

March 27, 2025

Karanje Emerald Logistics Park Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	175.75	175.75	[ICRA]A- (Stable); Reaffirmed
Short-term – Non-fund based – Letter of credit [^]	(100.00)	(100.00)	[ICRA]A2+; Reaffirmed
Total	175.75	175.75	

*Instrument details are provided in Annexure I; [^] Sublimit of Term loans

Rationale

The reaffirmation of ratings for Karanje Emerald Logistics Park Private Limited (KELPPL) factors in the healthy leasing at 84% (including signed LOI) as of December 2024 with reputed tenants, low funding risk for the ongoing under-construction area and strong promoter group, the CapitaLand Group, which lends exceptional financial flexibility. With healthy demand in the micromarket, the occupancy is expected to further improve in the near term. The rating considers the favourable location of the warehousing park in the Talegaon cluster and good connectivity to Pune and other adjacent industrial as well as warehousing hubs. The budgeted project cost of Rs. 351.5 crore is being funded in a debt-to-equity ratio of 1:1. The funding risk for the project remains low, as the debt requirement has been tied up and nearly 70% of the equity requirement has already been infused as on December 31, 2024. The rentals for two blocks are expected to start in FY2026 and the corresponding construction finance (CF) will be converted into a lease rental discounting (LRD) loan. Backed by healthy leasing, the leverage and debt coverage metrics are estimated to be adequate. KELPPL is owned by CapitaLand Group, a Temasek Holdings (Private) Limited linked entity¹, which has an established execution track record in the industrial warehousing and office leasing segment in India.

The ratings are, however, constrained by the project's exposure to moderate execution risks as about 34% of the budgeted total project cost is yet to be incurred as of December 2024, against the DCCO of March 2029. Nevertheless, ICRA expects the construction to be completed within the scheduled timeline without any material time and cost overrun, given the extensive experience of the sponsor in the warehousing space and office. The company faces tenant concentration risk as a single tenant occupies around 55% of the leasable area. Nonetheless, the healthy financial profile of the tenant mitigates the counterparty credit risk to an extent. Further, it is exposed to high geographical and asset concentration risks inherent in single-project companies.

The Stable outlook reflects ICRA's opinion that the company will complete the project without any material time and cost overruns within the scheduled DCCO. Further, ICRA expects that KELPPL will maintain adequate debt protection metrics, backed by healthy leasing.

Key rating drivers and their description

Credit strengths

Favourable project location and healthy leasing levels – The warehousing park is in Karanja Vihire village, in Khed Taluka, Dist. Pune, which is an established location for industrial and logistics parks. The site is approx. 5-7 km from Chakan Maharashtra

¹Temasek Holding (Private) Limited, which is 100% owned by Government of Singapore through Minister of Finance, has deemed interest of 53% in CapitaLand Investments Limited. CapitaLand Investments Limited is the ultimate holding company of KELPPL.

Industrial Development Corporation (MIDC) and Talegaon MIDC and around 17 to 18 km from the Pune Mumbai Expressway. The location is in proximity to Chakan, one of the major industrial hubs for automobiles, engineering, electrical and food processing, which has witnessed strong warehousing development. The leasing is healthy at 84% (including signed LOI) as of December 2024 with reputed tenants and with healthy demand in the micromarket. The occupancy is expected to further improve in the near term.

Low funding risk – The budgeted project cost of Rs. 351.5 crore is being funded in a debt-to-equity ratio of 1:1. The funding risk for the project remains low, as the debt requirement has been tied up and nearly 70% of the equity requirement has already been infused as on December 31, 2024. The rentals for two blocks are expected to start in FY2026 and the corresponding CF will be converted into an LRD loan. Backed by healthy leasing, the leverage and debt coverage metrics are estimated to be adequate.

Established track record and strong sponsor profile lends exceptional financial flexibility – KELPPL is owned by Ascendas India Logistics Fund, sponsored by the CapitalLand Group. CapitalLand Limited is one of the largest diversified real estate groups in Asia, with presence across more than 260 cities in over 40 countries. In India, the Group has an operational track record of over 25 years. The Group, through Ascendas-Firstspace (A CapitalLand Joint venture) and its various special purpose vehicles, owns and operates a network of warehousing assets across Bengaluru, Chennai, the National Capital Region, Kolkata, Pune, and Mumbai and has developed and leased 10 msf till date.

Credit challenges

Exposure to moderate execution risk – The project is exposed to moderate execution risk as about 34% of the budgeted total project cost is yet to be incurred as of December 2024, against DCCO of March 2029. It has a total leasable area of 0.9 msf spread over four units, out of which construction of one unit having a leasable area of 0.5 msf is completed as of December 2024. Nevertheless, ICRA expects the construction to be completed within the scheduled timeline without any material time and cost overrun, given the extensive experience of the sponsor in the warehousing space and office.

Exposure to tenant concentration risk – The company faces tenant concentration risk as a single tenant occupies around 55% of the leasable area. Any delays in rental payments or renegotiation in the lease agreement with its tenant leading to reduction in rentals can adversely impact its cash flow position. Nonetheless, the healthy financial profile of the tenant mitigates the counterparty credit 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 CapitalLand'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 Rs. 1.3-crore cash and liquid investments and Rs. 86.3-crore undrawn bank limits as on December 31, 2024. These along with the balance equity commitment (including internal accruals) are expected to be adequate to fund the pending project cost of Rs. 119.6 crore. It does not have any principal repayment obligations in FY2026.

