



Press Release
PHOENIX TECH ZONE PRIVATE LIMITED
May 26, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	36.00	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	815.00	ACUITE BBB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	851.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) on the Rs.815.00 crore bank facilities of Phoenix Tech Zone Private Limited (PTZPL). The outlook is ‘**Stable**’.

Acuite has assigned long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) on the Rs.36.00 crore bank facilities of Phoenix Tech Zone Private Limited (PTZPL). The outlook is ‘**Stable**’.

Rating Reaffirmation

The rating reaffirmation reflects the experienced promoters and strong parentage of the company. Further, the rating factors in the reputed lessee profile consisting of big IT companies, and long-term lease agreements with ~ 100 per cent occupancy which mitigates offtake risk and gives revenue visibility in near to medium terms. The rating also draws comfort from the project execution ability of the company reflected in the past projects and derives its strength from adequate cash flow position of the company. However, the rating is constrained due to the risk associated with timely renewal of lease agreements and exposure to inherent cyclicity in the real estate industry.

About the Company

Incorporated In 2014, Phoenix Tech Zone Private Limited (PTZPL), is engaged in the construction of IT/ITES SEZ, commercial projects in Hyderabad. The company is currently carrying out office space development under project Centaurus with leasable area of 2.14 million SFT out of which 0.50 million SFT belongs to landowners and remaining belongs to PTZPL. Other projects associated with PTZPL are Aquila and B-Hub which are already completed and generating cashflows in financial district, Hyderabad. The directors of the company are Mr. Gopi Krishna Patibanda and Mr. Jagadeesh Babu Ramanathan.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered standalone business and financial risk profile of PTZPL to arrive at rating.

Key Rating Drivers

Strengths

Strong parentage and established track record of operations

Phoenix Tech Zone Private Limited (PTZPL), incorporated in 2014 is engaged in the construction of IT/ITES SEZ,

commercial projects in Hyderabad. The group specializes in the development of IT/ITES Special Economic Zones, retail malls, residential and commercial complexes, automobile dealerships, and educational infrastructure. 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. Under PTZPL, the group is carrying out office space development under project Centaurus in financial district, Hyderabad. Centaurus has 3 basements + ground floor + 5 Stilts + 17 office floors with a total space of 2.14 million SFT under a Joint Development Agreements with landowners, Phoenix share is from Floor 1st -13th admeasuring 1.64 million SFT, while floors 14th– 17th belongs to landowner which the company has developed and successfully handed over to the landowners. Other projects associated with PTZPL are Aquila and B-hub which are successfully completed and are generating cashflows. Acuite believes the company will continue to benefit from its strong parentage, established track record of operations in the medium to long term.

Low execution & offtake risk

The project Centaurus has completed the construction with a total leasable area of ~2.14 million SFT. As per the JDA with the landowners they have successfully completed their obligation towards landowners. Out of the total leasable area, 1.64 million SFT belongs to PTZPL i.e., 1st-13th Office Floors. Out of the available vacant space the company has received Letter of Intent (LOI) for leasing out the entire remaining area from multiple clients which confirms occupancy level of around 100 percent. The company is an advance stage of discussion with certain parties for getting the lease commencement in near to medium terms.

Adequate cashflow position

Project Centaurus has a leasable area of 1.64 million SFT. The company has availed bank loan (LRD) for refinancing the loans availed for construction of project Centaurus. The DSCR for this LRD loan is estimated to remain above unity over the tenure of the loan with an average DSCR of ~1.24 times. Acuite believes, the debt coverage would remain adequate for the medium to long term on account of steady cash flows from lease rolls.

Weaknesses

Lessee concentration risk

The lessee concentration risk is high with the top tenants occupying around ~44 per cent of the total leasable area. This also leads to higher risk on cash flow in case of delay in receiving rentals from key customers. Further, timely renewal of these lease agreements will remain as a key rating monitorable.

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 renewal of existing lease agreements.
- Deterioration in cash flow position due to lower-than-expected rentals or higher than expected obligations towards debt repayment or operating expenses.

Liquidity Position

Adequate

The liquidity position of the company is marked adequate basis sufficient net cash accruals against repayment obligations. The average DSCR of this facility is ~1.24 times. Further the occupancy rate of the project is 100 per cent and with rental commencement the company is estimated to generate significant inflows and further support the liquidity.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	106.45	1314.68
PAT	Rs. Cr.	6.12	171.03
PAT Margin	(%)	5.75	13.01
Total Debt/Tangible Net Worth	Times	5.90	5.52
PBDIT/Interest	Times	1.38	2.32

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, 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
27 Jan 2025	Proposed Long Term Bank Facility	Long Term	815.00	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	11 Jan 2025	Not avl. / Not appl.	31 Jan 2040	435.00	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	11 Feb 2025	Not avl. / Not appl.	17 Feb 2027	380.00	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	11 Feb 2025	Not avl. / Not appl.	17 Feb 2027	36.00	Simple	ACUITE BBB Stable Assigned

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About Acuité Ratings & Research

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