

March 25, 2026

IKAT Exports Private Limited: Rating downgraded to [ICRA]C+ from [ICRA]B-(Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Non-convertible debenture (NCD)	17.50	17.50	[ICRA]C+; downgraded from [ICRA]B- (Stable)
Total	17.50	17.50	

*Instrument details are provided in Annexure I

Rationale

The rating downgrade for the non-convertible debentures (NCD) of IKAT Exports Private Limited (IEPL) factors in the sustained delays in getting the project approvals resulting in further deferment in launch and construction of the project, indicating high execution and market risks. The proposed launch of the project is likely to be deferred to Q3 FY2027 against the earlier expectation of October 2025 (initial launch was planned in June 2024). Moreover, IEPL has only one project and presence in a single location (i.e., Bhubaneshwar), which exposes it to asset and geographical concentration risks. The project is proposed to be funded through a mix of NCD, bank loan, customer advances and promoter contribution. Considering the high dependence on customer advances following the project launch, it faces funding risk. Further, the rating considers the cyclical nature of the residential real estate sector, which is highly dependent on macroeconomic factors. This renders its sales susceptible to any downturn in real estate demand and competition within the region from various established developers.

However, the rating notes the long track record and extensive experience of its promoters spanning more than three decades in the real estate sector. The rating also considers the favourable location of the proposed project and its proximity to several operational IT parks, educational institutes and hospitals, which enhances its saleability.

Key rating drivers and their description

Credit strengths

Favourable location of project – The proposed upcoming residential project is in Patia, Bhubaneshwar, close to several operational and upcoming IT office parks. The area has easy access to educational institutes, hospitals, etc, which are located within 1-5 km of the project site. The favourable location is expected to enhance the saleability of the project.

Long track record of promoters – The promoters have long track record and extensive experience of more than three decades in the real estate sector. They have been involved in the execution of multiple housing projects since 1987.

Credit challenges

Execution and market risks due to delay in project launch – Sustained delays in getting the project approvals resulting in further delays in launch and construction of the project exposes IEPL to high execution and market risks. The project is proposed to be funded through a mix of NCD, bank loan, customer advances and promoter contribution. Given the high dependence on customer advances following the project launch, the company is vulnerable to funding risk.

Geographical concentration risk – The company has only one project and presence in a single location (i.e., Bhubaneshwar), which exposes it to asset and geographical concentration risks.

Cyclicality inherent in real estate sector – Being a cyclical industry, the residential real estate sector is highly dependent on macroeconomic factors, which exposes its sales to any downturn in real estate demand and competition within the region from various established developers.

Liquidity position: Stretched

IEPL's liquidity position is expected to remain stretched as the project is in the nascent stages with major approvals yet to be received. The project would remain dependent on getting the requisite promoter and bank loan funding, attaining adequate sales for project development and NCD repayments.

Rating sensitivities

Positive factors – ICRA could upgrade the rating in case of receipt of the requisite approvals, attaining adequate sales and collections, along with improvement in debt protection metrics.

Negative factors – ICRA could downgrade the rating if there is delay in receipt of requisite approvals, project launch or slow sales or significant increase in indebtedness resulting in weakening of debt protection metrics and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Commercial/Residential/Retail Policy on Default Recognition
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

IKAT Exports Private Limited was incorporated on June 16, 2004. At present, the entity is promoted by Mr. Rajendra Gupta, Ms. Pragati Gupta and Mr. Rohit Raj Modi. The company plans to develop a luxury high-rise residential project (ground + 19 floors) in Patia, Bhubaneswar. Phase 1 of the project is on a land of 4.64 acres with a total expected saleable area of around 6.0 lakh square feet. The project is expected to be launched in Q3 FY2027 and completed within four years of the launch.

