April 28, 2026

Sandhya Infocity Limited: Rating downgraded to [ICRA]B+ (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	280.00	240.00	[ICRA]B+(Stable); downgraded from [ICRA]BB-(Stable)
Total	**280.00**	**240.00**	

**Instrument details are provided in Annexure II*

Rationale

The revision in the rating action of Sandhya Infocity Limited (SIL) factors in the decline in the occupancy levels of its completed project, Sandhya Infocity, to 71% as on March 31, 2026 (from 76% as on March 31, 2025) resulting in moderation of debt coverage metrics. The occupancy levels are expected to sustain at the current levels in the medium term. Consequently, the net operating income (NOI) is estimated to reduce to Rs. 82.0-87.0 crore over the medium term from Rs. 92.4 crore in FY2025, resulting in moderate debt coverage metrics with a five-year average debt service coverage ratio (DSCR) of 1.14 times during FY2027-2031. The rating considers the company's exposure to high tenant concentration risk with its top tenant, HCL Technology, occupying around 79% of the leased area and the top five tenants constituting around 99% of the total leased area as of March 2026. Nonetheless, the reputed tenant profile, along with the investments made by the tenants towards fitouts, mitigates the risk to an extent. The company is also exposed to elevated market risk, with around 29% of the leasable area vacant as of March 2026 and a limited track record of leasing the asset, as reflected by nil tie-ups since its acquisition. The rating is constrained by the asset concentration risk, with revenues entirely dependent on one property. The rating also notes SIL's exposure to the inherent cyclicality in the real estate industry and vulnerability of its debt coverage metrics to factors such as changes in interest rates or reduction in occupancy levels.

ICRA notes that there are certain weaknesses in the company's internal controls, earlier highlighted through auditor qualifications, which continue to remain a concern. Hence, improvement of the overall internal controls, while addressing the audit observations, will be the key monitorable.

The rating, however, factors in the good location of the project in Navalur, Chennai, one of key IT hubs, in the city. The micromarket is supported by good infrastructure and connectivity, while the upcoming metro connectivity is expected to further enhance the marketability of the asset. The rating favourably considers the company's comfortable leverage, wherein the Total Debt/NOI is projected to remain below 3.0 times in the medium term (compared to estimated level of 3.05 times as on March 31, 2026), driven by scheduled repayment of debt as well as the absence of debt-funded capex.

The Stable outlook on SIL's rating reflects ICRA's opinion that the company does not have any major debt raise plans, which will support comfortable leverage and moderate debt coverage metrics.

Key rating drivers and their description

Credit strengths

Favourable location of the park with reputed tenant profile – The project benefits from a favourable location in Navalur, Chennai, along the Old Mahabalipuram Road (OMR) corridor, which is one of the key IT hubs in the city. The micromarket is supported by good infrastructure and connectivity, while the upcoming metro connectivity is expected to further enhance the marketability of the asset.

Comfortable leverage – The company's total debt is expected to reduce to around Rs. 210.0-215.0 crore as on March 31, 2027 from the estimated level of Rs. 253.0-258.0 crore as on March 31, 2026 on account of scheduled repayment of debt, coupled with absence of debt-funded capex in the medium term. As a result, the leverage metrics, as reflected by Total debt/NOI, is projected to remain comfortable below 3.0 times in the medium term (compared to the expected level of 3.05 times as on March 31, 2026).

Credit challenges

Decline in occupancy resulting in moderate debt coverage metrics – The occupancy levels at the asset moderated to around 71% as of March 2026 from about 76% as of March 2025, following the exit of a tenant in August 2025. This is expected to result in moderation of NOI to Rs. 82.0-87.0 crore in the medium term from Rs. 92.4 crore in FY2025. Consequently, the coverage metrics are likely to remain moderate with five-year average DSCR of 1.14 times during FY2027-2031.

Exposed to tenant concentration and market risks – SIL is exposed to high tenant concentration risk in the asset, with its top tenant, HCL Technology, occupying around 79% of the leased area and the top five tenants constituting around 99% of the total leased area as of March 2026. Nonetheless, the reputed tenant profile, along with the investments made by the tenants towards fitouts, enhances its stickiness. The company faces high market risk, with around 29% of the leasable area vacant as of March 2026. It has a limited track record of leasing the asset, as reflected by nil tie-ups since its acquisition.

Exposure to asset concentration risk and vulnerability of debt coverage metrics to external factors – The rating considers the single asset nature of the company, with revenues entirely dependent on one property, thereby exposing it to high asset concentration risk. SIL's performance is exposed to the inherent cyclicality in the real estate industry and remains vulnerable to external factors. The rating notes the susceptibility of its debt coverage metrics to factors such as changes in interest rates or reduction in occupancy levels.

Liquidity position: Stretched

SIL's liquidity is stretched with free cash and liquid investments of Rs. 4.6 crore as of February 2026. The company's debt servicing obligations (principal and interest) of around Rs. 65.0-70.0 crore in FY2027 are expected to be adequately supported by the cash flow from operations. At present, the company does not have any capex plans in the medium term. However, it has a track record of supporting the Group entities by giving loans and advances resulting in limited on-balance liquidity.

Rating sensitivities

Positive factors – The rating could be upgraded in case of significant improvement in occupancy levels of the project at adequate rental rates resulting in improvement in debt protection metrics, on a sustained basis, along with improvement in internal controls of the company.

Negative factors – Pressure on the rating could emerge if there is any material decline in occupancy or significant increase in indebtedness resulting in deterioration of debt protection metrics and liquidity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Sandhya Infocity Limited (SIL), operates a commercial IT SEZ office park at Navalur, Chennai, with a leasable area of 1.53 msf. The park has been operational since 2007 under the name ETA Technopark Ltd developed by ETA Star Property Developers (promoters of ETA Technopark). Subsequently in FY2018, it was acquired by KKN Holdings. The company's name was changed to Bayline Infocity Limited. Later, the office park was bought by the current promoters and its name was changed to Sandhya Infocity Limited in November 2020. The current promoters (Sandhya Group) are based out of Hyderabad and have experience in construction and project management in Hyderabad.

Key financial indicators (audited)

SIL (Standalone)	FY2024	FY2025	11M FY2026*
Operating income	116.6	117.8	103.1
PAT	27.7	29.0	33.4
OPBDIT/OI	68.0%	70.3%	70.0%
PAT/OI	23.7%	24.6%	32.4%
Total outside liabilities/Tangible net worth (times)	1.6	1.3	1.0
Total debt/OPBDIT (times)	3.9	3.5	3.3
Interest coverage (times)	2.5	2.7	2.8

*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

Credit Rating Agency	PR Published Date	Rating
Crisil	July 21, 2025	CRISIL B/Stable (ISSUER NOT COOPERATING)
Care	May 13, 2025	CARE BB-/Stable; ISSUER NOT COOPERATING

Source: Crisil /CARE

Any other information: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Apr 28, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loans	Long term	240.00	[ICRA]B+(Stable)	Apr 21, 2025	[ICRA]BB-(Stable)	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI

4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) *Includes securitisation transactions involving assignee payout, acquirer's payout.*

($) *Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.*

(%) *These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.*

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) *The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.*

(#) *Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.*

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund-based – Term loans**	FY2020	NA	FY2034	240.00	[ICRA]B+ (Stable)

Source: Company

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

Annexure III: List of entities considered for consolidated analysis – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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