

## Kosmo One Business Park Private Limited

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	736.12 (Reduced from 740.00)	CARE A; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in the long-term rating of bank facilities of Kosmo One Business Park Private Limited (KOBPPL) factors in the continued high occupancy level which has remained stable at ~95% as on March 31, 2025, continuing to support the company's operational risk profile. The rating continues to derive comfort from strategic location of the property, long-term revenue visibility driven by timely renewal of expiring leases, and the presence of a structured payment mechanism with an escrow arrangement for lease rentals.

However, the rating strength remains constrained by KOBPPL's exposure to lease renewal and customer concentration risks, leveraged capital structure, and inherent cyclicity of the real estate sector. The rating strength is also constrained by vulnerability of debt coverage ratios to fluctuations in interest rates and occupancy levels.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improving external debt to rentals below 4.5x, maintaining strong occupancy levels on a sustained basis.

#### Negative factors

- Non-renewal of expiring lease contracts, leading to significant dip in occupancy levels.
- Delaying receipt of lease rentals on continuous basis, having a material impact on fulfilling debt obligations.

### Analytical approach: Standalone

Although standalone approach is adopted by CareEdge Ratings, the rating also draws comfort from presence of strong sponsor – the Blackstone Group.

### Outlook: Stable

CareEdge Ratings expects KOBPPL's credit profile to remain stable considering its strong sponsor group, Blackstone Group, healthy occupancy ratio, strong tenant profile, and favourable location.

### Detailed description of key rating drivers:

#### Key strengths

##### Strong parentage with vast experience in commercial real-estate space in India

Currently, KOBPPL is a part of entities under 'Nucleus Office Parks' space, which is the operating platform for fully owned and managed office space by the Blackstone Group in India. The USA-based Blackstone Group is one of the world's largest alternative asset management firms. Since its entry in the Indian Real Estate market in 2011, the Blackstone Group has become the largest owner of Class A office spaces in India with a portfolio spanning ~20 million square feet. The group has established leasing relationships with several blue-chip multinational companies and Indian corporates. The sponsor's long track record in the real estate sector and its large diverse portfolio in retail and commercial real estate business in India provides comfort and financial flexibility.

##### Steady cashflows, supported by healthy occupancy level and reputed tenants

The property has total leasable area of 19.08 lakh square feet (lsf), which is ~95% leased out as on March 31, 2025, primarily to reputed corporates. Due to strong occupancy, the company is currently generating healthy rental income. Most leases are signed in for a tenure of three years with escalation of 15% every three years. The property has been leased out to reputed tenants such as NatWest Digital Services India Private Limited, Access Healthcare Services Private Limited, Kone Elevators India Private Limited, Yes Bank Limited and others. KOBPPL's association with strong counterparties ensures timely receipt of rentals and low receivables risk.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Presence of structural features such as debt service reserve account (DSRA) and escrow mechanism**

There is a structured escrow mechanism, where entire inflows from tenants are routed through an escrow account, with a waterfall mechanism, which stipulates priority for servicing of LRD (lease rental discounting) debt, demonstrating strong financial discipline. KOBPPL has also created a DSRA equivalent to one months' principal and interest servicing in the form of mutual funds. These features support KOBPPL's liquidity profile.

**Strategic location of property**

Kosmo One Business Park is in the Ambattur Industrial Estate in Chennai and is the largest IT Park in the vicinity. It is on the Chennai by-pass road, which interconnects NH45, NH4, NH205, and NH5 and is well-connected through road and metro. Due to limited supply of leasable commercial space in the Ambattur area, its proximity to residential neighbourhood and lease rates being lower than prevalent in the central business district, 'Kosmo One' has been a preferred destination for MNCs to setup their back offices in the park. Since its acquisition in 2018, the Blackstone Group improved the visual appeal and upgraded amenities, including complete revamp of the food court, external landscape, and lobby areas.

**Key weaknesses****Leveraged financial risk profile and vulnerability of coverage ratios to changes in interest rate and occupancy levels**

KOBPPL's net worth was negative as on March 31, 2025, due to the amalgamation adjustment deficit from a merger with its parent company in FY20. Debt coverage indicators marked by total debt to profit before interest, lease rentals, depreciation, and taxation (TD/PBILD) and interest coverage ratio remained moderate at 8.52x and 1.65x, respectively. TD/PBILD increased due to drawdown of debt which is utilised towards capital reduction related payment to shareholders, as anticipated earlier. Cash inflow is susceptible to volatility in occupancy or rent rates, while operational cash outflow is relatively fixed, except for fluctuations in interest rates. Despite sustained occupancy levels, the company's cash coverage ratio (CCR) is expected to remain modest due to leveraged financial risk profile. However, comfort is drawn from the expected liquidity build-up in the forthcoming years and sufficient cash balance as on March 31, 2025.

**Exposure to revenue concentration and lease agreement rollover risk**

KOBPPL remains exposed to revenue concentration risk since top five tenants occupy ~70% total leased space as on March 31, 2025. In the timeframe of next three years, ~80% leasable area shall be due for renewal and hence timely renewal or leasing of this area at envisaged terms remains crucial. KOBPPL's ability to renew agreements and identify replacement to fill up the potential vacancy, shall remain crucial to maintain revenue profile. Major expenditure on fit-outs by existing tenants and a track record of renewals mitigates the risk to an extent.

**Geographic and industry concentration risk**

The project is exposed to geographical concentration risk inherent with single project portfolio. KOBPPL in its project portfolio has single IT park and the entire leasable area is positioned at a single micro-market in Chennai. Adverse developments or decline in demand in such micro-market may significantly impact the company's rentals and occupancy. The company's tenants primarily belong to two sectors; IT and financial services, considering which, there exists industry concentration risk. Significant impact on such sectors may impact the company's occupancy.

**Liquidity: Adequate**

The liquidity position of KOBPPL remains adequate as marked by free cash and bank balance (including market value of liquid investments) of ₹86.52 crore as on March 31, 2025. DSRA of ₹6.5 crore, equivalent to one month of debt and interest servicing is in place. KOBPPL receives lease rentals from its tenants largely by 15th of every month and debt and interest repayment falls due at the end of every month, indicating comfortable cushion period.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

**Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Factoring Linkages Parent Sub JV Group](#)

[Rating methodology for Debt backed by lease rentals](#)

**About the company and industry**

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

KOBPPL is a part of entities under 'Nucleus Office Parks' space owned and managed by the Blackstone Group. KOBPPL owns an IT business park 'Kosmo One' in Ambattur Industrial Estate, Chennai and is engaged in leasing commercial space in the IT Park. Operational from 2009, the business park is across three towers of 12 floors each and has a total leasable area of 1.90 million square feet, constructed on 8.84 acres' land.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	103.73	121.61
PBILDT	72.55	85.70
PAT	6.97	34.05
Overall gearing (times)	NM	NM
Interest coverage (times)	1.48	1.65

A: Audited P: Provisional NM: Not meaningful; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term	-	-	-	March 2039	736.12	CARE A; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	736.12	CARE A; Stable	-	1)CARE A; Stable (07-Jun-24)	1)CARE A-; Stable (07-Jul-23)	1)CARE A-; Stable (04-Jul-22)

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

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