



Press Release
IBC Knowledge Park Private Limited
October 08, 2024
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	549.31	ACUITE A- Reaffirmed & Withdrawn	-
Bank Loan Ratings	650.69	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	1200.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn its long-term rating of ‘**ACUITE A-**’ (read as **ACUITE A minus**) on the Rs.549.31Cr. bank facilities of IBC Knowledge Park Private Limited (IBCKPPL). Acuite has also withdrawn the long-term rating on the Rs. 67.47 Cr. bank facilities of IBC Knowledge Park Private Limited (IBCKPPL). The same is withdrawn without assigning any rating as it is a proposed facility. The rating is being withdrawn on account of the request received from the company and the NOC (No Objection Certificate) from the banker’s as per Acuite’s policy on withdrawal of ratings as applicable to the respective facility/instrument.

Acuite has also withdrawn the long-term rating on the Rs. 583.22 Cr. bank facilities of IBC Knowledge Park Private Limited (IBCKPPL). The same is withdrawn without assigning any rating as the facilities are closed. The rating is being withdrawn on account of the request received from the company and the NDC (No Due Certificate) received from the banker’s as per Acuite’s policy on withdrawal of ratings as applicable to the respective facility/instrument.

Rationale for Reaffirmation & Withdrawal :

The rating draws comfort from the extensive experience of the promoters along with an established track record of managing operations in the real estate industry for more than a decade. The rating also considers the strategic location advantage for both of its properties located at a prime location in Bangalore along with reputed tenants with long term lease contracts. However, the rating is constrained by the high customer concentration risk along with occupancy and lease renewal risk.

About the Company

Incorporated in 2002, IBC Knowledge Park Private Limited (IBCKPPL) is a Bangalore based real estate company engaged in development and renting of commercial spaces. IBCKPPL is promoted by Mr. Yunus Zia, Mrs. Sharmeen Yunus, Mr. Danish Sheriff and Mr. Azeem Sheriff. The company generates revenue from leasing of two

commercial properties in Bangalore at Diamond district and Bannerughatta. Both the properties together have a total leasable area of ~23.69 lakh sq. feet. Anchor tenants at such properties include tech companies like Think and learn Private Limited, Reliance Projects & Property Management Services Ltd and Temenos India.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of IBC Knowledge Park Private Limited(IBCKPPL)to arrive at this rating

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

IBCKPPL is promoted by Mr. Yunus Zia, Mrs. Sharmeen Yunus, Mr. Danish Sheriff and Mr. Azeem Sheriff. The promoters have over two decades of experience in the real estate industry. The operations of the firm are managed by the promoter along with an experienced senior management team. The extensive experience of the promoters has helped the firm in securing long term lease contracts from reputed clientele like Think and learn Pvt Ltd, Reliance Projects & Property Management Services Ltd and Temenos amongst others.

- **Strategic location of the project and healthy cash flows supported by healthy occupancy rate**

IBC Knowledge Park is located at Bangalore's Central Business District, on Bannerghatta Road, benefiting from connectivity to MG road and proximity to the vibrant neighbourhood of Koramangala surrounded by hotels and retail destinations. Further, the IT park at Diamond district is in the vicinity of Indiranagar and Koramangala. Major tenants for the company include reputed tech companies like Think and learn Pvt Ltd, Reliance Projects & Property Management Services Ltd, Alten Calsoft Labs and Temenos India. These companies have been with IBCKPPL for 7-10 years. Further, occupancy levels at both the properties remain healthy at ~95.80 percent. The only source of income for the company is lease rent income. Revenue of the company stood at Rs. 273.69 Cr. in FY2024(Prov.) as against Rs. 245.19 Cr. in FY2023. The increase in revenue in FY2024(Prov.) is on account of price escalations and increase in rate per sq ft price.

