

September 30, 2025

Arman Logistics Park Private Limited: Ratings reaffirmed; outlook revised to Positive from Stable; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	90.00	110.00	[ICRA]A- (Positive); reaffirmed and outlook revised to Positive from Stable; assigned for enhanced limits
Total	90.00	110.00	

*Instrument details are provided in Annexure I

Rationale

The revision in outlook to Positive on the long-term rating of Arman Logistics Park Private Limited (ALPPL) factors in the full leasing of the asset at adequate rental rates, along with commencement of full rentals in FY2026, which is likely to result in comfortable leverage and adequate debt coverage metrics. ALPPL has developed an industrial and logistics park in Bavla, Gujarat, with a total leasable area of 0.92 million square feet (msf)¹, spread across 4 blocks. The rentals have already started for 86% of the area. For the remaining area, the rentals are expected to start from October 2025. The rating considers the project's favourable location in the Bavla micromarket and the presence of lease tie-up with reputed tenants. Based on the current leasing, the leverage is expected to be comfortable around 4.5 - 5 times as of March 2026 and the debt service coverage metric is projected to be adequate with 5-year DSCR around 1.21-1.25 times (FY2026-2030). ICRA continues to factor in the exceptional financial flexibility of IndoSpace and its track record of honouring the sponsor's undertakings to lenders by infusing funds into various special purpose vehicles (SPVs), whenever needed. The rated facility has an escrow mechanism and a debt service reserve account (DSRA), equivalent to three months of repayment obligations during the entire loan tenure. The rating reflects the favourable sponsor profile with the established track record in the industrial warehousing and logistics space in India.

The rating remains constrained by the high geographical and asset concentration risks inherent in a single project portfolio. The weighted average balance lease expiry period is 6 years compared to the weighted average debt maturity of around 13 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 IndoSpace Group across geographies and its established relationship with reputed tenants. The debt coverage ratios remain vulnerable to changes in interest rates.

ICRA notes that the company is currently not constructing the fifth block having a leasable area of 0.42 msf, which will be undertaken post committed leasing. ICRA will continue to monitor the developments on this and take appropriate action where necessary.

¹ As per the initial plan, five blocks with a total leasable area of 1.32 million square feet (msf) were expected to be constructed. However, ICRA notes that the company is not undertaking the construction of 5th block (B300), comprising 0.42 msf leasable, thus, reducing the total leasable area to 0.92 msf.

Key rating drivers and their description

Credit strengths

Strong track record of sponsors – ALPPL is promoted by ILP III Ventures III Pte. Ltd (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. At present, it manages assets worth over USD 11 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 USD 7 billion in private equity and real estate. GLP Global is an investment firm with over USD 60 billion assets under management (AUM) across the real estate and private equity segments.

Favourable project location – The project is located on a land parcel admeasuring about 45.92 acres in Bavla, Gujarat, on the Ahmedabad-Rajkot Highway (which is a part of NH-47). The proposed site is in proximity to the Changodar-Bavla industrial belt, which houses many large and medium industrial and warehousing developments resulting in healthy occupancy levels.

Full leasing comfortable leverage and adequate debt service coverage indicators – The company has constructed all the four blocks with a leasable area of 0.92 msf. The entire area has been leased, and full rentals are expected to begin in FY2026. Based on the current leasing, the leverage is projected to be adequate at 4.5 - 5 times as of March 2026. The debt coverage indicators remain adequate with 5-year DSCR of ~1.21-1.25 in FY2026-2030.

Credit challenges

Vulnerability to changes in occupancy and interest rates – ALPPL faces vacancy risk due to a weighted average lease expiry of ~6 years, which is significantly shorter than its weighted average debt maturity of ~13 years. Prolonged vacancies could strain cash flows and weaken debt coverage metrics. However, this risk is partially mitigated by the Group's extensive portfolio across geographies, its strong tenant relationships, and the substantial capital investments made by the existing tenants at the site. The company also remains exposed to any movements in the interest rates, given the steady rental revenues.

Geographical and asset concentration risks – The company is exposed to high geographical and asset concentration risks inherent in single project SPV.

Liquidity position: Adequate

The liquidity is adequate with Rs. 9.55 crore of free cash and liquid investments as of March 2025. The debt repayments are expected to be adequately serviced from the cash flows of the leased blocks.

