



Press Release
TRUE LIVING TECH PARK PRIVATE LIMITED
August 12, 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	-	-

Rating Rationale

Acuite has assigned its long-term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 300.00 Cr. bank facilities of True Living Tech Park Private Limited (TLTPPL). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned considers the experience of the promoters in real estate ventures, steady revenue streams under long term lease arrangement from reputed clients, strategic location of the property at prime locality in Bangalore and adequate liquidity position marked by adequate cash accruals against repayment obligations. The rating is, albeit, constrained by customer concentration risk, susceptibility to lessee' performance along with occupancy and renewal risk.

About the Company

True Living Tech Park Private Limited, incorporated in the year 2021, is based in Bangalore, Karnataka. The Company is engaged in real estate activities and leasing of commercial properties and is currently managed by Mr. Yerram Vikranthreddy and Mr. Apoorva Reddy Yerram as its directors.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of True Living Tech Park Private Limited for arriving at the rating.

Key Rating Drivers

Strengths

Experienced management and strategic location of the property

True living tech park private limited (TLTPPL), is incorporated in 2021 as a subsidiary of Ozone tech park private limited. It was subsequently was acquired by Viko Infra Projects LLP (promoted and managed by Mr. Yerram Vikrant Reddy) in April 2023. TLTPPL owns and operates commercial property in Bangalore named as 'Ozone manay tech park' located on Hosur main road, Begur Hobli Bangalore. The property consists of two building, block A and

block B with total leasable area of 4,09,302 Sq fts. The property hosts anchor tenants like Robert Bosch Engineering and Business Solutions Private Ltd., Flow P&E India and SPX Flow. Property is located at major IT office destination Hosur road, it is close proximity to electronic city with concentration of large number of employees engaged in IT and allied services, conducive eco system with schools, hospitals and retail outlets. Acuite believes that PHPL will continue to benefit from its experienced management and strategic location of property.

Healthy cash flows supported by healthy occupancy rate

Ozone manay tech park is equipped with modern amenities and 'Grade A' infrastructure meeting the criteria requirement for Blue Chip companies. Major tenants for the company includes Robert Bosch Engineering and Business Solutions Private Ltd., Flow P&E India and SPX Flow. The property is fully occupied. The source of income for the company includes lease rental income, and utility income. Company's long term lease agreements with tenants includes built in revenue escalation clause thereby providing healthy cash flows and stability to business risk profile of the company.

Moderate financial risk profile

The financial risk profile of the company is moderate marked by comfortable debt protection metrics and lease rental cash flows, however, the tangible networth after exclusion of goodwill arised from demerger stood negative at Rs.193.84 Cr. as on March 31st 2024 (Prov). The negative networth is due to exclusion of goodwill component amounting Rs.195.40 Cr. as on March 31st 2024 (prov). Gearing ratio of the company remained as (1.67) times as on March 31st 2024 (prov). Debt protection metrics remains comfortable with sufficient surplus from lease rentals to service the company's debt repayment obligation. The average Debt service coverage ratio (DSCR)remained comfortable at 1.23 times for balance tenure of the loan . Acuite believes the financial risk profile of the company is likely to remain moderate in the near to medium term on account of healthy rental income and no major debt funded capital expenditure over the medium term.

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 property is fully letout to tenets. TLTPPL is highly dependent on timely renewal of lease and license agreement from its tenant. 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 Chennai may result in the properties of TLTPPL facing renewal risks.

Rating Sensitivities

- Timely payment of lease rentals
- Any termination of lease from the existing tenant resulting in stretched liquidity position

Liquidity Position: Adequate

Liquidity of the company remained adequate with sufficient cash surplus generated to meets its debt repayment obligations. The rental inflows are managed through ESCROW mechanism, the average DSCR stood at 1.23 times for balance tenure of loan. The unencumbered cash and bank balance stood at Rs. 0.02 Cr. as on March 31 2024(Prov). Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals to its maturing debt obligation.

Outlook: Stable

Acuité believes that TLTPPL will maintain a 'Stable' outlook over the medium term from its promoter's industry experience and healthy lease rental cash flows. The outlook may be revised to 'Positive' in case of the company generates higher than expected net cash accruals while maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of any significant stretch in its receivables leading to deterioration of its financial flexibility and liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	37.89	0.00
PAT	Rs. Cr.	1.37	(0.01)
PAT Margin	(%)	3.61	0.00
Total Debt/Tangible Net Worth	Times	(1.67)	0.00
PBDIT/Interest	Times	1.15	0.00

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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

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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2039	Simple	300.00	ACUITE BBB- Stable Assigned

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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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