

## Press Release

E Lights Techno Park Private Limited

September 16, 2022



### Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	131.15	ACUITE BBB+   Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	131.15	-	-

### Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating at 'ACUITE BBB+' (read as ACUITE triple B plus) on the Rs. 131.15 crore bank facilities of E Lights Techno Park Private Limited (ELT). The rating is being withdrawn on account of the request received from the company and the NOC received from the banker.

#### Rationale for reaffirmation

The rating reaffirmation takes into account extensive experience of ELT's management, stable occupancy levels and sufficient cash flows. It also draws comfort from ELT's favourable location within Chennai. These strengths are partially offset by the susceptibility of the business risk profile to underperformance of lessees and renewal risk. The company's ability to maintain stable occupancy levels to generate cash inflows commensurate with its repayment obligations will continue to remain a key monitorable.

The rating is being withdrawn on account of request received from the company and NOC received from the lender.

#### About the Company

ELT was incorporated in 2004. ELT is a wholly owned subsidiary of Pacifica India Projects Private Limited (PIPPL). ELT was established with the objective of constructing commercial complexes. ELT is currently managed by Mr. Rakesh Israni. ELT derives its revenues through leasing of space at its marquee property, E lights Techno Park and located at Mahabalipuram Road, Chennai. The Techno Park has leasable area of 9.71 lakh sq. ft., includes newly acquired area of 2.49 lakh sq.ft. ELT is operational with 7.22 lakh sq. ft. area leased out to ~17 tenants.

#### Analytical Approach

Acuite has considered the standalone business and financial risk profile of ELT while arriving at the rating.

#### Key Rating Drivers

#### Strengths

Extensive experience and established track record of the management

ELT is a part of US-based Pacifica group founded by Mr. Ashok Israni in 1978. The group has presence in the real estate sector for more than four decades. The group ventured into Indian market in FY2004- 05. Hence, the group has established track record of developing land in Indian and international market. The extensive experience of the promoters helped in getting a long-term deals with top technocrats. The extensive experience of the promoters is reflected through the nearly full occupancy levels except newly acquired area.

Acuité believes that ELT will continue to benefit from promoters' extensive experience over the near to medium term.

### **Adequate cash flows and comfortable occupancy level**

ELT's occupancy level stood comfortable at 95% as on March 31, 2022. It remained at similar levels in the previous year. The company has been able to maintain its occupancy level despite challenges in the macro environment. The company has two key clients occupying 57% of the total space (Infosys and Nokia) who have continued despite work from home guidelines in place thus protecting ELT from any significant adverse impact of the lockdowns. Future revenue addition will depend on the company's ability to find tenants for the 2nd property it acquired in FY2019. It was expected to be occupied at least 50% by 2022 by existing tenants (Nokia and Infosys) who had expressed interest previously. However, those plans have been pushed further due to the pandemic. However, basis its current occupancy levels the company has been able to generate sufficient cash flows adequate to cover its principal and interest repayment on its term debts. The company has in the previous year transferred its current bank facilities to another lender which has given them an additional tenure of 3 years on its loan, with its total tenure of loan increased to 10 years. This has reduced its repayments bringing better cushion between the cash inflows and outflows. Revenue stood at Rs. 37.44 Cr in FY2022 against Rs. 43.31 Cr. in FY2021. It consisted of Rs. 23.71 Cr. rental income and Rs.13.60 Cr. maintenance charges in FY2022 and Rs. 27.46 Cr rental income and Rs. 15.82 Cr. maintenance charges in the previous year. The revenues during FY2022 reduced on account of reduced CAM charges where mostly Corporates have been working remotely from houses which has significantly cut its electricity cost. Further, certain food courts and kiosk desks which were given on rent discontinued its lease midway owing to the work from home policy. The lease agreements have provisions of 15% escalation in rents and fixed maintenance charges every 3 years. Variable maintenance charges are based on the usage which are expected to remain low for FY2022 until pandemic comes under control and work from home norms subside.

### **Weaknesses**

#### **Susceptibility to lessee' underperformance along with occupancy and renewal risk**

ELT primarily generates cash flows from lease agreements with its tenants at the Techno Park. ELT's ability to meet its repayment obligations will be dependent on the continued and timely flow of rentals under the lease arrangement. The occurrence of events such as delays in receipt of rentals, or early exits/renegotiation by lessee due to the latter's lower than expected business performance may result in disruption of cash flow streams, thereby affecting ELT's debt servicing ability. The renewals leasing at better terms, any significant renegotiations by the lessees can adversely impact the cash flows of ELT. Further, any significant increase in competition from any other commercial complex in a competitive market like Chennai may result in the company's facing occupancy and renewal risks. Acuité believes that ELT's ability to maintain stable occupancy levels to generate cash inflows commensurate with its repayment obligations will remain key monitorable.

### **Rating Sensitivities**

None

### **Material covenants**

None

### **Liquidity Position**

#### **Adequate**

ELT was launched in 2008. The area of 7.22 lakh sq.ft. is leased out to 17 tenants. ELT's liquidity has remained adequate marked by adequate cash inflow in the range of around Rs.37.31 Cr

for FY2022. The company has in the previous year transferred its current bank facilities to another lender which has given them an extended tenure of 3 years on its loan, with its total tenure of loan increased to 10 years. This has reduced its repayment burden bringing better cushion between the cash inflows and outflows. The repayments stood at Rs. 27. Cr. for FY2022. The cash inflow of ELT is expected to improve on the account of increase in rental income at the rate of 15% after three years and leasing of newly acquired area of 2.49 lakh sq. ft. to start in FY2024. The company's cashflows will be routed through Escrow mechanism. The company will have to maintain DSRA of repayment obligations for upcoming 3 months as deposits and currently DSRA amounting to Rs.3.50 Cr. has been maintaining as on Aug 31, 2022. Company maintains unencumbered cash and bank balances of Rs.1.65 Cr. as on March 31, 2022.

**Outlook: Stable**  
Not Applicable

### Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	37.44	43.31
PAT	Rs. Cr.	2.66	7.60
PAT Margin	(%)	7.12	17.54
Total Debt/Tangible Net Worth	Times	(6.64)	(5.18)
PBDIT/Interest	Times	1.74	2.40

**Status of non-cooperation with previous CRA (if applicable)**  
Not Applicable

**Any other information**  
None

### Applicable Criteria

- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

**Note on complexity levels of the rated instrument**  
<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Jun 2021	Term Loan	Long Term	5.50	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	43.70	ACUITE BBB+   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	2.05	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	79.90	ACUITE BBB+   Stable (Reaffirmed)
12 Jun 2020	Term Loan	Long Term	43.70	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	79.90	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	5.50	ACUITE BBB+   Stable (Assigned)

	Term Loan	Long Term	2.05	ACUITE BBB+   Stable (Assigned)
08 Apr 2020	Term Loan	Long Term	2.05	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	5.50	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	43.70	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	79.90	ACUITE BBB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.05	ACUITE BBB+   Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Term Loan	01-09-2013	Not available	01-09-2019	5.50	ACUITE BBB+   Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Term Loan	01-05-2017	Not available	01-09-2024	43.70	ACUITE BBB+   Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Term Loan	01-09-2019	Not available	01-09-2028	79.90	ACUITE BBB+   Reaffirmed & Withdrawn

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### About Acuité Ratings & Research

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