

February 24, 2026

Island Star Mall Developers Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	245.00	245.00	[ICRA]AA- (Stable); Reaffirmed
Total	245.00	245.00	

*Instrument details are provided in Annexure I

Note: For arriving at the rating of Island Star Mall Developers Private Limited (ISMDPL), ICRA has factored in the business and financial risk profiles of ISMDPL, along with its wholly-owned subsidiaries (Sparkle One Mall Developers Private Limited (SOMDPL), Alyssum Developers Private Limited (ADPL), and Insight Mall Developers Private Limited (IMDPL)) as they are in the same line of business with a common management and treasury team.

Rationale

The rating reaffirmation for ISMDPL factors in the healthy leasing levels across malls and ramp-up in the overall trading occupancy, along with comfortable debt protection metrics over the medium term. The rating action favourably factors in the improvement in ISMDPL's operational portfolio to 92% of the total leasable area by December 2025 from 62% as of December 2024, post completion of the office assets – Millennium Towers (integrated with Phoenix Mall of the Millenium (Pune) and Phoenix Asia Towers (integrated with Phoenix Asia Towers Bangalore).

ISMDPL was a 51:49 joint venture (JV) of The Phoenix Mills Limited (PML) and Canada Pension Plan Investment Board (CPPIB) respectively. On July 24, 2025, PML announced that it will buy a 49% stake in its JV firm ISMDPL from CPPIB for Rs. 5,449 crore as a part of its growth strategy. The payment will be executed in four tranches over a period of 3 years. Post completion of the transaction, PML will assume full ownership and sole control of ISMDPL. The transaction will be executed in four tranches of Rs. 1,257 crore, Rs. 1,370 crore, Rs. 1,358 crore, and Rs. 1,465 crore respectively. All the required approvals were received/completed during July-October 2025. The payment of the first tranche was completed in November 2025, post which the shareholding of PML in ISMDPL increased to 58.33% from 51.0%. The first tranche was funded by equity infusion from PML, top-up debt raised at ISMDPL subsidiaries and internal accruals. The second, third and fourth tranches are due for payment in November 2026, November 2027, and November 2028 respectively. The remaining tranches are expected to be funded through top-up debt and internal accruals. Despite the expected increase in indebtedness to fund CPPIB's stake acquisition, the leverage at the consolidated level as reflected by Total External Debt/Net Operating Income (NOI) is projected to remain comfortable below 5.0 times in the medium term. Given the healthy cash flow from operations, its coverage metrics is likely to remain comfortable. The rating favourably factors in the reputed sponsor profile, which lends exceptional financial flexibility to ISMDPL. The PML Group is one of the leading owner, operator and developer of retail-led mixed-use destinations with projects across retail, hospitality, commercial offices, and residential segment, with strong brand strength and operational track record of over three decades.

ISMDPL's credit profile remains exposed to adverse macroeconomic and force majeure events, which could impact the tenant's business risk profiles and occupancy levels. Notwithstanding the increase in proportion of operational assets at the consolidated level, the company has around 0.6 million square feet (msf) of under-construction assets, exposing it to moderate execution risk. The office portfolio is also exposed to high market risk, given the moderate leasing in the recently completed office projects. ISMDPL has funded office projects from internal accruals and undrawn LRD loans taken against the retail malls. Consequently, slower-than-expected ramp-up in office leasing is unlikely to have a material impact on the overall coverage metrics. Nonetheless, ICRA expects the occupancy in office portfolio to improve gradually over the next 1-2 years.

The outlook on the rating is Stable, supported by the healthy occupancy of operational malls and comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Healthy leasing occupancy across the malls – The leasing across its four malls, Phoenix Mall of Asia (Bengaluru), Phoenix Mall of the Millennium (Pune), Phoenix Citadel (Indore) and Phoenix Market City (Bangalore) stood healthy at 97%, 96%, 92% and 97% as of December 2025, respectively, which is expected to sustain in the medium term. ISMDPL's operational portfolio has improved to 92% of the total leasable area by December 2025 from 62% as of December 2024 with the completion of office assets – Millennium Towers (integrated with Phoenix Mall of the Millennium (Pune) and Phoenix Asia Towers (integrated with Phoenix Asia Towers Bangalore).

Comfortable financial risk profile despite expected increase in leverage due to debt-funded acquisition – Despite expected increase in indebtedness to fund CPPIB's stake acquisition, the leverage at the consolidated level as reflected by Total External Debt/NOI is projected to remain comfortable below 5.0 times in the medium term. Given the healthy cash flow from operations, its coverage metrics is likely to remain comfortable.

