

October 04, 2024

Indran Logistics Park Private Limited: [ICRA]BBB (Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan 1	103.00	[ICRA]BBB (Stable); assigned
Long-term Fund-based – Term loan 2	52.00	[ICRA]BBB (Stable); assigned
Total	155.00	

*Instrument details are provided in Annexure-I

Rationale

For arriving at the rating, ICRA has consolidated the operational and financial profiles of Indran Logistics Park Private Limited (Indran) and Ikshita Logistics Park Private Limited (Ikshita), given the high degree of business, financial and managerial linkages and cash flow fungibility between both entities for the debt availed. Indran and Ikshita, which are special purpose vehicles (SPVs) sponsored by the IndoSpace network (IndoSpace), jointly developed an industrial and logistics park (Khopoli 2 project) on 58.74 acres of land in Khopoli, Raigad district, Maharashtra, with a total leasable area of 1.13 msf spread across six warehouse units. The construction finance debt for the project is availed by Indran, wherein Ikshita is the co-borrower and the loan is secured by entire project assets.

The assigned rating factors in the partially operational nature of the Khopoli 2 project with an operational track record of ~4 years for 0.41 msf of completed and leased area. The rating draws comfort from the favourable sponsor profile, along with the established track record of IndoSpace in the industrial warehousing and logistics space in India. The ratings take into account the project's favourable location in Khopoli, Maharashtra, near Mumbai–Pune–Bangalore Highway (which is a part of NH-48). The site is in proximity to four major industrial areas of Khalapur, Taloja, Rasayani and Kalamboli. The company is expected to benefit from the exceptional financial flexibility of IndoSpace and its track record of honouring the sponsor's undertakings to lenders by infusing funds into various SPVs, whenever needed.

The rating is, however, constrained by the project's exposure to market risks with 64% of the area yet to be leased as of June 2024. At the current leasing, the company's DSCR indicators are weak and the gap in debt servicing is expected to be funded through funds by the sponsor. The sponsor infused Rs. 27.0 crore in FY2024, which was utilised for capex and meeting the debt servicing shortfall. The company's ability to achieve incremental leasing at adequate rental rates, in a timely manner, will remain critical from the credit perspective. Nonetheless, the sponsor's experience and demonstrated track record of achieving leasing tie-ups provide comfort. Further, there are advance discussions underway with prospective clients and the occupancy is likely to improve to 70-72% by March 2025. The rated facility has an escrow mechanism in place and requires maintaining a debt service reserve account (DSRA), equivalent to three months of repayment obligations during the entire loan tenure. The company is 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 benefit from the extensive experience of its sponsor, IndoSpace, in the warehousing space, enabling it to secure lease tie-ups for the untied area at adequate rental rates, resulting in adequate debt coverage metrics.

Key rating drivers and their description

Credit strengths

Strong track record and business profile of sponsors; financial flexibility from being part of a strong sponsor group – Indran is promoted by ILP II Ventures VIII Pte. Ltd (part of the IndoSpace network). 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. ICRA derives comfort from the exceptional financial flexibility of the network and its track record of honouring sponsor undertakings to lenders and infusion of funds into various SPVs, whenever needed.

Favourable project location – The project is located in Khopoli, Maharashtra, near Mumbai–Pune–Bangalore Highway (which is a part of NH-48). The site is in proximity to four major industrial areas of Khalapur, Taloja, Rasayani and Kalamboli.

Partially operational asset with track record of ~4 years – The company has 1.13 msf leasable area spread across six warehouse units. The construction was completed in phases with the first unit becoming operational in March 2020 and the last unit in July 2024.

Credit challenges

Exposure to market risks – The company is exposed to market risk with 64% of the area yet to be leased as of June 2024. The company's ability to achieve incremental leasing at adequate rental rates, in a timely manner, will remain critical from the credit perspective. Nonetheless, the sponsor's experience and demonstrated track record of achieving leasing tie-ups provides comfort.

Weak debt coverage indicators at current leasing levels – Based on the current leasing, the company's debt coverage indicators are weak and the gap in debt servicing is expected to be funded through funds by the sponsor. The sponsor infused Rs. 27.0 crore in FY2024, which was utilised for capex and meeting the debt servicing shortfall. The rated facility has an escrow mechanism in place and requires maintaining a debt service reserve account (DSRA), equivalent to three months of repayment obligations during the entire loan tenure.

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

Liquidity position: Adequate

As of June 2024, the company had free cash and bank balance of Rs. 8.3 crore. The debt repayment obligations of Rs. 5.7 crore in FY2025 are expected to be met from cash flow from operations and fund infusion from promoters.

Rating sensitivities

Positive factors – ICRA could upgrade the rating in case of increase in leasing to 80% leading to improvement in the debt protection metrics.

Negative factors – Considerable delays in tying up leases for the balance area 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	For arriving at the ratings, ICRA has taken a consolidated view of Indran Logistics Park Private Limited and Ikshita Logistics Park Private Limited, given the high degree of business, financial and managerial linkages, and cash flow fungibility between both entities for the debt availed. The construction finance debt for the project is availed by Indran for which Ikshita is co-borrower and the loan is secured by entire project assets.

About the company

Indran Logistics Park Private Limited and Ikshita Logistics Park Private Limited, 100% subsidiaries of M/s. ILP II Ventures VIII Pte. Ltd, developed an industrial and logistics park in Khopoli, Raigad district, Maharashtra. The companies own the land (admeasuring 58.74 acres) for the project, which has a total leasable area of around 1.13 msf spread across six warehouse units.

Key financial indicators (audited)

	FY2023	FY2024
Operating income	13.9	13.5
PAT	(7.9)	(24.1)
OPBDIT/OI	79.6%	63.6%
PAT/OI	-56.6%	-177.7%
Total outside liabilities/Tangible net worth (times)	4.2	7.9
Total debt/OPBDIT (times)	19.7	30.3
Interest coverage (times)	0.9	0.4

Source: Company, ICRA Research; 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	Type	Current (FY2025)		Chronology of rating history for the past 3 years					
		Amount Rated (Rs. crore)	Oct 04, 2024	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Term loan 1	Long Term	103.00	[ICRA]BBB (Stable)	-	-	-	-	-	-
Term loan 2	Long Term	52.00	[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 1	FY2020	-	FY2035	103.00	[ICRA]BBB (Stable)
NA	Term loan 2	FY2020	-	FY2035	52.00	[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

Company Name	Ownership*	Consolidation Approach
Indran Logistics Park Private Limited	100.00% (rated entity)	Full Consolidation
Ikshita Logistics Park Private Limited	100%	Full Consolidation

*Both the entities are wholly-owned subsidiaries of the same parent ILP II Ventures VIII Pte. Ltd.

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