

January 19, 2024

Rohan Landscape Private Limited: Rating reaffirmed; rated amount reduced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term loan-1 [^]	87.56	72.00	[ICRA]A- (Stable); Reaffirmed
Term loan-2 [§]	62.00	62.00	[ICRA]A- (Stable); Reaffirmed
Non-fund based facility	10.00	0.00	-
Non-fund based facility	(10.00)	0.00	-
Total	159.56	134.00	

*Instrument details are provided in Annexure I, [^] Construction Finance (CF) loan converted to Lease Rental Discounting (LRD), [§] LRD

Rationale

The rating reaffirmation for Rohan Landscape Private Limited (RLPL) factors in the completion of the IndoSpace Chakan I Phase III project, in Chakan, within the scheduled date of commencement of commercial operation (DCCO), conversion of the construction finance (CF) loan into lease rental discounting (LRD) facility and commencement of rentals for the entire leasable area (4.69 lakh square feet) with 100% occupancy. The rating continues to factor in the established track record of the IndoSpace network¹ (IndoSpace) in the industrial, warehousing and logistics park business in India. The rating factors in the favourable location of the project in Chakan, which is a major industrial hub in the western part of India and has good connectivity to National Highway-50. The leasable area for the project has reduced to 4.69 lakh square feet from 6.19 lakh square feet, as the company decided to restrict the project to three blocks against the earlier plan of four blocks. Consequently, the overall draw down of the CF loan remained lower. All three completed blocks have been fully leased and rental receipts have commenced for three operational blocks (B200 from November 2020, B400 from March 2022 and B100 partly from June 2023 and partly from July 2023). RLPL's financial risk profile is adequate, as reflected by estimated leverage (Debt/NOI) of 5.0 – 5.1 times as of March 2024, and debt coverage metrics with five-year average DSCR of 1.25 – 1.28 times during FY2024-FY2028. The rating considers the presence of a debt service reserve account (DSRA), equivalent to 2-3 months of debt servicing obligations.

The company is exposed to high geographical and asset concentration risks inherent in a single project portfolio. It also faces vacancy risk as the weighted average balance lock-in period is 3.5 years compared to the weighted average debt maturity of around 10.5 years. The vacancy risk, however, is mitigated to some extent by the large portfolio of the IndoSpace network across geographies and its established relationship with reputed tenants. The debt coverage ratios remain vulnerable to changes in interest rates.

The Stable outlook on the rating reflects ICRA's opinion that RLPL will generate steady rental revenues from the leased blocks and maintain adequate leverage and coverage metrics.

¹ ILP III Ventures XVII Pte Ltd., Singapore (a part of the IndoSpace network, which is sponsored by Realterm Global, Everstone Capital and GLP Global)

Key rating drivers and their description

Credit strengths

Strong track record and business profile of sponsor – RLPL is promoted by ILP III Ventures II Pte. Ltd. (Indospace network; 74% stake) and Rohan Builders and Developers Private Limited (Rohan Group; 26% stake). ILP III Ventures II Pte. Ltd. is further promoted by Realterm Global and Everstone Capital and GLP. Realterm Global has more than 20 years of experience in developing industrial and logistics parks across the world. At present, the Group has 41 Grade-A parks with nine parks in North zone (one in Rajpura and eight in Delhi/NCR), 11 in West zone (two each in Ahmedabad and Mumbai and seven in Pune) and 21 in South zone (one in Ananthpur, two in Sri City, 14 in Chennai, one in Coimbatore and three in Bengaluru).

Favourable project location in terms of access to infrastructure and proximity to industrial clients – RLPL is developing 6.2 lakh square feet of leasable area in Chakan, Pune, which is a major industrial hub in the western part of India with over 9,500 acres of land under development by the Maharashtra Industrial Development Corporation (MIDC). It is one of the largest automobile manufacturing hubs in India, along with engineering and electronics industries. Several companies from industries such as food processing, pharmaceutical and biotechnology have set up their manufacturing bases in the area. The project has good connectivity to National Highway-50 and is located at ~35-40 km from Pune city centre, international airport and railway station.

Adequate financial risk profile – The leverage for the project is expected to be comfortable with debt to net operating income (NOI) estimated to be 5.0 – 5.1 times as of March 2024. The debt coverage metrics are expected to be adequate with five-year average DSCR of 1.25 – 1.28 times during FY2024-FY2028. The rating considers the presence of a debt service reserve account (DSRA) equivalent to 2-3 months of debt servicing obligations.

Credit challenges

Exposed to vacancy risk – The company is exposed to vacancy risk as the weighted average balance lock-in period is 3.5 years compared to the weighted average debt maturity of around 10.5 years. The vacancy risk, however, is mitigated to some extent by the large portfolio of the IndoSpace network across geographies and its established relationship with reputed tenants.

Geographical and asset concentration risks – Chakan I Phase III is the single project undertaken by RLPL and is thus exposed to high geographical and asset concentration risks inherent in a single project portfolio of companies.

Vulnerability to changes in interest rates – The debt coverage ratios remain vulnerable to changes in interest rates.

Liquidity position: Adequate

The company's liquidity is adequate with liquid investments and unencumbered cash balance of Rs. 13.9 crore as on September 30, 2023. The cash flow from operations from the existing leases is sufficient for the scheduled LRD repayment obligations.

Rating sensitivities

Positive factors – The rating may be upgraded in case of improvement in leverage and coverage indicators on account of a significant increase in rental income and/or decline in debt levels. Specific credit metrics that could result in an upgrade would be five-year average DSCR of greater than 1.35 times on a sustained basis.

