

## Infinity Bnke Infocity Private Limited

February 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	122.70	CARE BBB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to long-term bank facilities of Infinity Bnke Infocity Private Limited (IBIPL) derives strength from established track record of Infinity group in real estate market, favourable location of commercial property and healthy occupancy with reputed tenant profile. The rating also draws comfort from timely receipt of lease rentals from the tenants, presence of escrow mechanism, debt service reserve account (DSRA) and recurring deposit being created from surplus cash flows. The rating is further underpinned by adequate liquidity, satisfactory cash coverage ratio and debt to rentals.

However, the rating is constrained by concentrated tenant profile with expiry of lock-in period in most agreements, risk of lease termination and renewal, leveraged capital structure and exposure to group companies.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Ability to enter new lease agreements and renewal of existing agreements when they become due.
- Ability to tie up leasable area at ₹65 per square feet and above and an occupancy of 100%, leading to improvement in cash coverage ratio above 1.50x.

#### Negative factors

- Decline in occupancy below 85%.
- Non-renewal of expiring lease contracts, leading to moderation in cash coverage indicators.
- Significant delay in receipt of lease rentals on continuous basis.

**Analytical approach:** Standalone, factoring linkages with the Kolkata based Infinity Group

### Outlook: Stable

CARE Ratings Limited (CARE Ratings) expects operational and financial performance to remain steady driven by healthy occupancy, long-term agreements with reputed tenant profile and timely rent escalations.

### Detailed description of key rating drivers:

#### Key strengths

##### Established track record of Infinity group in real estate market

Promoters of Infinity group have experience of over two decades in real estate development and have successful track record of sale and leasing of properties. Till date, the group has developed ~35 lakh square feet (Isf) of commercial and residential real estate space. Of this, 14.88 Isf of commercial space has been developed under the group's flagship company Infinity Infotech Parks Limited (IIPL; rated CARE BBB+, Stable) and 3.43 Isf under IBIPL. All commercial properties developed by the group are in the same micro-market of Sector V, Salt Lake, Kolkata and the group has been operating commercial property in this micro-market since 2000.

The group developed residential properties in Guwahati and Vrindavan with total saleable area of 16.70 Isf and is currently developing residential-cum-commercial project in Vrindavan under Snowwhite Infrastructure Private Limited (SIPL, rated CARE BBB, Stable).

#### Favourable location of the property

IT Lagoon is in Sector V, Salt Lake, the IT hub of Kolkata, which cater to corporates in IT/ITeS, telecom, consultancy, logistics sectors among others. The property is well-connected with the international airport, Kolkata's business centres and residential areas nearby.

#### Healthy occupancy with reputed tenant profile

IT Lagoon is occupied by reputed tenants such as TM International Logistics Limited, Simpliwork Offices Private Limited, KPMG, NTPC Limited (rated CARE AAA, Stable/A1+), Reckitt Benckiser (India) Private Limited, Ogilvy & Mather Private Limited among others with healthy occupancy of 90.93% as on November 30, 2024. This apart, Gopi Vallabh Solutions Private Limited (GVSP),

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

now amalgamated with IBIPL) took 11,876 square feet of space in 'Infinity ThinkTank' from IIPL on long term lease. The same has been leased out by IBIPL to Bharti Airtel Limited in the current fiscal.

The lease agreement terms with lessees are favourable with tenure of nine years for majority lessees and escalation of 15% after every three years. Fitout cost is borne by lessees in majority cases. Average rental [excluding common area maintenance charges (CAM)] currently stands at ₹58.22 per square feet per month, which is in line with the surrounding area.

#### **Timely receipt of lease rentals from tenants, presence of escrow mechanism, DSRA and recurring deposit**

IBIPL raises monthly invoices for lease rentals on the first of every month. Lease rental collection from its tenants is regular with payments received around due date with some delay in few cases. The term loan instalment and interest obligation fall due by the last day of the month, providing sufficient cushion in case of mismatch in cash flows. Per the term of sanction, entire cash flows including lease rental income, receipts of car parking charges, fit-out charges and common area maintenance among others are required to be routed through designated escrow account. The company is also required to maintain DSRA equivalent to ensuing one month principal and interest repayment. As on December 31, 2024; the outstanding balance of DSRA stood at ₹1.44 crore. The company is required to deposit ₹0.09 crore every month from surplus cash flow in the form of recurring/fixed deposit per sanctioned terms. Currently, outstanding amount of recurring deposit stands at ₹2.18 crore.

