March 25, 2025

ILP 3 India 13 Pvt. Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Term loans	240.00	240.00	[ICRA]BBB+ (Stable); reaffirmed
Letter of credit#	(10.00)	(10.00)	[ICRA]A2; reaffirmed
Bank guarantee	10.00	10.00	[ICRA]A2; reaffirmed
Total	**250.00**	**250.00**	

**Instrument details are provided in Annexure I; # Letter of Credit (LC) is a sub limit of Term Loans*

Rationale

The reaffirmation of the ratings for ILP 3 India 13 Private Limited factors in the favourable location of the park at Ullavur, Oragadam, Chennai, with 61% of total leasable area of around 1.6 msf being operational and lease tie-ups (including LOI) in place for 73% of the total leasable area as of December 2024, along with comfortable leverage and adequate debt coverage metrics estimated for the project. ILP 3 India 13 Private Limited, a special purpose vehicle (SPV) sponsored by the IndoSpace network (IndoSpace), is jointly developing an industrial and logistics park at Ullavur, Oragadam, Chennai, with a total leasable area of 1.6 million square feet (msf), spread across five warehouse units, along with ILP 3 India 11 Private Limited and ILP 3 India 12 Private Limited. The project is favourably located with good connectivity to the Oragadam cluster and other adjacent industrial as well as warehousing hubs. As of December 2024, three out of the five blocks of the project (B100, B300 and B500) have been constructed and are fully leased except B500-A block comprising 5% of the total area. Rent receipts have commenced for B100 and B500-B block and are expected to start for B300 block from April 2025. The project is being funded in debt-to-equity ratio of 1:1. The funding risk remains low, as the entire debt requirement has been tied up and the entire committed equity requirement has already been infused as of September 2024. The ratings draw comfort from the strong business profile of the IndoSpace Group with an established track record in the industrial, warehousing and logistics park business in India. The rated facility has an escrow mechanism in place and requires maintaining a debt service reserve account (DSRA), equivalent to three months of interest repayment obligation during the entire loan tenure.

The ratings are, however, constrained by the project's exposure to execution risk as about 16% of the total project cost is yet to be incurred as on September 30, 2024, against the date of commencement of commercial operations (DCCO) of April 01, 2027. The company is exposed to market risk as 27% of the area is yet to be tied up as of December 2024. Further, it is exposed to vacancy risk for one block (B100-B), comprising 16% of total leasable area, where the lease is expiring in March 2025. While it is in discussions with the prospective tenants for leasing the vacant area and/or for renewals with existing tenants, its ability to achieve timely leasing at adequate rental rates will be the key rating monitorable. However, ICRA derives comfort from the demonstrated ability and track record of IndoSpace to execute and lease projects on time. The company is vulnerable to high geographical and asset concentration risks inherent in a single project portfolio. Further, it is exposed to refinancing risk for the construction finance (CF) loan, which has two bullet repayments for 10% and 90% of the facility in September 2027 and September 2028, respectively. The relatively low leverage in the project resulting in moderate break-even occupancy, sponsors' leasing track record and exceptional financial flexibility mitigate the refinancing risk to an extent.

The Stable outlook reflects ICRA's opinion that the company will generate steady rental revenues from the completed blocks and the company is likely to complete the project within the scheduled DCCO and secure lease tie-ups for the balance area at adequate rental rates in a timely manner. ICRA expects comfortable leverage and adequate debt coverage indicators, post completion of the project.

Key rating drivers and their description

Credit strengths

Favourable project location – The project is located in Ullavur, Kanchipuram District, Oragadam, Chennai. The site is 4.4 km from the state highway (SH-48, i.e., Oragadam – Walajabad Highway) and 0.83 km from Ezhichur-Palur Road, with good connectivity to the Oragadam cluster and other adjacent industrial as well as warehousing hubs. The major target segments for the project are auto ancillary, electronics manufacturing/assembling, other light engineering companies, FMCG and third-party logistics (3PL) and e-commerce industry.

Comfortable leverage and low funding risk – The project's funding risk is low as the debt requirement has been tied up and the entire committed equity has already been infused as on September 30, 2024. The budgeted project cost of Rs. 479.7 crore is estimated to be funded by a debt-to-equity ratio of 1:1. ICRA derives comfort from the comfortable leverage and the adequate debt service coverage ratio (DSCR) estimated from the project. The rated CF facility requires maintaining a DSRA equivalent to three months of interest repayment obligation during the entire loan tenure.

Strong track record and business profile of sponsors – ILP 3 India 13 Private Limited is a wholly-owned subsidiary of ILP III Ventures XXI Pte. Ltd (a 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 across the world and at present manages assets worth over USD 7 billion. It 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, and 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 multiple asset classes including real estate, private equity segments and infrastructure.

