

July 31, 2024

ILP 3 India 8 Private Limited: 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	153.70	153.70	[ICRA]BBB+ (Stable); Reaffirmed
Total	153.70	153.70	

*Instrument details are provided in Annexure-I

Rationale

ILP 3 India 8 Private Limited, a special purpose vehicle (SPV) sponsored by the IndoSpace network¹ (IndoSpace), is developing an industrial and logistics park at Luhari, Haryana, in the National Capital Region (NCR) with a total leasable area of 1.38 million square feet (msf), spread across four warehouse units. The rating draws comfort from the project's favourable location with good connectivity to Gurgaon and Delhi, and other adjacent industrial and warehousing hubs, along with the adequate leverage estimated from the project. The project is at an advanced stage, having achieved 95% construction progress as of March 2024. It is expected to be completed within the specified date of commercial operations (DCCO) of March 31, 2025. The funding risk remains low, as the entire debt requirement has been tied up and 96% of the committed equity requirement (including internal accruals) has already been infused as of March 2024 for a budgeted debt-to-equity ratio of 1.1:1. The rating reaffirmation factors in the established track record of the IndoSpace Group in the industrial, warehousing and logistics space in India. ICRA notes the exceptional financial flexibility of IndoSpace and its track record of honouring the sponsor undertakings to lenders by infusing funds into various SPVs, whenever needed.

The rating is, however, constrained by the project's exposure to market risk. The company has achieved a lease tie-up for 57% of the total area (Block B300) and the rentals have commenced for 41% of area from November 2023. It is exposed to market risk for the balance area, given that the debt repayments for the construction finance loan are scheduled to commence from April 2025. The debt coverage metrics are estimated to be moderate and will remain vulnerable to changes in occupancy, rental realisations, and interest rates. The company is also vulnerable to high geographical and asset concentration risks inherent in a single project portfolio. Nonetheless, ICRA derives comfort from the sponsor's vast experience in the warehousing space, large portfolio of IndoSpace across geographies and its established relationship with potential tenants. Additionally, ICRA expects the sponsor to provide timely funding support to the company in case the need arises.

The Stable outlook reflects ICRA's opinion that the company will complete the project without any material time and cost overruns as well as secure lease tie-ups at adequate rental rates within the scheduled DCCO.

Key rating drivers and their description

Credit strengths

Strong track record and business profile of sponsor – ILP 3 India 8 Private Limited is promoted by ILP III Ventures XVIII Pte. Ltd., Singapore (part of the IndoSpace network). IndoSpace is sponsored by Realterm Global, Everstone Capital and GLP Global. Realterm Global has more than 20 years of experience in developing industrial and logistics parks. At present, it manages assets worth over USD 11 billion and operates some of the largest and most modern facilities in North America and other parts of

¹ILP III Ventures XVIII Pte. Ltd., Singapore (part of the IndoSpace network, which is sponsored by Realterm Global, Everstone Capital and GLP Global)

the world. Everstone Capital is a prominent India-focused investment firm, and the Everstone Group manages funds of over USD 7 billion in private equity and real estate. GLP Global is an investment firm with over USD 60 billion assets under management (AUM) across the real estate and private equity segments.

Favourable project location – The project is located at Luhari, Haryana, in the NCR. The site is 20 km from Bilaspur Chowk (located on NH 48), providing connectivity through a well-developed network in Gurgaon and Delhi. This location has a high potential as a logistics hub for regional and national distribution for 3PL, consumer goods and e-commerce companies.

Low funding risk; adequate leverage estimated from project – The project is at an advanced stage having achieved 95% construction progress as of March 2024. It is expected to be completed within the specified date of commercial operations (DCCO) of March 31, 2025. The funding risk remains low, given that the entire debt requirement has been tied up and 96% of the committed equity requirement (including internal accruals) has already been infused as of March 2024 for a budgeted debt-to-equity ratio of 1.1:1. ICRA derives comfort from the adequate leverage estimated from the project. The rated facility requires maintaining a DSRA equivalent to three months of repayment obligations during the entire loan tenure.

Credit challenges

Exposure to market risk – The company has achieved lease tie-up for 57% of the total area (Block B300) and the rentals have commenced for 41% of area from November 2023. It is exposed to market risk for the balance area, given that the debt repayments for the construction finance loan are scheduled to commence from April 2025. Hence, its ability to achieve incremental leasing on time and at adequate rental rates for the balance area will remain critical from the credit perspective. However, the experience of IndoSpace to lease projects on time, offers comfort.

Moderate debt coverage indicators – The debt coverage metrics are estimated to be moderate and will remain vulnerable to changes in occupancy, rental realisations, and interest rates. Nonetheless, ICRA derives comfort from the sponsor's vast experience in the warehousing space, large portfolio of IndoSpace across geographies and its established relationship with potential tenants. Additionally, ICRA expects the sponsor to provide timely funding support to the company in case the need arises.

Geographical and asset concentration risks – The company is exposed to high geographical and asset concentration risks inherent in single-project companies.

Liquidity position: Adequate

The company's liquidity position is adequate with Rs. 4.1-crore free cash and liquid investments and Rs. 6.1-crore undrawn bank limits, as on March 31, 2024, which along with the pending sponsors' contribution will be adequate to fund the remaining project cost of Rs. 14.4 crore. The debt repayments for the construction finance loan will commence from April 2025 and are expected to be met from its cash flows from operations.

Rating sensitivities

Positive factors – Significant progress in leasing at adequate rentals resulting in an improvement in debt protection metrics could lead to a rating upgrade.

Negative factors – Considerable delays in tying up balance leases or lease tie-ups at inadequate rental rates, or any significant increase in indebtedness impacting the debt protection metrics may warrant a rating downgrade.

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

ILP 3 India 8 Private Limited, a 100% subsidiary of M/s. ILP III Ventures XVIII Pte. Ltd, is setting up an industrial and logistics park on a land admeasuring approximately 54.74 acres at Bilaspur Pataudi Road, Delhi-Jaipur Highway, Village Luhari, Tehsil and District Jhajjar, Haryana. The project will have a total leasable area of around 1.38 msf spread across four warehouse units.

Key financial indicators (audited) – Not Applicable as it is a project stage company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Type	Current rating (FY2025)		Chronology of rating history for the past 3 years		
			Amount rated	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
1	Term loans	Long term	153.70	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-	[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 loans	Sep 01, 2021	-	FY2034	153.70	[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 – Not Applicable

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