

April 22, 2025

Mindspace Business Parks Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term Loans	603.00	727.50	[ICRA]AAA (Stable); reaffirmed
Short-term – Fund-based	200.00	225.00	[ICRA]A1+; reaffirmed
Long-term – Unallocated limits	527.75	378.25	[ICRA]AAA (Stable); reaffirmed
Tota	1,330.75	1,330.75	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation for Mindspace Business Parks Private Limited (MBPPL) factors in the strength of the promoter, as MBPPL is a part of Mindspace Business Park REIT (Mindspace REIT, rated [ICRA]AAA (Stable)) and holds strategic importance for the REIT. MBPPL contributed to 26% of Mindspace REIT's consolidated net operating income (NOI) and ~25% of the REIT's market value as on December 31, 2024. ICRA notes that certain assets of MBPPL have been encumbered for secured borrowings at Mindspace REIT, leading to higher linkages between the entities.

The ratings favourably consider its comfortable leverage and debt coverage metrics. While the committed occupancy of the completed operational area declined to 84% as of February 2025 from 88% as of March 2024, as few tenants vacated certain area in the premises due to its consolidation plans, the leverage [Debt¹/NOI] is estimated to remain comfortable at less than 5 times in the medium term, supported by sustained rental inflows from healthy occupancy levels. Consequently, the company's debt coverage metrics as reflected by the five-year average debt service coverage ratio (DSCR) are expected to remain comfortable at above 2.0 times during FY2025-FY2029. The ratings factor in MBPPL's diversified commercial office portfolio in the key micromarkets of two cities – Mumbai and Pune, with a total completed area of 7.4 msf and under-construction/future development area of 2.3 msf as of December 31, 2024. The parks are favourably located, and the existing tenant profile is strong spread across diversified sectors with a weighted average lease expiry (WALE) of ~4.6 years, ensuring rental income visibility in the near to medium term.

ICRA, however, considers MBPPL's exposure to high tenant concentration risk in its constituent properties. The top five tenants contribute to ~52% of the gross rental income at Mindspace Airoli East, Mumbai, 71% at Commerzone Yerwada, Pune and 100% of the rentals at The Square Nagar Road, Pune. However, the strong tenant profile, long-term leases, competitive rentals for most assets and investments in fitouts by tenants mitigate the tenant concentration risk to an extent. The ratings note the inherent cyclicity in the real estate industry and vulnerability to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles. The ratings take note of the susceptibility of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels. The ratings factor in the under-construction/future development potential of around 2.3 msf of additional area, which will be primarily debt funded over the next 2-5 years. While these capex plans are at a nascent stage, given the comfortable leverage levels for the special purpose vehicle (SPV), the debt protection metrics are expected to remain healthy.

The Stable outlook on the rating reflects ICRA's expectations that the company will benefit from a geographically diversified asset base with strong tenant profile, healthy occupancy levels and will maintain comfortable debt protection metrics.

¹ Including external debt of MBPPL and guaranteed debt backed by security of MBPPL which is raised at REIT level

Key rating drivers and their description

Credit strengths

Strength derived from parentage and status as a strategically important SPV of Mindspace REIT – MBPPL's entire stake is held by Mindspace Business Parks REIT. The asset portfolio under the REIT includes some major business parks in Mumbai, Hyderabad, Pune and Chennai, with a reputed and diversified tenant mix, comprising leading multi-nationals and Indian corporates. The REIT's portfolio includes completed office space area of 26.8 msf, along with under-construction and future development potential of 8.0 msf. MBPPL is a strategically important SPV for Mindspace REIT, contributing to 26% of Mindspace REIT's consolidated NOI and around 25% of the REIT's market value as on December 31, 2024.

Comfortable debt protection metrics – The company's leverage (debt/NOI) is estimated to be comfortable at less than 5 times in the medium term, supported sustained rental inflows owing to healthy occupancy levels. Consequently, the company's debt coverage metrics as reflected by the five-year average DSCR are expected to remain comfortable at above 2.0 times during FY2025-FY2029.

Geographically diversified portfolio with strong tenant profile – The company has a diversified commercial office portfolio in the key micromarkets of two cities – Mumbai and Pune, with a total completed area of 7.4 msf and under-construction/future development area of 2.3 msf as of December 31, 2024. The parks are favourably located, and the existing tenant profile is strong spread across diversified sectors with a WALE of ~4.6 years, ensuring rental income visibility in the near to medium term. The largest asset owned by MBPPL is located at Airoli East, Mumbai, with a total completed area of 4.9 msf. The other assets include Commerzone Yerwada, Pune with a total completed area of 1.7 msf and The Square Nagar Road, Pune with a total completed area of 0.8 msf. The committed occupancy of the completed operational area declined to 84% as of February 2025 from 88% as of March 2024, as a few tenants vacated certain area in the premises due to its consolidation plans. The company also has a completed asset - Mindspace Pocharam, Hyderabad of 0.6 msf, which is currently vacant and expected to be sold in the near to medium term.

