April 02, 2025

# Shirina Industrial & Logistics Park Private Limited: Ratings reaffirmed and outlook revised to Negative from Stable; rated amount enhanced

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|---|---|---|
| **Long-term – Fund-based – Term loan** | 70.01 | 155.00 | [ICRA]BBB+ reaffirmed/ assigned for enhanced amount; outlook revised to Negative from Stable |
| **Short-term – Non-fund based – Letter of credit (LC)#** | (5.20) | - | - |
| **Short-term – Non-fund based – Bank guarantee (BG)#** | (5.20) | - | - |
| **Short-term Non-fund based – Bank Guarantee** | - | 1.00 | [ICRA]A2; reaffirmed/assigned |
| **Total** | **70.01** | **156.00** | |

**Instrument details are provided in Annexure I*
*#LC and BG are sub limits of Term Loan*

## Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Shirina Industrial & Logistics Park Private Limited (SILPPL) and Secura Logistics Park Private Limited (SLPPL), given their high degree of business, financial, and managerial linkages, along with cash flow fungibility between both the entities. SILPPL and SLPPL, which are special vehicles (SPVs) sponsored by the IndoSpace network (IndoSpace), are jointly developing an industrial and logistics park on 48.72 acres of land in Vishnuvakkam village, in Thiruvallur district, Tamil Nadu, with a total leasable area of 1 million square feet (msf), spread across six units that are built-to-suit model.

The revision in outlook to Negative for the bank facilities of SILPPL factors in the slow construction progress of the project due to limited leasing progress given the units are on built-to-suit model. This has resulted in time and cost overruns for the project. Out of the total leasable area of 1 msf spread across six units, the company has completed the construction of two units of 0.24 msf (25% of the total leasable area), of which one unit of 0.18 msf (73% of the completed leasable area) is leased out. Given the delays in construction, the date of commencement of commercial operations (DCCO) for the project has been revised to September 30, 2026 (original DCCO: September 30, 2024) with material increase in project cost on account of higher construction costs and interest during construction (IDC). The incremental cost is to be part funded by debt and balance by promoter's contribution, internal accruals, and/or security deposits. The company refinanced the outstanding debt and availed a top-up loan of Rs. 20.9 crore in FY2025. Although the amortising schedule of the loan mitigates refinancing risk, the debt coverage metrics are estimated to be at moderate levels.

The ratings favourably factor in the low funding risk with more than 70% of the budgeted equity infused by the promoters, IndoSpace, and the entire debt already tied up for the construction of the remaining four units. SILPPL's leverage is likely to be adequate. The ratings note the sponsor's exceptional financial flexibility and established leasing track record in the industrial warehousing and logistics space in India. The ratings consider the favourable location of the warehouse in Thiruvallur district, Tamil Nadu with good connectivity to Chennai and other adjacent industrial as well as warehousing hubs.

The ratings are, however, constrained by the project's exposure to high execution risk. The project is at an intermediate stage with 25-30% of the revised budgeted construction cost yet to be incurred as of December 2024. The ratings note SILPPL's exposure to high market risk with 82% of the total leasable area yet to be leased as on date. ICRA notes that the company is in discussions with multiple tenants and the occupancy is expected to ramp-up in the near term. Further, the increase in budgeted costs is being funded by debt of Rs. 20.9 crore and the balance by promoter's contribution, internal accruals, and security deposits in a timely manner. However, the risks are mitigated to an extent by the sponsor's leasing track record and exceptional financial flexibility. ICRA also notes the company's vulnerability to high geographical and asset concentration risks inherent in a single project portfolio.

## Key rating drivers and their description

### Credit strengths

**Low funding risk with majority of equity already infused and debt already tied up** – The project has low funding risk with more than 70% of the revised budgeted equity infused by IndoSpace as of December 2024. The company also has its entire debt already tied up for the construction of remaining four units. Further, the loan has an amortising schedule, mitigating any refinancing risk. ICRA derives comfort from the adequate leverage levels of the project. The rated facility requires maintaining a DSRA equivalent to three months of principal and interest repayment obligation post moratorium of the loan.