Negative factors – The rating may be downgraded in case of any vacancy and/or increase in indebtedness leading to weakening of debt protection metrics. Specific credit metric for a rating downgrade would be five-year average DSCR of less than 1.2 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the company's standalone financial statements

About the company

RLPL has developed an industrial and logistics park, IndoSpace Chakan I Phase III, on a land admeasuring approximately 37 acres, with a total leasable area of around 4.7 lakh square feet comprising three blocks at Chakan, Pune. RLPL is promoted by ILP III Ventures II Pte. Ltd (Indospace Group), which holds a 74% stake and Rohan Builders and Developers Private Limited (Rohan Group) holds the remaining 26% stake. ILP III Ventures II Pte. Ltd is further promoted by Realterm Global and Everstone Capital and GLP.

The project was earlier being developed by a consortium of two companies – RLPL and Rohan Housing Scheme Private Limited (RHSPL) as the land was owned by both the Group companies. However, RHSPL was merged into RLPL in March 2021.

Key financial indicators (audited)

Standalone	FY2022	FY2023
Operating income	18.6	20.8
PAT	0.6	0.3
OPBDIT/OI	73.0%	86.0%
PAT/OI	3.4%	1.7%
Total outside liabilities/Tangible net worth (times)	3.2	3.5
Total debt/OPBDIT (times)	9.8	8.4
Interest coverage (times)	2.2	2.2

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 rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on Sep 30, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Jan 19, 2024	Jan 06, 2023	Dec 31, 2021	Nov 27, 2020
1 Term loan-1 (LRD)	Long term	72.00	72.00	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB (Stable)
2 Term loan-2 (LRD)	Long term	62.00	50.05	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB+ (Stable)
3 Non-fund based – Letter of credit	Long term	-	-	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB (Stable)
4 Non-fund based – Bank guarantee	Long term	-	-	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB (Stable)

Amount in Rs. crore

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 (LRD)	Sep-23	-	Mar-36	72.00	[ICRA]A- (Stable)
NA	Term loan-2 (LRD)	July-20	-	Oct-30	62.00	[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

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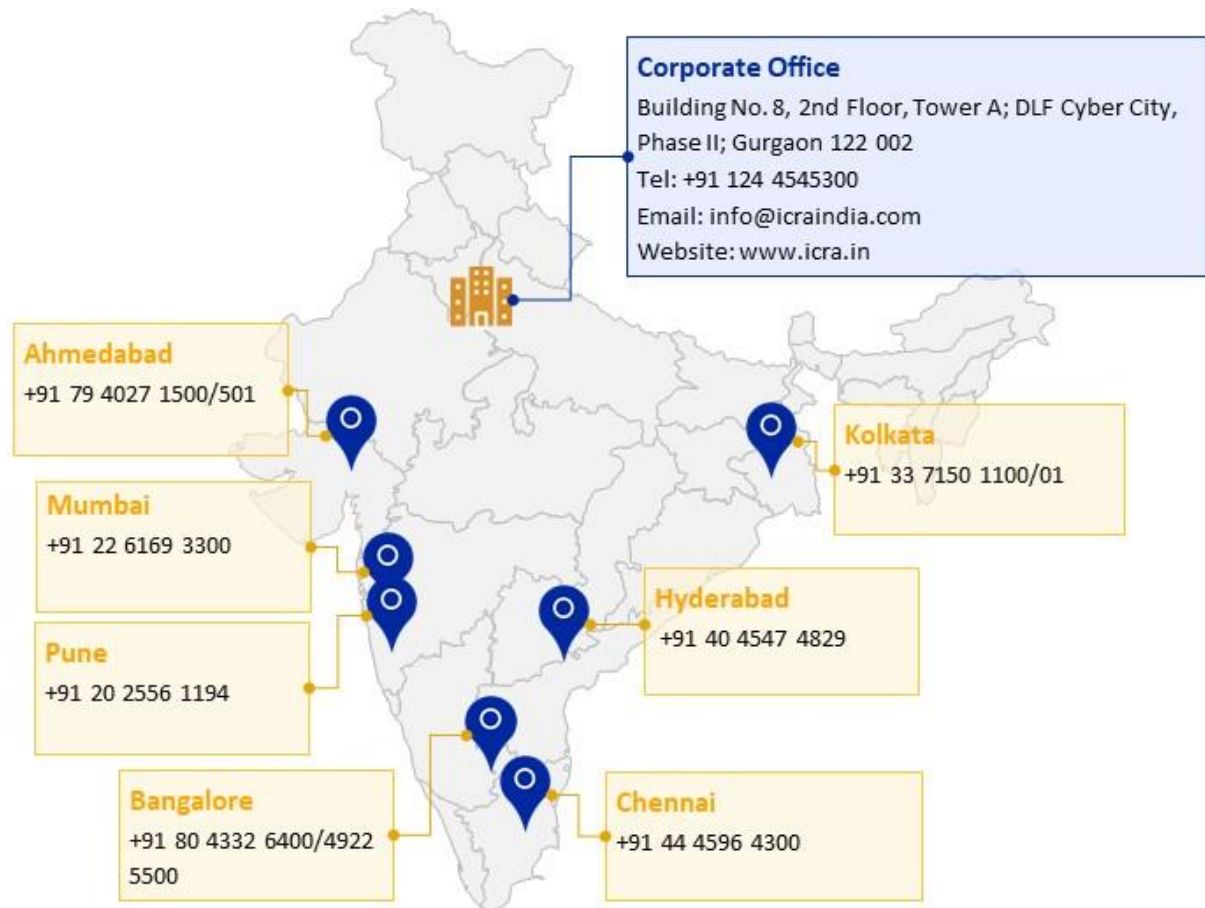
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