Credit challenges

Exposure to high tenant concentration risk – The tenant concentration risk remains high across its constituent projects. The top five tenants contribute to approximately 52% of the gross rental income at Mindspace Airoli East, Mumbai, 71% at Commerzone Yerwada, Pune and 100% of the rentals at The Square Nagar Road, Pune. However, the strong tenant profile, long-term leases, competitive rentals for most assets and investments in fitouts by tenants mitigate the tenant concentration risk to an extent.

Vulnerable to cyclical – The company remains exposed to the inherent cyclical in the real estate industry and vulnerability to adverse macroeconomic and external conditions, which could impact the tenant's business risk profiles. The ratings note the susceptibility of its debt coverage metrics to factors such as changes in interest rates or material reduction in occupancy levels.

Liquidity position: Strong

The company's liquidity position is strong and will be supported by stable rental income from the underlying assets. The principal obligation of ~Rs. 29 crore and Rs. 34 crore in FY2026 and FY2027, respectively, can be met comfortably through its estimated cash flow from operations. Additionally, it has free cash and bank balances of ~Rs. 342 crore as on December 31, 2024. It is expected to incur capex of Rs. 710-730 crore during FY2026 and FY2027 towards upgradation, expansion of area, which will be primarily debt funded.

Rating sensitivities

Positive factors – Not Applicable

Negative factors – ICRA could downgrade MBPPL’s ratings if a significant increase in borrowings or a material decline in the NOI leads to an increase in the total debt/NOI to above 6.0 times on a sustained basis. Further, any deterioration in the credit profile of the Mindspace REIT might have a bearing on MBPPL’s ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Parent Company: Mindspace Business Parks REIT ICRA expects that MBPPL’s parent will be willing to extend financial and operational support, if required, given the strategic importance of MBPPL to the Mindspace REIT, and the significant contribution of the SPV to the overall NOI and valuation of the REIT
Consolidation/Standalone	The ratings are based on the company’s standalone financial statements

About the company

Incorporated in December 2003, MBPPL was promoted by the CL Raheja Group. The company was acquired by Mindspace Business Parks REIT in August 2020 and is now a 100% subsidiary of the REIT. As of February 2025, it has three commercial projects under operations with a total leasable area of 9.7msf, of which 7.4 msf is completed with a committed occupancy of 84% and one commercial project of 0.6 msf, which is currently vacant and held for sale.

Key financial indicators (audited)

MBPPL (Standalone)	FY2023	FY2024	9M FY2025*
Operating income	628.3	691.9	543.9
PAT	176.7	233.4	154.0
OPBDIT/OI	69.3%	69.3%	69.5%
PAT/OI	28.1%	33.7%	28.3%
Total outside liabilities/Tangible net worth (times)	5.7	6.7	6.1
Total debt/OPBDIT (times)	3.6	2.9	2.9
Interest coverage (times)	3.2	4.0	4.1

Source: Company, ICRA Research; * Provisional numbers; 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)	Apr 22, 2025	Date	Rating	Date	Rating	Date	Rating
Long-term-Term loan-Fund-based	Long Term	727.50	[ICRA]AAA (Stable)	28-JUN-2024	[ICRA]AAA (Stable)	12-APR-2023	[ICRA]AAA (Stable)	14-APR-2022	[ICRA]AAA (Stable)
				-	-	26-JUL-2023	[ICRA]AAA (Stable)	-	-
Long-term-Unallocated	Long Term	378.25	[ICRA]AAA (Stable)	28-JUN-2024	[ICRA]AAA (Stable)	-	-	14-APR-2022	[ICRA]AAA (Stable)
Short-term-Others-Fund based	Short Term	225.00	[ICRA]A1+	28-JUN-2024	[ICRA]A1+	-	-	-	-
Fund-based	Short Term	-	-			-	-	14-APR-2022	[ICRA]A1+
Non-fund based	Short Term	-	-			12-APR-2023	[ICRA]A1+	14-APR-2022	[ICRA]A1+
						26-JUL-2023	[ICRA]A1+		
NCD	Long Term	-	-			12-APR-2023	[ICRA]AAA (Stable)	14-APR-2022	[ICRA]AAA (Stable)
						26-JUL-2023	[ICRA]AAA (Stable); Withdrawn		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	Simple
Short-term – Fund-based	Simple
Long-term – Unallocated limits	Not Applicable

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 1	FY2023	NA	FY2038	350.00	[ICRA]AAA (Stable)
NA	Term loans 2	FY2020	NA	FY2031	2.50	[ICRA]AAA (Stable)
NA	Term loans 3	FY2025	NA	FY2037	375.00	[ICRA]AAA (Stable)
NA	Fund-based limits	NA	NA	NA	225.00	[ICRA]A1+
NA	Unallocated limits	NA	NA	NA	378.25	[ICRA]AAA (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

ANALYST CONTACTS

Ashish Modani

+91 22 6169 3300

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Abhishek Lahoti

+91 40 6939 6433

abhishek.lahoti@icraindia.com

Mihir Gada

+91 22 6169 3326

mihir.gada@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.