

July 04, 2025

Sattva Developers Pvt. Ltd.: Rating upgraded for bank facilities; [ICRA]AA (Stable) assigned for issuer rating

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	70.00	70.00	[ICRA]AA (Stable); Upgraded from [ICRA]A+
Long-term – Unallocated	31.00	31.00	[ICRA]AA (Stable); Upgraded from [ICRA]A+
Issuer rating	-	-	[ICRA]AA (Stable); Assigned
Total	101.00	101.00	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade for Sattva Developers Private Limited (SDPL) reflects the material improvements in its credit profile, driven by the expected steady cash flows in the form of distribution income from Knowledge Realty Trust (KRT), a proposed real estate investment trust with around 48.1 msf of operational and under-commercial office assets (rated Provisional [ICRA]AAA (Stable)). It is sponsored by the Sattva Group and the Blackstone Group, thereby providing exceptional financial flexibility. SDPL is projected to generate Rs. 500-550 crore, on an annual basis, in the form of distribution income, which will strengthen its cash flow and liquidity position. Moreover, the rating action positively notes the significant reduction in corporate guarantees of SDPL to its Group entities by around 42% YoY in FY2025. Moreover, the company plans to remove the existing corporate guarantees extended to Dawntech Electronics Pvt Ltd and entities that are proposed to move to KRT, which is expected to further reduce the overall corporate guarantees by 74-77% to Rs. 1000.0 – 1100 crore as of March 2026, leading to improvement in leverage and financial flexibility.

The rating favourably factors in the healthy performance of the Group's residential segment in FY2025, which is likely to continue in FY2026 supported by expected healthy sales velocity and launch pipeline. In FY2026, ICRA estimates the Group's pre-sales in the residential segment to increase by 45-55% to Rs. 2,900-3,100 crore and the collections are likely to be healthy at around Rs. 1750-1950 crore. Further, the cash flow adequacy ratio (committed receivables/ (pending cost + debt outstanding)) of 64% stood adequate to cover the pending construction cost to an extent as of March 2025. The leverage levels as measured by adjusted¹ total debt/cash flow from operations (CFO) is anticipated to be comfortable in the medium term. Consequently, the overall debt coverage metrics are also expected to remain robust in the medium term, driven by healthy collections, dividend income from KRT, and low debt in the residential segment. The rating draws comfort from the established position of the Sattva Group with a track record of around four decades and has executed over ~74 msf of completed saleable area in the residential segment and leasable area in the commercial office segment.

The rating strengths are partially offset by the Group's exposure to execution risk and market risk arising from the significant expansion plans in its ongoing residential portfolio and upcoming launches of around 15 msf in FY2026-FY2027 to maintain the growth momentum and strengthen its market presence in the existing as well as new micromarkets. Besides the execution risk arising from its ongoing capital expenditure in the commercial office space and hotel project, the Group is exposed to leasing risk arising from its commercial projects in the medium term. However, ICRA takes comfort from the Group's track record of development and leasing of commercial real estate assets as well as healthy sales and collections from the residential

¹ Adjusted total debt includes consolidated debt of Sattva group across all entities including guaranteed debt

portfolio. The rating notes the geographical concentration risk of the Group wherein its ongoing residential and commercial projects are primarily in Bengaluru and Hyderabad, exposing it to any region-specific downturn in demand. Further, the upcoming residential projects in the near term are expected to be launched in these two cities only. Also, the Group remains vulnerable to the inherent cyclicity in the real estate industry.

The Stable outlook reflects ICRA's opinion that the Group will maintain healthy sales and collections in the real estate segment along with expected healthy dividend income from KRT resulting in comfortable debt coverage metrics and adequate liquidity position.

Key rating drivers and their description

Credit strengths

Expected steady cash flows from Knowledge Realty Trust to provide exceptional financial flexibility – SDPL is expected to receive steady cash flows in the form of distribution income from KRT, a proposed real estate investment trust with around 48.1 msf of operational and under-commercial office assets, rated Provisional [ICRA]AAA (Stable). It is sponsored by the SDPL and the Blackstone Group to the extent of its expected unit holding of around 14% upon REIT formation, thereby enhancing the financial flexibility. This is further supported by the regulatory stipulation prescribed by the Securities & Exchange Board of India (capital market regulator) of at least 90% of the net distributable cash flows to be distributed to the REIT's unit holders.

Healthy performance in the residential segment – The residential segment of the Sattva Group witnessed healthy performance in FY2025, which is expected to continue in FY2026 supported by good sales velocity and robust launch pipeline. In FY2026, the Group's pre-sales in the residential segment are estimated to increase by 45-55% to Rs. 2,900-3,100 crore and the collections are likely to be healthy at around Rs. 1750-1950 crore. Further, the cash flow adequacy ratio (committed receivables/ (pending cost + debt outstanding)) of 64% stood adequate to cover the pending construction cost to an extent as of March 2025. Also, the low debt levels in the segment resulting in low leverage ratios, provides comfort.

