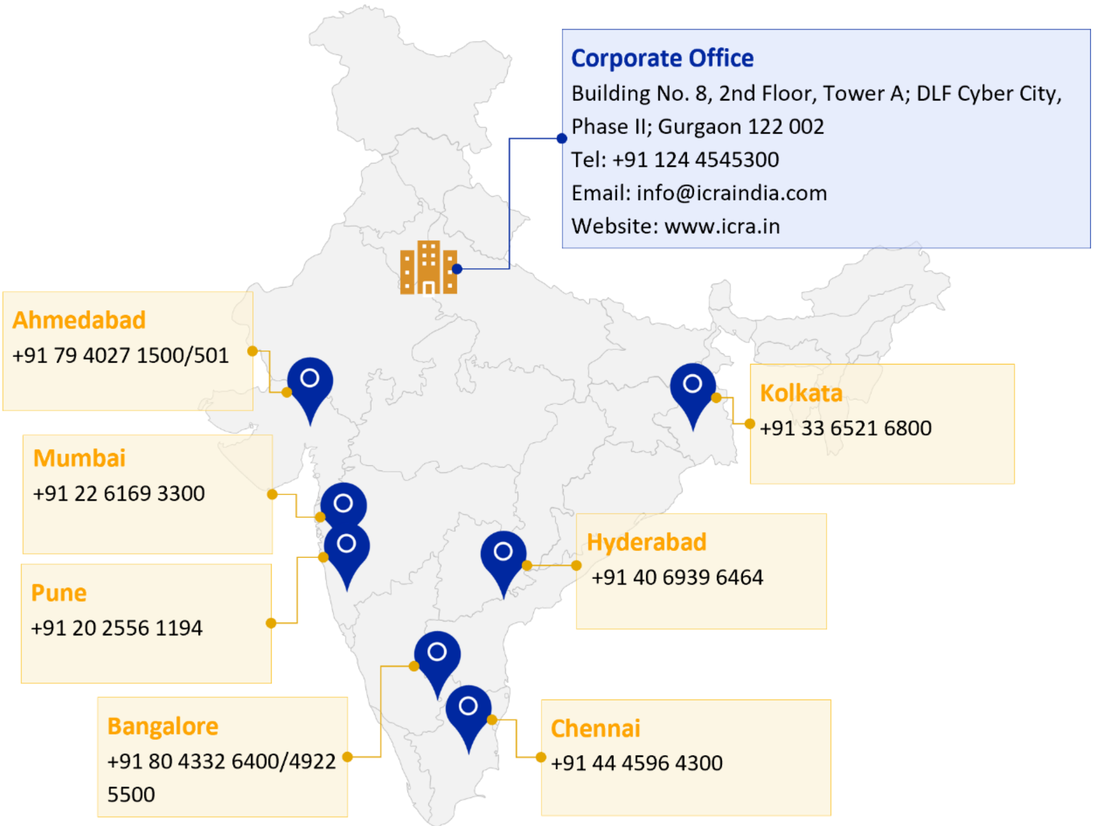

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