**Favourable project location** – The project is located in Vishnuvakkam village, Thiruvallur district, on state highway SH 114 (known as Red Hills Thiruvallur Highway). The Central Business District (CBD) of Chennai and the Chennai International Airport are located at 41 km and 50 km, respectively, from the project. The Chennai Port is located at a distance of 45 km, while the industrial areas of Gummudipoondi, Sriperumbudur and Oragadam are situated 41 km, 32 km and 46 km away, respectively. There is a significant potential for a logistics park, considering the proximity to the established Red Hills micromarket and its connectivity to Chennai.

**Strong track record and business profile of sponsor** – Shirina Industrial & Logistics Park Private Limited is promoted by ILP III Ventures IV 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 globally in developing industrial and logistics parks. At present, it manages assets worth over USD 7 billion and operates some of the largest and most modern facilities in North America and other parts of the world. Everstone Capital is a prominent India-focused investment firm. The Everstone Group manages funds of over USD 5 billion in private equity and real estate. GLP Global is an investment firm, with over USD 100 billion assets under management (AUM) across the real estate and private equity segments.

### Credit challenges

**Exposure to project execution risk** – The project has a total leasable area of 1 msf, spread over six units, out of which two are completed, two are under-construction as on date and the remaining two are yet to be started. The project is at an intermediate stage with 25-30% of the revised budgeted construction cost yet to be incurred as of December 2024. Given the delays in construction due to limited leasing, the DCCO for the construction of the remaining area has been revised to September 30, 2026 (original DCCO: September 30, 2024). Nevertheless, ICRA draws comfort from the track record of infusion of funds, extensive experience, financial flexibility, leasing and construction capabilities of the sponsor in the warehousing space.

**Exposure to high market risks** – The company is exposed to market risk for the remaining 82% of the total leasable yet to be leased as on date. Its ability to achieve leasing of residual area at adequate rental rates will be the key rating monitorable. The company is in discussions with multiple tenants and the occupancy is expected to ramp-up in the near term. However, ICRA derives comfort from the leasing track record of IndoSpace.

**Geographical and asset concentration risks** – The company is exposed to high geographical and asset concentration risks inherent in single project companies. However, ICRA draws comfort from IndoSpace's diverse portfolio of logistics and industrial parks, including developed and under-development parks, across India.

## Liquidity position: Adequate

The company's liquidity position is adequate. As of February 2025, it reported an undrawn term loan of Rs. 50.4 crore and free cash balance of Rs. 2.3 crore. The pending construction cost will be funded through a mix of promoter's contribution, internal accruals, security deposits, and undrawn term loan. ICRA draws comfort from the track record of timely infusion of funds by the sponsor into various SPVs, whenever needed.

## Rating sensitivities

**Positive factors** – Timely completion of pending blocks within DCCO and significant progress in leasing at adequate rentals resulting in an improvement in debt protection metrics could lead to a change in outlook to Stable.

**Negative factors** – Delays in project progress, or in tying up balance leases at adequate 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<br>Realty - Lease Rental Discounting |
| **Parent/Group support** | Not Applicable |
| **Consolidation/Standalone** | For arriving at the ratings, ICRA has taken a consolidated view of Shirina Industrial & Logistics Park Private Limited and Secura Logistics Park Private Limited, given the high degree of business, financial and managerial linkages, and cash flow fungibility between both entities. |

## About the company

Shirina Industrial & Logistics Park Private Limited and Secura Logistics Park Private Limited, 100% subsidiaries of M/s. ILP III Ventures IV Pte. Ltd, are developing an industrial and logistics park in Vishnuvakkam village, in Thiruvallur district, Tamil Nadu. The companies own the land (admeasuring 48.72 acres) for the project, which will have a total leasable area of around 1 msf spread across six units. Out of the total leasable area of 1 msf spread across six units, the company has completed the construction of two units of 0.24 msf, of which one unit of 0.18 msf is leased out.

### Key financial indicators (audited)

| Consolidated | FY2023 | FY2024 |
|---|---|---|
| **Operating income** | 0.7 | 5.6 |
| **PAT** | -1.9 | -3.2 |
| **OPBDIT/OI** | -28% | 65% |
| **PAT/OI** | -288% | -57% |
| **Total outside liabilities/Tangible net worth (times)** | 1.4 | 2.3 |
| **Total debt/OPBDIT (times)** | -465 | 36 |
| **Interest coverage (times)** | -0.2 | 0.8 |

