March 31, 2026

KJP & ASSOCIATES: Rating reaffirmed; outlook revised to Negative from stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term - Fund Based – Term Loan	70.00	62.00	[ICRA]BBB-(Negative); reaffirmed, outlook revised to Negative from stable
Unallocated Limits	-	8.00	[ICRA]BBB-(Negative); reaffirmed, outlook revised to Negative from stable
Total	**70.00**	**70.00**	

**Instrument details are provided in Annexure-I*

Rationale

The revision in outlook on the long-term rating factors in the weaker-than-expected rental income of KJP & Associates (KJP) since January 2025. This is due to the continued vacancy of around 0.3 million square feet (msf) in its two Mohali properties and the company's large debt addition owing to the recent acquisition of two new commercial properties in World Trade Center, Naoroji Nagar, New Delhi. The company bought one commercial property (around 25,000 square feet) in July 2025 with debt funding of around Rs. 62 crore and additionally one new property (around 44,000 square feet) in March 2026 with an expected bank debt funding of Rs. 125-130 crore, for which more than 90% of the consideration is yet to be paid. The firm has been generating limited rental income in the last 15 months, which constrains its ability to service the existing debt repayment obligations and interest thereon in the absence of any definitive rental income from the new properties. Consequently, the firm's debt protection metrics are expected to weaken significantly in FY2026. The rating also factors in the associated funding risk and tenancy risk related to this acquisition. Although the property is expected to generate substantial rental income from FY2027, this remains contingent upon the timely finalisation of tenants, especially for the recently acquired around 44,000 square feet. Until then, ICRA expects the firm's financial risk profile to remain stretched.

However, the rating is supported by the favourable location of the recently acquired properties, which have the potential to attract high rental rates with a strong tenant profile. The rating also factors in the promoters' extensive experience in acquiring and managing income-generating properties, along with the demonstrated track record of Sigma Corporation (India) Private Limited (rated at [ICRA]BBB+ (Stable)/A2+) in supporting the firm through rental income and, if required, capital funding, given its sizeable liquid investment portfolio of over Rs. 1,400 crore as on March 31, 2025. KJP also maintains liquid investments of around Rs. 45 crore as of March 2025, which are available to fund the ongoing capex and ensure timely debt/interest servicing.

Key rating drivers and their description

Credit strengths

Favourable location of the property purchased in last two years – Out of the firm's total six properties, two properties are located in the World Trade Center, Naoroji Nagar, New Delhi. Of these, one property was acquired in March 2026 and is pending registration. The location of the two new properties is favourable and has the potential to attract high rental rates with a strong tenant profile. However, the tenancy risk persists, given the high level of competition in the micro-market and the pending finalisation of lease agreements with prospective tenants.

Experienced promoters and track record of group support – The firm's promoters have extensive experience of around a decade in acquiring and managing properties with high rental income. The firm is part of the Sigma Group and, further, 25% of the firm's shareholding is held by Sigma Corporation (India) Private Limited, which is also a tenant in three out of its six existing properties. ICRA expects Sigma Corporation (India) Private Limited to continue supporting the firm through rental income and, if required, capital funding, given its sizeable liquid investments of over Rs. 1,400 crore as on March 31, 2025.

Credit challenges

Vulnerability of debt coverage ratios due to rising debt level and interest amid uncertainty over rentals from new property – The firm's debt coverage indicators remain vulnerable, given the elevated debt levels as of March 2025. The outstanding lease rental discounting (LRD) debt increased from nil to around Rs. 62 crore as of March 2025. The property has been rented out to the group company, Sigma Corporation, with the intention of generating adequate rental income to service the LRD loan in a timely manner. Further, the firm's debt levels are expected to increase in the near term, as it plans to tie up an additional LRD loan towards the payment of the remaining dues for the newly acquired property (acquired in March 2026). ICRA expects the financial risk profile to remain under pressure until tenants are finalised for the vacant property.

Moderate scale of operations and low occupancy of old properties – The rating is constrained by the small scale of operations and the low occupancy levels across the firm's older properties. Out of the four older properties, only the two properties located in Delhi are currently occupied, while the other two properties in Mohali have remained vacant since December 31, 2024. Further, the fifth property was rented out to the group entity, Sigma Corporation, in August 2025 to generate rental income of around Rs. 60 lakh per month. However, the firm expects to tie up this property with a new tenant at significantly higher rental rates. Nevertheless, the timely finalisation of tenants for this property at the envisaged higher rental levels remains a key monitorable.

Exposure to high tenancy risk – The tenancy risk remains high, as the two properties located in Mohali have remained vacant for more than one year, although the firm expects to tie up tenants for its larger Mohali property in the near term. Further, the newly acquired property is pending registration, and the associated LRD loan as well as tenant tie-ups are yet to be finalised, which adds to the execution and funding risks. The firm is also exposed to high tenant concentration risk, with the top three tenants occupying around 9% of the current leasable area and contributing to the entire rental revenues of the firm.

Exposed to market risks – The newly acquired property is currently under the development phase, wherein the furnishing and interior works are yet to be undertaken in line with the requirements of the prospective tenant. This exposes the firm to moderate execution risk as well as market risk until the completion of fit-outs and stabilisation of tenancy.

Liquidity position: Adequate

The company's liquidity position is adequate, supported by unencumbered cash balances of Rs. 1.7 crore as on March 31, 2025, and around Rs. 45 crore of liquid investments. The repayments for the LRD loan commenced from December FY2026, which can be serviced through its estimated cash flows from operations, while repayment for the newly acquired property is expected to commence in FY2028.

