April 30, 2025

ILP 3 India 2 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	80.00	80.00	[ICRA]BBB+ (Stable); Reaffirmed
Total	**80.00**	**80.00**	

Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for ILP 3 India 2 Private Limited, a special purpose vehicle (SPV) sponsored by the IndoSpace network[1] (IndoSpace), factors in the project's favourable location and its strong sponsor profile, along with the established track record of IndoSpace in the industrial warehousing and logistics space in India and the exceptional financial flexibility. The company is developing an industrial and logistics park at Govandi, Mumbai, with a total leasable area of 0.15 million square feet (msf) comprising one block, B-100. The project location is well-connected to various parts of Mumbai via major roads like Eastern Express Highway, Ghatkopar–Mankhurd Link Road, and Eastern Freeway. The ratings derive comfort from the low funding risk of the project with the entire debt for the project construction already tied up and more than 90% of the committed equity requirement already infused as on December 31, 2024, for a budgeted debt-to-equity ratio of 0.89:1 for the project. As on December 31, 2024, the company had completed ~83% of the project construction (64% by September 30, 2023). The leverage is estimated to remain adequate with moderate debt coverage metrics for the project in the medium term.

The ratings are, however, constrained by the project's exposure to residual execution risk with ~17% of the total budgeted project cost yet to be incurred as of December 31, 2024, against the revised date of commencement of commercial operations (DCCO) of March 31, 2026. The extension of DCCO by one year to March 31, 2026, was on account of change in the warehouse structure to bifurcate the single block into multiple spaces. The initial budgeted project cost of Rs. 169.1 crore is expected to escalate by 3-5% on the back of an increase in interest during construction (IDC), which will be funded by the promoter's contribution/security deposits. The rating also notes that the company is exposed to market risk as there are no pre-leasing tie-ups as on March 31, 2025. While the company is in discussions with prospective tenants, its ability to achieve leasing on time and at adequate rental rates will be the key rating monitorable. However, ICRA derives comfort from the demonstrated ability and track record of IndoSpace to lease and execute projects on time. 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.

The Stable outlook reflects ICRA's opinion that the company is likely to complete the project within the revised DCCO and secure lease tie-ups at adequate rental rates and maintain adequate leverage.

Key rating drivers and their description

Credit strengths

Strong track record and business profile of sponsors – ILP 3 India 2 Private Limited is a wholly-owned subsidiary of ILP III Ventures XII Pte. Ltd. (a part of IndoSpace). IndoSpace is sponsored by Realterm Global, Everstone Capital and GLP Global.

[1] *ILP III Ventures XII Pte. Ltd., Singapore (a part of the IndoSpace network, which 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 $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. The Everstone Group manages funds of over $5 billion in private equity and real estate. GLP Global is an investment firm, with over $100 billion assets under management (AUM) across multiple asset classes including real estate, private equity and infrastructure.

Favourable project location – The project is located at Govandi, with good connectivity to various parts of Mumbai via major roads like the Eastern Express Highway, Ghatkopar–Mankhurd Link Road and the Eastern Freeway. The project is expected to cater to the growing demand of hyperlocal delivery within cities. The tenants are mostly expected to be e-commerce entities.

Adequate leverage with low funding risk – The project has low funding risk with the entire debt for the project construction already tied up and more than 90% of the committed equity requirement already infused as on December 31, 2024, for a budgeted debt-to-equity ratio of 0.89:1 for the project. The leverage is estimated to remain adequate with moderate debt coverage metrics for the project in the medium term.

Credit challenges

Exposure to project execution risk – The company is exposed to residual execution risk with ~17% of the total budgeted project cost is yet to be incurred as of December 31, 2024 (September 30, 2023: 36%). The DCCO for the project was extended by one year on account of change in the warehouse structure to bifurcate the single block into multiple spaces. Accordingly, the revised DCCO for the project is March 31, 2026, and repayments are scheduled to commence from October 2026.

Exposure to market risk – The company is exposed to market risk as there are no pre-leasing tie-ups as on March 31, 2025. While the company is in discussions with the prospective tenants, its ability to achieve leasing on time and at adequate rental rates will be the key rating monitorable.

