



Press Release

India Land Infrastructure Development Private Limited [ILIDPL]

November 19, 2020

Rating

Sl. No.	Instrument/ Facility	Amount (Rs. crore)	Ratings	Rating Action
1	Long term Loan-LRD facility	35.00	IVR AA-/Stable Outlook (IVR Double A Minus with Stable Outlook)*	Assigned
	Total	35.00 (Thirty Five Crore)		

*LRD-Lease Rental Discounting

Details of facilities are in Annexure 1

Rating Rationale

The rating derives strength from experienced promoters and management team, Leave & License Agreement with the clients, strategic location of the property, reputed tenants, comfortable debt matrices & healthy occupancy level and Escrow mechanism & DSRA support. The rating however is constrained by client concentration risk & non-renewal risk from major tenant and susceptibility to cyclical risk inherent in the Real Estate sector further aggravated by Covid-19.

Key Rating Sensitivities:

Upward Rating Factor:

- Renewal of upcoming expiring lease at higher than present rates along with more favorable terms leading to generation of more than expected cash surplus will lead to rating upgrade.

Downward Rating Factor:

- Non-renewal/ fresh tie-ups at competitive rates upon the expiry of lease tenor termination of lease agreement with any of the major tenants leading to reduction in occupancy rates and/or cash surplus will lead to rating downgrade.



Press Release

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter and management team

ILIDPL was incorporated in 2005 and it is managed by the Panchshil Group. The group's portfolio spans high-end residential developments, premium built-to-suit office spaces, IT Parks, Special Economic Zones, Hotels, Convention Centres, and luxury retail malls. The Director namely Mr. Sagar Chordia and Mr. Paresh Bafna have more than a decade of experience in the real estate consulting business.

Leave & License Agreement with the clients

There exists a Leave & License Agreement between India Land Infrastructure development Private Limited (Licensor) and its multiple tenants (Licensee). The Licensor has agreed to allow the Licensee to use and occupy the said Licensed Premises admeasuring 3.19 lakhs Sq. Ft on leave and license basis for a period of 5 (five) years on terms and conditions as mutually agreed upon by both the Licensor and Licensee.

Strategic location of the property

The commercial building, Quadra I and Quadra II are located at Hadapsar, Pune which is a strategic hub for IT/ITES industry. Apart from its strategic location, its close proximity to Pune Airport is an added advantage.

Reputed Lessees minimising counter party risk

The building Quadra I and Quadra II is operational with healthy occupancy level of around 97.63% and all the lessees are of either most reputed multinationals or are of International repute Like TCS, HCL Technologies Limited and Nalco Water India Private Limited.

Comfortable debt matrices and healthy occupancy level

ILIDPL has gross cash accruals of Rs. 12.23 Cr against repayment obligation of Rs. 3.58 Crore as on 30th March, 2020. The premises have total occupancy level of around 98% as on 30th October, 2020. Quadra I is 95.74% occupied by tenants namely Nalco Water India Limited (NWIL), HCL Technologies Ltd and Signify Innovations India Ltd while Quadra II is 100% occupied by Tata Consultancy Services (TCS).



Press Release

Escrow mechanism and DSRA support

The company has to build up and maintain DSRA equivalent to 3 months' repayment (interest and instalments) before disbursement. The account should be created at the time of first disbursement and Escrow account has to be opened with bank for credit of rentals against which the loan is sanctioned and a separate account for receipt of CAM charges.

Key Rating Weaknesses

Client concentration risk and non-renewal risk from major tenant

ILIDPL has leased out ~97.63% of its total leasable area. It is leased out to four clients and out of those two clients namely Nalco Water India Ltd (32.56%) and Tata Consultancy Services (48.41%) shares around 80.97% of total leasable area. Out of total leasable area of 1.64 Isf in Quadra I, Nalco Water India Ltd occupies 1.04 Isf while Quadra II is 100% leased out to TCS and for which the lock-in period ended in Nov -18. However, there is a stickiness of TCS in Quadra II as they are in the same premises for more than a decade and it is their third term in the same building.

Susceptibility to cyclical risk inherent in the Real Estate sector further aggravated by Covid-19

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The uncertainty pertaining around Covid-19 also dents the demand of commercial as well as residential real estate demand.

Analytical Approach & Applicable Criteria:

- Standalone
- Rating Methodology for Structure Debt Transaction (Non- securitisation transaction)
- Financial Ratios & Interpretation (Non-Financial Sector)



Press Release

Liquidity: Strong

The liquidity position of the company is strong. The cash flow generation is sufficient to meet the debt repayment obligation.

About the company

ILIDPL is a Private Limited company incorporated in 2005. It is managed by Panchshil Group and it is promoted by M/s Laguna Developers Private Limited and M/s VRS Developers Private Limited.

Financials (Standalone)

INR in Crore

For the year ended / As on*	31-03-2019 (Audited)	31-03-2020 (Audited)
Total Operating Income	18.67	22.18
EBITDA	12.23	12.79
PAT	8.11	9.44
Total Debt	12.04	4.56
Tangible Net Worth	85.28	94.71
EBIDTA Margin (%)	65.50	57.66
PAT Margin (%)	40.54	38.91

* Classification as per Infomerics' standards

Details of Non Co-operation with any other CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sl. No	Name of Instrument/ Facilities	Current Rating (Year 2020-2021)			Rating History for the past 3 years		
		Type	Amount outstanding (INR crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term Loan-LRD Facility	Long Term	35.00	IVR AA-/ Stable Outlook	--	--	--



Press Release

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Analysts:

Name: Ms. Himani Singhal

Tel: (022) 62396023

Email: hsinghal@infomerics.com

Name: Mr. Amit Bhuwania

Tel: (022) 62396023

Email: abhuwania@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



Press Release

Annexure 1: Details of Facilities

Sr. No	Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
1	Long Term Loan-LRD Facility	--	--	April-2028	35.00	IVR AA- /Stable Outlook