



Press Release
India International Convention And Exhibition Centre Limited
September 14, 2023
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2150.16	ACUITE AA+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	2150.16	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE AA+**' (read as **ACUITE double A plus**) on the Rs. 2,150.16 cr. bank facilities of India International Convention and Exhibition Centre Limited (IICECL). The outlook is '**Stable**'.

Rationale for reaffirmation:

The rating reaffirmation is on account of continuous equity support from parent, Government of India (GoI). IICECL has already received a budgetary support from GoI to the tune of Rs.2442.39 Cr. as on 31 March 2022. The project is divided into 2 Phases. Phase I was initially expected to achieve COD in FY2021, however, on account of outbreak of Covid – 19 in March 2020 followed by lockdown across the nation thus restricting the movement of goods and people had led to halt in construction. However, IICECL has extended its COD for Phase I for the third time and the revised COD is 31-March-2024. The project is ~90% complete until August, 2023 as against ~70% as on February 2022. Furthermore, Acuite also takes into account the continuous budgetary support from GoI and very low reliance on external debt. The company has drawn its debt to the tune of only Rs. 1345.85 Cr. out of sanctioned limits of Rs.2150.16 Cr. till 31 March 2023. Acuite believes the balance debt of ~Rs. 804.31 Cr. is likely to be drawn in FY2024 for achieving timely completion of project.

About the Company

IICECL was incorporated in 2017 and is a wholly owned Government of India (GOI) entity. The company is mandated to develop the India International Convention & Exhibition Centre (IICC) located at Dwarka Sector 25, New Delhi. The Project was approved by the Union Cabinet in November 2017 and adequate budgetary support has been provided for timely execution of the project. The project is to be implemented in two phases and the overall original cost of the project was Rs. 25,703 Cr. (including the investment by private parties through Public Private Partnership [PPP] route).

About the Project

Phase I: The phase I of the project is a combination of PPP and Non-PPP model comprising development of Hotels, Retail, office, Convention Center (~60,000 sq.m. in size), two Exhibition centres (approximately 200,000 sq.m. in size) and complete trunk Infrastructure. The Convention Centre will have a capacity to hold 10,000 delegates. The construction is being undertaken through Engineering, Procurement and Construction (EPC) contract given to Larsen and Toubro Limited (L&T) and the same is expected to be completed by September 2023. Delhi Metro Rail Corporation has completed the work of extension of Air Express line to IICECL Project and the trial run of the same has started in June 2022. Delhi Jal Board has provided the water and sewage connection and BSES has completed the work of electricity connection. The construction of Phase - I of the project commenced in FY2018 and

the estimated completion date of the Project as per management is September 30, 2023 however the revised SCOD is March 31, 2024. The overall project cost for Phase I has been

revised to Rs. 5401 Cr. from Rs. 5178 Cr. and additional budgetary support of Rs.405 Cr has also been provided.

Phase II:

The phase II of the project is also a combination of PPP and Non-PPP model and the proposed construction period is FY 2022-23 to FY 2024-25. This phase will include additional commercial real estate development such as Five-star Hotels, Retail and Office Spaces as part of the PPP model and Exhibition Space as part of the Non-PPP model. The project is expected to generate over 5 lakh indirect employment opportunities. The Department for Promotion of Industry and Internal Trade in Commerce ministry is implementing the project through IICECL. It will be operated by a consortium led by KINTEX who had submitted a joint bid with South Korean exhibition organiser, eSang Networks, to operate the project assets in New Delhi for 20 years. IICECL is expected to be one of the landmark infrastructure development projects launched by GOI.

Standalone (Unsupported) Rating

Acuite BBB/Stable

Analytical Approach

The team has undertaken a standalone evaluation of the project and further adopted a notch up framework to take into account the significant support being provided by the government of India to complete the project within the tight timelines. We believe that this project is very strategically important for the government apart from the latter having a moral obligation to support a 100% owned entity.

Key Rating Drivers

Strengths

Benefits derived from the ownership and budgetary support from the Government of India

The company has been promoted by Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and 100 percent of the shares are owned by GOI. In addition, the board of directors of the company includes representatives from NITI Aayog (National Institution for Transforming India), Department of Expenditure in Ministry of Finance and Ministry of Housing and Urban Affairs. The presence of senior bureaucrats in the board of IICECL reinforces the importance of timely execution of the project to the government. The total estimated project cost for Phase 1 stood at Rs. 5401 Cr. which is to be funded from budgetary support of Rs.2444.39 Cr, loan of Rs.2150.16 Cr and balance from internal accruals and monetization of Government owned land. Acuite believes that IICECL's financial risk profile will continue to be supported by its association and linkages with the GOI.

