

July 01, 2025^(Revised)

Cessna Garden Developers Private Limited: Rating upgraded to [ICRA]A+; and placed on Rating Watch with Positive Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	2,700.00	2,700.00	[ICRA]A+; Rating Watch with Positive Implications; upgraded from [ICRA]A- (Stable) and put on Rating Watch
Long-term – Overdraft [^]	(500.00)	(500.00)	[ICRA]A+; Rating Watch with Positive Implications; upgraded from [ICRA]A- (Stable) and put on Rating Watch
Total	2,700.00	2,700.00	

*Instrument details are provided in Annexure I; [^] sub-limit of term loan

Rationale

The rating upgradation for Cessna Garden Developers Private Limited (CGDPL) factors in the substantial improvement in the company's leverage and debt coverage metrics, supported by healthy occupancy levels and lower-than-expected debt drawdown. In FY2025, the company had refinanced its existing lease rental discounting (LRD) loan by a new LRD loan of Rs. 2,550 crore. However, the drawdown was limited to ~Rs. 2,138.8 crore (including overdraft). This lower level of debt resulted in a substantial improvement in debt coverage metrics (five-year average DSCR) for FY2026-FY2030. Going forward, the company is likely to prepay a part of the company's outstanding debt with the available liquidity, which will further improve the leverage and coverage metrics. The rating positively notes the favourable location of its business park as reflected in its long track record of maintaining over 97% occupancy with a strong tenant profile. The rating considers the strong track record of the sponsor, Blackstone Group, in the commercial real estate market and its high financial flexibility.

The credit profile remains exposed to the vulnerability of its debt coverage indicators to changes in interest rates and occupancy levels of the office asset. The rating factors in the asset concentration and high tenant concentration risks with a single largest tenant occupying 66% of the total leasable area of the business park. The vacancy risk for the office asset is partly offset by the long-term leases and low weighted average rents in relation to the prevailing market rents. ICRA notes that Aloft Hotel is no longer part of CGDPL – w.e.f. August 2024.

The rating is put on Watch with Positive Implications, given the likely improvement in CGDPL's credit profile once it becomes part of Knowledge Realty Trust (REIT, rated Provisional [ICRA]AAA (stable)).

Key rating drivers and their description

Credit strengths

Favourable location of project, translating into high occupancy – The company's asset (Cessna Business Park) is located on Outer Ring Road East in Bengaluru. The micromarket witnesses the highest absorption of office space in Bengaluru. Cessna Business Park has a total leasable area of 4.2 mn sq ft, with healthy occupancy of close of ~97.4% as of March 2025, and is occupied by reputed multinational tenants such as Cisco, Walmart, Cargill and HCL. The park commenced operations in 2007 and has maintained high occupancy levels throughout its operations.

Healthy debt coverage metrics – In FY2025, the company had refinanced its existing LRD loan by a new LRD loan of Rs. 2,550 crore having a longer tenure and back-ended repayment schedule. However, the drawdown was limited to ~Rs. 2,138.8 crore (including overdraft). This lower level of debt resulted in a substantial improvement in the debt coverage metrics (five-year

average DSCR) for FY2026-FY2030. Going forward, the company is likely to prepay a part of the company's outstanding debt with the available liquidity, which will further improve the leverage and coverage metrics.

Established track record of sponsor in the real estate sector – CGDPL is 85% owned by the Blackstone Group, which is India's leading office landlord with investment in offices, retail and warehousing assets spread across Mumbai, Bengaluru, Delhi NCR, Chennai, Pune, Hyderabad and Ahmedabad. The sponsor has established leasing relationships with several blue-chip multinational companies as well as Indian corporates. The sponsor's long track record in the real estate sector and large, diverse portfolio in retail and commercial real estate business in India provides comfort and allows it to command strong financial flexibility.

Credit challenges

High tenant concentration – The tenant concentration of Cessna Business Park is high, with the largest tenant occupying 66% of the total available space and the top three tenants occupying 84% of the total available space as of March 2025. The risk for the office asset is partly offset by the long-term leases and low weighted average rents in relation to the prevailing market rents.

Vulnerability to changes in interest rates and occupancy – The debt coverage ratios remain vulnerable to changes in interest rates and reduction in occupancy levels of the office asset. The vulnerability to any changes in occupancy are heightened by the asset and tenant concentration in the company.

Liquidity position: Adequate

CGDPL's liquidity profile remains adequate. The company has unencumbered cash and liquid investments of ~Rs. 201.04 crore (including unutilised overdraft facilities) as on March 31, 2025. Its cash flow from operations are expected to be sufficient to meet its scheduled debt obligations of around Rs. 212.9 crore (principal and interest) in FY2026. While the liquidity remains strong at present, the available liquidity is likely to be used to repay the debt.

Rating sensitivities

Positive factors – The rating watch would be resolved once more clarity emerges on the inclusion of CGDPL in REIT.

