

June 16, 2025

DLF Emporio Limited: Long-term rating upgraded to [ICRA] AAA; outlook revised to stable from positive and withdrawn

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|--|--------------------------------------|-------------------------------------|---|
| Long-term –Fund-based/Non-fund based –Others | 1.00 | - | [ICRA] AAA (Stable); Rating upgraded from [ICRA]AA+ (Positive); outlook revised to Stable and withdrawn |
| Total | 1.00 | - | |

*Instrument details are provided in Annexure I

Rationale

ICRA has upgraded and withdrawn the long-term ratings for DLF Emporio Limited (DEL) as they have been repaid, and no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on withdrawal of credit ratings.

ICRA has taken a consolidated view of DLF Cyber City Developers Limited (DCCDL) and its subsidiaries collectively referred to as DCCDL or the consolidated entity or the Group, given the close operational, financial and managerial linkages between the Group entities, shared brand name, along with a common treasury team.

The rating upgrade for the long-term rating factors in the improvement in the Group's scale and net operating income (NOI) in FY2026 and FY2027, driven by commencement of rentals from the recently completed assets (DLF Downtown Block 4 Gurgaon and DLF Downtown Block 3 Chennai) and strong occupancy levels (94% as on Mar 31, 2025) in the existing assets. Aided by increased scale of operations, improved occupancy levels and healthy rental yields, the leverage metrics (measured as gross debt to NOI) improved to 4.1 times as on March 31, 2024, and 3.5 times as on March 31, 2025 from 5.6 times as on March 31, 2023. ICRA expects the leverage to remain comfortable below 3.75 times, going forward.

The Group operates one of the largest commercial real estate portfolios in the country spread across office (~39 million square feet (msf), 91% of total leasable area) and retail segments (4 msf, 9% of total leasable area) in attractive locations as of March 2025. The under-construction portfolio stood at 12.0 msf with healthy pre-leasing for 1.1 msf of assets (99% leased out as of March 2025), which are at the advanced stage of construction expected to be operational in Q2FY26, while the construction for the balance 10.9 msf of asset has recently commenced in Q3FY2025 with leasing of 1.2 msf of area. The rating action positively factors in the Group's conservative expansion plans, with the overall under-construction portfolio to remain at moderate level over the medium to long term, thereby alleviating the associated market/revenue risk to an extent. The Group's portfolio is spread across Gurugram, Chennai, Hyderabad, Noida and Chandigarh with a reputed and diversified tenant mix comprising leading multi-national and Indian corporates, wherein the top 10 tenants contribute to ~26% of the leased area as of March 2025. The weighted average balance lease expiry is comfortable at ~6.5 years for the office portfolio and 5.0 years for the retail portfolio. The retail assets are situated in prominent micro markets of the respective cities, thereby enhancing their marketability.

The ratings positively note DCCDL's strong parentage, with 66.67% stake held by DLF Limited (DLF) and 33.33% by the Government of Singapore Investment Corporation (GIC). DLF is one of the largest real estate developers in India. It has an established track record of successfully developing and leasing commercial as well as retail assets across multiple geographies, while GIC is the sovereign wealth fund of Singapore having a track record of over four decades and a strong investment portfolio. The Group enjoys strong financial flexibility on the back of its parentage, large portfolio, established relationships with reputed tenants, and lenders.

The rating strengths are partially offset by the Group's exposure to geographical concentration risks, with 56% of the leased area as of March 2025 concentrated in Gurugram with high average rentals for non-SEZ assets, resulting in exposure to migration risks of tenants to more competitive micro markets. The ratings factor in the vulnerability of the portfolio to the lease expiry and market risks. The risk is partially mitigated by reputed tenants and lower-than-market rentals for the SEZ assets. The ratings note the exposure to refinancing risk as a part of the consolidated debt is unamortising in nature. However, the risk is partially mitigated by the comfortable leverage and five-year average DSCR as well as the Group's strong financial flexibility. The Group has a demonstrated track record of timely refinancing at competitive interest rates in the past. Further, the debt coverage metrics are exposed to interest rate risk. The cyclical nature of the sector and vulnerability to external developments constrain the ratings. The ratings consider the market risks for the under-development projects. Nevertheless, the healthy pre-leasing and the Group's long and established track record in successfully developing and leasing out office as well as retail space mitigate the risk. Any large dividends or capex outflows adversely affecting the Group's liquidity will be the key monitorable.

