

January 14, 2021

## Antariksh Warehousing and Logistics Parks Private Limited: [ICRA]BBB(Stable)/A3+ assigned

### Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long term -Fund Based – Term Loan	85.00	[ICRA]BBB(Stable); Assigned
Long term/ Short Term- Interchangeable#	(10.00)	[ICRA]BBB(Stable)/A3+; Assigned
<b>Total</b>	<b>85.00</b>	

\*Instrument details are provided in Annexure-1

#Includes Letter of Credit and Bank Guarantee limits; sublimit to term loan facility

### Rationale

The rating assigned to Antariksh Warehousing and Logistics Parks Private Limited (AWLP) favourably factors in the strong business profile and established track record of the Indospace Group in India. The Indospace group is sponsored by Realterm Global, Everstone Capital and GLP Global. The project's location at Bhaproda, in Haryana, ensures good connectivity through well-developed road network into Delhi, NCR, UP and Rajasthan. The project has a low funding risk as 100% of the promoter's contribution has been bought in and the debt tie up is in place. The rating takes into consideration the presence of a Debt Service Reserve Account (DSRA) mechanism, equivalent to three months of debt servicing obligations to be maintained post the moratorium period and three months interest obligations to be maintained during the moratorium period.

The rating, however, is constrained by market risks as leasing tie up for 31% of the leasable area is in place. The company is in advanced stages of discussion with a few prospective tenants and the conversion of the same remains a key monitorable. The project is exposed to moderate execution risks as about 37% of the total project cost is yet to be incurred, while the scheduled completion date is April 2022. The company has constructed one out of the three buildings as on September 2020, while the second building is at an advanced stage of construction. The company is also exposed to high geographical and asset concentration risk, which is inherent in single project companies; however, the risk is mitigated by the wide portfolio of the Indospace group across various geographies in India.

The Stable outlook on the rating reflects ICRA's opinion that the company will be able to complete the project without any material time and cost overruns. Further the leasing is expected to progress in a timely manner.

### Key rating drivers and their description

#### Credit strengths

**Strong business profile and track record of sponsors**—AWLP is promoted by ILP II Ventures X Pte. Ltd. ILP II Ventures X Pte. Ltd 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 owns over 300 facilities and controls about 450 lakh sq. ft. of development. Everstone Capital is a premier India-focused investment manager dedicated to private equity and real-estate funds. GLP Global is an investment firm, managing multiple asset classes including real estate, private equity and infrastructure. GLP manages funds over US\$60 billion AUM across real estate and private equity segments.

**Favourable project location** – The proposed industrial and logistics park is located 6 km from Delhi-Rohtak National Highway (NH10). The proximity to the NH10 enables good connectivity through a well-developed road network into Delhi, Gurgaon, Himachal Pradesh, Punjab, and Rajasthan. Major industries operating in this region include Asian Paints, Yokohama, Tata Global Beverages, Jindal Steel, Hindustan National Glass, Neolite Industries, Lakshmi Precision Screws, Aisin and Essar Steel.

**Low funding risk and presence of DSRA post moratorium period** – The project’s funding risk is low as the entire debt requirement has been tied-up and 100% of the equity requirement has already been infused for a budgeted debt-to-equity ratio of 1.18:1 for the project. However, the debt tie-up was made later in the project and the initial project construction was funded from equity contribution. The bank facility requires maintaining a DSRA, which is equivalent to three months of debt servicing obligations for the project loan post the moratorium period and three months interest obligation during the moratorium period, as well as an escrow mechanism. These provide comfort against any short-term liquidity mismatch in case of exigency.

## Credit challenges

**Exposure to market risk** – The company is exposed to market risk as leasing tie ups for 31% of the leasable area is in place. The company has completed the construction of one building and has partially leased the same to two tenants. Further, the company is in advance stages of discussion with two prospective tenants for leasing of the second building, the construction of which is almost completed. The proposed industrial and logistics park faces competition from various medium and large sized warehouses in the vicinity; however, the same is mitigated to some extent by high demand in the given micro market.

**Exposure to project execution risks** –The project is in its intermediate stage of execution, with 63% of the project cost and 66% of the construction and common infrastructure cost incurred as on September 2020. The company has completed one out of the total three buildings planned in the park and the second building is in the advanced stages of construction. The date of commencement of commercial operations (DCCO) for the project is April 2022, and ICRA expects the construction to be completed within the timeline.

**High geographical and asset concentration risks** – Indospace Bhaproda is the single project undertaken by AWLP, thus it is exposed to high geographical and asset concentration risks inherent in single project companies. However, ICRA draws comfort from the Group’s diverse portfolio of around 37 million sq. ft. across 36 logistics and industrial parks (including developed and under development parks) across 8 cities in India.

## Liquidity position: Adequate

The liquidity position of the company is **adequate** because of liquid investments and unencumbered cash balance of ~Rs. 0.56 crore as on September 2020. The balance project cost of Rs. 58 crore is expected to be funded by undrawn bank limits of ~Rs. 85 crore as on September 2020. Considering the balance project cost of Rs 58 crore, the company does not plan to draw down the entire debt, except in case of built to suit requirement of tenant compensated with higher rentals. The interest payments are met through interest during construction (IDC component), which is adequate. The debt repayments are expected to commence from April 2022 as per the DCCO in the sanctioned terms. Further, the construction finance facility requires debt service reserve account (DSRA) balance of three months interest plus principal obligation to be maintained post the moratorium period and three months interest obligation to be maintained during the moratorium, which underpins the liquidity profile.

## Rating sensitivities

**Positive triggers** – ICRA could upgrade AWLP’s rating in case of material ramp up in leasing at adequate rental rates. Timely progress of the project without any major cost overruns will be essential for the rating upgrade.

**Negative triggers** – Cost overruns or unforeseen delays in the completion of the project or considerable delays in lease tie-ups and lower-than-expected rental rates could exert negative pressure on the company's rating.

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Debt Backed by Lease Rentals</a>
Parent/Group Support	NA
Consolidation/Standalone	Standalone

## About the company

Antariksh Warehousing and Logistics Parks Private Limited is currently developing an Industrial and Logistics Park, Indospace Bhaproda, on a land admeasuring approx. 36 acres, with a total leasable area of 7.3 lakh sq. ft. Currently, the company is a 100% subsidiary of ILP II Ventures X Pte. Ltd., Singapore, which is sponsored by Indospace Logistics Park Private Limited.

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

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding as on November 21, 2020	Rating 14-January-2021	FY2019	FY2018	FY2017
1	Fund Based- Term Loan	Long Term	85.0	25.5	[ICRA]BBB(Stable)	-	-	-
2	Non-Fund Based- Letter of Credit and Bank Guarantee*	Long Term/ Short Term	(10.0)	-	[ICRA]BBB(Stable)/A3+	-	-	-

*Amount in Rs. Crore; Non-fund based limits – Letter of Credit and Bank Guarantee are sublimit to the term loan facility*

### Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

### Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	April-2020	-	March-2031	85.00	[ICRA]BBB(Stable)
NA	Letter of Credit & Bank Guarantee*	April 2020	-	-	(10.00)	[ICRA]BBB(Stable)/A3+

\* Letter of credit and Bank Guarantee of Rs. 10 crore is a sub-limit of term loan of Rs. 85 crore  
Source: AWLP

### Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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