

September 13, 2024

BIP Developers Pvt Ltd: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	146.00	146.00	[ICRA]BBB- (Stable); reaffirmed
Total	146.00	146.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation factors in BIP Developers Pvt Ltd's (BIPD's) and Altius Management Advisors Pvt Ltd's (AMAPL's) favourable location of assets, reputed tenant profile and the estimated adequate consolidated leverage as of March 2025. BIPD's asset, First Technology Park (FTP), and AMAPL's asset, International Technology Park (ITP) in Whitefield—one of Bengaluru's prominent IT hubs—are favourably located, enhancing their marketability. These assets boast a reputable tenant profile that includes IBM, Invitrogen, Axis Bank, Aegis, Tablespace and Technicolor.

The leverage is estimated to be adequate at ~7 times as of March 2025. TCG Urban Infrastructure Holdings Private Limited (TCGUIH, parent company of BIPD and AMAPL) has an established track record of developing and leasing commercial real estate assets, having completed eight projects covering 4.2 million square feet (msf) across six cities. TCGUIH is the holding company for the real estate operations of The Chatterjee Group (TCG). TCGUIH holds 89.5% of BIPD and 10.5% is held by Bengal Intelligent Parks Private Limited (BIPL), a TCG Group entity.

The rating is, however, constrained by BIPD & AMAPL's modest scale of operations with a combined leasable area of 0.85 msf, moderate occupancy levels of 56% as of August 2024 and high tenant concentration risk, with the top three tenants accounting for ~90% of the total leased area as of August 2024. The assets are also exposed to geographical and asset concentration risks, which are inherent in project-specific special purpose vehicles (SPVs). Additionally, the rating is constrained by modest debt coverage metrics with an estimated DSCR of below 1 times in FY2025 and a 5-year average DSCR of 1.02-1.05 times (FY2025-FY2029).

ICRA expects the parent, TCGUIH, to provide timely financial support to BIPD and AMAPL, for funding shortfall given their substantial financial linkages, its strategic importance for the parent and TCGUIH's reputation sensitivity to default. The company is exposed to the cyclicity in the commercial real estate sector and the debt coverage ratios are vulnerable to fluctuations in interest rates and occupancy levels. ICRA notes that both BIPD and AMAPL have extended significant loans and advances to Group companies. Any further increase in such loans and advances to Group companies, adversely impacting the liquidity position, will be a key monitorable.

The Stable outlook on the rating reflects ICRA's opinion that BIPD and AMAPL will be able to ramp up leasing, given the favourable location of its assets and improve the debt coverage metrics while maintaining adequate leverage indicators. ICRA expects the parent to provide timely funding support to BIPD and AMAPL to meet the funding shortfall, if any.

Key rating drivers and their description

Credit strengths

Established track record of parent entity, TCGUIH, in commercial real estate sector – TCG was founded by Dr. Purnendu Chatterjee in 1989 and has diversified interests, mainly in petrochemicals (Haldia Petrochemicals Limited, rated [ICRA]AA- (Negative)/A1+ (February 2024)), life sciences and healthcare (TCG Lifesciences Pvt Ltd, rated [ICRA]A (Negative)/A1 (April

2024)), real estate, outsourcing and technology services. TCG operates in US, Europe, and South Asia, and serves as the holding company for the real estate activities of the TCG Group. TCGUIH, along with its subsidiaries, has a long track record of developing assets and leasing them, having completed eight projects spanning 4.2 msf across six cities.

Favourable location of assets and reputed tenant profile – The assets, First Technology Park, and International Technology Park, are located in Whitefield, Bengaluru, one of Bengaluru’s prominent IT hubs. Both assets have reputed tenant profiles. including IBM, Invitrogen, Axis Bank, Aegis, Tablespace and Technicolor.

Adequate Leverage – The leverage is estimated to be adequate at ~7 times as of March 2025. The LRD facility requires maintaining a DSRA equivalent to three months of repayment obligations during the loan tenure.

Credit challenges

Modest scale of operations and moderate occupancy levels; high tenant concentration risk – BIPD and AMAPL’s scale of operations are modest with a combined leasable area of 0.85 msf. The occupancy levels are moderate at 56% as of August 2024. The assets face high tenant concentration risk with the top three tenants accounting for ~90% of the total leased area as of August 2024. The assets are also exposed to geographical and asset concentration risks, which are inherent in project specific SPVs.

