

July 10, 2024

Big Space Ventures Logistics Private Limited: [ICRA]BBB+ (Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	300.00	[ICRA]BBB+ (Stable); Assigned
Total	300.00	

*Instrument details are provided in Annexure-I

Rationale

Big Space Ventures Logistics Private Limited (BSVLPL), a special purpose vehicle (SPV) sponsored by the IndoSpace network (IndoSpace; holds 74% stake in BSVLPL) and Corsa Ventures LLP holds 26% stake in BSVLPL, is developing an industrial and logistics park in Bhiwandi, Mumbai, Maharashtra, with a total leasable area of 1.42 million square feet (msf), spread across eight warehouse units. The assigned rating reflects the strong sponsor profile, along with the established track record of IndoSpace in the industrial warehousing and logistics space in India. The rating draws comfort from the project's favourable location in the Bhiwandi micromarket and good connectivity to Mumbai, Thane, Navi Mumbai, and other adjacent industrial and warehousing hubs, along with the adequate leverage and debt coverage metrics estimated from the project. Further, the funding risk remains low as the entire debt requirement has been tied up and nearly 66% of the committed equity requirement (including internal accruals) has been infused as on March 31, 2024, for a budgeted debt-to-equity ratio of 1.5:1 for the project.

The rating is, however, constrained by the project's exposure to execution and market risks. The project is at a nascent stage, with 30% total project cost incurred as of March 2024. Nonetheless, the construction is expected to be completed within the scheduled date of commencement of commercial operations (DCCO) of July 01, 2029. ICRA takes note of the company's exposure to market risk, as there are no leasing tie-ups as on date. Hence, its ability to achieve leasing on time and at adequate rental rates will be the key rating monitorable. Further, the company is exposed to refinancing risk for the construction finance (CF) loan, which has a bullet repayment of the facility in March 2030. However, ICRA derives comfort from the demonstrated ability and track record of IndoSpace to lease and execute projects on time. The company is also vulnerable to high geographical and asset concentration risks inherent in a single project portfolio.

The Stable outlook reflects ICRA's opinion that the company will complete the project without any material time and cost overruns as well as secure lease tie-ups at adequate rental rates within the scheduled DCCO.

Key rating drivers and their description

Credit strengths

Strong track record and business profile of sponsors – Big Space Ventures Logistics Private Limited is promoted by ILP III Ventures XXII Pte Ltd (part of the IndoSpace network) and Corsa Ventures LLP. 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. At present, it manages assets worth over USD 11 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, and the Everstone Group manages funds of over USD 7 billion in private equity and real estate. GLP Global is an investment firm with over USD 60 billion assets under management (AUM) across the real estate and private equity segments.

Corsa Ventures LLP is owned by the promoters of Navneet Education Limited and is engaged in a wide array of activities, including development of residential and commercial real estate projects, undertaking infrastructure projects and trading and distribution of various goods.

Favourable project location – The project is located on a land parcel admeasuring about 66 acres in Bhiwandi, which is about 1 km off NH-160 (Mumbai-Nashik National Highway) and is situated 40 km north-east of Thane City. The site is well-connected with the major consumption centres such as Mumbai, Thane, and Navi Mumbai.

Low funding risk – The project’s funding risk is low as the debt requirement has been tied up and 66% of the committed equity requirement (including internal accruals) has already been infused as of March 2024. The budgeted project cost of Rs. 500.0 crore is estimated to be funded by a debt-to-equity ratio of 1.5:1. ICRA derives comfort from the adequate project leverage and debt service coverage ratio (DSCR) estimated from the project. The rated CF facility requires maintaining a DSRA equivalent to two months of interest during the entire loan tenure.

Credit challenges

Exposure to project execution and market risks – The project is at a nascent stage of execution, with 30% total project cost incurred as of March 2024. It has a total leasable area of 1.42 msf spread over eight units, out of which two are under construction as of March 2024. Nevertheless, ICRA expects the construction to be completed within the scheduled timeline without any material time and cost overrun, considering a DCCO of July 01, 2029, and the IndoSpace Group’s extensive experience in the warehousing space. The company is exposed to market risk as there are no leasing tie-ups as of date. The company’s ability to achieve incremental leasing on time and at adequate rental rates will remain critical from the credit perspective.

