



Press Release
Phoenix Financial District Private Limited
December 03, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	300.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	300.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) on the Rs. 300.00 Cr. bank facilities of Phoenix Financial District Private Limited (PFDPL). The outlook is '**Stable**'.

Rationale for Rating:

The rating assigned reflects strong parentage and adequate cashflow position of PFDPL. The rating is however constrained by execution risk pertaining to timely sale of available vacant space in the tower and exposure to inherent cyclicity in the real-estate industry.

About the Company

Incorporated in 2018, Phoenix Financial District Private Limited is a Hyderabad based company, engaged primarily in the business of construction & real estate development. Mr. Gopi Krishna Patibanda & Mr. Avinash Chukkapalli are the directors of the company. PFDPL has recently carried out office space development under Project 285 Financial District, Hyderabad of Tower 1 with a total leasable area of ~1.30 million Sqft. Tower 1 is constructed at a total cost of about Rs.607.00 Cr. Part of Phoenix Group, Phoenix Financial District Private Limited (PFDPL) is wholly owned by Phoenix Spaces Private Limited (PSPL) which is a 100% subsidiary of Phoenix Infratech (India) Private Limited.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of PFDPL to arrive at rating.

Key Rating Drivers

Strengths

Established track record and strong business profile

PFDPL is part of the Phoenix Group which has an established track record in developing retail, commercial, malls and Special Economic Zones in South India over three decades. Mr. Suresh Chukkapalli is the founder Chairman of

the Phoenix Group and Mr. Gopikrishna Patibanda (Chairman and Managing Director), has more than two decades of experience in the realty segment. The management is ably supported by other directors and experienced team of professionals. The Phoenix Group has developed and delivered over 24 million sft of mixed use spaces and has over 24 million sft of ongoing projects in various stages of development. The Group also enjoys a good presence in commercial real estate and residential sectors in the Hyderabad real estate market. PFDPL has recently carried out office space development under Project 285 Financial District, Hyderabad of Tower 1 with a total leasable area of ~1.30 million Sqft. The total project includes 5 towers out of which PFDPL completed construction of one tower i.e. Tower 1 at total cost of about Rs.607.00 Cr. The tower has received OC and got denotified as a SEZ

project in September, 2024. Acuité believes that the project will benefit from the construction capabilities and leasing expertise of the promoters.

Adequate Cashflow Position

Tower 1 has a saleable area of 13.04 lsf out of which as on date 4.90 lsf is leased for a tenure of 15 years and balance space is vacant. The company has availed lease rental discounting bank loan facility of Rs.300 Cr. for leased space. The DSCR for this facility is estimated to remain above unity over the tenure of the loan, with average DSCR of ~1.2 times.

Weaknesses

Execution risk:

Out of the total saleable area of 13.04 lsf i.e. 4 Basements + Ground Floor + Mezzanine floor + 17 Office Floors, vacant space available for sale as on date stands at 8.14 lsf. The company in March 2024 has entered into an agreement for sale contract for 2.34 lsf, execution of which was subject to multiple conditions, one of which was denotification of the project area from being a notified special economic zone. The project got denotified vide order dated 24th September, 2024. Post this denotification, execution of the agreement for sale is contracted to be completed in three months with receipt of full consideration for sale in this time period. Acuite believes timely execution of this contract and sale of balance vacant space would be key rating monitorables.

Exposure to inherent cyclicity in the real-estate industry

Being a cyclical industry, the real estate is highly dependent on macro-economic factors which make the company's sales vulnerable to any downturn in the real-estate demand and competition within the region from various established developers.

Rating Sensitivities

- Timely sale of available vacant space in the tower
- Timely execution of contracted agreement of sale

Liquidity Position

Adequate

The liquidity position of the company is marked adequate basis sufficient net cash accruals against repayment obligations. LRD specific DSCR is estimated to remain above unity over the tenure of loan. The average DSCR of this facility is ~1.2 times. Further, with execution of contracted agreement for sale, the company is estimated to generate additional liquidity surplus sufficient to repay its existing debt.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.04)	(0.15)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	2.50	2.60
PBDIT/Interest	Times	0.96	0.65

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>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
23 Apr 2024	Term Loan	Long Term	225.00	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	50.00	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	40.00	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	110.00	ACUITE Not Applicable (Withdrawn)
26 Jun 2023	Term Loan	Long Term	225.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	50.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	40.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	110.00	ACUITE BBB Stable (Reaffirmed)
05 Apr 2022	Term Loan	Long Term	25.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	400.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2039	300.00	Simple	ACUITE BBB- Stable Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Akshat Shah Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.