Key financial indicators (audited)

IEPL Standalone	FY2024	FY2025
Operating income	-	-
PAT	0.0	-0.1
OPBDIT/OI	-	-
PAT/OI	-	-
Total outside liabilities/Tangible net worth (times)	1,877.1	-291.0
Total debt/OPBDIT (times)	-191.3	-130.1
Interest coverage (times)	-0.6	-0.8

Source: Company; ICRA Research; All ratios as per ICRA's calculations; Amounts 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:

IEPL has received, prior to the due date of interest obligation, the consent from debenture holder for extension of coupon payment date to December 31, 2026. The company had earlier received an extension in coupon payment from March 31, 2025, to March 31, 2026. The promoters have infused money in the company in the past, which provides comfort that the promoters would have infused the funds for the payment of the interest obligations if the modifications in the payment terms had not taken place.

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
FY2026			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	Mar 25, 2026	Date	Rating	Date	Rating	Date	Rating
NCD	Long Term	17.50	[ICRA]C+	Mar 26, 2025	[ICRA]B- (Stable)	Dec 05, 2023	[ICRA]B+ (Stable)	Dec 28, 2022	[ICRA]B+ (Stable)
				Nov 27, 2024	[ICRA]B (Stable)				

Complexity level of the rated instrument

Instrument	Complexity indicator
NCD	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
INE00FR08019	NCD	Jan 9, 2023	6%*	Jan 8, 2033	17.50	[ICRA]C+

Source: Company; *6% XIRR

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

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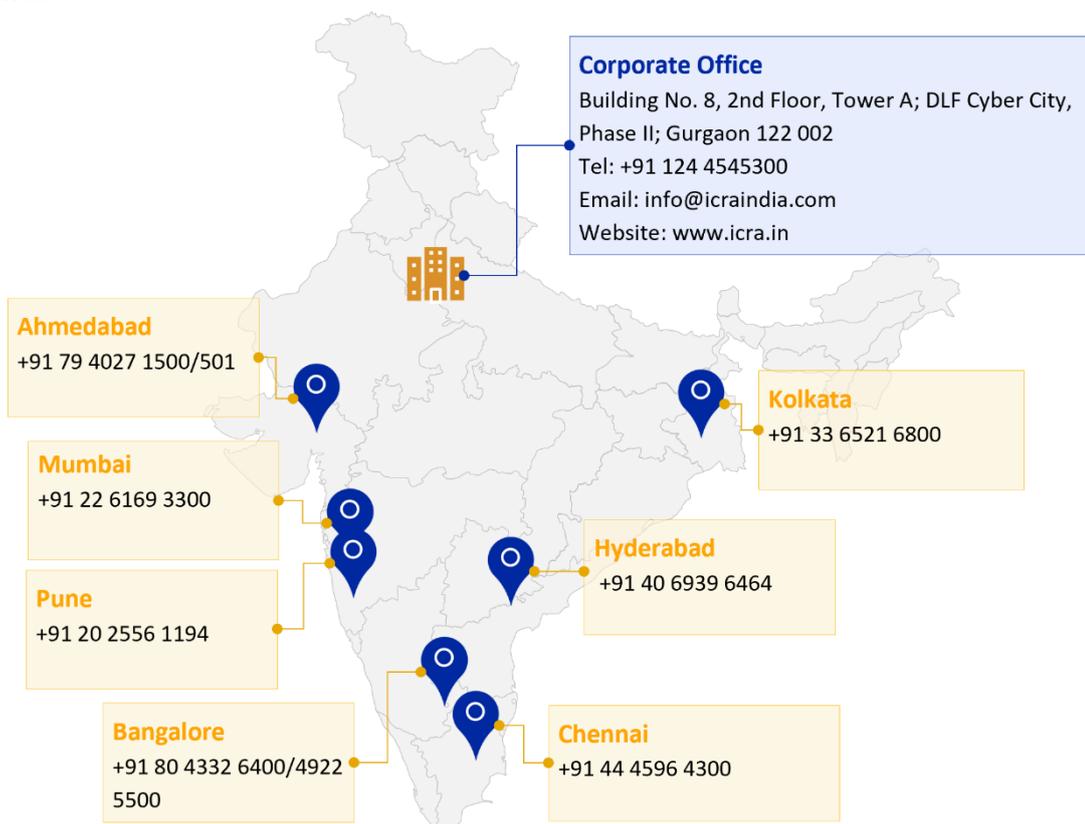
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