#### **Key weaknesses**

##### **Concentrated tenant profile with expiry of lock-in period in most of agreements**

The tenant profile is concentrated with top five tenants occupying 59.95% and top 10 tenants occupying 84.65% of the total leased area as on November 30, 2024. Lock in period in all tenant agreements expired except three tenants, which have been onboarded in the current fiscal. The weighted average lease expiry (WALE) stood at six years, which is shorter than the residual maturity of lease rental discounting (LRD) loan of 13.38 years. However, the company is dealing with its tenants for a long time and leases are expected to get renewed on expiry given competitive lease rentals, higher occupancy of commercial properties and limited supply in this micro-market ensuring tenant stickiness.

##### **Lease termination and lease renewal risk**

IBIPL is exposed to lease termination risk as lessee has a right to terminate the lease after expiry of lock-in-period by giving prior notice period. However, these risks are partly mitigated as majority tenants are reputed companies. IBIPL is also exposed to the risk of non-renewal of leases. However, lease agreements with most tenants are for nine years or more. The property is at a prominent location in Kolkata, and hence, new tenant can be easily found, which reduces non-renewal risk to certain extent.

##### **Leveraged capital structure albeit satisfactory cash coverage ratio**

The company's capital structure largely comprises lease rental discounting loan and unsecured loans from parent entity. Overall gearing as on March 31, 2024, stood at 5.92x against negative 20.64x as on March 31, 2023. Improvement in gearing is attributable to partial repayment of unsecured loan availed from parent and amalgamation of GVSPL (landowner of IT Lagoon and fellow subsidiary of IBIPL) with IBIPL, which was approved by the National Company Law Tribunal vide its order dated July 03, 2024. Accordingly, all assets and liabilities of GVSPL have been transferred to IBIPL on appointed date of April 01, 2023.

Average cash coverage ratio stood satisfactory at 1.27x for FY25-FY31. Moreover, debt to rental (excluding CAM) and loan to value also stood satisfactory at 7.17x and 53.36% respectively as on December 31, 2024.

##### **Exposure to group companies**

IBIPL has exposure in subsidiaries and group companies in the form of investments and loans & advances. As on March 31, 2024, the exposure stood at ₹60.74 crore (accounting for 2.54x of tangible net worth as March 31, 2024) against ₹55.61 crore as on March 31, 2023.

##### **Liquidity: Adequate**

Adequate liquidity is characterised by monthly rental collection of ₹1.82 crore against monthly average interest and principal obligation of ₹1.15 crore. The company is required to maintain DSRA equivalent to ensuing one month principal and interest repayment. As on December 31, 2024; the outstanding balance of DSRA stood at ₹1.44 crore. IBIPL is also required to deposit ₹0.09 crore every month from surplus cash flow in the form of recurring/fixed deposit per sanctioned terms, which provides additional comfort. Currently, outstanding amount of recurring deposit stands at ₹2.18 crore, which is equivalent to ~2 months principal and interest servicing above one-month DSRA.

Average utilisation of overdraft limit for 12 months ended December 2024 stood at ~84.41%.

##### **Environment, social, and governance (ESG) risks- Not applicable**

## Applicable criteria

[Definition of Default](#)  
[Factoring Linkages Parent Sub JV Group](#)  
[Liquidity Analysis of Non-financial sector entities](#)  
[Rating Outlook and Rating Watch](#)  
[Financial Ratios – Non financial Sector](#)  
[Rating methodology for Debt backed by lease rentals](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Real estate related services

Incorporated in July 2006, IBIPL is promoted by the Kolkata-based Infinity Group. It is a wholly owned subsidiary of IIPL. IBIPL developed a commercial office space named "IT Lagoon" having total leasable area of 3.43 lsf in Sector V, Salt Lake, Kolkata under joint development agreement with BNKe Solutions Private Limited (BNKe, renamed as GVSPL), a Kolkata based IT company. The project was executed on the land of BNKe (leased by West Bengal Electronics Industry Development Corporation Limited (WBEIDC) to BNKe). IT Lagoon is Platinum rated green building certified by Indian Green Building Council (IGBC). Infinity Group is a pioneer in developing green buildings in India with three of four commercial real estate properties developed by the group being certified green buildings. The group's promoters have experience of over two decades in commercial and residential real estate development and have a successful track record of sale/leasing of such properties. Till date, the group has developed ~35 lsf of commercial and residential real estate space.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	14.23	20.96
PBILDT	8.39	12.39
PAT	0.93	0.72
Overall gearing (times)	-20.64	5.92
Interest coverage (times)	1.31	1.24

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	-	2.40	CARE BBB+; Stable
Fund-based - LT-Term Loan	-	-	-	31-08-2039	120.30	CARE BBB+; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	120.30	CARE BBB+; Stable				
2	Fund-based - LT-Bank Overdraft	LT	2.40	CARE BBB+; Stable				

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities-** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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### About us:

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