- **Healthy financial risk profile**

The company's financial risk profile is marked by a healthy net worth, moderate gearing and comfortable debt protection metrics. The net worth of the company stood at Rs.1113.64 Cr. and Rs.1055.12 Cr. as on March 31, 2024(Prov.) and 2023 respectively. The improvement in net worth is due to accretion of reserves. The gearing of the company stood moderate at 1.18 times as on March 31, 2024(Prov.) against 1.24 times as on March 31, 2023. Debt protection metrics remains comfortable with sufficient surplus from lease rentals to service the company's debt repayment obligation. DSCR remained at 1.05 times in FY2024(Prov.) and Interest coverage of 1.79 times in FY2023.

Weaknesses

- **Customer concentration risk along with occupancy and renewal risk**

The main revenue source of the company is the income generating from lease rentals. As on date, ~35-40 percent of the property is leased out to five tenants. IBCKPPL is highly dependent on timely renewal of leave and license agreement from such tenants. Further, 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 debt servicing ability of the company. Further, any significant increase in competition from any other large real estate company in a competitive market like Bangalore may result in the properties of IBCKPPL facing renewal risks.

Rating Sensitivities

Not Applicable

Liquidity Position: Adequate

Liquidity of the company remains adequate with sufficient cash surplus generated by the company to meet the debt repayment obligation. IBCKPPL has generated cash surplus of Rs. 68.94 Cr. in FY2024(Prov.) as against debt repayment obligation of Rs. 60.12 Cr. The company does not avail any bank limits to meet its working capital requirements. Working capital requirements are met using the internal accruals. Unencumbered cash balance of the company stood at Rs.28.73 Cr. as on March 31st, 2024(Prov.). Company receives advance payment every month. Apart from that, all the revenue inflows are routed through ESCROW account and the company is maintain DSRA of two months EMI.

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	273.69	245.19
PAT	Rs. Cr.	58.65	57.03
PAT Margin	(%)	21.43	23.26
Total Debt/Tangible Net Worth	Times	1.18	1.24
PBDIT/Interest	Times	1.79	1.80

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, 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	
08 Nov 2023	Proposed Long Term Bank Facility	Long Term	67.47	ACUITE A-	Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	120.60	ACUITE A-	Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	14.29	ACUITE A-	Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	102.68	ACUITE A-	Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	227.12	ACUITE A-	Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	56.27	ACUITE A-	Stable (Reaffirmed)
	Term Loan	Long Term	155.56	ACUITE A-	Stable (Reaffirmed)
	Term Loan	Long Term	23.51	ACUITE A-	Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	28.35	ACUITE A-	Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	404.15	ACUITE A-	Stable (Reaffirmed)
08 Sep 2022	Lease Rental Discounting	Long Term	68.90	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	30.30	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	18.37	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	15.50	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	115.27	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	238.72	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	61.55	ACUITE A-	Stable (Assigned)
	Term Loan	Long Term	156.95	ACUITE A-	Stable (Assigned)
	Term Loan	Long Term	25.60	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	29.10	ACUITE A-	Stable (Assigned)
	Lease Rental Discounting	Long Term	429.03	ACUITE A-	Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	10.71	ACUITE A-	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
HDFC Ltd	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2031	14.29	Simple	ACUITE A- Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	24 Jan 2030	102.68	Simple	ACUITE A- Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2034	227.12	Simple	ACUITE A- Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	20 Mar 2031	56.27	Simple	ACUITE A- Reaffirmed & Withdrawn
Axis Finance Limited	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	15 Feb 2037	28.35	Simple	ACUITE A- Reaffirmed & Withdrawn
J&K Bank	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	12 Oct 2023	404.15	Simple	Not Applicable Withdrawn
Bank of Baroda	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2038	120.60	Simple	ACUITE A- Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	67.47	Simple	Not Applicable Withdrawn
DBS Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Feb 2024	155.56	Simple	Not Applicable Withdrawn
DBS Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Feb 2024	23.51	Simple	Not Applicable Withdrawn

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Moparthi Anuradha Devi 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.