

October 16, 2025

Vagishwari Land Developers Private Limited: Rating upgraded to [ICRA]A from [ICRA]A-; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based – Long-term loan	700.00	700.00	[ICRA]A (Positive); Upgraded from [ICRA]A- (Stable) and outlook revised to Positive from Stable
Long-term – Non-fund based limits**	(50.00)	0.00	-
Long-term – Non-fund based	1.15	0.00	-
Total	701.15	700.00	

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

Rationale

The rating action for Vagishwari Land Developers Private Limited (VLDPL) factors in the healthy progress in leasing leading to improved cash flow visibility and debt protection metrics. VLDPL operates an operational office asset of 1.09 million square feet (msf) in Bengaluru. The committed occupancy increased to 78% as of September 2025 from 47% as of August 2024. Backed by a healthy leasing pipeline, the asset's occupancy is expected to improve to 90-95% by March 2026. Considering the healthy occupancy and favourable capital structure, the leverage as measured by total external debt/annualised net operating income (NOI) is estimated to remain below 5.5 times and debt coverage indicators are likely to remain strong in the medium term. The rating considers the favourable project location with good connectivity, low vacancy levels and no major upcoming supply in the micromarket, which resulted in healthy ramp-up in occupancy and rent rates. ICRA takes note of VLDPL's reputed sponsor profile, which is owned by GBTC II (Asset A) Pte Ltd (80.0% stake), a real estate fund managed by Godrej Fund Management Pte. Ltd., Godrej Projects Development Limited (17.5% stake), a subsidiary of Godrej Properties Limited (rated [ICRA]AA+ (Stable)/ [ICRA]A1+) and Godrej Ventures and Investment Advisers Pvt. Ltd. (2.5%), which lends strong financial flexibility to the company.

The rating factors in the high geographical and asset concentration risks, which are inherent in single project special purpose vehicles (SPVs). The top five tenants occupy 76% of the leased area as of September 2025, exposing VLDPL to moderate tenant concentration risk, which heightens the market risk in case of any significant vacancy/non-renewal of leases. Nonetheless, these risks are partially offset by the reputed profile of the tenants, lock-in period of leases for 3 years and the large investments made by the tenants towards fitouts. While the rated instrument does not have a debt service reserve account (DSRA), the strong debt coverage metrics, low leverage, expected adequate liquidity and strong financial flexibility for the company partly mitigate the risk. The debt coverage ratios remain susceptible to material changes in occupancy, rental yield, increase in indebtedness and interest rates.

The Positive outlook on the rating reflects ICRA's opinion that the company would be able to demonstrate healthy improvement in leasing, supported by the attractive location of the asset, while maintaining comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Healthy improvement in occupancy levels mitigating refinancing risk; comfortable debt protection metrics – The committed occupancy increased to 78% as of September 2025 from 47% as of August 2024. Backed by healthy leasing pipeline, the asset's occupancy is expected to improve to 90-95% by March 2026. The company is likely to refinance the construction finance (CF) loan with an LRD loan in October 2025, thereby mitigating the refinancing risk. Considering the healthy occupancy and favourable capital structure, the leverage as measured by total external debt/annualised NOI is estimated to remain below 5.5 times and debt coverage indicators are likely to remain strong in the medium term.

Attractive location of property – The project is located along Old Madras Road (NH-75) at approximately 5 km from the Central Business District, Bengaluru. The asset is favourably located near the city centre having good connectivity with other key city areas by virtue of the existing metro station. The attractive location, low vacancy levels and no major upcoming supply in the micromarket resulted in healthy ramp-up in occupancy and rent rates.

Reputed sponsor profile with strong financial flexibility – VLDPL is owned by GBTC II (Asset A) Pte Ltd (80.0% stake), a real estate fund managed by Godrej Fund Management Pte. Ltd., Godrej Projects Development Limited (17.5% stake), a subsidiary of Godrej Properties Limited (rated [ICRA]AA+ (Stable)/ [ICRA]A1+) and Godrej Ventures and Investment Advisers Pvt. Ltd. (2.5%), which lends strong financial flexibility to the company. The Godrej Group operates in diverse sectors such as real estate, consumer products, industrial engineering, appliance and furniture.

Credit challenges

High geographical and asset concentration risks; moderate tenant concentration risks – The company is exposed to high geographical and asset concentration risks, which are inherent in single project SPVs. Further, the top five tenants occupy 76% of the leased area as of September 2025, thereby exposing VLDPL to moderate tenant concentration risks. Nonetheless, these risks are partially offset by the reputed profile of the tenants, lock-in period of leases for 3 years and the large investments made by the tenants towards fitouts.

Lack of DSRA and vulnerability of debt coverage ratios to changes in occupancy levels, rental yield and interest rates – There is no DSRA lien marked to the company's lenders in line with the sanctioned terms. Nonetheless, the strong debt coverage metrics, low leverage, expected adequate liquidity and strong financial flexibility partly mitigate the risk. The debt coverage ratios remain susceptible to material changes in occupancy levels, rental yield, increase in indebtedness and interest rates.

Liquidity position: Adequate

VLDPL's liquidity position is adequate, with cash and cash equivalents of Rs. 46.1 crore as of June 2025. The debt repayment obligations in FY2026 and FY2027 can be comfortably serviced through its estimated cash flow from operations. The company does not have any expansion plans in the medium term.