Rating sensitivities

Positive factors – The rating may be upgraded in case of timely commencement of rentals in full capacity, along with an improvement in leverage and coverage indicators. Specific credit metrics that could result in a rating upgrade would be five-year average DSCR of greater than 1.3 times on a sustained basis.

Negative factors – Cost overruns or any unforeseen delays in completing the project could exert pressure on the company’s ratings. Any renegotiation in lease agreement with its tenants leading to reduction in rentals and/or increase in indebtedness leading to weakening of the debt protection metrics could lead to 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

Karanje Emerald Logistics Park Private Limited is developing a warehousing park on a land parcel admeasuring about 45.45 acres located, at Karanja Vihire village, in Khed Taluka, Dist. Pune. The said land parcel will have four blocks with a total leasable area of 0.9 msf. CIL2 Logistics 2 Pte Ltd, Singapore through CapitaLand Group and Temasek owns 99.7% stake and Firstspace Realty LLP owns 0.3% in Karanje Emerald Logistics Park Private Limited.

Key financial indicators (audited) - Not applicable for a project company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	FY2025		FY2024		FY2023		FY2022	
		Amount Rated (Rs. crore)	Mar 27, 2025	Date	Rating	Date	Rating	Date	Rating
Short-term – Non-fund based – Letter of credit*	Short Term	(100.00)	[ICRA]A2+	30-JAN-2024	[ICRA]A2+	-	-	-	-
Long-term – Fund-based – Term loans	Long Term	175.75	[ICRA]A-(Stable)	30-JAN-2024	[ICRA]A-(Stable)	-	-	-	-

*sub-limit of term loans

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	Simple
Short-term – Non-fund based – Letter of credit^	Very Simple

^ Sublimit of Term loans

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	FY2024	NA	FY2039	175.75	[ICRA]A- (Stable)
NA	Letter of credit*	NA	NA	NA	(100.00)	[ICRA]A2+

Source: Company; * Sublimit 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: Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3358

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Abhishek Lahoti

+91 40 6939 6433

abhishek.lahoti@icraindia.com

Hemanth Vasishta Attaluri

+91 40 6939 6419

vasishta.attaluri@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

For more information, visit www.icra.in

ICRA Limited



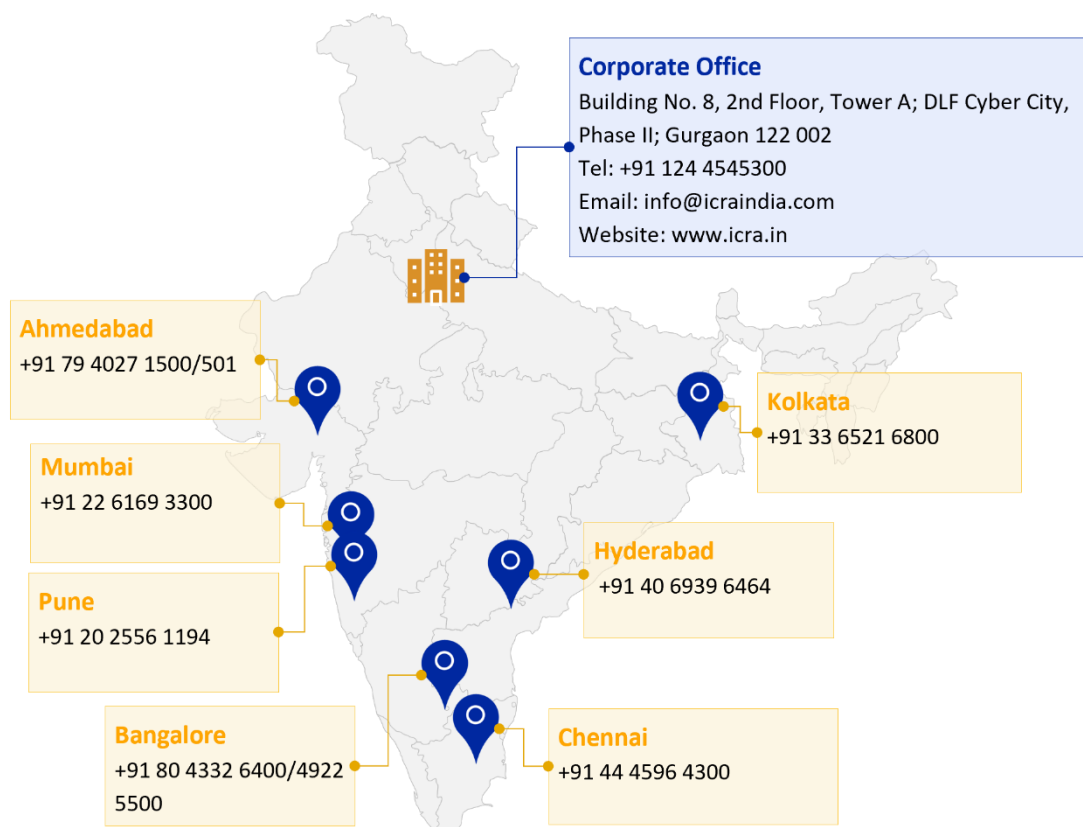
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.