June 21, 2024

Plusnineone Developments Private Limited: [ICRA]A- (Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based – Term loans	95.00	[ICRA]A- (Stable); assigned
Total	**95.00**	

**Instrument details are provided in Annexure-I*

Rationale

The assigned rating for Plusnineone Developments Private Limited (PDPL) factors in the strong occupancy at 100% as of May 2024 of its warehousing asset, aided by its favourable location in Unnao, Lucknow, with good connectivity (~3km from the Unnao toll on National Highway-27). The project has 0.45 million square feet (msf) of leasable area spread across two blocks. The full rentals for Block 1 (56% of total leasable area) have commenced from August 2023 and rentals for Block 2 will commence from June – July 2024. The debt coverage metrics are estimated to be adequate, supported by stable rental inflows and long debt tenure, with five-year average DSCR of 1.25 – 1.27 times during FY2025-FY2029. The rating draws comfort from the favourable sponsor profile of PDPL, which is a part of the Welspun One Logistics Park (WOLP) Fund I, a SEBI-registered Category II Alternate Investment Fund (AIF), anchored by promoters of the Welspun Group, designed to deliver large format, Grade-A warehouse parks across India. As of March 2024, WOLP had an area under management of around 8.5 msf (including one project where WOLP is acting as the development manager (DM)) spread across six locations.

The rating is constrained by the high geographical and asset concentration risks inherent in a single project portfolio. The leverage for the company remains high with estimated Debt/Annualised NOI at around 7.6 - 7.8 times as of March 2025. The weighted average balance lease expiry period is 8.1 years compared to the weighted average debt maturity of around 14.75 years. Any significant vacancy for a prolonged period will adversely impact the company's cash flows and debt coverage indicators. The vacancy risk, however, is mitigated to some extent by the large portfolio of the Welspun Group across geographies and its established relationship with reputed tenants. The debt coverage ratios remain vulnerable to changes in interest rates.

The Stable outlook reflects ICRA's opinion that PDPL will generate steady rental inflows from the asset and maintain adequate coverage metrics.

Key rating drivers and their description

Credit strengths

Part of warehousing fund backed by strong sponsor – PDPL is promoted by WOLP Fund which is a SEBI-registered Category II AIF, anchored by promoters of the Welspun Group, designed to deliver large format, Grade-A warehousing parks across India. WOLP has floated two schemes – WOLP Fund I with issue size of around Rs. 499 crore and WOLP Fund II with issue size of approximately. Rs. 2,000 crore (Rs. 1,000 crore base with a green shoe option of Rs. 1,000 crore). As of December 2023, WOLP had an area under management of around 8.5 msf (including one project where WOLP is acting as DM) spread across six locations.

Favourable project location – The project is located in Unnao district, Lucknow and is accessible from National Highway-27 connecting Lucknow to Kanpur (~3km from the Unnao toll on NH27). The project is strategically located near the mid-point of the highway between Kanpur and Lucknow and can easily service the requirement of both Kanpur and Lucknow cities and the adjoining catchment areas.

Adequate debt coverage metrics – The debt coverage metrics are expected to be adequate for the company with five-year average DSCR of 1.25 – 1.27 times during FY2025-FY2029. The rating considers the presence of a debt service reserve account (DSRA) equivalent to three months of debt servicing obligations.

Credit challenges

High leverage – The leverage for the company remains high with estimated Debt/Annualised NOI at around 7.6 - 7.8 times as of March 2025.

Exposure to vacancy risk – The company is exposed to the vacancy risk as the weighted average balance lease expiry period is 8.1 years compared to the weighted average debt maturity of around 14.75 years. Any significant vacancy for a prolonged period will adversely impact the company's cash flows and debt coverage indicators. The vacancy risk, however, is mitigated to some extent by the large portfolio of the Welspun Group across geographies and its established relationship with reputed tenants. Further, the sizeable capital expenditure incurred by the existing tenants on the project site acts as a mitigant against the vacancy risk.

Geographical and asset concentration risks – The company is exposed to high geographical and asset concentration risks inherent in single asset special purpose vehicles (SPVs).

Liquidity position: Adequate

The company's liquidity is adequate. As of March 2024, it had a free cash balance of around Rs. 3.6 crore. PDPL's cash flow from operations are expected to be sufficient to meet its scheduled lease rental discounting (LRD) debt obligations of Rs. 8.5 crore (principal and interest) in FY2025.

Rating sensitivities

Positive factors – The rating may be upgraded in case of a significant increase in rental income and/or material decline in debt levels leading to improvement in debt protection metrics. Specific credit metric for a rating upgrade would be Debt/NOI of lower than 5.5 times on a sustained basis.

Negative factors – The rating may be downgraded in case of any vacancy or increase in indebtedness leading to weakening of debt protection metrics.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Lease Rental Discounting
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Plusnineone Developments Private Limited (PDPL) has developed an industrial and logistics park, on a land admeasuring approximately 18 acres, with a total leasable area of around 4.5 lakh square feet comprising two blocks at Unnao district, Lucknow. PDPL is promoted by Welspun One Logistics Parks Fund 1.

Key financial indicators

Consolidated	FY2022 (audited)	FY2023 (audited)	FY2024 (provisional)
Operating income	-	1.7	7.1
PAT	-1.3	-3.0	2.0
OPBDIT/OI	-	3.9%	25.7%
PAT/OI	-	-178.4%	-28.6%
Total outside liabilities/Tangible net worth (times)	-39.5	-25.5	-20.4
Total debt/OPBDIT (times)	-43.4	1667.6	65.9
Interest coverage (times)	-3.9	0.0	0.6

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs. crore

Source: Company data

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2025)				Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on May 31, 2024 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
					Jun 21, 2024	-	-	-
1	**Term loan**	Long term	95.00	94.5	**[ICRA]A- (Stable)**	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund-based – 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: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
-	**Term loans**	Jan-2024	NA	Dec-2039	95.0	[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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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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