Established track record and brand recognition of the Group in real estate industry – The Sattva Group has an established position in the real estate market with a track record of around four decades. It has executed over ~74 msf of completed saleable area in the residential and commercial real estate sectors in Bengaluru and Hyderabad. Further, the Group has good brand equity, which supports the saleability of its residential projects to an extent.

Credit challenges

Exposure to execution and market risks – The Sattva Group has significant plans of expanding its ongoing portfolio to maintain the growth momentum and strengthen its market presence in the existing as well as new micro markets. The Group plans to launch new residential projects with a saleable area of around 15 msf in FY2026-FY2027 exposing it to execution and market risks. Along with the execution risk arising from its ongoing capital expenditure in the commercial office space and hotel project, the group is exposed to leasing risk arising from its commercial projects in the medium term. However, ICRA takes comfort from Group's track record of development and leasing of commercial real estate assets as well as healthy sales and collections from the residential portfolio.

Geographical concentration risk – The company's ongoing residential and commercial projects are primarily located in Bengaluru and Hyderabad, which exposes it to any region-specific downturn in demand. Further, the upcoming residential projects in the near term are expected to be launched in these two cities only.

Vulnerable to cyclicity and changes in interest rates – The Group remains exposed to the inherent cyclicity in the real estate industry, such as declining property prices, a slowdown in economy and reduction in housing demand. Further, the commercial leasing segment as well as the underlying KRT's assets are exposed to risks arising from the cyclicity in the sector and vulnerability to external factors. Nonetheless, ICRA takes comfort from the company's track record in the residential and commercial real estate segment.

Liquidity position: Adequate

The company's liquidity's position is adequate with unencumbered cash and cash equivalents of Rs 178 crore and healthy undrawn limits of March 31, 2025. The collections in the residential segment, rental receipts in the commercial office segment and income from REIT dividends are expected to be sufficient to meet all the operational and debt servicing requirements of the Sattva Group in the medium term. The company has capex plans in the commercial office space and a hotel project of around Rs. 430.0 – 530.0 crore in FY2026 and FY2027 each, which is likely to be met by a mix of debt and internal accruals.

Rating sensitivities

Positive factors - ICRA could upgrade the rating if the Group is able to demonstrate a significant increase in sales and collections from the residential segment along with geographical diversification, significant increase in rentals from the leasing segment and significantly higher distribution income from Knowledge Realty Trust while maintaining a net debt free position on a sustained basis.

Negative factors – Negative pressure on the rating could arise in case there is significant decline in collections in residential segment or any material decline in occupancy levels in completed office portfolio or delay in leasing tie-ups in the ongoing commercial projects or weakening credit profile of Knowledge Realty Trust or significantly lower distribution from REIT or significant increase in indebtedness impacting the leverage and coverage metrics of the Group on a sustained basis. Further, significant outflows towards land investments/support to other related entities adversely impacting the liquidity position will be credit negative. Additionally, gross debt to CFO higher than 2.25 times, on a sustained basis, may trigger a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has consolidated the financials of SDPL along with all the entities of the Sattva Group, which are primarily involved in the real estate segment and have projects at various stages of completion (called as "Sattva Group") on account of the strong business and financial linkages among these entities. In addition, ICRA has factored in the financial support extended to Dawntech Electronics Pvt Ltd and Simpliwork Offices Pvt Ltd, based on the corporate guarantee extended by Sattva Group towards these entities. The list of entities considered for consolidated analysis are enlisted in annexure II.

About the company

Sattva Developers Pvt. Ltd. (SDPL) is the flagship company of the Sattva Group, which has been involved in construction and development for over 30 years. As on March 31, 2025, the Group has developed over 74 msf of completed area of residential and commercial real estate in Bengaluru and Hyderabad. At present, at standalone level, SDPL has one turnkey contract project and unsold stock of few residential projects. Further, SDPL is expected to hold around 14% of the units in the proposed Knowledge Realty Trust REIT with around 48.1 msf of operational and under-commercial office assets, rated Provisional [ICRA]AAA (Stable) and sponsored by the Sattva Group and the Blackstone Group. The promoters and family members hold 100% of the total shareholding of SDPL. Apart from the ongoing residential and commercial projects, the company is executing a hotel project in Bengaluru, which is in initial stage of construction.

