September 11, 2025

Carol Info Services Limited: Rating upgraded to [ICRA]BBB (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based –Term loan	450.00	450.00	[ICRA]BBB (Stable); upgraded from [ICRA]BBB- (Stable)
Total	**450.00**	**450.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade for Carol Info Services Limited (Carol) factors in its continued healthy debt protection metrics as well as improvement in the credit profile of Wockhardt Limited (Wockhardt, rated [ICRA]BBB (Positive)/ [ICRA]A3+), which is the largest tenant of the company. The rating factors in the current strong occupancy (100%) for its total leasable area of 1.67 lakh square feet (sq. feet), and expectations that the occupancy will remain healthy, going forward. The company owns two properties, one at Bandra Kurla Complex (BKC), Mumbai, with a leasable area of 1.14 lakh sq. feet and another at Aurangabad (Maharashtra) with a leasable area of 0.53 lakh sq. feet. The company has a healthy track record of timely receipt of rent payments from its existing tenants, which include Wockhardt, Adani Electricity Mumbai Limited (Adani Electricity) and Ascendas Firstspace Development Management Private Limited (Ascendas Group). Additionally, the BKC property's presence in one of the premium commercial locations in Mumbai, support its value and rental income potential for the company. The rating also considers Carol's adequate debt metrics with lease rental discounting (LRD) debt/net operating income (NOI) in the range of 5.5-6.0 times as on March 31, 2025 (as per provisional estimates shared by the company) and expected five-year average debt service coverage ratio (DCSR) of 1.2-1.3 times over the medium term.

The rating is, however, constrained by high tenant and asset concentration risks. About 84% of the total leasable area is currently leased out to Wockhardt (around 77% of the leasable area at BKC and 100% of the leasable area at Aurangabad), exposing the company to significant tenant concentration risk. Besides, the BKC property generates around 92% of the company's rental revenues, leading to an asset concentration risk. The rating is also constrained by Carol's substantial investments/ loans and advances amounting to around Rs. 1,338.1 crore in Group companies and promoter entities as on March 31, 2024 (at the consolidated level) and Rs. 1,712.1 crore as on March 31, 2025 (at the standalone level). The company is not generating any return from these investments and there is no definite timeline for recovery of these investments, limiting the company's financial flexibility. The company also remains vulnerable to fluctuations in interest rates and occupancy levels, which could affect its debt coverage metrics.

The Stable outlook on the rating reflects ICRA's expectations that the company's credit profile will be supported by the continuation of strong occupancy level and favourable location of its rental property.

Key rating drivers and their description

Credit strengths

Healthy occupancy and track record of timely rent receipts – The company owns two properties, one at BKC with a leasable area of 1.14 lakh sq. feet and another at Aurangabad with a leasable area of 0.53 lakh sq. feet. Both the properties are fully occupied at present. The tenant profile includes reputed corporates such as Wockhardt (rated [ICRA]BBB (Positive)/[ICRA]A3+), Adani Electricity and the Ascendas Group, which reduce the counterparty risk to an extent. The company has a proven track record of timely receipt of rent payments from its existing tenants. Further, presence of a rent escalation clause in the lease agreements ensures steady growth in rental income over the lease term, providing a cushion against inflation and other market fluctuations.

Favourable location of the property – Out of the total leasable area of around 1.67 lakh sq. feet, around 1.14 lakh sq. feet is located at BKC as a commercial office space named, Wockhardt Towers, that generates around 92% of the rental revenues for the company at present. The property is located at a premium commercial area in the central business district (CBD) of the Mumbai Metropolitan Region (MMR), which further supports the property's value and rental income potential for the company. ICRA expects Carol to benefit from the low vacancy level and limited upcoming supply in the BKC micro-market.

Adequate debt metrics – The company's debt mainly consists of LRD loan of around Rs. 424.6 crore as on March 31, 2025. The company's LRD Debt/NOI and five-year average DSCR remained adequate in the range of 5.5-6.0 times and 1.20-1.30 times, respectively, as on March 31, 2025 (as per provisional estimates shared by the company). The debt coverage indicators are expected to remain healthy, going forward as well, with an estimated five-year average DSCR of 1.2-1.3 times.

