

September 30, 2024

## AIGP Developers (Pune) Private Limited: Rating reaffirmed

### Summary of rating action

| Instrument*                        | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action                |
|------------------------------------|--------------------------------------|-------------------------------------|------------------------------|
| Long-term – Fund-based – Term loan | 700.0                                | 700.0                               | [ICRA]A (Stable); reaffirmed |
| Long-term – Unallocated            | 175.0                                | 175.0                               | [ICRA]A (Stable); reaffirmed |
| <b>Total</b>                       | <b>875.0</b>                         | <b>875.0</b>                        |                              |

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation for AIGP Developers (Pune) Private Limited (ADPL) factors in the improvement in committed occupancy of Phase 1 of 1.47 msf to 96% as of August 2024 from 80% as of July 2023, the advanced construction stage of Phase 2, receipt of approval for de-notification of Special Economic Zone (SEZ) status for Phase 2, along with strong leasing pipeline for Phase 2, which is expected to result in ramp-up in occupancy over the near term. ADPL's financial risk profile is adequate, as reflected by the estimated leverage (Lease Rental Discounting (LRD) Debt/Net Operating Income (NOI)) of 6.6 – 6.8 times as of March 2025, and debt coverage metrics with five-year average DSCR of 1.29 – 1.31 times during FY2025-FY2029. The rating considers the strong promoter group, with Government of Singapore Investment Corporation (GIC) owning 70% and the remaining held by CapitalLand Group, a Temasek Holdings (Private) Limited entity<sup>1</sup>. CapitalLand India Private Limited has an established execution and leasing track record in the office leasing segment and has developed around 30 million square feet (msf) of commercial real estate space across six cities in India. GIC (Realty) Pte Ltd is a private company incorporated under the laws of Singapore and holds real estate investments made on behalf of the Government of Singapore. The strong promoter profile lends exceptional financial flexibility to the company. The rating considers the favourable location of the project in Kharadi, Pune, which is one of the preferred destinations for IT/ITES companies.

The rating is, however, constrained by ADPL's exposure to market risks for Phase 2 (1.5 msf) of the project as the company has very low pre-leasing as on date. Any substantial delays in leasing at adequate rental rates may adversely impact its refinancing ability. ICRA notes that there is a healthy timeline cushion with respect to refinancing of the construction loan for Phase 2, which is due in June 2026. In addition, the Group's leasing track record, strong leasing pipeline and exceptional financial flexibility provide comfort. The single asset nature of the development increases the market risk in case of any large vacancy. Further, the debt coverage ratios remain sensitive to any significant rise in indebtedness, changes in interest rates and material reduction in occupancy levels.

The Stable outlook reflects ICRA's expectation that ADPL will benefit from healthy occupancy levels for Phase 1 and will be able to tie-up leasing in a timely manner for Phase 2, aided by the favourable project location and strong leasing pipeline, while maintaining adequate coverage metrics.

<sup>1</sup> Temasek Holdings (Private) Limited, which is 100% owned by Government of Singapore through Minister of Finance, has deemed interest of ~53% in CapitalLand Investments Limited as on December 31, 2022.

## Key rating drivers and their description

### Credit strengths

**Healthy occupancy levels of Phase 1 along with reputed tenant profile** – The occupancy levels for Phase 1 of 1.47 msf improved to 96% (including LOIs) as of August 2024 from 80% as of July 2023. The tenant profile consists of reputable names with long lease tenure of 5-10 years and lease lock-in period of 3-5 years. ADPL's financial risk profile is adequate, as reflected by estimated leverage (LRD Debt/NOI) of 6.6 – 6.8 times as of March 2025, and debt coverage metrics with five-year average DSCR of 1.29 – 1.31 times during FY2025-FY2029.

**Strong promotor group with established track record lends financial flexibility** – ADPL is a part of a strong promoter group with GIC owning 70% and the remaining held by CapitaLand Group, a Temasek Holdings (Private) Limited entity. CapitaLand Group has an established execution track record in the real estate space with presence across more than 260 cities in over 40 countries. CapitaLand India Private Limited has developed around 30 msf of commercial real estate space across six cities in India. GIC (Realty) Pte Ltd is private company incorporated under the laws of Singapore and holds real estate investments made on behalf of the Government of Singapore. Further, the strong promoter profile lends exceptional financial flexibility to the company.

**Favourable location of project** – The project, International Tech Park Pune (ITPP), is in Kharadi, Pune, which forms a part of the SBD East commercial micromarket of Pune and is one of the preferred destinations for IT/ITES companies. Kharadi is also witnessing a steady rise in commercial and residential developments, enjoys good connectivity with competitive rentals making it an established micromarket for companies from different industries in the city.

### Credit challenges

**High market risk for Phase 2 and exposure to refinancing risk** – The company has very low pre-leasing as on date for Phase 2 (1.5 msf). Any significant delays in leasing at adequate rental rates may adversely impact its refinancing ability. ICRA notes that there is a healthy timeline cushion with respect to refinancing of the construction loan for Phase 2, which is due in June 2026. In addition, the Group's leasing track record, strong leasing pipeline and exceptional financial flexibility provide comfort. ADPL is also exposed to execution risk for the pending cost.

**Vulnerability of debt coverage ratios to changes in interest rate and occupancy levels** – The single asset nature of the development increases the market risk in case of any large vacancy. Further, the debt coverage ratios remain sensitive to any significant rise in indebtedness, changes in interest rates and material reduction in occupancy levels.