Rating sensitivities

Positive factors – The rating can be upgraded if there is healthy increase in occupancy at adequate rental rates while maintaining comfortable debt protection metrics on a sustained basis.

Negative factors – The outlook can be revised to Stable if there is a material decline in occupancy or rental rates, or if there is significant increase in indebtedness resulting in weakening of debt protection metrics. Specific credit metrics that could lead to a rating downgrade include five-year average debt service coverage ratio (DSCR) remaining less than 1.25 times 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

Incorporated in November 2015, Vagishwari Land Developers Private Limited was acquired by Godrej Projects Development Limited (wholly-owned subsidiary of Godrej Properties Ltd, GPL) and Godrej BTC II (Asset A) Pte Ltd. in June 2021 from Purvankara Limited. The company owns a land parcel of 4.5 acres located on Old Madras Road, Indiranagar, Bengaluru, where it has constructed a commercial office. The asset comprises three basements + ground floor+ 10 floors with a leasable area of 1.09 msf.

Key financial indicators (audited)

VLDPL Standalone	FY2025
Operating income	76.3
PAT	15.1
OPBDIT/OI	79.5%
PAT/OI	19.8%
Total outside liabilities/Tangible net worth (times)	3.2
Total debt/OPBDIT (times)	15.8
Interest coverage (times)	1.8

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; VLDPL started generating rentals from FY2025

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					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 16, 2025	Date	Rating	Date	Rating	Date	Rating
Interchangeable-Letter of credit	Long Term	-	-	Sep 23, 2024	[ICRA]A-(Stable)	Dec 04, 2023	[ICRA]BBB+(Stable)	Nov 14, 2022	[ICRA]BBB (Stable)
Non-fund based- Others	Long Term	-	-	Sep 23, 2024	[ICRA]A-(Stable)	Dec 04, 2023	[ICRA]BBB+(Stable)	Nov 14, 2022	[ICRA]BBB (Stable)
Fund-based - Term loan	Long Term	700.00	[ICRA]A (Positive)	Sep 23, 2024	[ICRA]A-(Stable)	Dec 04, 2023	[ICRA]BBB+(Stable)	Nov 14, 2022	[ICRA]BBB (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	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	Term loan	FY2026	-	FY2038	700.00	[ICRA]A (Positive)

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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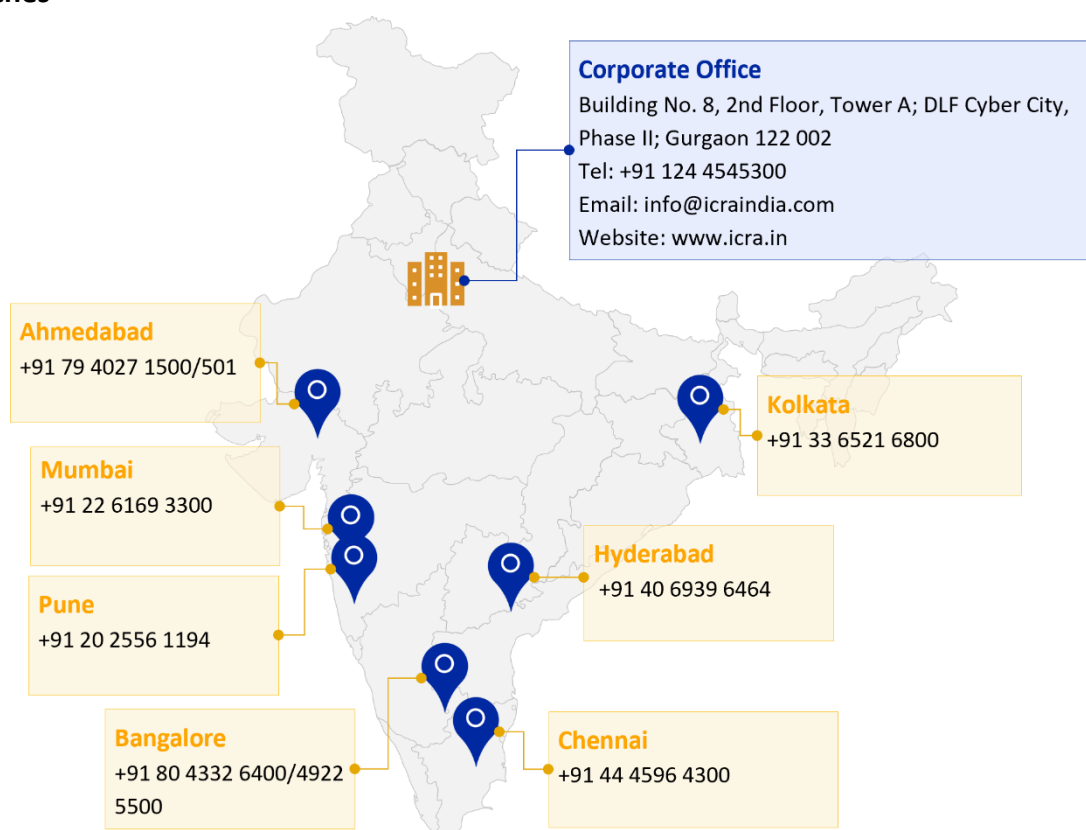
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