

April 30, 2025

Arvy Logistics Park Private Limited: Ratings downgraded and removed from Watch with Negative Implications and placed on Watch with Developing Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	75.00	75.00	[ICRA]BBB Placed on Rating watch with developing implication; downgraded from [ICRA]BBB+; removed from Watch with Negative Implications
Short-term – Letter of credit (LC)^	(10.00)	(10.00)	[ICRA]A3+ Placed on Rating watch with developing implication; Rating downgraded from [ICRA]A2; Removed from watch with negative implication and placed on watch with developing implications
Long-term – Lease rental discounting (LRD)^	(75.00)	(75.00)	[ICRA]BBB Placed on Rating watch with developing implication; Rating downgraded from [ICRA]BBB+; Removed from watch with negative implication and placed on watch with developing implications
Short-term – Non-fund based – Bank guarantee	2.00	2.00	[ICRA]A3+ placed on Rating watch with developing implication; Rating downgraded from [ICRA]A2; Removed from watch with negative implication and placed on watch with developing implications
Total	77.00	77.00	

*Instrument details are provided in Annexure I; ^LC & LRD are sub limits of term loans

Rationale

The ratings downgrade for the bank facilities of Arvy Logistics Park Private Limited (Arvy) factors in the delays in the leasing tie-up for the vacant B100 block (53.5% of the total leasable area), which is a built-to-suit, cold stage facility, after the termination of rental agreement with its tenant in March 2024 adversely impacted the debt protection metrics. The B100 block is currently operating on utilisation of pallets on monthly basis with 14 various tenants during FY2025. The utilisation-based rentals for B100 are currently low due to average utilisation of pallets at 20-30% in FY2025. The company is in discussions with a prospective tenant to lease the B100 block in H2 FY2026. ICRA notes that the B200 block (46.5% of total leasable area) is fully leased to two tenants, with rentals commencing for one tenant from January 2025 and likely to commence for another tenant from June 2025. The ratings are constrained by the high tenant concentration risk with only two tenants occupying the Block B200, and variability of cash flow associated with the B100. Moreover, the company is also exposed to high geographical and asset concentration risks inherent in single-project companies.

ICRA anticipates the DSCR to remain weak in FY2026 till the time B100 is fully leased and any shortfall in debt servicing is expected to be met from the timely fund infusion by the sponsor group - IndoSpace. ICRA notes that the sponsor group, IndoSpace, has infused Rs. 25.30 crore in 9M FY2025 and remains committed to provide additional timely funding support, whenever required. The ratings favourably factor in the strong sponsor profile, along with the established track record of IndoSpace in the industrial warehousing and logistics space in India. The company is expected to benefit from the exceptional financial flexibility of IndoSpace and its track record of honouring the sponsor's undertakings to lenders by infusing funds into

various SPVs, whenever needed. The rated facility also has an escrow mechanism in place and requires maintaining a debt service reserve account (DSRA), equivalent to three months of repayment obligations during the entire loan tenure. The ratings also note the project's favourable location in Khopoli, Maharashtra, near the Mumbai–Pune–Bangalore Highway (which is a part of NH-48).

ICRA has placed the ratings of Arvy on Watch with Developing Implications (and removed from Watch with Negative Implications) considering the proposed transfer of the company to the Indospace Core platform¹ in the near term. The proposed transaction is likely to provide benefits of contractual surplus sharing mechanism among the SPVs of the restricted group of the Indospace Core platform with a well-defined, pre-default invocation mechanism. The rating watch will be resolved upon completion of the transaction.

Key rating drivers and their description

Credit strengths

Strong track record and business profile of sponsors; financial flexibility from being part of a strong sponsor group – Arvy Logistics Park Pvt Ltd is promoted by ILP II Ventures IX Pte. Ltd., Singapore (part of the IndoSpace network). IndoSpace is sponsored by Realterm Global, Everstone Capital and GLP Global. Realterm Global has more than 20 years of experience in developing industrial and logistics parks across the world. At present, it manages assets worth over \$4 billion and operates some of the largest and most modern facilities in North America and other parts of the world. Everstone Capital is a prominent India-focused investment firm. The Everstone Group manages funds of over \$5 billion in private equity and real estate. GLP Global is an investment firm with over \$60 billion assets under management (AUM) across the real estate and private equity segments. ICRA derives comfort from the high financial flexibility of the network and its track record of honouring sponsor undertakings to lenders and infusion of funds into various special purpose vehicles (SPVs), whenever needed.

Favourable location – The project is developed on 16.8 acres of land with a total leasable area of 0.28 msf at Khopoli, Maharashtra, which is an established industrial ecosystem close to Mumbai city and the industrial hubs of Pune, along with proximity to the JNPT port through the NH-48 expressway. The region being favourable for manufacturing and distribution is dominated by sectors such as steel, paper and pulp, bulk chemicals and power companies. The project also has a good connectivity to Mumbai–Pune–Bangalore Highway (which is a part of NH-48).

Rental commencement for Block B200 – The Block B200 with 46.5% of total leasable area, is fully leased to two tenants having total leasable area of 0.13 msf. The rentals have commenced for one tenant from January 2025 and likely to commence for the second tenant from June 2025.

Credit challenges

Weak debt coverage indicators – The company's cash flows have been impacted due to delays in the leasing tie up for the vacant B100 block (53.5% of the total leasable area), which is a built-to-suit, cold storage facility, after the termination of rental agreement with its tenant in March 2024, adversely impacted the debt protection metrics. The utilisation-based rentals for B100 are currently low due to average utilisation of pallets at 20-30% in FY2025. The company is in discussions with a prospective tenant to lease B100 block in H2 FY2026. Nonetheless, rentals from B200 have commenced and are expected to support the overall cash flows of the company and will help in reducing the shortfall in debt servicing. ICRA expects the DSCR to remain weak in FY2026 till the time B100 is fully leased and any shortfall in debt servicing is expected to be met from the timely fund infusion by the sponsor group – IndoSpace.