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 March 2025, the company has an undrawn term loan of Rs. 17.7 crore and free cash balance of Rs. 0.8 crore. The pending construction cost will be funded through a mix of promoter's contribution, undrawn term loan, internal accruals, and security deposits. ICRA draws comfort from the track record of timely infusion of funds by the sponsor into various SPVs, whenever needed. The debt repayments for the CF loan will commence from October 2026. The cash flow from the project's operations is estimated to be sufficient to service the debt obligations upon completion.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company achieves significant progress in leasing at adequate rental rates, along with timely completion of project without any major cost overruns leading to comfortable debt protection metrics. Specific credit metric for a rating upgrade would be five-year DSCR of higher than 1.20 times on a sustained basis.

Negative factors – Delays in project progress or 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 Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

ILP 3 India 2 Pvt. Ltd., a 100.00% subsidiary of ILP III Ventures XII Pte. Ltd., Singapore, is an SPV for setting up an in-city warehouse project called, IndoSpace Chembur, at Govandi, Mumbai. The construction is ongoing at a land parcel admeasuring 2.14 acres along Ghatkopar–Mankhurd Link Road, with a leasable area of 0.15 msf comprising one block. It is expected to be completed by the revised scheduled DCCO of March 31, 2026. This is the first in-city warehousing project for the IndoSpace Group and would be among the few in-city Grade A warehouses in Mumbai. The project is expected to cater to the growing demand for hyperlocal delivery within cities and the tenants are mainly expected to be e-commerce entities.

Key financial indicators (audited): Not applicable being a project company

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 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	80.00	[ICRA]BBB+ (Stable)	-	-	Jan 15, 2024	[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 loan**	October 2023	NA	November 2034	80.00	[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

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Pulkit K Varshney
+91 80 4332 6427
pulkit.varshney@icraindia.com

Aashay Jain
+91 80 4332 6431
aashay.jain@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

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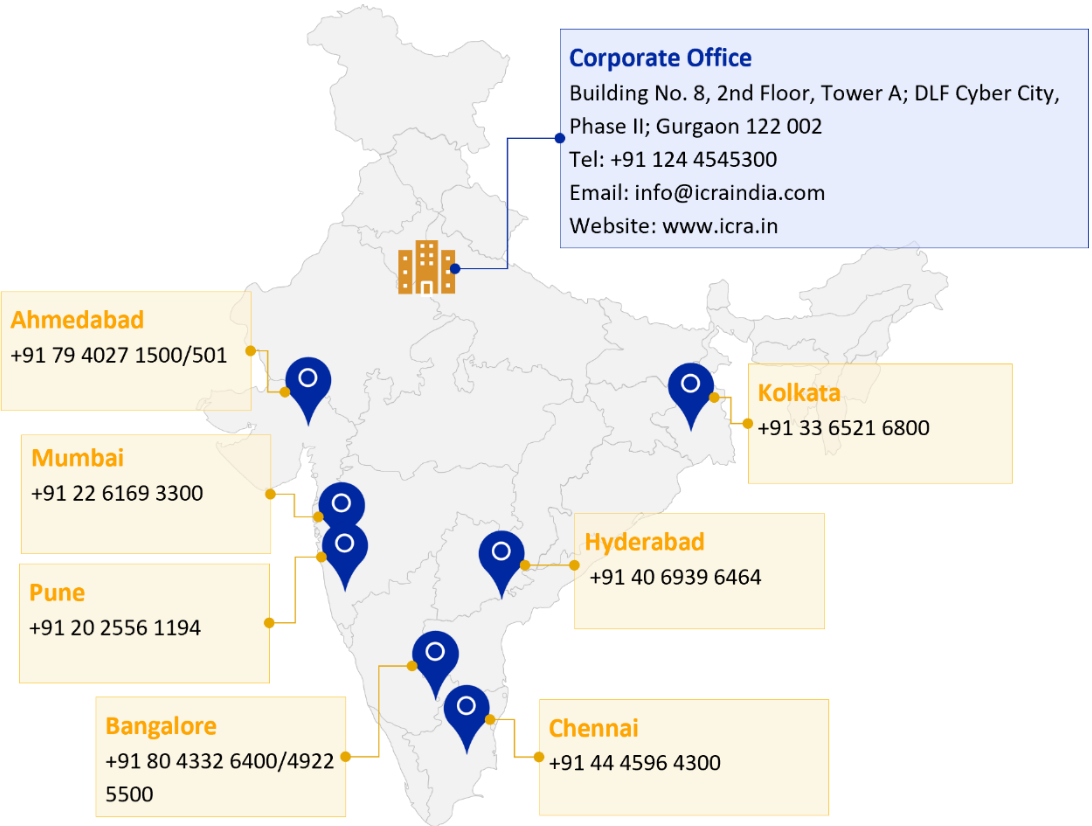
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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