June 03, 2025

Mindstone Mall Developers Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Term loans	635.00	835.00	[ICRA]BBB+ (Stable); reaffirmed and assigned for enhanced amount
Total	**635.00**	**835.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation favourably factors in the preleasing at 49% of total leasable area and synergies derived by Mindstone Mall Developers Private Limited (MMDPL) as a part of the Phoenix Mills Group (PML Group). The PML Group is one of India's leading owners, operators and developers of retail-led mixed-use destinations with development across retail, hospitality, commercial offices, and residential asset classes. It enjoys strong brand strength and operational track record of over three decades. MMDPL is a 51:49 joint venture (JV) of Phoenix Mills Limited (PML) and Canada Pension Plan Investment Board (CPPIB), which lends strong financial flexibility. The rating notes the favourable location of the project, at Diamond Harbour Road, Alipore, in Kolkata. It is in proximity to key commercial and residential areas, supported by good road infrastructure, which is likely to aid in healthy footfalls and marketability of the project. The rating derives comfort from the low leverage with debt to equity mix of 59%:41%. Further, the funding risk of the project remains low as the entire debt requirement has been tied up and the entire committed promoter contribution has already been infused as of December 2024.

Although the company has pre-leased 49% of the total leasable area as of November 2024, the rating is constrained by the moderate market risk for the remaining area to be leased. However, it is in discussions with multiple reputed brands and expects to achieve adequate leasing progress before commencement of the project. Further, the promoter's healthy track record in executing and operating large malls with healthy occupancy levels mitigate the risk to an extent. The rating is constrained by the moderate execution risk of the project, wherein ~73% of the total construction cost is yet to be incurred as of December 2024. However, adequate buffer is available against the scheduled date of commencement of commercial operations (DCCO: September 2027), which mitigates the risks to an extent. The company is exposed to geographical and asset concentration risks, which are inherent in companies with a single project. ICRA notes the vulnerability of its revenues to external factors caused by adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles.

The Stable outlook on MMDPL's rating reflects ICRA's expectation of timely commencement and adequate leasing progress to be achieved prior to the DCCO, supported by the synergies from the PML Group.

Key rating drivers and their description

Credit strengths

Established track record of sponsor in managing retail assets – MMDPL is a 51:49 JV of PML and CPPIB, which lends strong financial flexibility. The PML Group is one of India's leading owners, operators and developers of retail-led mixed-use destinations with development across retail, hospitality, commercial offices, and residential asset classes. It enjoys strong brand strength and operational track record of over three decades. PML and its subsidiaries have an operational retail portfolio of ~11.5 million square feet (msf) of retail space across 8 major cities of India and approx. 5 msf of retail space under development. The PML Group's mixed-use destinations include Grade A offices with an operational office portfolio of ~3 msf and ~4 msf in the pipeline, across Mumbai, Bangalore, Pune and Chennai to be delivered by 2027. The PML Group has delivered 3 iconic residential projects across the country and currently has one project under development in Kolkata. The PML Group also owns and operates two hotels – The St. Regis, Mumbai and Courtyard by Marriot, Agra. At present, it has a Grand Hyatt hotel under planning at Whitefield, Bengaluru.

Location-specific advantage and good connectivity – The project is expected to have retail leasable area of ~1.0 msf. The mall is in Diamond Harbour Road, Alipore, in Kolkata and in proximity to key commercial and residential areas, supported by good road infrastructure, which is likely to lead to healthy footfalls and marketability of the project.

Comfortable leverage and low funding risk – The leverage level of the project is comfortable with debt to equity mix of 59%:41%. Further, the funding risk of the project remains low as the entire debt requirement has been tied up and the entire committed promoter contribution has already been infused as of December 2024. Moreover, all approvals required for commencement of construction have been received.

Credit challenges

Exposure to moderate execution risk – The project remains exposed to moderate execution risk as ~73% of the total construction cost is yet to be incurred as of December 2024. However, adequate buffer is available against the scheduled DCCO (September 2027), which mitigates the risk to an extent.

Exposure to moderate market risk – Although the company has pre-leased 49% of the total leasable area as of November 2024, the rating is constrained by moderate market risk for the remaining area to be leased. However, it is in discussions with multiple reputed brands and expects to achieve adequate leasing progress before the commencement of the project. Further, the promoter's healthy track record in executing and operating large malls with healthy occupancy levels mitigate the risk to an extent.

Geographical and asset concentration risks; vulnerability to external factor – As MMDPL is a single project special purpose vehicle (SPV), it is exposed to geographical and asset concentration risks, which are inherent in single project companies. Further, MMDPL's revenues are exposed to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles.

Liquidity position: Adequate

The company's liquidity position is adequate. As of December 2024, the project has a pending cost of Rs. 755 crore, which will be comfortably funded by an undrawn debt of ~Rs. 775 crore and security deposits. Further, the entire equity contribution of the project has been already infused by the promoters.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company achieves a healthy ramp-up in leasing at adequate rental rates as well as project construction progress in a timely manner without any material cost overruns.

Negative factors – Cost overruns or unforeseen delay in completion of the project or considerable delays in lease tie-ups could exert negative pressure on MMDPL's 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

Mindstone Mall Developers Private Limited is a 51:49 subsidiary of Phoenix Mills Limited and Canadian Pension Plan Investment Board (CPPIB). The asset is a part of the PML-CPPIB platform and is involved in the construction of a retail mall, Phoenix Grand Victoria in Kolkata with a gross leasable area of ~1.0 msf. The total cost for the mall is Rs. 1,410 crore and it has scheduled commercial operation date of September 2027.

Key financial indicators

Not applicable being a project stage entity

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)**	**June 03, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long-term-Term loan – Fund-based	Long Term	835.00	[ICRA]BBB+ (Stable)	Aug 12, 2024	[ICRA]BBB+ (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Term loans	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 Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term loan**	April 2024	NA	March 2036	835.0	[ICRA]BBB+ (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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