Modest debt service coverage metrics – The consolidated debt coverage metrics are expected to remain modest, with an estimated DSCR of below 1 times in FY2025 and a 5-year average DSCR of 1.02-1.05 times (FY2025-FY2029). ICRA expects the parent, TCGUIH, to provide timely financial support to BIPD and AMAPL for funding shortfall, if any, given their substantial financial linkages, their strategic importance to the parent and the parent's reputation sensitivity to default.

Exposure to variation in occupancy levels and interest rates – The company’s debt coverage ratios remain vulnerable to fluctuations in interest rates and a decline in occupancy levels.

Liquidity position: Stretched

At a consolidated level, BIPD and AMAPL had free cash and bank balances of ~Rs. 7.0 crore as of August 2024. The consolidated debt repayments for FY2025 and FY2026 are high at Rs. 37.8 crore and Rs. 42.8 crore, respectively, with respect to the total rental income based on current occupancy levels. The debt repayment obligations in FY2025 and FY2026 will be funded partly by cash flows from operations. Any shortfall is expected to be met from the existing cash balances and the parent’s (TCGUIH) support.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is a significant increase in occupancy at adequate rentals, resulting in an improvement in the debt coverage metrics and liquidity position on a sustained basis. Also, the credit profile enhancement of its parent, TCGUIH, could result in an upgrade.

Negative factors – Inability to improve occupancy and/or tie-ups at inadequate rental rates on a sustained basis and/or an increase in debt level or significant support to Group companies, adversely impacting the liquidity position and debt protection metrics could exert pressure on the rating. Any weakening of the parent’s credit profile or any change in linkages/support philosophy between the company and TCGUIH would be a negative factor.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Parent: TCG Urban Infrastructure Holdings Private Limited (TCGUIH). ICRA expects the parent, TCGUIH, to provide timely financial support to BIPD for funding any shortfall, given their substantial financial linkages, BIPD's strategic importance for the parent and the parent's reputation sensitivity to default. TCGUIH has also extended a corporate guarantee for the debt availed by BIPD.
Consolidation/Standalone	For arriving at the rating, ICRA has taken a consolidated view of BIP Developers Pvt Ltd (BIPD), along with Altius Management Advisors Pvt Ltd (AMAPL), which have managerial linkages. TCGUIH is the major shareholder and there are cross-guarantees between the loans of these companies.

About the company

Incorporated in 2000, BIP Developers Pvt Ltd, held 89.5% by TCGUIH and 10.5% by BIPL (another TCG Group entity), owns the asset, FTP, in Whitefield, Bangalore. The property comprises three buildings, namely Citius, Fortius and Altius, spanning a total leasable area of ~6.56 lakh sqft.

Incorporated in 2003, Altius Management Advisors Pvt Ltd, which is a wholly owned subsidiary of TCG Urban Infrastructure Holdings Private Limited, owns ITP in Whitefield, Bangalore, which was acquired for Rs. 100 crore in 2008 from Ascendas. This property comprises three buildings, namely Explorer, Innovator and Discoverer. It spans a total leasable area of ~1.97 lakh sqft. International Technology Park is around 1.5 km away from First Technology Park.

Key financial indicators (audited)

BIPD + AMAPL (consolidated)	FY2023	FY2024*
Operating income	29.7	28.0
PAT	13.0	20.5
OPBDIT/OI	75.6%	76.4%
PAT/OI	43.8%	73.2%
Total outside liabilities/Tangible net worth (times)	1.0	0.9
Total debt/OPBDIT (times)	9.4	9.6
Interest coverage (times)	0.7	1.0

Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes, and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	September 13, 2024	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long Term	146.00	[ICRA]BBB-(Stable)	June 30, 2023	[ICRA]BBB-(Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	FY2023	-	FY2038	96.0	[ICRA]BBB- (Stable)
NA	Term loan	FY2023	-	FY2026	50.0	[ICRA]BBB- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership^	Consolidation Approach
BIP Developers Pvt Ltd	-	Full Consolidation
Altius Management Advisors Pvt Ltd	-	Full Consolidation

Source: Company; ^ both the companies have common parent, TCGUIH

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Branches



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