November 21, 2025

# IndoSpace Vallam II Private Limited: Rating upgraded to [ICRA]A-(Stable); rated amount enhanced and short term rating withdrawn

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|---|---|---|
| **Long-term-Fund-based-Term loan** | 180.66 | 0.00 | - |
| **Short-term - Interchangeable limits - Bank guarantee#** | (5.00) | 0.00 | [ICRA]A2+; upgraded from [ICRA]A2 and withdrawn |
| **Short-term - Interchangeable limits-Letter of credit#** | (10.00) | 0.00 | [ICRA]A2+; upgraded from [ICRA]A2 and withdrawn |
| **Long-term - Fund-based - Lease rental discounting (LRD)** | 0.00 | 245.00 | [ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable) and assigned for enhanced amount |
| **Total** | **180.66** | **245.00** | |

**Instrument details are provided in Annexure I; # Sublimits of Term Loans*

## Rationale

The rating upgrade for the bank lines of Indospace Vallam II Private Limited (IVPL) factors in the full leasing of the asset at adequate rental rates, commencement of full rentals from September 2025 and adequate leverage and strong debt coverage indicators. IVPL has developed an industrial and logistics park in Vallam, Tamil Nadu with a total leasable area of 1.3 million square feet (msf), spread across five blocks. The project achieved Date of Commencement of Commercial Operations (DCCO) in March 2025, and full rentals have commenced from September 2025. The ratings continue to consider the favourable location of the park in SIPCOT[1] Industrial Area. The leverage, based on current leasing, is likely to be adequate with Total Debt/Annualised NOI of 5.80-5.85 times expected as of March 2026 and debt coverage indicators to remain healthy with five-year DSCR estimated greater than 1.50 times for FY2026-2030. ICRA continues to derive comfort from the exceptional financial flexibility of the Indospace network[2] (Indospace) and its track record of honouring sponsor undertakings to lenders and infusion of funds into various SPVs, whenever needed. The ratings also take into account the strong business profile of IndoSpace with an established track record in the industrial, warehousing and logistic park business in India.

The ratings remained constrained by geographical and asset concentration risks inherent in a single-project portfolio. The asset is also exposed to high tenant concentration risks with the top three tenants occupying more than ~82% of total area. The weighted average balance lease expiry period is ~six years compared to the weighted average debt maturity of ~15 years. Any significant vacancy for a prolonged period will adversely impact the company's cash flows and debt coverage indicators. These risks, however, are mitigated to some extent by the large portfolio of the IndoSpace Group across geographies and its established relationships with reputed tenants. The debt coverage ratios remain vulnerable to changes in interest rates.

ICRA has withdrawn the short-term rating assigned to the bank facilities of IndoSpace Vallam II Private Limited (IVPL) based on the No Dues Certificate (NDC) received from its banker, and in accordance with ICRA's policy on withdrawal of credit ratings.

The Stable outlook reflects ICRA's opinion that the company will benefit from healthy occupancy levels at adequate rentals, leading to adequate leverage and strong debt coverage metrics.

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[1] *State Industries Promotion Corporation of Tamil Nadu*

[2] *ILP III Ventures XI Pte Ltd., Singapore (a part of the IndoSpace network, which is sponsored by Realterm Global, Everstone Capital and GLP Global)*

## Key rating drivers and their description

### Credit strengths

**Strong track record and business profile of sponsor** – IVPL is promoted by ILP III Ventures XI Pte. Ltd. (part of the IndoSpace network), which is sponsored by Realterm Global, Everstone Capital and GLP Global. Realterm Global has over 20 years of experience in developing industrial and logistics parks. At present, it manages assets worth over $7 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 Group manages funds over $5 billion in private equity and real estate. GLP Global is an investment firm, managing multiple asset classes, including real estate, private equity and infrastructure. It has over $100 billion in assets under management (AUM) across the real estate and private equity segments.

**Favourable project location** – The industrial and logistics park is in SIPCOT Industrial Park, Vallam. The logistic park is well-connected to the Chennai International Airport, Chennai City's Centre, port and various industrial areas in the vicinity, including Oragadam, Sriperumbudur and Polivakkam, which are established industrial and automobile hubs, besides the new industrial (primarily auto sector) hub of Vallam.

**Adequate leverage and strong debt coverage metrics** – Based on the current leasing, the leverage is likely to be adequate with Total Debt/Annualised NOI of 5.80-5.85 times expected as of March 2026 and debt coverage indicators to remain healthy with five-year DSCR estimated at more than 1.5 times during FY2026-2030.

