Grand Canyon SEZ Private Limited

November 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	270.00	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The long-term rating assigned to bank facilities of Grand Canyon SEZ Private Limited (GCSPL) is constrained by low occupancy level reflected by modest scale of operation coupled with loss-making operations, low Cash Coverage Ratio (CCR) and stretched liquidity position. The ratings are further constrained on account of weak coverage indicators, rent rollover risk, and vulnerability of cash flows to fluctuation in rentals and rise in interest rates. These rating weaknesses are offset by presence of an escrow account, maintenance of debt service reserve account (DSRA) equivalent to three month's debt repayment obligation, experienced promoters, and renowned lessees minimising counterparty risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in occupancy level to above 40% on a sustained basis
- Deleveraging of balance sheet with total debt to rental below 6.50x

Negative factors

- Any further decline in occupancy level to below 15%.
- Increase in total debt/rental above 18x further deteriorating financial risk profile of the company

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the entity is expected to sustain and improve the occupancy levels and benefit from limited counterparty credit risk owing to its long-standing association with tenants.

Detailed description of key rating drivers:

Key weaknesses

Low Occupancy Levels with losses reported at PAT level

The company's occupancy level remained low at 27% as on September 30,2025 and over the past couple years reflected by modest scale of operations. The company reported a decline in turnover in FY25(FY refers to April 01 to March 31), compared to FY24 (FY refers to April 01 to March 31), primarily due to the lease expiration of IBM's Kindle business, which had been a key client of the company previously. The company has reported losses at profit after tax (PAT) level over the past two years, with a loss of ₹11.76 crore in FY25, primarily due to modest scale and high interest cost. The company though in March,2025 has denotified 4.67 lakh sq ft of Special Economic Zone (SEZ) area. This development going forward will allow the company to lease the denotified space to any entity, unrestricted by SEZ regulations, and will be a key monitorable.

Weak coverage indicators

With low occupancy levels, the projected cash cover ratio (CCR) of the company is estimated to remain constrained at 1.27x for FY26-FY28 (FY refers to April 01 to March 31) considering scheduled repayment of term loan. The company's financial risk profile remains leveraged with high lease rental discounting (LRD) debt-to-rental of 8.78x in FY25. The company has an outstanding term loan of ₹272.27 crore from Indian Bank, along with zero-coupon optionally convertible debentures of ₹606.63 crore, subscribed by group company ASF Buildtech Private Limited, as on March 31, 2025, which is to be redeemed by FY30. The company currently does not have sufficient cash accruals to meet its debt obligations and is expected to rely on liquidation of short-term loans and advances extended to group companies, ASF Insignia SEZ Pvt Ltd and ASF Infrastructure Pvt Ltd. Timely repayment of scheduled term loan instalments, leading to deleveraging of the balance sheet while maintaining healthy occupancy, will remain a key monitorable.

[1] Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Roll-over risk associated with the current arrangement

The real estate development sector is inherently exposed to rollover risks associated with existing leases. The weighted average period of lease expiry stood at 3.21 years, which is relatively short compared to the lease rental loan tenure of 10 years. The weighted average lock-in period from September 30, 2025, stood at 0.86 years, as most clients do not have a lock-in period. Although the lease agreements include an annual rent escalation clause of 15%, which provides certain financial cushion, the shorter lease duration and limited lock-in period could lead to renewal and vacancy risks. The risk however is moderately mitigated by the successful denotification of 4.67 lakh sq ft of leases, leading to an expected improvement in occupancy level and, consequently, topline.

Vulnerability of cash flows to fluctuation in rentals and rise in interest rates

The company's cash flow stability is subject to two key external factors: occupancy rates and interest rates. Any decrease due to competition, tenant relocation, or economic downturns would directly impact cash flow. Similarly, the company's debt carries inherent interest rate risk. Rising rates would increase future EMI payments, potentially straining cash flow and affecting the cash coverage ratio. To mitigate these risks, maintaining high occupancy rates with favourable lease terms and long-term lock in periods is crucial

Key strengths

Presence of structured payment mechanism (SPM)

Per the agreement with the lessor, lessees are required to deposit rent receivables including lease rental, common area maintenance (CAM) charges, and security deposits into the escrow account, from which interest and instalments are repaid. Per the sanction letter, the bank recovers debt payments from the escrow account after payment of statutory dues. This structure significantly reduces the risk of default or delay in debt servicing. The company has a debt service reserve account (DSRA) of ~₹9.33 crore as on September 30, 2025, equivalent to three-month interest and principal payment, maintained as a fixed deposit (FD), which provides an additional liquidity cushion.

Experienced and resourceful promoters

Grand Canyon SEZ belongs to ASF group which specializes in state-of-the-art infrastructure and build-to-suit commercial buildings. GC SEZ is promoted by ASF Buildtech Pvt Ltd (ASF). The promoters of the company have a track record of more than two decades in the real estate sector in Gurugram. The business risk profile of the company will continue to benefit from established track record of the Group, experience of the promoters and professional management.

Renowned Lessees minimising counter party risk.

The commercial building 2 lessees are reputed companies like, IBM, Smartworks and Impetus Infotech Pvt Ltd and others which are majorly multinational organisations leading to minimal counter party risk. Most of the tenants incur the fit-out cost which reflects their long-term commitment to the property

Liquidity: Stretched

The liquidity profile of the company also stood stretched with a monthly rental income of ₹2.58 crore (excluding common area maintenance [CAM] income) in FY26 compared to the monthly debt obligations of ~₹3.00 crore (principal and interest). The company's liquidity profile, though, is supported by short-term loans and advances to group companies of ₹63.45 crore as on March 31, 2025. The company had cash and cash equivalent amounting to ₹2.25 crore as on March 31, 2025.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Rating methodology for Debt backed by lease rentals
Rating methodology for Real estate sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Real Estate related services

Grand Canyon SEZ Pvt Ltd is a special purpose vehicle incorporated in 2011, and it is owned by ASF Buildtech Private Limited (ABPL; 77% stake) and ASF Insignia SEZ Pvt Ltd (ASF; 23% stake). Grand Canyon is a corporate tower with total leasable space of approximately 12.36 lakh sq. ft. in the processing zone of ASF Insignia. It has signed lease agreements for Building B3 with leading IT MNCs like IBM, Global Logic Tech Pvt Ltd, and others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	48.92	44.48
PBILDT	22.94	25.17
PAT	-12.40	-11.76
Overall gearing (times)	-2.06	-1.99
Interest coverage (times)	0.88	0.94

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:
Infomerics has downgraded the ratings assigned to the bank facilities of GCSPL under Issuer not cooperating (INC) category vide its press release dated October 14,2025, on account of its inability to carry out review in the absence of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DDMM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	August,2035	270.00	CARE BB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 20252026	Date(s) and Rating(s) assigned in 20242025	Date(s) and Rating(s) assigned in 20232024	Date(s) and Rating(s) assigned in 20222023
1	Fund-based - LT-Term Loan	LT	270.00	CARE BB-; Stable				

LT: Long term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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