



Press Release
Advant IT Park Private Limited
May 31, 2024
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	510.00	ACUITE A- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	510.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating from '**ACUITE BBB+**' (read as **ACUITE Triple B Plus**) to '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs.510.00 crore bank facilities of Advant IT Park Private Limited (AIPPL). The outlook remains '**Stable**'.

Rationale for upgrade

The rating upgrade factors in improvement in the rental income and overall turnover of the company on account of improvement in lease rental and occupancy of the company over past three years. Further the rating factors in the improved financial risk profile of the company as reflected by the leverage and coverage indicators. The rating derives additional support from the DSRA of 3 months maintained with the bank and the ESCROW mechanism. The rating is however constrained by albeit moderate but moderate financial risk profile.

About the Company

AIPPL was incorporated in 2004 with an objective to provide highest quality of infrastructure and professional support services needed by IT/ITES companies for efficient business operations. Company provides one-stop turnkey option for world-class facilities, setup and support services to the clients who are interested in setting up their own captive centres in India, for their offshore IT /ITES functions. AIPPL had developed and currently operates 'Advant Navis Business Park', a corporate landmark located in sector 142 Noida Expressway. It is a class-A intelligent bright Green building with LEED GOLD CERTIFICATION. The company has constructed 5 tower with an aggregate area of 13,80,084 sq.ft. The total land area of the business park is 24,845 sq.mtr.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of ADVANT IT PARK PRIVATE LIMITED.

Key Rating Drivers

Strengths

Experienced and resourceful management

AIPPL is being managed by Mr. Sunil Sharma, Mr. Om Prakash Arora and Mr. Prithvij Batra who hold directorial position in the company. The directors are associated with the company for more than a decade. Further, Mr. O.P. Arora is a president and CEO of AOV Group of Companies with strong presence in Finance, Export and Textile industry. Mr. Prithviraj Batra is promoter of Buniyad Group and also hold Directorial position at various real estate companies. Mr. Sunil Sharma is a qualified engineer from Indian Institute of Technology (IIT) and manages and are also associated with various line of business and is Director of various Food Processing and Real estate entities. Acuite believes that company would continue to benefit from experience of the promoters and timely support extended by them.

Satisfactory Operating performance during FY22 by reputed lessee profile

The company has entered into lease agreements with both corporate and retail entities in FY 23 and FY 24 improving the occupancy to ~96%. The company has generated revenue of Rs.154 crore in FY24 against Rs.113.81 Crore in FY23. The company has recorded increase in sales on an account of increase in occupancy rate from 76.28% in FY21 to 96.44% in FY24. Further, the monthly lease rent has increased from Rs. 6.18 Crore in FY23 to Rs. 8.20 Crore in FY24. The lessees include reputed companies such as KPMG, Foresight IT Solutions & Consulting India Pvt. Ltd., One Elno Pvt. Ltd, BC Management Services Pvt. Ltd, NEC Technologies India Private Limited, Standard Chartered Bank, Jubilant Foods, Starbucks, etc. Acuite believes that operating performance of the company may improve going forward supported by increase in occupancy and reputed lessee profiles.

Presence of escrow mechanism and DSRA with bank.

The term loans availed by the company is backed by lease rentals. The lease rentals are directly deposited into escrow account and the debt obligation is deducted from the same. In addition to this, the company had already created 3 months EMI as DSRA. Till date an amount of Rs. 7.11 Crores is with HDFC Bank as part of DSRA.

Weaknesses

Moderate financial Risk Profile

The debt profile of the company majorly comprises of term loan and remaining unsecured loans. The company had availed term loan for the development of IT park. Hence, the total debt of the company remained at Rs.401.41 crore as on March 31, 2024 as against Rs.422.23 crore as on March 31, 2023. The tangible net worth increased at Rs. 94.81 crore as on March 31, 2024 (Prov) as against Rs.57.73 crore in FY23. The improvement in tangible net worth is mainly due to accretion of profit to reserve. Hence, the debt-equity of the company improved in past three years and stood at 4.23 times in FY24(Prov.) as compared to 9.61 times in FY22. The interest coverage ratio, also saw improvement and stood at 2.49 times in FY24 (Prov) as against 2.06 times in FY23 and 1.33 times during FY22. The debt-EBITDA ratio improved to 4.20 times in FY24 (Prov) from 6.06 times in FY23.

ESG Factors Relevant for Rating

The construction industry is prone to releasing GHG and better use of technology to provide a green building structure is key. Further efficient use of material and better waste disposal and promotion of efficient alternatives are other key issues. Employee health and safety management is of prime importance for the industry. Safe building structures by using quality material is of utmost significance. Following the labour laws and labour rights is critical point to evaluate. Further ethical business practices and legal and regulatory compliance hold utmost significance. Other issues include management compensation and Board oversight. Likewise, corruption and bribery associated with getting licenses and permits are other material issues to the industry. The company is committed towards minimal GHG emission further the efficient use of material with minimal wastage is key focus of the company in order to maintain better environment and optimize cost. The company further focuses on employee health and safety and follows all the safety norms at their construction site. Further the company adheres to the labour laws and hiring of labour is a transparent process. The company is complying with the legal and regulatory requirements and have the permits in place from the concerned departments.

Rating Sensitivities

- Improvement in lease rental and overall cash flows as envisaged by the company.
- Any significant decline in lease rentals on account of discontinuation of lease agreement, inability to achieve the projected cash flows.

Liquidity Position

Adequate

The liquidity profile of the company remains at adequate level marked by net cash accruals of Rs. 57.07 crore during FY24 (Prov.) against CPLTD of Rs. 29.92 Cr. The term loans availed by the company entails long repayment tenure, ranging 96-108 months. The current ratio remained at 4.18 times as on March 31, 2024 (Prov.). The company also maintains escrow mechanism in which lease rentals are deposited and debt obligation is deducted along with that the company has DSRA equivalent to 3 EMI.

Outlook: Stable

Acuité believes that the outlook on AIPPL will remain 'Stable' over the medium term on account of growing occupancy level, resulting in increase in lease rental. The outlook may be revised to 'Positive' in case of significant increase in lease rental than envisaged, long term lease contract with reputed clientele. Conversely, the outlook may be revised to 'Negative' in case of any decline in lease rentals and occupancy levels resulting in deterioration of financial risk profile.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	154.00	113.95
PAT	Rs. Cr.	37.07	16.76
PAT Margin	(%)	24.07	14.71
Total Debt/Tangible Net Worth	Times	4.23	7.31
PBDIT/Interest	Times	2.49	2.06

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Mar 2023	Lease Rental Discounting	Long Term	410.00	ACUITE BBB+ Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	100.00	ACUITE BBB+ Stable (Assigned)
11 Mar 2022	Lease Rental Discounting	Long Term	393.00	ACUITE BBB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	17.00	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	27 Sep 2018	Not avl. / Not appl.	27 Feb 2034	Simple	410.00	ACUITE A- Stable Upgraded (from ACUITE BBB+)
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	02 Jul 2022	Not avl. / Not appl.	18 Feb 2030	Simple	100.00	ACUITE A- Stable Upgraded (from ACUITE BBB+)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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