Rating sensitivities

Positive triggers – The outlook on the long-term rating could be revised to Stable if the company achieves significant leasing progress at adequate rental rates, leading to improvement in debt protection metrics on a sustained basis, while maintaining adequate liquidity.

Negative factors – Pressure on the rating could arise in case of inadequate leasing progress or delays in commencement of rentals for the untied area or any material delay in rental collections and/or a significant increase in indebtedness, resulting in deterioration of debt protection metrics on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology

	Realty (Lease Rental Discounting)
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 2006, KJP & Associates is a partnership firm having its registered office in New Delhi. It was formed by three partners, Mr. Kabir Singh, Mr. Jagmit Singh and Mr. Preetpal Singh. In 2009, Mr. Jagdip Singh and Mr. Taranjit Singh were introduced as partners, and all held a 20% profit-sharing ratio. In 2014, Sigma Industries Limited (SIL) was introduced as a partner with a 25% profit-sharing ratio. Thereafter, in 2019, SIL was merged with another group entity, Sigma Corporation India Limited (SCIL), and the latter became a partner.

At present, the firm operates commercial spaces in New Delhi and Mohali (Punjab) with a total leasable area of more than 0.36 million square feet (msf), out of which around 0.33 msf is vacant. The new property, which is under development, is located in Naoroji Nagar, New Delhi, and is in proximity to prominent areas of South Delhi.

Key financial indicators (audited)

	FY2024	FY2025
Operating income (OI)	32.0	36.3
PAT	25.4	34.2
OPBDIT/OI	99.4%	99.3%
PAT/OI	79.5%	94.4%
Total outside liabilities/Tangible net worth (times)	0.1	0.2
Total debt/OPBDIT (times)	0.9	2.5
Interest coverage (times)	27049.3	14.9

Source: Company, ICRA Research; 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

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Mar 31, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Term loan	Long Term	62.00	[ICRA]BBB- (Negative)	Dec 02, 2024	[ICRA]BBB- (Stable)	-	-	-	-
Unallocated limits	Long Term	8.00	[ICRA]BBB- (Negative)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Unallocated Limits	Not applicable

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**	FY2025	NA	FY2033	62.00	[ICRA]BBB- (Negative)
NA	**Unallocated Limits**	NA	NA	NA	8.00	[ICRA]BBB- (Negative)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis- Not applicable

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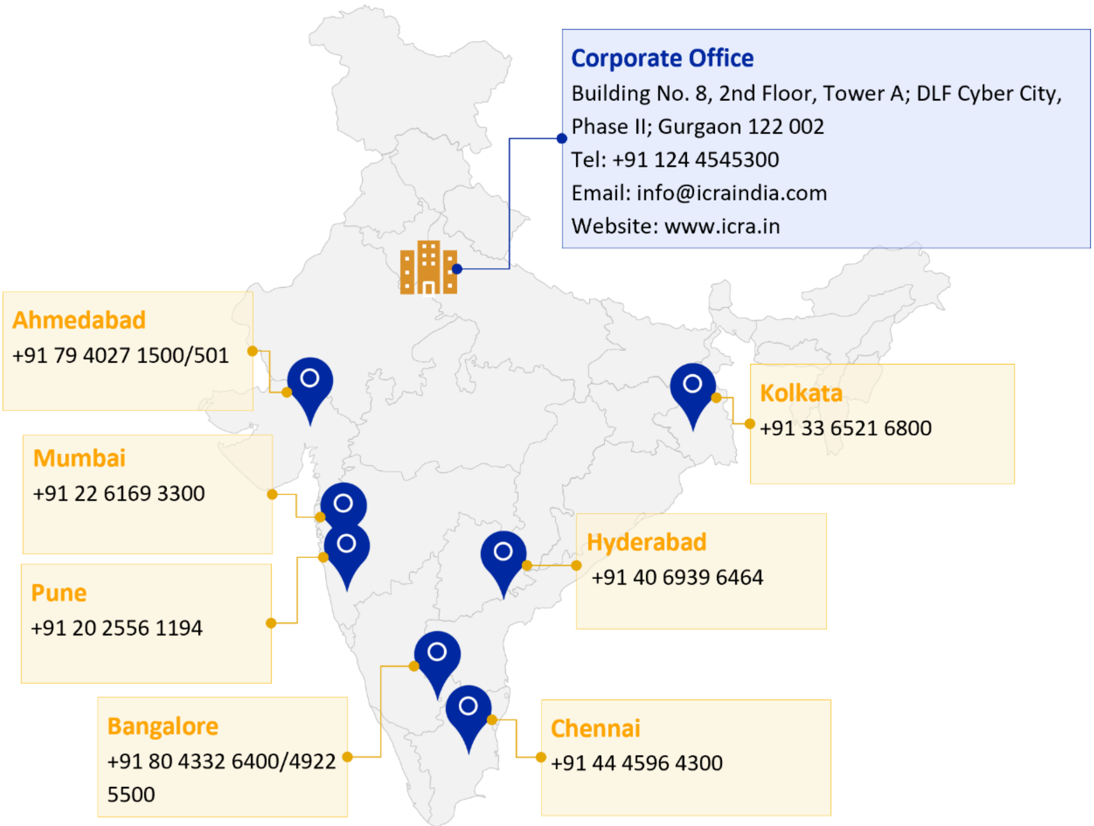

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