Strong sponsor profile lends exceptional financial flexibility – ISMDPL is a JV of PML and CPPIB. The PML Group is one of the leading owner, operator and developer of retail-led mixed-use destinations with its developments spread across retail, hospitality, commercial offices, and residential asset segment, with strong brand strength and operational track record of over three decades. The reputed sponsor profile lends exceptional financial flexibility to ISMDPL. PML and its subsidiaries have an operational retail portfolio of over 11 msf of retail space across 8 major cities of India and approx. 7 msf of retail space under development. The PML Group's mixed-use destinations include Grade A offices with an operational office portfolio of ~5 msf across Mumbai, Pune, Bengaluru and Chennai and ~4 msf, in the pipeline at the existing mixed-use destinations. The PML Group has delivered over 3.5 msf of premium residential space across 3 projects in Chennai and Bengaluru. At present, it has one project of ~1 msf under development in Kolkata. The PML Group also owns and operates two hotels – The St. Regis, Mumbai and Courtyard by Marriot, Agra and currently has a Grand Hyatt hotel under construction at Whitefield, Bengaluru.

Credit challenges

Exposure to moderate execution and market risks for recently completed and under-construction office assets – Notwithstanding the increase in the proportion of operational assets at the consolidated level, the company has around 0.6 msf of under-construction assets, exposing it to moderate execution risk. The office portfolio is exposed to high market risk, given the moderate leasing in the recently completed office projects. ISMDPL has funded office projects from its internal accruals and has undrawn LRD loans taken against the retail malls. Consequently, slower-than-expected ramp-up in office leasing is unlikely to have a material impact on the overall coverage metrics. Nonetheless, ICRA expects the occupancy in office portfolio to improve gradually over the next 1-2 years.

Vulnerability to external factors – ISMDPL's credit profile remains exposed to adverse macroeconomic and force majeure events, which could impact the tenant's business risk profiles and occupancy levels.

Liquidity position: Adequate

The company's liquidity position is adequate with cash and cash equivalents of around Rs. 165 crore and undrawn overdraft limits of around Rs. 332 crore at the consolidated level as on December 31, 2025. The debt repayment obligations can be comfortably met from the estimated cash flow from operations in FY2026 and FY2027. The pending capex cost for the ongoing expansion is expected to be funded through internal accruals and undrawn LRD loans/planned debt.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is significant ramp-up in leasing of office portfolio while sustaining high occupancy of retail malls resulting in improvement in debt protection metrics and liquidity position on a sustained basis.

Negative factors – Negative pressure on the ratings could emerge if there is a material decline in occupancy or rent rates in malls or significant increase in indebtedness resulting in weakening of debt protection metrics. Specific credit metric that could lead to a rating downgrade is Total External Debt/NOI greater than 5.0 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	For arriving at the rating of Island Star Mall Developers Private Limited (ISMDPL), ICRA has consolidated the business and financial risk profiles of ISMDPL, along with its wholly-owned subsidiaries (Sparkle One Mall Developers Private Limited, Alyssum Developers Private Limited, Insight Mall Developers Private Limited) as they are in the same line of business with common management and treasury team. Please refer Annexure II for the list of entities considered for consolidated analysis.

About the company

ISMDPL, at the standalone level, owns and operates Phoenix Market City (PMC) Mall in Whitefield, Bengaluru, which has a total leasable area of ~1.0 msf. It has been operational since 2010 with a healthy occupancy of 97% as of December 2025. The company is undertaking capex in PMC Bangalore, which includes expansion of the mall (0.2 msf), construction of commercial office space (0.4 msf) and a ~400-key hotel.

ISMDPL, under its wholly-owned subsidiaries, has three operational malls namely Phoenix Citadel, Indore, Phoenix Millenium, Pune and Phoenix Mall of Asia, Bengaluru, which commenced in December 2022, September 2023 and October 2023 respectively. Further, all three assets reported healthy leasing occupancy levels of 92%, 96% and 97%, respectively, as of December 2025. ISMDPL has recently completed an office space of ~0.8 msf under SOMDPL, in Hebbal, Bangalore and ~1.4 msf under ADPL, in Wakad, Pune.