The Stable outlook reflects ICRA's opinion that the Group will benefit from the large portfolio of completed assets with reputed tenant profile and healthy leasing levels, comfortable leverage position and strong financial flexibility.

Key rating drivers and their description

Credit strengths

Sustained growth in scale, NOI and improvement in leverage – The Group operates one of the largest commercial real estate portfolios in the country spread across office (~39 msf, 91% of total leasable area) and retail segments (4 msf, 9% of total leasable area) in attractive locations as of March 2025. The under-construction portfolio stood at 12.0 msf with healthy pre-leasing for 1.1 msf of assets (99% leased out as of March 2025), which are at the advanced stage of construction expected to be operational in September 2025, while the construction for the balance 10.9 msf of asset has recently commenced in Q3FY2025 with leasing of 1.2 msf of area. DCCDL's rentals are estimated to grow by around 14% in FY2026 and by around 5% in FY2027, aided primarily by rentals from recently completed assets and contractual rent escalations for the existing leases. Aided by increased scale of operations, improved occupancy levels and healthy rental yields, the leverage metrics (measured as gross debt to NOI) improved to 4.1 times as on March 31, 2024, and 3.5 times as on March 31, 2025, from 5.6 times as on March 31, 2023. ICRA expects the leverage to remain comfortable below 3.75 times, going forward.

Diversified lessee profile, supported by favourable location and high-quality development – The Group's portfolio is spread across Gurugram, Chennai, Hyderabad, Noida and Chandigarh with a reputed and diversified tenant mix comprising leading multi-national and Indian corporates, wherein the top 10 tenants contribute to ~26% of the leased area as of March 2025. The weighted average balance lease expiry is comfortable at 6.5 years for the office portfolio and 5.0 years for the retail portfolio. The retail assets are situated in prominent micro markets of the respective cities, thereby enhancing their marketability.

Strong promoters with established track record in managing commercial real-estate projects – ICRA derives comfort from DCCDL's strong parentage, with 66.67% stake held by DLF Limited (DLF) and 33.33% by the Government of Singapore Investment Corporation (GIC). DLF is one of the largest real estate developers in India. It has an established track record of successfully developing and leasing commercial as well as retail assets across multiple geographies, while GIC is the sovereign wealth fund of Singapore having a track record of over four decades and a strong investment portfolio. The Group enjoys strong financial flexibility on the back of its parentage, large portfolio, established relationships with reputed tenants, and lenders.

Credit challenges

Exposure to refinancing risk – The Group is exposed to refinancing risk as a part of the consolidated debt is unamortising in nature. However, the risk is partially mitigated by the comfortable leverage, adequate five-year average DSCR and the Group's strong financial flexibility. The Group has a demonstrated track record of timely refinancing at competitive interest rates in the past.

Exposure to geographical concentration and market risks associated with ongoing development – The Group’s leasing portfolio of ~43 msf is spread across seven cities. However, around 56% of the leased area as of March 2025 is concentrated in Gurugram with high average rentals for the non-SEZ assets, resulting in exposure to migration risks of tenants to more competitive micromarkets. Moreover, the Group had under-development commercial office projects of ~12 msf as of March 2025, exposing it to execution and residual market risks. Nevertheless, the healthy pre-leasing at 99% as of March 2025 for 1.1 msf of assets, which are at the advanced stage of construction and the Group’s long and established track record in successfully developing and leasing out office as well as retail space mitigate the risk.

Vulnerability of commercial real estate sector to cyclicity – The Group’s portfolio is exposed to risks arising from the cyclicity in the sector and vulnerability to exogenous shocks, which could impact the cash flows. Further, the debt coverage metrics are exposed to the interest rate risk. Any large dividends or capex outflows adversely affecting the Group’s liquidity will be the key monitorable.

Liquidity position: Strong

The Group’s liquidity position is strong, backed by cash and equivalents of around Rs. 733 crores as of March 2025, along with the sanctioned working capital limits of Rs. 650 crores as of April 2025, with limited utilisation, which acts as a liquidity buffer. Additionally, the likely healthy cash flows from a diversified portfolio are anticipated to cover its interest obligations and capex requirements in FY2026 and FY2027.