Negative factors – The rating watch would be resolved once more clarity emerges on the inclusion of CGDPL in REIT. The rating may witness downward pressure if any material decline in occupancy or rent rates leading to weakening of debt protection metrics and liquidity position on a sustained basis.

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

CGDPL, a Blackstone Group company, is a commercial real estate company that operates Cessna Business Park, a technology park located on Outer Ring Road East in Bengaluru. The Blackstone Group acquired 85% stake of CGDPL from Prestige Group in March 2021. Cessna Business Park has 11 office buildings, totalling to a leasable area of 4.2 mn sq ft leased to multiple tenants.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	428.0	402.8
PAT	27.8	64.1
OPBDIT/OI	78.8%	75.8%
PAT/OI	6.5%	15.9%
Total outside liabilities/Tangible net worth (times)	-1.9	-1.9
Total debt/OPBDIT (times)	6.7	6.7
Interest coverage (times)	1.7	1.6

Source: Company, ICRA Research; * Provisional numbers; 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

Instruments	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	July 01, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	2,700.00	[ICRA]A+; Rating Watch with Positive Implications	Jul 05, 2024	[ICRA]A- (Stable)	Feb 08, 2024	[ICRA]A- (Stable)	Apr 29, 2022	[ICRA]A- (Stable)
Overdraft^	Long term	(500.00)	[ICRA]A+; Rating Watch with Positive Implications	Jul 05, 2024	[ICRA]A- (Stable)	Feb 08, 2024	[ICRA]A- (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Long-term – Overdraft^	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	Long-term fund based – Term loan-I	FY2025	8.85%	FY2040	2,550.00	[ICRA]A+; Rating Watch with Positive Implications
NA	Long-term fund based – Term loan-II	Dec 2017	NA	Oct 2029	150.00	[ICRA]A+; Rating Watch with Positive Implications
NA	Overdraft limit [^]	-	NA	-	(500.00)	[ICRA]A+; Rating Watch with Positive Implications

Source: Company; [^] sub-limit of proposed term loan,

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

Annexure II: List of entities considered for consolidated analysis – Not Applicable

Corrigendum:

Key rating sensitivities in Pg 2 have been rephrased.

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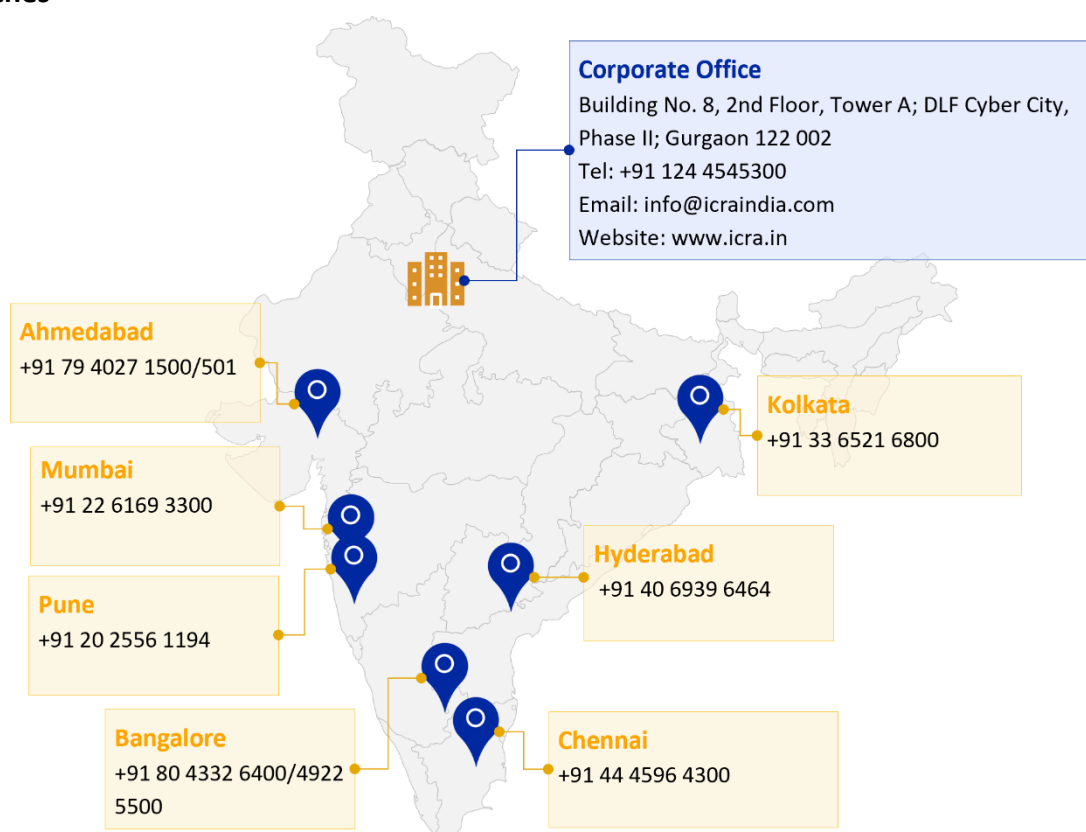
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