

Press Release
PHOENIX INFOCITY PRIVATE LIMITED
April 08, 2025
Rating Assigned and Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	195.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	575.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	770.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE Triple B minus**) on the Rs.575.00 crore bank facilities of Phoenix Infocity Private Limited (PIPL). The outlook is ‘**Stable**’.

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Rationale for Rating

The rating reaffirmation factors in the successful refinancing of the existing debt and comfortable cashflow position of the company along with the forward purchase agreement between CapitaLand and PIPL. Further, the rating draws support from the established track record of operations and benefits derived being part of Phoenix group. The rating also takes support from the comfortable cashflow position of PIPL. However, the rating remains constrained due to moderate occupancy level of ~62 per cent and exposure to inherent cyclicity in the real-estate industry.

About the Company

Phoenix Infocity Private Limited (PIPL), incorporated in 2003, is part of Hyderabad based Phoenix group of entities which specializes in the development of IT/ITES Special Economic Zones, retail malls, residential and commercial complexes, automobile dealerships, and educational infrastructure. The company is primarily owned by Phoenix Infratech (India) Private Limited, which holds a 58.82 per cent stake, while the remaining 41.18 per cent is held by Apex Urban Infrastructure Private Limited. The company is currently managed by Mr. Gopi Krishna Patibanda and Mr. Jagdeesh Babu Ramanathan. As on date, the company owns Tower ‘H09’ which it has developed at Avance Business Hub at Hitec City, Hyderabad.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the PIPL to arrive at this rating.

Key Rating Drivers

Strengths

Strong promoter group and established track record of operations

PIPL incorporated in 2003, headquartered in Hyderabad, is primarily owned by Phoenix Infratech (India) Private

Limited, which holds a 58.82 per cent stake, while the remaining 41.18 per cent is held by Apex Urban

Infrastructure Private Limited. The entities are together referred to as Phoenix Group. The group specializes in the development of IT/ITES Special Economic Zones, retail malls, residential and commercial complexes, automobile dealerships, and educational infrastructure. The group has developed and delivered around 24msf of mixed use-spaces and has around 24 msf (Million Square feet) of ongoing projects in various stages of development in Hyderabad, Telangana.

Under PIPL, the group has jointly developed a 10 tower IT/ITES Special Economic Zone 'Avance Business Hub' with its landowners, totalling 4.6 msf. Out of the 10 towers, 6 towers admeasuring 3.3 msf were owned by PIPL and balance by landowners. As on date, the company has handed over the developed 4 towers to the landowners and the balance 5 out of the 6 towers has been sold to a Singapore based trust i.e. CapitaLand group. The tower No. 6 i.e. Tower 'H09' is completed and is currently owned by PIPL. CapitaLand group, based in Singapore, is a diversified real estate company with a portfolio that includes real estate investment management and development across more than 260 cities in over 40 countries. Acuite believes, the company will continue to benefit from its strong parentage, established track record of operations and association with CapitaLand group over the medium term.

Comfortable cashflow position

Tower H-09 has a total leasable area of 1.16 million SFT with a vacant space of 0.44 million SFT. The DSCR for tower H-09 is estimated to remain above unity with an average DSCR of ~1.17 times. Any shortfall in any given point of time would be supported with DSRA and ISRA maintained for 3 months and 18 months respectively. Additionally CapitaLand group has signed a forward purchase agreement with Phoenix group to acquire Tower H09, however, the agreement is awaiting completion of certain terms of the contract.

Weaknesses

Moderate Occupancy Rate

The tower asset H09 has a total leasable area of 11.60 lsf out of which, as on date 7.23 lsf is leased out i.e. 62 percent and balance is vacant. The project is completed in FY2022. Further, out of the leased area ~80 percent is occupied by one lessee underlying customer concentration risk. However, presence of lock in period clause mitigates the concentration risk to an extent.

Exposure to inherent cyclical 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.

ESG Factors Relevant for Rating

- PIPL's corporate governance philosophy is built on a legacy of fairness and transparency, aiming to enhance long-term shareholder value while upholding integrity and regulatory compliance.
- Phoenix Foundation, in collaboration with the Telangana Forest Department, is establishing a 500-acre eco-forest in Moinabad. This project aims to plant a variety of trees to attract wildlife and birds, serve as a carbon sink to reduce pollution, and include walkways for visitors to enjoy the natural environment.
- Misaal Hyderabad is a unique social welfare initiative that uses community art to enhance mental and physical health among slum dwellers. Through sanitation and cleanliness drives, it raises awareness about social improvement indicators. Key initiatives include art camps, balwadis and learning centres, and women empowerment & skill training camps. These efforts align with ESG criteria by addressing health, education, and gender equality, positively impacting the community and supporting sustainable development.

Rating Sensitivities

- Movement in occupancy levels
- Changes in cash flow position leads to stretch in liquidity
- Changes in credit profile of Phoenix group

Liquidity Position Adequate

The liquidity of the company is adequate marked by above unity DSCR of 1.17 times for the entire tenure of the loan along with timely refinancing of existing debt of Rs.730 crore.

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	65.26	29.13
PAT	Rs. Cr.	(5.44)	(2.72)
PAT Margin	(%)	(8.34)	(9.34)
Total Debt/Tangible Net Worth	Times	6.34	2.78
PBDIT/Interest	Times	1.37	1.68

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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>
- Lease Rental Discounting : <https://www.acuite.in/view-rating-criteria-106.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
04 Oct 2024	Proposed Long Term Bank Facility	Long Term	575.00	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	30 Oct 2024	Not avl. / Not appl.	31 Oct 2039	570.00	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	30 Oct 2024	Not avl. / Not appl.	01 Feb 2026	5.00	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	30 Oct 2024	Not avl. / Not appl.	01 Feb 2026	195.00	Simple	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

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