*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

| Instruments | Current (FY2026) | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Type | Amount rated (Rs. crore) | Apr 2, 2025 | FY2025 | | FY2024 | | FY2023 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| **Term loans** | Long-term | 155.00 | [ICRA]BBB+ (Negative) | - | - | Mar 21, 2024 | [ICRA]BBB+ (Stable) | Jan 03, 2023 | [ICRA]BBB+ (Stable) |
| **Bank guarantee** | Short-term | 1.00 | [ICRA]A2 | - | - | - | - | - | - |
| **Letter of credit*** | Short-term | - | - | - | - | Mar 21, 2024 | [ICRA]A2 | Jan 03, 2023 | [ICRA]A2 |
| **Bank guarantee*** | Short-term | - | - | - | - | Mar 21, 2024 | [ICRA]A2 | Jan 03, 2023 | [ICRA]A2 |

** LC and BG are sub limits of Term Loans*

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long-term Fund-based - Term loan** | Simple |
| **Short-term Non-fund based – Bank guarantee** | Very 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** | December 2024 | - | September 2035 | 155.00 | [ICRA]BBB+ (Negative) |
| **NA** | **Bank guarantee** | NA | NA | NA | 1.00 | [ICRA]A2 |

*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 |
|---|---|---|
| **Shirina Industrial & Logistics Park Private Limited** | 100% | Full Consolidation |
| **Secura Logistics Park Private Limited** | 100% | Full Consolidation |

*Source: Company, ICRA Research*

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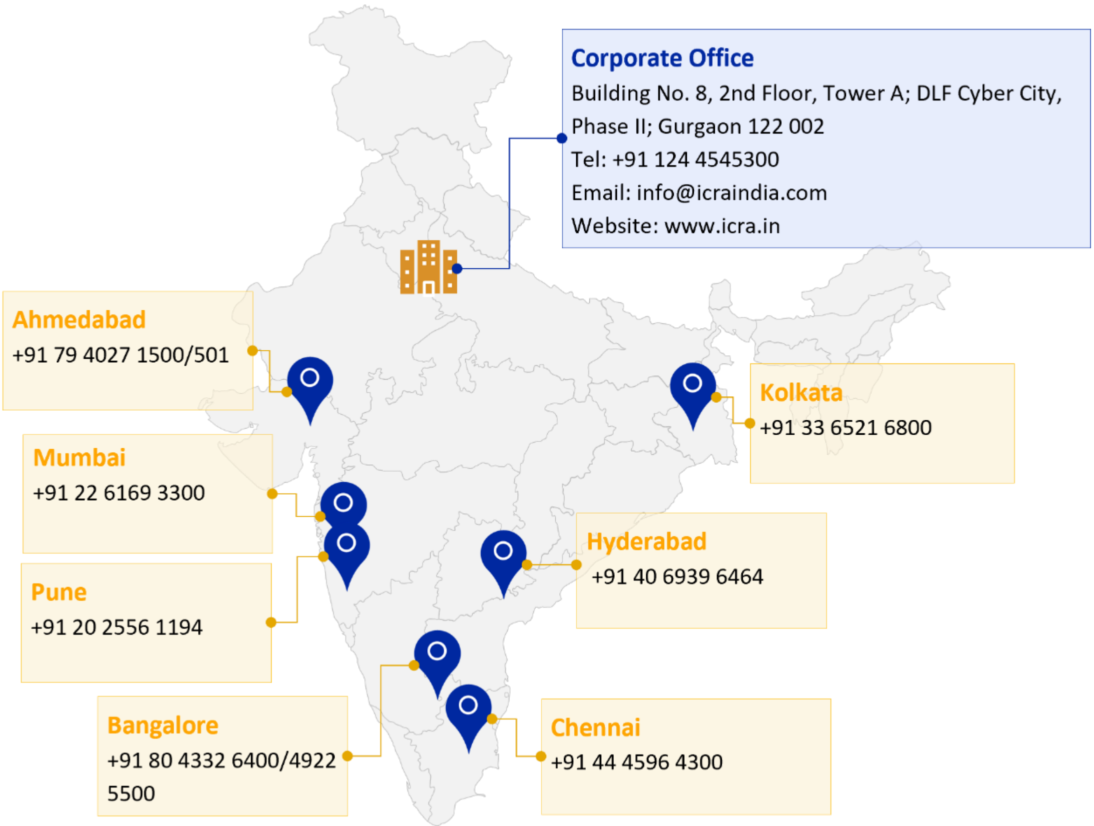




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