Credit challenges

Exposure to project execution and market risks –The project is exposed to residual execution risk as about 16% of the total project cost is yet to be incurred as on September 30, 2024, against the date of commencement of commercial operations (DCCO) of April 01, 2027. The company is exposed to market risk as 27% of the area is yet to be tied up as of December 2024. Further, it is also exposed to vacancy risk for one block (B100-B), comprising 16% of the total leasable area, where the lease is expiring in March 2025. While it is in discussions with the prospective tenants for leasing the vacant area and/or for renewals with existing tenants, its ability to achieve timely leasing at adequate rental rates will be the key rating monitorable. However, ICRA derives comfort from the demonstrated ability and track record of IndoSpace to execute and lease projects on time.

Exposure to refinancing risk – The repayment of the existing CF facility is due in two bullet instalments of 10% and 90% of the total sanctioned limit in September 2027 and September 2028, respectively. Any delays in construction or inadequate leasing may adversely impact its refinancing ability. However, the relatively low leverage in the project resulting in overall moderate break-even occupancy, the sponsor's leasing track record and exceptional financial flexibility mitigate the refinancing risk to an extent

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 with unencumbered cash and liquid investments of Rs. 3.40 crore and undrawn bank limit of Rs. 46 crore as of September 30,2024. These, along with internal accruals and security deposit are expected to be adequate to fund the pending project cost of around Rs. 78 crore as of September 2024. The debt obligations for FY2025 and FY2026 can be comfortably met from the cash flow from operations.

Rating sensitivities

Positive factors – Significant progress in leasing at adequate rentals and mitigation of refinancing risk associated with CF loan resulting in an improvement in debt protection metrics could lead to a rating upgrade.

Negative factors – Cost overrun or unforeseen delay in completing the project could exert pressure on the company's ratings. Considerable delays in tying up balance leases or lease tie-ups at inadequate rental rates impacting its refinancing ability or any significant increase in indebtedness impacting the debt protection metrics may also 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	For arriving at the ratings, ICRA has taken a consolidated view of ILP 3 India 11 Private Limited, ILP 3 India 12 Private Limited and ILP 3 India 13 Private Limited, given the high degree of business, management linkages, cash flow fungibility and cross collateralisation for the rated loan.

About the company

ILP 3 India 13 Pvt. Ltd. (100% subsidiary of M/s. ILP III Ventures XXI Pte. Ltd., Singapore) is developing an industrial park located at Ullavur, Kanchipuram district, Oragadam, Chennai, on a parcel of land admeasuring about 68 acres held by ILP 3 India 13 Pvt. Ltd (29 acres), ILP 3 India 11 Pvt. Ltd. (22.8 acres) and ILP 3 India 12 Pvt. Ltd. (16.89 acres). The project comprises five warehouses with a leasable area of 1.66 msf.

Key financial indicators (audited)

	FY2023	FY2024
Operating income	0.3	8.5
PAT	-0.7	-9.9
OPBDIT/OI	-286.8%	27.1%
PAT/OI	-223.7%	-116.5%
Total outside liabilities/Tangible net worth (times)	1.3	2.5
Total debt/OPBDIT (times)	-148.7	105.0
Interest coverage (times)	-15.8	0.2

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 (FY2025)			Chronology of rating history for the past 3 years					
	FY2025			FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Mar 25, 2025	Date	Rating	Date	Rating	Date	Rating
Short-term-Bank guarantee - Non-fund based	Short Term	10.00	[ICRA]A2	20-DEC-2023	[ICRA]A2	17-OCT-2022	[ICRA]A2	-	-
Short-term-Letter of credit-Interchangeable	Short Term	(10.00)	[ICRA]A2	20-DEC-2023	[ICRA]A2	17-OCT-2022	[ICRA]A2	-	-
Long-term-Term loan-Fund-based	Long Term	240.00	[ICRA]BBB+ (Stable)	20-DEC-2023	[ICRA]BBB+ (Stable)	17-OCT-2022	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term loans	Simple
Letter of credit	Very Simple
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**	Dec 31, 2021	-	FY2029	240.00	[ICRA]BBB+ (Stable)
NA	**Letter of credit***	Dec 31, 2021	-	FY2029	(10.00)	[ICRA]A2
NA	**Bank guarantee**	Dec 31, 2021	-	FY2029	10.00	[ICRA]A2

*Source: Company data; *Letter of Credit (LC) is a sub limit of Term Loans*

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
ILP 3 India 13 Private Limited	100% (rated entity)	Full Consolidation
ILP 3 India 11 Private Limited	100%	Full Consolidation
ILP 3 India 12 Private Limited	100%	Full consolidation

Source: Company

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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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