May 29, 2025

Unnati Logistics Park Private Limited: Rating placed on Watch with Positive Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based - Term loan	67.00	67.00	[ICRA]A-; placed on Rating Watch with Positive Implications
Long-term – Non-fund based - Bank guarantee	2.00	2.00	[ICRA]A-; placed on Rating Watch with Positive Implications
Long-term – Non-fund based – Letter of credit (sublimit of term loan)	(10.00)	(10.00)	[ICRA]A-; placed on Rating Watch with Positive Implications
Total	**69.00**	**69.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating for the bank facilities of Unnati Logistics Park Private Limited (ULPPL) is placed on Watch with Positive Implications considering the proposed transfer of the company to Indospace Core platform[1] in the near term. The company has received in-principal approval to transfer the special purpose vehicles (SPV) to the Core Group and due diligence has been initiated, following which ULPPL's entire assets will be transferred to the Core platform. The proposed transaction is likely to provide the benefits of a contractual surplus-sharing mechanism among the SPVs of the restricted group of the Indospace Core platform with a well-defined and pre-default invocation mechanism. The rating watch will be resolved upon completion of the transaction.

The rating for ULPPL factors in the 100% occupancy of the two operational blocks (B200 and B100) in the IndoSpace Mewa logistics park having leasable area of 3.80 lakh square feet and comfortable leverage. The rentals commenced in November2021 for B200 and in February 2024 from B100. The impact of full-year rentals from both the blocks was seen in FY2025 with increase in rentals to Rs. 13.2 crore from Rs. 6.4 crore in FY2024. ICRA expects the annual rentals to increase by 5% in FY2026, largely driven by contracted rental escalations. Further, the leverage is estimated to be comfortable, with total external debt to annualised net operating income (NOI) at around 4.6 times as of March 2026 (PY:5.3 times). The debt coverage metrics are likely to be adequate, with five-year average DSCR of around 1.20 times for FY2026-FY2030. The rating derives comfort from the strong business profile of the IndoSpace Group (the Group) in the industrial, warehousing and logistics park business in India, with an established track record and the strong sponsor profile lends high financial flexibility. The rating notes the favourable location of IndoSpace Mewa, in the Irungattukottai micromarket.

The rating is constrained by high tenant concentration risk, with a single tenant occupying both blocks. Although this is partially mitigated by a long-term lease with a strong counterparty, any delays in rental payments or vacancies could adversely affect ULPPL's cash flows. The company also faces significant geographical and asset concentration risks due to its single-project portfolio. However, these are somewhat offset by the Group's diversified presence across geographies and established tenant

[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.*

relationships. Additionally, the company's debt coverage ratios remain sensitive to fluctuations in interest rates on its existing loans.

Key rating drivers and their description

Credit strengths

Full leasing with commencement of rentals from all blocks supported by favourable project location – The IndoSpace Mewa is located about 1.25 km from NH-48. The proximity to NH-48 enables good connectivity through a well-developed road network into Tamil Nadu, Karnataka, and various other states. The IndoSpace Mewa logistics park has two blocks, B100 and B200, which are fully leased. The rentals commenced in November 2021 for B200 and in February 2024 from B100.

Comfortable leverage and adequate debt coverage metrics – The company has comfortable leverage metrics, supported by sustained rental inflows owing to healthy occupancy levels for two operational blocks. The leverage metrics (total external debt/NOI) are expected to be 4.6 times as of March 2026 and 4.20 times as of March 2027. The debt coverage metrics are likely to be adequate with a five-year average DSCR of around 1.20 times for FY2026-FY2030.

Strong track record and business profile of sponsors; financial flexibility from being part of a strong sponsor group – ULPPL is promoted by ILP III Ventures VII Pte. Ltd (part of the IndoSpace network), which 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. 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, and 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 of 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 SPVs, whenever needed.

Credit challenges

Tenant concentration risk – The company faces high tenant concentration risk, as a single tenant occupies the entire park. Although this is largely mitigated by a long-term lease with a strong counterparty, any delays in rental payments or vacancy could significantly impact ULPPL's cash flow.

Geographical and asset concentration risks – ULPPL is exposed to significant geographical and asset concentration risks, as IndoSpace Mewa is the company's sole property. Such risks are inherent in single-project entities.

Exposure to interest rate risk – The company's debt coverage ratios remain sensitive to fluctuations in interest rates on its existing borrowings.

Liquidity position: Adequate

The company's liquidity position is adequate with liquid investments and unencumbered cash balance of Rs. 4.3 crore as on March 31, 2025. Its cash flow from operations are expected to be sufficient to meet its scheduled debt obligations of Rs. 9.9 crore (principal and interest) in FY2026.

Rating sensitivities

Positive factors – The watch will be resolved on the successful transfer of the asset to IndoSpace Core platform and after the assessment of the impact of the said transfer on the company's financial profile. In the interim, 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 coverage metrics. Specific credit metric for a rating upgrade would be five-year average DSCR of greater than 1.30 times on a sustained basis.

Negative factors – The watch will be resolved on the successful transfer of the asset to IndoSpace Core platform and after the assessment of the impact of the said transfer on the company's financial profile. In the interim, any significant decline in the occupancy levels or increase in indebtedness leading to weakening of debt coverage metrics may lead to a rating 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

Unnati Logistics Park Private Limited has developed an integrated industrial and logistic park in Mevalurkuppam, in Kancheepuram district on a 15.3-acres land with a total leasable area of 3.80 lakh sq ft. ULPPL is promoted by ILP III Ventures VII Pte. Ltd. (a part of the IndoSpace network), which holds 100% stake in the company. ILP III Ventures VII Pte. Ltd is further promoted by Realterm Global, Everstone Capital and GLP Global. The project was completed in November 2023.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	6.4	13.2
PAT	-8.8	-5.7
OPBDIT/OI	56.8%	75.5%
PAT/OI	-138.4%	-42.3%
Total outside liabilities/Tangible net worth (times)	9.3	16.7
Total debt/OPBDIT (times)	31.7	11.7
Interest coverage (times)	0.3	0.8

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

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 29, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	67.00	[ICRA]A-; Rating Watch with Positive Implications	Jun 24, 2024	[ICRA]A- (Positive)	Jul 28, 2023	[ICRA]A- (Positive)	June 28, 2022	[ICRA]A- (Stable)
Bank guarantee	Long term	2.00	[ICRA]A-; Rating Watch with Positive Implications	Jun 24, 2024	[ICRA]A- (Positive)	Jul 28, 2023	[ICRA]A- (Positive)	June 28, 2022	[ICRA]A- (Stable)
Letter of credit (Sublimit of term loan)	Long term	(10.00)	[ICRA]A-; Rating Watch with Positive Implications	Jun 24, 2024	[ICRA]A- (Positive)	Jul 28, 2023	[ICRA]A- (Positive)	June 28, 2022	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Term loan	Simple
Bank guarantee	Very Simple
Letter of credit (Sublimit of term loan)	Very 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**	Jan 2020	NA	Dec 2033	67.00	[ICRA]A-; Rating Watch with Positive Implications
NA	**Bank guarantee**	-	NA	-	2.00	[ICRA]A-; Rating Watch with Positive Implications
NA	**Letter of credit (Sublimit of term loan)**	-	NA	-	(10.00)	[ICRA]A-; Rating Watch with Positive Implications

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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