Exposure to refinancing risk – The repayment of the existing CF facility is due in bullet instalment in March 2030. Any delays in construction or inadequate leasing may adversely impact its refinancing ability. However, ICRA derives comfort from the demonstrated ability and track record of IndoSpace to lease and execute projects on time.

Geographical and asset concentration risks – The company is exposed to high geographical and asset concentration risks inherent in single project companies.

Liquidity position: Adequate

The company’s liquidity position is adequate with free cash of Rs. 10.9 crore and liquid investments as well as Rs. 270.0-crore undrawn bank limits, as of March 2024, which along with the balance equity commitments (including internal accruals) will be adequate to fund the pending project cost of Rs. 349.7 crore.

Rating sensitivities

Positive factors – Significant progress in leasing at adequate rentals and mitigation of refinancing risk associated with the 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 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

Standalone

About the company

Big Space Ventures Logistics Private Limited is a 74:26 joint venture between ILP III Ventures XXII Pte Ltd, Singapore and Corsa Ventures LLP. Big Space Ventures Logistics Private Limited is developing an industrial and logistics park on a land admeasuring approximately 66 acres with a total leasable area of 1.42 msf comprising eight warehousing units at Bhiwandi, Mumbai, Maharashtra.

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	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	
1	Term loans	Long term	300.00	July 10, 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 loans	January 2024	NA	March 2030	300.00	[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

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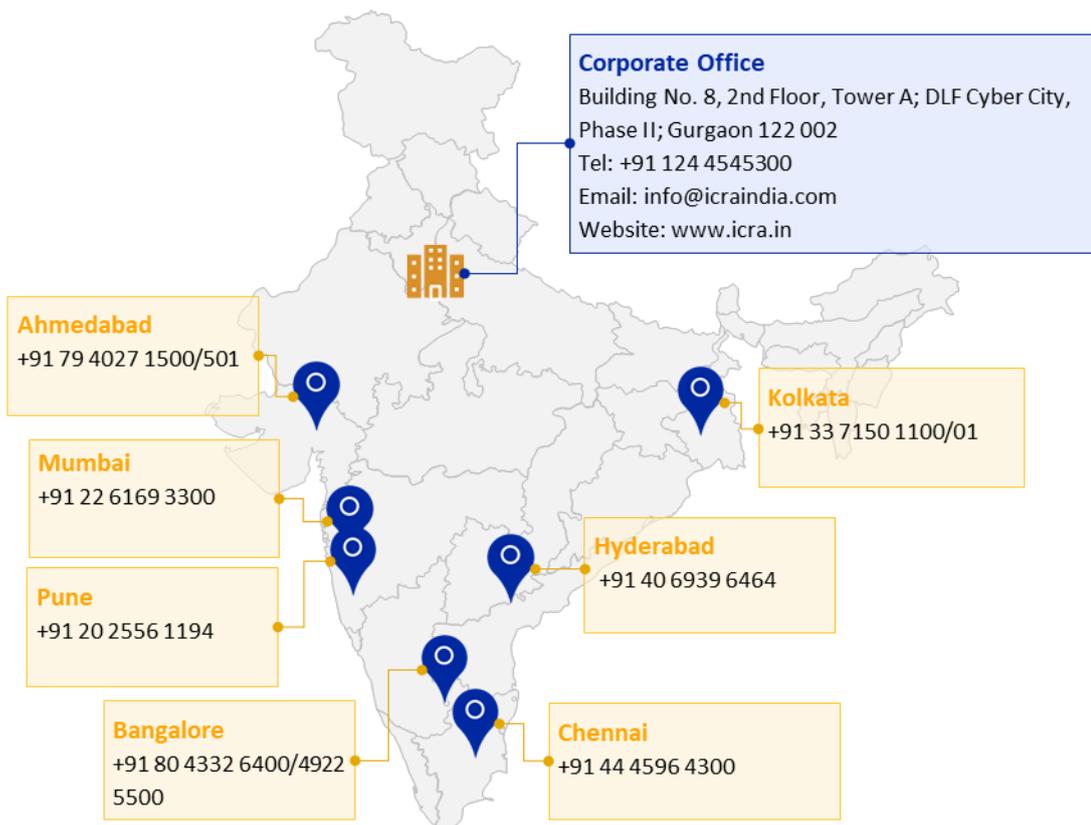
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