June 16, 2025

DLF Cyber City Developers Limited: Long-term rating upgraded to [ICRA] AAA; assigned for enhanced amount and outlook revised to stable from positive; short-term rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term –Fund-based –Term loans	8253.78	7853.62	[ICRA] AAA; Rating upgraded from [ICRA]AA+; outlook revised to Stable from Positive
Long-term –Fund-based –Term loans	-	4490.86	[ICRA] AAA (Stable); Assigned
Short-term Non-fund based	130.00	130.00	[ICRA]A1+; reaffirmed
Long-term –Fund-based/Non-fund based –Others	194.00	194.00	[ICRA] AAA; Rating upgraded from [ICRA]AA+; outlook revised to Stable from Positive
Non-convertible debentures (NCD)	1150.00	-	[ICRA] AAA; Rating upgraded from [ICRA]AA+; outlook revised to Stable from Positive and withdrawn
Non-convertible debentures (NCD)	2,697.00	2,697.00	[ICRA] AAA; Rating upgraded from [ICRA]AA+; outlook revised to Stable from Positive
Total	**12424.78**	**15365.48**	

**Instrument details are provided in Annexure I*

Rationale

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.

ICRA has upgraded and withdrawn the long-term ratings for NCDs 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.

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 cyclicality – The Group's portfolio is exposed to risks arising from the cyclicality 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 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	Type	Current rating (FY2026)		Chronology of Rating History for the Past 3 Years						
			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	Aug 06, 2024	Dec 27, 2023	Nov 17, 2023	Aug 1, 2023	Mar 28 2023	Nov 14, 2022
1	Non-convertible debentures	Long Term	-	-	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Stable)
2	Non-convertible debentures	Long Term	-	-	-	-	-	[ICRA]AA (Positive); reaffirmed and withdrawn	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Stable)
3	Non-convertible debentures	Long Term	1150.00	[ICRA] AAA (Stable); Upgraded and withdrawn	[ICRA]AA+ (Positive)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Stable)
4	Non-convertible debentures	Long Term	1,100.00	[ICRA] AAA (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	-	-
5	Non-convertible debentures	Long Term	250.00^	[ICRA] AAA (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	-	-
6	Non-convertible debentures	Long Term	620.00	[ICRA] AAA (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	-	-	-	-
7	Fund-based – Term loans	Long Term	7853.62	[ICRA] AAA (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Stable)
8	Fund-based – Term loans	Long Term	-	-	-	-	-	[ICRA]AA (Positive); reaffirmed and withdrawn	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Stable)
9	Fund-based – Term loans	Long Term	4490.86	[ICRA] AAA (Stable)	-	-	-	-	-	-	-
10	Long-term – Fund-based/ Non-fund based – Others	Long Term	194.0	[ICRA] AAA (Stable)	[ICRA]AA+ (Positive)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	[ICRA]AA (Positive)	-
12	Short-term Non-fund Based	Short Term	130.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
13	Commercial paper	Short Term	-	-	-	-	-	-	-	-	-
14	Non-convertible debentures	Long Term	727.0^	[ICRA] AAA (Stable)	[ICRA]AA+ (Positive)	-	-	-	-	-	-

^ proposed NCD

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Complexity level of the rated instruments

Instrument	Complexity Indicator
3 Non-convertible debentures	Simple
Fund-based – Term loans	Simple
Long-term – Fund-based/Non-fund based – Others	Simple
Non-fund based – Working capital facilities/Bank guarantee	Very 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/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE186K07072	Non-convertible debentures -1	November 29, 2022	8.85%	May 16, 2025	1150.00	[ICRA] AAA (Stable); Upgraded and withdrawn
INE186K07080	Non-convertible debentures -2	September 20, 2023	8.25%	August 16, 2033	1,100.00	[ICRA] AAA (Stable)
-	Non-convertible debentures -3	-	-	-	250.00^	[ICRA] AAA (Stable)
INE186K07098	Non-convertible debentures -4	January 15, 2024	8.40%	June 18, 2027	620.00	[ICRA] AAA (Stable)
-	Non-convertible debentures -5	-	-	-	727.00^	[ICRA] AAA (Stable)
NA	Term loan 1	November 20, 2023	-	October 31, 2038	238.78	[ICRA] AAA (Stable)
NA	Term loan 2	January 24,2024	-	February 28, 2034	636.05	[ICRA] AAA (Stable)
NA	Term loan 3	September 1,2020	-	September 30,2035	1,930.564	[ICRA] AAA (Stable)
NA	Term loan 4	December 21, 2023	-	December 31, 2038	348.56	[ICRA] AAA (Stable)
NA	Term loan 5	November 20,2023	-	October 31,2038	444.63	[ICRA] AAA (Stable)
NA	Term loan 6	November 9, 2020	-	April 30, 2032	1,454.22	[ICRA] AAA (Stable)
NA	Term loan 7	March 16, 2024	-	October 31, 2036	400.00	[ICRA] AAA (Stable)
NA	Term loan 8	July 18, 2022	-	August 15, 2037	947.13	[ICRA] AAA (Stable)
NA	Term loan 9	December 20, 2017	-	March 1, 2026	20.95	[ICRA] AAA (Stable)
NA	Term loan 10	August 12, 2021	-	August 24, 2028	265.57	[ICRA] AAA (Stable)
NA	Term loan 11	April 7,2022	-	June 2, 2032	295.173	[ICRA] AAA (Stable)
NA	Term loan 12	July 21, 2022	-	August 28, 2025	340.00	[ICRA] AAA (Stable)
NA	Term loan 13	June 30,2020	-	December 1, 2028	132.00	[ICRA] AAA (Stable)
NA	Term loan 14	November 9, 2020	-	**	200.00	[ICRA] AAA (Stable)
NA	Term loan 15	April 7, 2022	-	**	200.00	[ICRA] AAA (Stable)

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan 16	April 30, 2025	-	**	250.00	[ICRA] AAA (Stable)
NA	Term loan 17	November 16, 2017	-	November 01, 2029	404.81	[ICRA] AAA (Stable)
NA	Term loan 18	March 20, 2017	-	March 31, 2029	914.893	[ICRA] AAA (Stable)
NA	Term loan 19	January 30, 2023	-	March 31, 2035	953.62	[ICRA] AAA (Stable)
NA	Term loan 20	April 11, 2023	-	June 1, 2032	543.00	[ICRA] AAA (Stable)
NA	Term loan 21	April 11, 2023	-	June 11, 2033	1424.53	[ICRA] AAA (Stable)
NA	Long-term – Fund-based/ non-fund based – Others	Jan-2021	-	-	194.00	[ICRA] AAA (Stable)
NA	Short-term – non-fund based	Sept-2018	-	-	130.00	[ICRA]A1+

*Source: Company; ^ proposed; ** not drawn*

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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