

APRIL 30, 2015

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF OLYMPIA TECH PARK (CHENNAI) PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	236.45 (enhanced from 214.52)	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)

The rated bank facilities were originally with Khivraj Techpark Private Limited (KTPL) and have now been transferred to Olympia Tech Park (Chennai) Private Limited.

Rating Rationale

The revision in the rating assigned to the bank facilities of Olympia Tech Park (Chennai) Private Limited (OTCPL) takes into account the improved revenue visibility on account of successful renewal of lease agreements falling due in FY15 (refers to the period April 1 to March 31) at higher lease rate. The rating continues to derive strength from the favorable location of the IT park with good lessee profile, high level of occupancy, presence of lease agreements with clauses providing for periodic rent escalations and presence of an escrow arrangement funded by lease rentals for repayment of loans and established track record of the promoter group. The rating is, however, constrained by the relatively high gearing levels notwithstanding the improvement in FY14, exposure to group companies, risk associated with the renewability of lease agreements and revenue concentration with three tenants accounting for about 60% of the total rental revenue.

Going forward, successful renewal of the leases and ability of OTCPL to add new tenants at competitive lease rentals in case of non-renewal of lease agreement, addition of debt beyond the envisaged levels and increase in exposure to group companies are the key rating sensitivities.

Background

Olympia Tech Park (Chennai) Private Limited (OTCPL) owns, operates and maintains the IT Park under the brand 'Olympia Technology Park'. The assets and liabilities of the IT Park which were earlier with KTPL were transferred to a partnership firm Khivraj Techpark (KTP) during FY12. Subsequently during FY13, KTP was converted into a company and named OTCPL with effect from March 26, 2013.

OTCPL is a part of the Khivraj group and is a subsidiary of KTPL which holds 93% and the rest is held by the other promoters, Space group (2%), Khivraj group companies (3%) and Kankaria group (2%). The Khivraj group is a well-known group in Chennai with a business history of nearly five decades. The group has presence in the automobile dealership business with dealership of Maruti Suzuki India Limited (through Khivraj Motors Private Limited; KMPL rated 'CARE BBB+'), Honda Cars India Limited (through Khivraj Vahan Private Limited, rated 'CARE BBB+') and Bajaj Auto Limited (through Khivraj Automobiles & Infrastructure Private Limited). The group has interests in real estate and wind power generation.

The leasable area of OTCPL comprises 13.5 lakh square feet (lsf) of office area and around 6 lsf of parking area. Out of the total office area, 12.7 lsf is owned by OTCPL, whereas the remaining 0.80 lsf belongs to KMPL.

During FY14, the company reported PAT of Rs.38 crore on a total operating income of Rs.100. crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691