¹ IndoSpace Core comprises 17 completed industrial and logistic parks, housed under 22 SPVs of the restricted group, with a leasable area of 14.1 million square feet (msf) as on September 30, 2024. IndoSpace Core has a policy of acquiring only stable rent-yielding assets. The SPVs are fully owned by the same ultimate holding company, IndoSpace Logistics Parks Core Pte Ltd.

Exposure to market risks – The company is exposed to market risks due to the delay in leasing tie-ups of the B100 block (53.5% of the total leasable area) which is a built to suit, cold storage facility, after the termination of rental agreement with its tenant in March 2024. Although the company is in discussion with prospective tenants for leasing tie-ups, no LOI/agreement has been signed, and remains key monitorable.

Exposure to tenant, geographical and asset concentration risks – The company is exposed to high tenant concentration risk with only two tenants occupying the entire leased area, i.e., B200 block. Further, the company is exposed to high geographical and asset concentration risks inherent in single-project companies. However, ICRA draws comfort from IndoSpace's diverse portfolio of logistics and industrial parks, including developed and under-development parks, across India.

Liquidity position: Stretched

As on March 31, 2025, the company had cash and liquid balances of Rs. 1.1 crore and Rs. 3.04 crore of DSRA. The company's debt servicing obligations for FY2026 are Rs. 11.8 crore. Given the low rentals, there is expected to be a shortfall in debt servicing, which will be met through an infusion of funds from the sponsor group. The sponsor has already infused funds of Rs. 25.3 crore in 9M FY2025, which have been utilised for meeting the debt servicing requirements, operating overheads as well as capex payments.

Rating sensitivities

Positive factors – The watch will be resolved on successful transfer of the asset to IndoSpace Core platform and after assessment of its impact on the company's financial profile. In the interim, substantial increase in the company's rental income, leading to improvement in its debt protection metrics, and mitigating the refinancing risk, may lead to an upgrade.

Negative factors – The watch will be resolved on successful transfer of the asset to IndoSpace Core platform and after assessment of its impact on the company's financial profile. In the interim, any significant decline in occupancy levels in the asset or delay in the leasing of Block B-100, putting pressure on the liquidity and debt protection metrics, may result in a downgrade.

Analytical approach

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

About the company

Arvy Logistics Park Pvt Ltd, a 100% subsidiary of ILP II Ventures IX Pte. Ltd., Singapore, operates an industrial and warehousing park on a 16.8-acre land on Pen-Khopoli Road, Ransai village, in Raigad district, Maharashtra. The park has a total leasable area of 0.28 msf, comprising two warehouses across two blocks, Block B100 of 0.15 msf and block B200 of 0.13 msf.

Key financial indicators (audited)

	FY2023	FY2024	9MFY2025*
Operating income	-	-	0.1
PAT	-2.7	-17.3	-20.8
OPBDIT/OI	-	-	NM
PAT/OI	-	-	NM
Total outside liabilities/Tangible net worth (times)	6.2	29.7	-10.2
Total debt/OPBDIT (times)	-198.1	-103.5	-31.8
Interest coverage (times)	-0.2	-0.1	-0.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Provisional numbers; NM: Not Meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	30-Apr-2025	Date	Rating	Date	Rating	Date	Rating
Short term-bank guarantee-non fund based	Short-term	2.00	[ICRA]A3+ Rating Watch with Developing Implications	18-OCT-2024	[ICRA]A2 Rating Watch with Negative Implications	28-JUL-2023	[ICRA]A2	29-JUL-2022	[ICRA]A2
Long term-lease rental discounting (lrd)-interchangeable	Long Term	(75.00)	[ICRA]BBB Rating Watch with Developing Implications	18-OCT-2024	[ICRA]BBB+ Rating Watch with Negative Implications	28-JUL-2023	[ICRA]BBB+ (Positive)	29-JUL-2022	[ICRA]BBB+ (Stable)
Long term-term loan-fund based	Long Term	75.00	[ICRA]BBB Rating Watch with Developing Implications	18-OCT-2024	[ICRA]BBB+ Rating Watch with Negative Implications	28-JUL-2023	[ICRA]BBB+ (Positive)	29-JUL-2022	[ICRA]BBB+ (Stable)
Short term-letter of credit-interchangeable	Short Term	(10.00)	[ICRA]A3+ Rating Watch with Developing Implications	18-OCT-2024	[ICRA]A2 Rating Watch with Negative Implications	28-JUL-2023	[ICRA]A2	29-JUL-2022	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term loans	Simple
Letter of credit*	Very Simple

Lease rental discounting (LRD)*	Simple
Bank guarantee	Very Simple

** LC & LRD are sub limits of Term Loans*

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 loans	Sep 24, 2021	-	FY2027	75.00	[ICRA]BBB Rating Watch with Developing Implications
NA	Letter of credit*	-	-	-	(10.00)	[ICRA]A3+ Rating Watch with Developing Implications
NA	Lease rental discounting (LRD)*	-	-	-	(75.00)	[ICRA]BBB Rating Watch with Developing Implications
NA	Bank guarantee	-	-	-	2.00	[ICRA]A3+ Rating Watch with Developing Implications

* LC & LRD are sub limits of term loans

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3300

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Pulkit K Varshney

+91 80 4332 6427

pulkit.varshney@icraindia.com

Sandeepkumar Patwa

+91 22 6169 3368

sandeepkumar.patwa@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.