On a consolidated basis, ISMDPL has a total of four assets (retail and office) with a gross leasable area of ~7.1 msf. Of this, 92%, i.e., approx. 6.5 msf is operational (out of which 4.35 msf is retail and 2.15 msf is office) and the remaining ~0.6 msf (0.2 msf retail and 0.4 msf office) and one hotel is under-construction as of December 2025.

Key financial indicators (audited)

ISMDPL (Consolidated)	FY2024	FY2025
Operating income	612.2	919.7
PAT	255.1	391.7
OPBDIT/OI	63.1%	64.2%
PAT/OI	41.7%	42.6%
Total outside liabilities/Tangible net worth (times)	0.4	0.4
Total debt/OPBDIT (times)	2.2	1.6
Interest coverage (times)	12.1	11.9

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

Current (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Feb 24, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long term	245.00	[ICRA]AA- (Stable)	Aug 04, 2025	[ICRA]AA- (Stable)	-	-	Jan 02, 2024	[ICRA]A+ (Stable)	Nov 17, 2022	[ICRA]A+ (Stable)
				Apr 09, 2025	[ICRA]AA- (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 loans	FY2023	NA	FY2032	245.00	[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	ISMDPL Ownership	Consolidation Approach
Island Star Mall Developers Private Limited	Rated entity	Full Consolidation
Sparkle One Mall Developers Private Limited	100.00%	Full Consolidation
Alyssum Developers Private Limited	100.00%	Full Consolidation
Insight Mall Developers Private Limited	100.00%	Full Consolidation

Source: ISMDPL, ICRA Research

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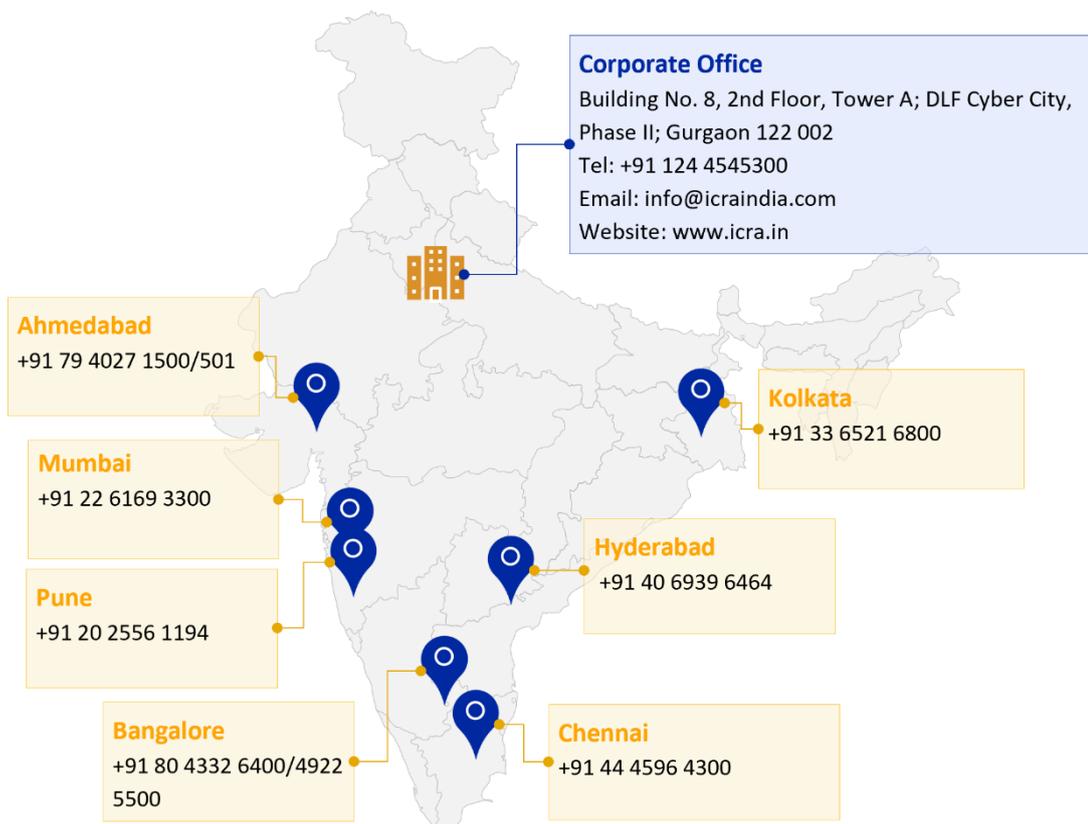
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