### Credit challenges

**High tenant concentration risks** – The asset is exposed to high tenant concentration risks with top three tenants occupying more than ~82% of total area. However, adequate tenant profile, competitive rentals for most tenants and investments in fitouts by tenants mitigate the tenant concentration risk to an extent.

**Geographical and asset concentration risks** – 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 logistic and industrial parks, including developed and under-development parks across India.

**Vulnerability to changes in occupancy and interest rates** – The asset faces vacancy risk due to a weighted average lease expiry of ~six years, which is significantly shorter than its weighted average debt maturity of ~15 years. Any significant vacancy for a prolonged period will adversely impact the company's cash flows and debt coverage indicators. The company also remains exposed to any movements in the interest rates, given the steady rental revenues.

## Liquidity position: Adequate

The company's liquidity position is adequate. It had free cash and liquid investments of Rs. 4.7 crore as on July 31, 2025. The cash flow from operations from the project is estimated to be sufficient to service the debt obligations in FY2026 and FY2027.

## Rating sensitivities

**Positive factors** – The rating may be upgraded in case of a significant increase in rental income while sustaining strong occupancy levels, adequate leverage and comfortable debt coverage metrics.

**Negative factors** – The rating may be downgraded in case of any material vacancy or increase in indebtedness, thus weakening the debt protection metrics on a sustained basis. Specific metric that could result in a rating downgrade would be five-year average DSCR less than 1.20 times, on a sustained basis.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | Corporate Credit Rating Methodology<br>Realty - Lease Rental Discounting (LRD)<br>Policy On Withdrawal Of Credit Rating |
| **Parent/Group support** | Not applicable |
| **Consolidation/Standalone** | Standalone |

## About the company

IndoSpace Vallam II Private Limited is developing an industrial and logistic park (IndoSpace Vallam II), measuring 49.82 acres secured on a 99-year lease from SIPCOT. The company is a 100% subsidiary of M/s. ILP III Ventures XI Pte. Ltd., Singapore. The park, with a total leasable area of 1.3 msf, is being developed at SIPCOT – Vallam Vadahal Industrial Park, Bhodhanoor village, Sriperumbudur Taluk, Kancheepuram district of Tamil Nadu. It is 100% occupied as on September 2025.

### Key financial indicators (audited)

| Standalone | FY2024 | FY2025 |
|---|---|---|
| **Operating income** | 14.7 | 21.1 |
| **PAT** | -6.3 | -10.2 |
| **OPBDITA/OI (%)** | 64.7% | 64.0% |
| **PAT/OI (%)** | -43.0% | -48.6% |
| **Total outside liabilities/Tangible net worth (times)** | 3.1 | 4.6 |
| **Total debt/OPBDITA (times)** | 23.4 | 23.4 |
| **Interest coverage (times)** | 1.0 | 0.7 |

*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 rating (FY2026) | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | FY2025 | | FY2024 | | FY2023 | |
| Instrument | Type | Amount rated (Rs. crore) | Nov 21,2025 | Date | Rating | Date | Rating | Date | Rating |
| **Fund-based - Lease rental discounting (LRD)** | Long-term | 245.00 | [ICRA]A- (Stable) | - | - | - | - | - | - |
| **Fund-based - Term loan** | Long-term | 0.00 | - | Dec 27, 2024 | [ICRA]BBB+ (Stable) | Sep 22, 2023 | [ICRA]BBB+ (Stable) | Aug 10, 2022 | [ICRA]BBB+ (Stable) |
| **Interchangeable limits-Bank guarantee** | Short-term | 0.00 | [ICRA]A2+; withdrawn | Dec 27, 2024 | [ICRA]A2 | Sep 22, 2023 | [ICRA]A2 | Aug 10, 2022 | [ICRA]A2 |
| **Interchangeable limits-Letter of credit** | Short-term | 0.00 | [ICRA]A2+; withdrawn | Dec 27, 2024 | [ICRA]A2 | Sep 22, 2023 | [ICRA]A2 | Aug 10, 2022 | [ICRA]A2 |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long-term-Fund-based-Lease rental discounting (LRD)** | Simple |
| **Letter of credit (sublimit of term loan)** | Very Simple |
| **Bank guarantee (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 | Fund-based-Lease rental discounting (LRD) | FY2026 | NA | FY2041 | 245.00 | [ICRA]A- (Stable) |
| NA | Letter of credit (sublimit of term loan) | April 2022 | - | - | (10.00) | [ICRA]A2+; withdrawn |
| NA | Bank guarantee (sublimit of term loan) | April 2022 | - | - | (5.00) | [ICRA]A2+; withdrawn |

*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.

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## ICRA Limited

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