

October 10, 2022

One Qube Realtors Private Limited: Rating reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	325.00	325.00	[ICRA]BBB- (Positive); reaffirmed and withdrawn
Total	325.00	325.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has reaffirmed and withdrawn the rating assigned to the bank limits of One Qube Realtors Private Limited (OQRPL). The rating has been withdrawn at the company's request, on the basis on the no objection certificate (NOC) received from the lender. The rating action is in accordance with ICRA's policy on withdrawal of credit rating.

The rating reaffirmation reflects the progress made by One Qube Realtors Private Limited (OQRPL) in terms of execution, the adequate leasing pipeline, and the mitigation of the near-term refinancing risks. The physical construction of company's office property, One Qube, is substantially completed and the company has applied for the occupancy certificate for the property. The available liquidity, along with deferment of loan repayment date to March-2025 due to refinancing, provides the company sufficient time for lease tie up.

The rating continues to draw strength from OQRPL's strong sponsor profile, with the entities owned or managed by The Blackstone Group Inc. (the Sponsor) holding 100% stake in the company, and the resulting financial flexibility. The Sponsor has a strong track record of developing and operating commercial real estate assets in India, and commands high financial flexibility. ICRA expects the sponsor to continue supporting OQRPL in the event of any cash flow requirement. The rating also factors in the favourable location of OQRPL's sole under-construction property, One Qube (leasable area of 0.54 million sq. ft.), at Udyog Vihar in Gurugram, with the site being well-connected and enjoying proximity to prime commercial hubs. The rating notes the low regulatory and execution risks associated with the project, with the project having achieved 89% financial progress as on March 31, 2022 (66% as on March 31, 2021).

ICRA notes that the company is in discussions with several prospective tenants and leases are likely to be tied-up over the near to medium term. The rating, however, is constrained by the exposure to market risks as the company is yet to have substantial leasing tie-ups of the leasable area, despite the project being in the completion stage.

ICRA notes the refinancing of the construction loan (bullet repayment of which was falling due in March 2023) in March-2022, thereby mitigating the near-term refinancing risk. The new loans have a bullet repayment due in March 2025 and the company has adequate liquidity available to fund interest costs until the scheduled repayment dates. ICRA draws comfort from the financing flexibility and the proven refinancing ability of the sponsor group.

Key rating drivers and their description

Credit strengths

Strong promotor group with established track record lends financial flexibility – The company is 100% owned by the Blackstone Group, which is India's leading office landlord with a large portfolio of office properties across Bangalore, Pune, Hyderabad, Mumbai, NCR and Chennai. The sponsor has established leasing relationships with several blue-chip multinational companies as well as Indian corporates. Its long track record in real estate sector and large, diverse portfolio in retail and

commercial real estate business in India provides comfort and allows it to command high financial flexibility. ICRA expects the sponsor to support OQRPL in the event of any cash flow requirement.

Favourable location and good connectivity enhance project's attractiveness – One Qube is located in Udyog Vihar, Sector-18, Gurgaon. The project is situated at the NH-48 service lane, enabling access to the highway and proximity to metro stations, which provides connectivity with various parts of the city. The project also has significant frontage along the highway. The project benefits from the attractive location and the healthy demand for office space in the micro market.

Low regulatory and execution risks – The regulatory risk remains low, with all statutory approvals in place for construction of 0.54 million sq. ft. of leasable area. The execution risks are also mitigated to a large extent with the project having achieved 89% financial progress as on March 31, 2022 (66% as on March 31, 2021). The company has substantially completed the building construction and has applied for OC.

Credit challenges

Exposed to market risk – Notwithstanding the Sponsor's track record in office leasing, the project faces market risk as the company is yet to have substantial leasing tie-ups of the leasable area, despite the project being in the completion stage. As on date, the company had letter of intent (LOI) in place for 12% of the total leasable area. While ICRA notes that the company is in discussions with several prospective tenants and the leases are expected to be the tied-up over the near to medium term, its ability to tie-up leases at remunerative rentals and in a timely manner remains key from the credit perspective.

Geographical and asset concentration risk – The company is exposed to geographical and asset concentration risks inherent in single-project companies. However, ICRA draws comfort from the Sponsor's diverse portfolio in retail and commercial real estate business in India.

Exposed to refinancing risk – Notwithstanding the recent refinancing of the debt in March 2022, extending the repayment due date to March 2025, the company continues to remain exposed to refinancing risk given the bullet repayment structure of the outstanding loan. However, ICRA draws comfort from the financing flexibility of the sponsor group.

Liquidity position: Adequate

The company's liquidity position remains adequate, with cash and liquid investments of Rs. 25.7 crore and undrawn line of credit of Rs. 75 crore, as on March 31, 2022, sufficient to meet the construction cost and operating expenses. The loan is expected to be refinanced through lease rental discounting (LRD) loans before the bullet repayment date. ICRA expects the sponsor to continue supporting OQRPL in the event of any cash flow requirement.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Not applicable

Analytical Approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Debt Backed by Lease Rentals ICRA Policy On Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the Company

Incorporated on January 14, 2008, and earlier an Indiabulls Group company, One Qube Realtors Private Limited (erstwhile Ashkit Properties Limited), has a commercial project named One Qube on a land admeasuring approx. 3.34 acres with a total leasable area of 0.54 mn sq. ft in Udyog Vihar, Gurugram. Indiabulls Real Estate Limited (IBREL) had divested 50% stake in OQRL to the Blackstone Group in December 2018 and then the remaining 50% in September 2019.

Key financial indicators: 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

Current rating (FY2023)					Chronology of Rating History for the past 3 years				
Instrument	Type	Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2022 (Rs. crore)	Date & rating in FY2023	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020	
				10-Oct-22	25-Jul-22	6-Aug-21	3-Jul-20	20-Dec-19	
1	Term Loans	Long-term	325	250	[ICRA]BBB- (Positive); reaffirmed and withdrawn	[ICRA]BBB- (Positive)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)
2	Overdraft	Long-term	-	-	-	-	-	[ICRA]BBB- (Stable); Reaffirmed and withdrawn	[ICRA]BBB- (Stable)
3	Non-convertible debenture programme	Long-term	-	-	-	-	-	[ICRA]BBB- (Stable); Reaffirmed and withdrawn	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	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: www.icra.in

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan - I	Mar 2022	7.50%	Mar 2025	250.00	[ICRA]BBB- (Positive); reaffirmed and withdrawn
NA	Term Loan - II	Mar 2022	8.35%	Mar 2025	75.00	[ICRA]BBB- (Positive); reaffirmed and withdrawn

Source: Company data

[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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Branches



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