Healthy prospects for the exhibition and convention industry

The project is spread across 90 hectares of land. It is planned as a venue that will not just facilitate the Indian Government to hold multilateral events but also provide an option to private corporate sector for global convention and exhibition events. Besides the convention centre, the multi-purpose arena will have a capacity to host 20,000 people. The venue will also house three five-star hotels, four fourstar hotels, two three-star hotels, as well as service apartments. Parking facility for nearly 30,000 vehicles is being planned. The MICE (Meetings, Incentive, Conventions and Exhibitions) business is a large revenue generator for many economies across the world and at present the global MICE industry size is estimated around \$805 billion and is projected to reach \$1,439 billion by 2025. At present the European Union and North American countries are the biggest benefactors of this market whereas India has not really been able to capitalize on this opportunity in the absence of world class exhibition and conference facilities and this project aims to tap into that market. The project is aimed at cementing India's position as one of the top destinations for holding prestigious not only in Asia but globally as well. For India, the domestic convention market has evolved significantly and inbound convention market is also gradually picking up with the active support from the Government of India. This will strengthen the business prospects for IICECL over the medium to long term.

Location Advantages

IICECL is located 10 km from Delhi International Airport, with the surrounding area home to a sports complex, diplomatic residences, a golf course and the airport city hotel. It is 25 km from the city centre of New Delhi.

Public transportation Infrastructure

The Airport Metro Express from the airport offers direct internal access to IICECL. In order to create easier access by automobile, IICECL will be connected to the UER II (Urban Extension Road II) and Dwarka Expressway, while the Delhi Jaipur Railway Line and the Delhi Blue Line Metro are directly adjacent, thus offering the most convenient transportation infrastructure. With cutting edge parking facilities capable of accommodating 34,808 vehicles. (Indoor 28,608, Outdoor 6,200). IICECL, unlike other convention and exhibition facilities, will be able to host events without any traffic congestion.

Weaknesses

Cash flows susceptible to economic slowdown and downturn in infrastructure sector

The Indian economy has seen a slowdown in 2019, with the country's real estate, automobile, construction sectors and overall consumption demand facing a serious and constant decline. The growth had further impacted in 2020 on account of outbreak of Covid – 19 in March 2020 followed by lockdown across the nation. This has severely impacted the GDP growth in FY21 & FY22. Acuité believes the influence of adverse macro-economic factors such as economic slowdown may impinge on the spending pattern of corporates thereby impacting the realisations from asset monetization and even slowing down the latter process.

ESG Factors Relevant for Rating

Not Applicable

Rating Sensitivities

- Any significant delay in achieving COD
- Any change in the ownership of IICECL

All Covenants

None

Liquidity Position

Strong

The IICCL project is being funded through long term debt and equity and there is a one-year moratorium on the debt repayment post COD. Further, the company has only drawn ~Rs. 1345.85 Cr term loan as on March 31, 2023. Given the availability of long-term funds and the completion of financial closure for Phase I, Acuité believes that liquidity concerns of the entity are mitigated over the near to medium-term.

Outlook: Stable

Acuité believes that IICCL will maintain a 'Stable' outlook over the medium term on account of the strategic importance of the project to the government and the expected support from the latter. The outlook may be revised to 'Positive' in case the company completes the Phase I of the project as per expected timelines and is able to exhibit healthy growth in cash accruals from asset monetization in the near term. Conversely, the outlook may be revised to 'Negative' in case of significant delays in project execution or any dilution of support from the GOI.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.30	0.94
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.55	0.24
PBDIT/Interest	Times	135546.00	180046.00

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Jul 2022	Term Loan	Long Term	2150.16	ACUITE AA+ Stable (Reaffirmed)
20 Apr 2021	Term Loan	Long Term	2150.16	ACUITE AA+ Stable (Reaffirmed)
26 Feb 2020	Term Loan	Long Term	2150.16	ACUITE AA+ Stable (Upgraded from ACUITE AA Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2150.16	ACUITE AA+ Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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