Credit challenges

High tenant and asset concentration risks – About 84% of the total leasable area is currently leased out to Wockhardt Limited (around 77% of the leasable area at BKC and 100% of the leasable area in Aurangabad), exposing the company to high tenant concentration risk. Although the leased-out space remains critically important for the operations of Wockhardt, any adverse developments affecting Wockhardt's business could significantly impact the company's cash flows and debt coverage metrics. Moreover, the BKC property currently generates around 92% of the company's rental revenues, leading to an asset concentration risk. However, the favourable location of the BKC property mitigates this risk to a certain extent.

Large investments in group companies – The company has substantial investments and loans and advances amounting to around Rs. 1,338.1 crore as of March 31, 2024 (consolidated level) and Rs. 1,712.1 crore as of March 31, 2025 (standalone level) in Group companies and promoter entities. These investments were funded through proceeds from partial sale of the BKC property over a decade ago, along with an LRD loan and subsequent top-ups on the same, as well as through internal accruals. Out of these investments, around 41% have been invested in Wockhardt Hospitals and the balance in various promoter and group entities. The company is not generating any return from these investments and there is no definite timeline for recovery of these investments, limiting the company's financial flexibility. ICRA will continue to monitor the investments in group or promoter entities and their impact, if any, on the debt metrics and liquidity position of the company.

Vulnerability of debt coverage metrics to fluctuations in interest rate and occupancy levels – The company's debt coverage metrics remain vulnerable to fluctuations in interest rates and occupancy level of the leased-out properties. The weighted average lease expiry (WALE) of the asset currently stands at 2.97 years, compared to the remaining debt repayment period of around 13 years, exposing the company to the lease renewal risk. However, long-term association with its group company, Wockhardt Limited, a major revenue generating tenant, and its consistent track record of lease renewals provide comfort to an extent.

Liquidity position: Adequate

The company's liquidity remains adequate with free cash and bank balances and liquid investments of Rs. 7.8 crore as on March 31, 2025, apart from the balance in the debt service reserve account (DSRA) of Rs. 15.4 crore. The company does not have any working capital line. The company is not expected to incur any major capital expenditure (capex) in the near term, and any maintenance capex (of Rs. 2-3 crore) will be funded through internal accruals. The company has repayment obligations of Rs. 16.9 crore, Rs. 21.4 crore and Rs. 25.9 crore in FY2026, FY2027 and FY2028, respectively, for its existing LRD loan. ICRA expects Carol to meet its near-term repayment obligations through its internal accruals derived from rental receipts. Moreover, structural features, such as DSRA covering three months of debt servicing and an escrow mechanism, provide additional comfort.

Rating sensitivities

Positive factors – ICRA could upgrade the rating in case a significant reduction in debt level leads to a sustained improvement in leverage and coverage metrics.

Negative factors – Negative pressure on the rating could arise if there is a material decline in occupancy levels and/or any delay in timely rental receipts or significant increase in leverage levels, leading to 5-year average DSCR of less than 1.25 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Carol. Refer to Annexure-II for the list of entities considered for consolidation.

About the company

Carol Information Services Limited (Carol) is owned by the Khorakiwala family (promoters of the Wockhardt Group). The shareholding is through the promoters directly as well as via their investment arm. The company owns two commercial assets with a total leasable area of around 1.67 lakh square feet (lsf), out of which one is located in Mumbai (BKC - Wockhardt Towers and Cephal) and the other one is in Aurangabad (The Benchmark).

The majority of the leasable area of the BKC building has been leased out to Wockhardt Limited and the remaining area to Adani Electricity and Ascendas Group. The company's resort in Aurangabad has been completely leased out to Wockhardt Limited and includes an office building and a resort. The majority of the company's rent is derived from the BKC building (named Wockhardt Towers with a leasable area of 1.14 lsf) and is important to Wockhardt Group. The company has these rental arrangements with Wockhardt for more than 16 years.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	98.4	100.0
PAT	86.5	111.8
OPBDIT/OI	77.7%	87.7%
PAT/OI	87.9%	111.8%
Total outside liabilities/Tangible net worth (times)	0.7	0.7
Total debt/OPBDIT (times)	5.4	5.2
Interest coverage (times)	1.4	1.6

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 rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sep 11, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long Term	450.00	[ICRA]BBB (Stable)	Aug 22, 2024	[ICRA]BBB- (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 Loan**	FY2024	10.30%	FY2038	450.00	[ICRA]BBB (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

Company name	Ownership as on March 31, 2025	Consolidation approach
Banneret Trading Private Limited	100.00%	Full Consolidation
Wockhardt Hospitals Limited	48.36%	Equity Method

Source: Company

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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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