Key financial indicators

Standalone	FY2023	FY2024
Operating income	214.7	508.3
PAT	61.3	148.7
OPBDIT/OI	34.4%	42.3%
PAT/OI	28.5%	29.3%
Total outside liabilities/Tangible net worth (times)	0.7	0.7
Total debt/OPBDIT (times)	5.8	1.6
Interest coverage (times)	2.3	5.1

Source: Company, ICRA Research; 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 (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	July 04, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long Term	70.00	[ICRA]AA (Stable)	Dec 17, 2024	[ICRA]A+ (Stable)	Sept 22, 2023	[ICRA]A+ (Stable)	Jun 28, 2022	[ICRA]A+ (Stable)
Unallocated	Long Term	31.00	[ICRA]AA (Stable)	Dec 17, 2024	[ICRA]A+ (Stable)	-	-	-	-
Issuer rating	Long Term	-	[ICRA]AA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Unallocated	Not Applicable
Issuer rating	Not Applicable

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	Term loan	Sept 2022	NA	Sept 2035	70.00	[ICRA]AA (Stable)
NA	Unallocated	NA	NA	NA	31.00	[ICRA]AA (Stable)
NA	Issuer rating	NA	NA	NA	-	[ICRA]AA (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

Company Name	Ownership % by Sattva Group and its promoters	Consolidation Approach
Sattva Developers Private Limited	100%	Full Consolidation
Sattva Realty Pvt Ltd (Formerly known as Shirasa Dwellings Pvt Ltd)	100%	Full Consolidation
Sattva Resi Pvt Ltd (Formerly known as Shirasa Edifice Pvt Ltd)	100%	Full Consolidation
Sattva Infrastructure India Pvt Ltd	100%	Full Consolidation
Shirasa Construction Pvt Ltd	100%	Full Consolidation
Sattva City Pvt Ltd (Formerly known as Nabs Techpark Pvt Ltd)	100%	Full Consolidation
Sattva New Heights Pvt Ltd	100%	Full Consolidation
Neelanchal Buildwell LLP	60%	Full Consolidation
Mindcomp Developers Pvt Ltd	100%	Full Consolidation
Mindcomp Properties Pvt Ltd	100%	Full Consolidation
Neelanchal High Rise LLP	100%	Full Consolidation
Neelanchal Griha Nirman Pvt Ltd	81%	Full Consolidation
Sattva CKC Pvt Ltd (Formerly known as Janaya Realtors Private Limited)	100%	Full Consolidation
NABS Data Infra Pvt Ltd	100%	Full Consolidation
Suparna Dwellings Pvt Ltd	100%	Full Consolidation
Moonlight Niketan Pvt Ltd	100%	Full Consolidation
Neelanchal Projects LLP	100%	Full Consolidation
Jaganmayi Manor Pvt Ltd	80%	Full Consolidation
Suparna Realtors Pvt Ltd	71.5%	Full Consolidation
Vishardha Grihanirman Pvt Ltd	100%	Full Consolidation
NDS Properties LLP	100%	Full Consolidation
Sattva Homes Private Limited	100%	Full Consolidation
Mindcomp Hi-Rise LLP	100%	Full Consolidation
Shirasa Techpark Pvt Ltd	100%	Full Consolidation
Genisys Integrating Systems (India) Pvt Ltd	100%	Full Consolidation
Sattva Knowledge Space Pvt Ltd	100%	Full Consolidation
Manjushree Plantation Ltd	100%	Full Consolidation
Darshita Southern India Happy Homes Pvt Ltd	100%	Full Consolidation
Bhojeshwar Realtors Pvt Ltd	100%	Full Consolidation
Sattva Realtors Pvt Ltd	100%	Full Consolidation
Poorna Build Tech Pvt Ltd	100%	Full Consolidation
SS Developers	100%	Full Consolidation
Wateredge Builders Pvt Ltd	100%	Full Consolidation
Eden Buildcon Pvt Ltd	100%	Full Consolidation
Chinnamasta Properties Pvt Ltd	100%	Full Consolidation

Company Name	Ownership % by Sattva Group and its promoters	Consolidation Approach
Darshita Projects Pvt Ltd	100%	Full Consolidation
Sattva Build-con Pvt Ltd	50%	Full Consolidation
Sattva Real Estate Pvt Ltd	100%	Full Consolidation
Visharada Realtors Pvt Ltd	100%	Full Consolidation
Devbhumi Realtors Pvt Ltd	50%	Full Consolidation
Dawntech Electronics Pvt Ltd*	100%	Full Consolidation
Simpliwork Office Pvt Ltd*	54%	Full Consolidation

Source: Company; ICRA Research; * ICRA has factored in financial support to Dawntech Electronics Pvt Ltd and Simpliwork Offices Pvt Ltd, based on the corporate guarantee extended by Sattva Group towards these entities.

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