### Liquidity position: Adequate

The company has cash balances of ~Rs. 26 crore as of June 2024. The pending project cost of Rs. 365.4 crore as of March 2024 is expected to be funded by undisbursed CF loan of Rs. 234.6 crore and the balance through top-up LRD debt against rentals of Phase 1. The CF loan has a bullet repayment falling due in June 2026, which is likely to be refinanced through LRD loan before the due date. The debt repayment obligations for LRD loan for FY2025 and FY2026 can be comfortably met from the cash flow from operations.

### Rating sensitivities

**Positive factors** – ADPL's rating could be upgraded if there is a significant increase in committed occupancy exceeding 85% for both Phase 1 and Phase 2. Specific credit metric that could lead to an upgrade is total debt/NOI of less than 6 times on a sustained basis, while maintaining comfortable debt coverage metrics.

**Negative factors** – Downward pressure on the rating could emerge if there is material decline in occupancy of Phase 1 resulting in moderation of debt protection metrics on a sustained basis. Further, inability to achieve adequate leasing impacting the company’s ability to timely refinance construction finance loan for Phase 2 will be a credit negative.

## Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Realty - Lease Rental Discounting (LRD)</a> |
| Parent/Group support            | Not applicable   |
| Consolidation/Standalone        | Standalone   |

## About the company

AIGP Developers (Pune) Private Limited (ADPL) was incorporated on February 23, 2017. The company was initially named as HHP Developers (Pune) Private Limited, which was changed on April 7, 2017, to ADPL. It develops and operates IT/ITES parks in Pune. The company is 100% owned by AIGP 1 Pune B Pte. Ltd, which is ultimately owned by GIC (Realty) Pte Ltd (70%) and CapitaLand Investment Limited (30%).

GIC (Realty) Pte Ltd is a private company incorporated under the laws of Singapore and holds real estate investments made on behalf of the Government of Singapore. CapitaLand Investment Limited was previously known as CapitaLand Investment Management Limited and it is listed on Singapore Stock Exchange. CapitaLand Investment Limited, part of the CapitaLand Group, a Temasek Holdings (Private) Limited linked entity (is 100% owned by the Government of Singapore through Minister of Finance, has deemed interest of 53% in CapitaLand Investments Limited), which has an established execution track record in the office leasing segment.

ADPL is currently developing commercial office space in two phases of International Tech Park Pune (ITPP) at Kharadi, Pune. Phase 1 has a leasable area of 1.47 msf and has received OC in December 2021. Phase 2 has a leasable area of 1.5 msf and is currently under construction.

## Key financial indicators (audited)

| Standalone   | FY2023 | FY2024* |
|--|--------|---------|
| Operating income                                     | 77.8   | 117.2   |
| PAT  | -25.1  | -3.0    |
| OPBDIT/OI  | 57.7%  | 62.2%   |
| PAT/OI   | -32.3% | -2.6%   |
| Total outside liabilities/Tangible net worth (times) | 9.4    | 12.2    |
| Total debt/OPBDIT (times)                            | 21.7   | 16.9    |
| Interest coverage (times)                            | 0.9    | 1.3     |

Source: Company, ICRA Research; \* Provisional numbers; 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

| Instrument                      | Current (FY2025) |                         |                         | Chronology of rating history for the past 3 years |                  |        |        |        |        |
|---------------------------------|------------------|-------------------------|-------------------------|---|------------------|--------|--------|--------|--------|
|                                 | Type             | Amount Rated (Rs Crore) | Sep 30, 2024            | FY2024  |                  | FY2023 |        | FY2022 |        |
|                                 |                  |                         |                         | Date  | Rating           | Date   | Rating | Date   | Rating |
| <b>Fund-based – Term loan</b>   | Long term        | 700.0                   | <b>[ICRA]A (Stable)</b> | Jul 27, 2023                                      | [ICRA]A (Stable) | -      | -      | -      | -      |
| <b>Fund-based – Unallocated</b> | Long term        | 175.0                   | <b>[ICRA]A (Stable)</b> | Jul 27, 2023                                      | [ICRA]A (Stable) | -      | -      | -      | -      |

## Complexity level of the rated instruments

| Instrument         | Complexity Indicator |
|--------------------|----------------------|
| <b>Term loan</b>   | Simple               |
| <b>Unallocated</b> | NA                   |

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       | FY2024           | NA          | FY2039   | 700.0                    | [ICRA]A (Stable)           |
| NA   | Unallocated     | NA               | NA          | NA       | 175.0                    | [ICRA]A (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 20 6606 9912

[ashish.modani@icraindia.com](mailto:ashish.modani@icraindia.com)

**Anupama Reddy**

+91 40 6939 6427

[anupama.reddy@icraindia.com](mailto:anupama.reddy@icraindia.com)

**Abhishek Lahoti**

+91 40 6939 6433

[abhishek.lahoti@icraindia.com](mailto:abhishek.lahoti@icraindia.com)

**Chintan Chheda**

+91 22 6169 3363

[chintan.chheda@icraindia.com](mailto:chintan.chheda@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

### Helpline for business queries

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

[info@icraindia.com](mailto: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](http://www.icra.in)

## ICRA Limited



### Registered Office

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

Tel: +91 11 23357940-45



### Branches



© Copyright, 2024 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](http://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.