Rating sensitivities

Positive factors – The rating may be upgraded in case of sustained healthy occupancy levels resulting in an increase in rental income and/or material decline in debt levels leading to improvement in debt protection metrics. Specific credit metric leading to a rating upgrade would be the five-year average DSCR exceeding 1.20 times on a sustained basis.

Negative factors – The outlook may be revised in case of any material 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 (LRD)

Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

IndoSpace is developing an industrial and logistics park under Arman Logistics Park Private Limited (100% subsidiary of ILP III Ventures III Pte. Ltd) on a land admeasuring approximately 45.92 acres with a total leasable area of 0.92 msf comprising four blocks at Bavla, Gujarat.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	8.6	17.0
PAT	-14.5	27.7
OPBDIT/OI	49.3%	63.3%
PAT/OI	-169.0%	162.8%
Total outside liabilities/Tangible net worth (times)	-8.9	324.2
Total debt/OPBDIT (times)	54.4	24.7
Interest coverage (times)	0.3	0.5

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

Current (FY2026)					Chronology of rating history for the past 3 years					
FY2026					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	110.00	Sept-30-2025	[ICRA]A- (Positive)	Jul-10-2024	[ICRA]A- (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	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 loans	January 2024	NA	FY2039	110.00	[ICRA]A- (Positive)

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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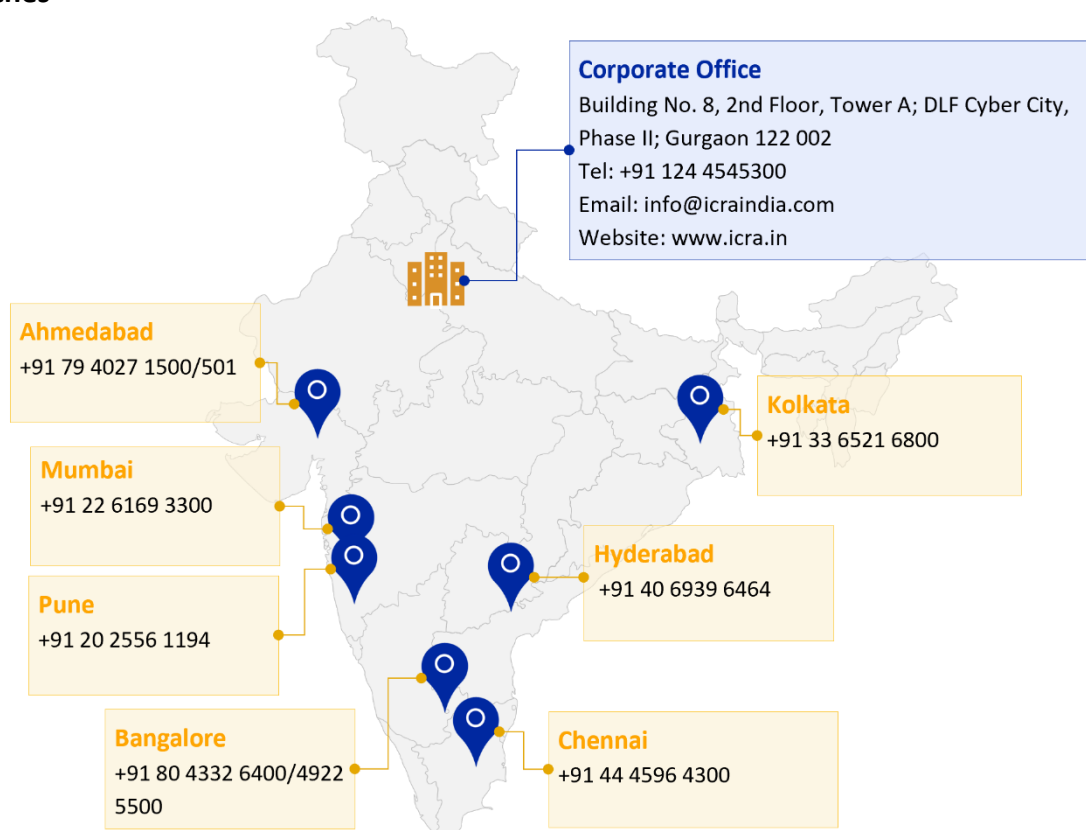
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