



Press Release

Innovative Infocom & IT Parks Private Limited
April 01, 2024

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities-Term Loan (LRD)	110.00	IVR BBB-/stable (IVR Triple B minus with Stable Outlook)	Assigned	Simple
Proposed Long Term Bank Facilities-Term Loan (LRD)	5.00	IVR BBB-/stable (IVR Triple B minus with Stable Outlook)	Assigned	Simple
Total	Rs. 115.00 crore (Rupees One hundred and fifteen crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Innovative Infocom & IT Parks Private Limited (IIIPPL) derive strength from experienced promoters with a long track record of operations, location advantage and renowned lessees minimizing country party risk, escrow with waterfall mechanism backed by maintenance of DSRA. However, the rating strengths are partially offset by renewal risk of lease agreements, exposure to risks associated with single property and exposure to intense competition.

Key Rating Sensitivities:

Upward Factors

- Renewal of upcoming expiring lease at higher than present rates along with more favourable terms leading to generation of more than expected cash surplus.

Downward Factors

- Non- renewal/ fresh tie-ups at competitive rates upon the expiry of lease tenor/ termination of lease agreement with any of the tenants leading to reduction in occupancy rates and/or cash surplus.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoter and management

Innovative Infocom & IT Parks Private Limited (IIIPPL), is a private Limited company incorporated in 2007. IIIPPL is specializes in leasing out of commercial property for data centers. The company is promoted by Mr. Amar Vijay Jadhav, he is having more than 30+ years of experience with a demonstrated history of working in the information technology and services industry.

Location advantage and Renowned Lessees minimizing country party risk.

The area has an excellent infrastructure set up with wide concrete roads and 24 x 7 availability of water and power. The connectivity of the subject property with respect to the various modes of transportation is as follows: Nearest Airport Chatrapati Shivaji Maharaj International Airport, Mumbai at 20 kms, Proposed International Airport of Navi Mumbai at 15 kms, Nearest Railway Station Koparkar Railway Station Nearest Port Jawaharlal Nehru Port (JNPT) at 25 km. IIIPPL has leased out office space to Iron Mountain India Pvt Ltd and ESDS Internet Services Pvt Ltd and both the lessee is well known and reputed company.

Escrow with waterfall mechanism backed by maintenance of DSRA.

IIIPPL is required to maintain an escrow payment mechanism, wherein the designated lease payments are deposited by the tenants in the escrow account and the bank has the first charge on the lease rentals. Any surplus post the cash flow waterfall mechanism specified in the escrow account would be available for IIIPPL. The company is also required to maintain a DSRA equivalent to Rs 6.51 crore with the bank during the entire tenure of the loan The existence of a DSRA provides a cushion against liquidity mismatches in the short term.

Key Rating Weaknesses



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Renewal risk of Lease Agreements

Renewal risk arises from the fact that the lease agreements have been entered into with different parties for various tenors ranging from 5 to 15 years. However, there is a lock-in period of 3-5 years from tenants. Additionally, the lease rent is increased after the expiry of every 3 years at a rate of 12% to 15% over the last paid lease rent.

Exposure to risks associated with single property:

Given the single-asset nature of business operations and consequent lack of alternative cash flow sources, the Firm is dependent on timely rent remittance by the lessee to meet its debt servicing obligations.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning rating outlook](#)

[Lease Rental Discounting \(LRD\) - Rating Methodology](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity: Adequate

IIIPPL shows an adequate liquidity position to serve the monthly obligations, aided by rental income. The lease rental discounting loan has an escrow mechanism which prioritizes debt repayment before any other utilization and is also backed by DSRA equivalent to Rs 6.51 crore to be maintained with the bank during the entire tenure of the loan.

About the Company

Innovative Infocom & IT Parks Private Limited (IIIPPL), is a private Limited company incorporated in 2007. IIIPPL specializes in leasing out of commercial property for data centres. The company has constructed and is operating a 1.32 lakh sq ft commercial park in Mahape, Navi Mumbai built-to-suit for data centres. The company has leased out office space to Iron Mountain India Pvt Ltd and ESDS Internet Services Pvt Ltd.



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Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	11.05	11.01
Total Income	11.10	12.47
EBITDA	8.54	7.81
PAT	0.01	0.07
Total Debt	80.60	108.84
Tangible Net worth	1.18	1.25
Ratios		
EBITDA Margin (%)	77.29	70.94
PAT Margin (%)	0.09	0.56
Overall Gearing Ratio (x)	68.31	87.07

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: NA

Any other information: Nil

Rating History for last three years: None

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities-Term Loan	-	-	March 2039	110.00	IVR BBB-/stable
Proposed Long Term Bank Facilities-Term Loan	-	-	-	5.00	IVR BBB-/stable

Annexure 2: List of companies considered for consolidated analysis: Not applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Innovative-apr24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.