Rating sensitivities

Positive factors – NA

Negative factors – Negative pressure on the ratings could arise in case of a significant decline in occupancy or rentals of the completed portfolio which might impact the debt protection metrics, or in case of any large capex or dividend outflows, which adversely impacts the company’s liquidity and leverage position. Specific credit metrics that could lead to a rating downgrade include the gross debt to NOI increasing above 4.0 times on a sustained basis or significant increase in under-construction portfolio of more than 25% of the total Gross asset value of total portfolio.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Corporate Credit Rating Methodology Rating Methodology for Realty - Lease Rental Discounting (LRD) Policy on withdrawal of credit ratings |
| Parent/Group support | Not Applicable |
| Consolidation/Standalone | For arriving at the ratings, ICRA has consolidated the operational and financial profile of DCCDL, and its subsidiaries, given the close business, financial and managerial linkages between the Group entities, shared brand name, along with a common treasury team. |

About the company

DLF Emporio Limited (DEL) was incorporated in 1999. It developed an ultra-luxury retail mall in Vasant Kunj under the brand name DLF Emporio. DLF Emporio Mall is a fashion mall catering to high-end merchandise. The leasable area of the mall is 0.3 msf with occupancy of 99% as of March 2025.

About DLF Cyber City Developers Limited

DLF Cyber City Developers Limited is involved in the business of developing, setting up and maintaining of commercial offices, retail spaces, technology parks and software parks. In December 2017, GIC, Singapore through its step-down subsidiary Reco

Diamond Private Limited, acquired 33.33% in DCCDL and the balance 66.67% is held by DLF Limited. The company operates one of the largest commercial real estate portfolios in the country spread across 43.1 msf of area at the consolidated level (along with its subsidiaries) with an occupancy of 94% as of March 2025. The assets are spread across Gurugram, Chennai, Hyderabad, Noida, and Chandigarh. Apart from this, it has ~12 msf of under-development projects in Chennai and Gurugram as of March 2025.

Key financial indicators (audited)

| DCCDL Consolidated | FY2024 | FY2025* |
|--|---------|---------|
| Operating income | 5,814.5 | 6,345.7 |
| PAT | 1,690.3 | 2,461.0 |
| OPBDIT/OI | 75.6% | 76.4% |
| PAT/OI | 29.1% | 38.8% |
| Total outside liabilities/Tangible net worth (times) | 3.2 | 2.8 |
| Total debt/OPBDIT (times) | 4.3 | 3.8 |
| Interest coverage (times) | 2.9 | 3.3 |

Source: Company, ICRA Research; * Limited results; 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 rating (FY2026) | | | Chronology of Rating History for the Past 3 Years | | | |
|--------------------------------------|-------------------------|--------------------------|--|---|-------------------------|---------------------|-------------------------|
| | Type | Amount Rated (Rs. crore) | Date & Rating in FY2026 | Date & Rating in FY2025 | Date & Rating in FY2024 | | Date & Rating in FY2023 |
| | | | June 16, 2025 | Dec 24, 2024 | Dec 27, 2023 | Apr 18, 2023 | |
| 1 Fund-based/Non-fund based – Others | Long Term | 1.00 | [ICRA] AAA (Stable); Rating upgraded and withdrawn | [ICRA]AA+ (Positive) | [ICRA]A A+ (Stable) | [ICRA]AA (Positive) | - |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|--|----------------------|
| Long-term –Fund-based/Non-fund based –Others | 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 | Fund-based/Non-fund based – Others | January 2021 | - | - | 1.00 | [ICRA] AAA (Stable); Rating upgraded and withdrawn |

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

| Company Name | DCCDL Ownership | Consolidation Approach |
|--|-----------------|---------------------------|
| DLF Cyber City Developers Limited (Holding Company) | - | Full Consolidation |
| Subsidiary companies | | |
| DLF Assets Limited | 100% | Full Consolidation |
| DLF Info City Developers (Chandigarh) Limited | 100% | Full Consolidation |
| Nambi Buildwell Limited | 100% | Full Consolidation |
| DLF Power & Services Limited | 100% | Full Consolidation |
| DLF Promenade Limited | 100% | Full Consolidation |
| Fairleaf Real Estate Private Limited | 100% | Full Consolidation |
| DLF Info Park Developers (Chennai) Limited | 99.99% | Full Consolidation |
| Paliwal Real Estate Limited | 100% | Full Consolidation |
| DLF Info City Chennai Limited | 100% | Full Consolidation |

Source: Company data, ICRA Research

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Branches



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