

February 26, 2025

Cowtown Infotech Services Limited: [ICRA]AA- (Positive)/A1+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Working capital	100.00	[ICRA]AA- (Positive); assigned
Overdraft (sub-limit of Fund Based – Working capital)	(1.1)	[ICRA]AA- (Positive); assigned
Non-Fund based – Letter of Credit (sub-limit of Fund Based – Working capital)	(100.00)	[ICRA]A1+; assigned
Long term – Fund Based – Working capital	200.00	[ICRA]AA- (Positive); assigned
Fund based - WCDL (sub-limit of Fund based – Working Capital)	(10.00)	[ICRA]AA- (Positive); assigned
Non-Fund based – Letter of Credit (sub-limit of Fund Based – Working capital)	(190.00)	[ICRA]A1+; assigned
Total	300.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of Cowtown Infotech Services Limited (CISL) and Macrotech Developers Limited (MDL, rated [ICRA]AA- (Positive) and [ICRA]A1+), given the significant operational, financial and managerial linkages between both entities. CISL, a wholly owned subsidiary of MDL, undertakes the construction contracts (including procurement of materials) for real estate projects of MDL and its subsidiaries. The contracts for these entities attribute 100% of CISL's revenues. Majority of MDL's consolidated construction and procurement cost was incurred through CISL. Given such attributes, CISL remains integral and strategically important to MDL's overall operations.

ICRA notes that CISL's entire sanctioned debt is backed by MDL's corporate guarantee. There have been significant financial linkages between both companies and MDL and CISL share a common treasury team and there is a cash flow fungibility between the entities. CISL operates like an extended arm of MDL for material sourcing and construction requirements. Consequently, CISL's credit profile will be a reflection of MDL's credit profile.

In December 2024, ICRA revised MDL's long-term outlook from Stable to Positive ([link to rationale](#)). The positive outlook reflected ICRA's expectation of improvement in its leverage and coverage metrics, followed by expected improvement of operating performance in FY2025 and FY2026, in the backdrop of healthy growth in pre-sales, collections and cash flow from operations (CFO). In 9M FY2025, the company's pre-sales increased by 25% YoY to Rs. 12,820 crore while collections rose by 30% YoY to Rs. 10,060 crore. ICRA estimates the pre-sales to increase to Rs. 16,000 – 17,000 crore (FY2024: Rs. 14,520 crore) while collections are expected to rise to Rs. 14,000-14,200 crore (FY2024: Rs. 10,130 crore) in FY2025. This is supported by a strong launch pipeline, robust sales in the ongoing as well as upcoming projects and healthy construction progress.

ICRA notes that over the medium to long term, the share of the warehousing and retail segments in cash flows is likely to improve, providing stability to the overall cash flows from operations. The ratings positively factor in the management's guidance to maintain healthy cash surplus/liquidity cushion, which, along with the expected increase in the share of rental inflows from the warehouse and retail segments, will mitigate some impact of the cyclicity in the residential segment.

MDL had an outstanding total debt of Rs. 7,990 crore as on September 30, 2024 (Rs. 7,709 crore as of March 2024) of which, ~14% is lease rental discounting (LRD) debt against commercial assets. As on December 31, 2024, the gross debt was Rs. 7,674 crore. The company's gross debt/CFO is estimated to improve to 1.15-1.25 times as of March 2025 (1.49 times as of March

2024 and 1.22 times as of December 2024) and the net debt/CFO is projected to remain below 1 times as of March 2025. ICRA also notes the adequate cash flow adequacy ratio¹ of 73% as of September 2024 improving from 57% as of December 2023. Additionally, the presence of ready-to-move-in-inventory (RTMI) of ~Rs. 7,800 crore as of December 2024, as well as a comfortable sales velocity of 2.0 years for the entire portfolio, translating into healthy cash flow visibility, provides comfort.

MDL enjoys healthy pre-sales, backed by its diversified product segment and strong reputation. Pre-sales in the residential segment are expected to remain strong driven by the sustained end-user demand, sizeable unsold inventory of ~Rs. 34,600 crore as on December 31, 2024, including launches of 6.3 million square feet (msf) of area in 9M FY2025. Further, through historic land acquisitions, MDL has access to sizeable land parcels (around 4,000 acres as of December 2024), providing significant potential for future project development. The ratings factor in MDL's strong leadership position in the Mumbai and Thane residential real estate markets as well as the Group's established track record of over four decades, underpinned by more than 105 msf of deliveries till December 2024.

The ratings factor in the execution and market risks resulting from large expansion plans with a pipeline of over 86 msf for future project launches as of December 2024. The timely launch of these projects, along with healthy sales and collection momentum, would be critical for improving the operational cash flow generation. Nonetheless, ICRA takes comfort from MDL's established track record of project execution and strong brand presence, which aid sales velocity. The company is also exposed to the cyclical nature in the residential real estate market.

Key rating drivers and their description

Credit strengths

Healthy pre-sales backed by diversified portfolio across product segments; expected improvement in operating performance in FY2025 and FY2026 - MDL's pre-sales/collections are derived from residential, commercial and monetisation of leased assets/land parcels. In 9M FY2025, the company's pre-sales increased by 25% YoY to Rs. 12,820 crore while collections rose by 30% YoY to Rs. 10,060 crore. ICRA estimates the pre-sales to increase to Rs. 16,000 – 17,000 crore (FY2024: Rs. 14,520 crore), while the collections are expected to rise to Rs. 14,000-14,200 crore (FY2024: Rs. 10,130 crore) in FY2025, supported by a strong launch pipeline, robust sales in the ongoing as well as upcoming projects and healthy construction progress.

Comfortable leverage position - The company's gross debt/CFO is estimated to improve to 1.15-1.25 times as of March 2025 (1.49 times as of March 2024 and 1.22 times as of December 2024) and the net debt/CFO is estimated to remain below 1 times as of March 2025. ICRA notes the entity's adequate cash flow adequacy ratio was 73% as of September 2024, improving from 57% as of December 2023. Additionally, the presence of RTMI worth ~Rs. 7,800 crore as of December 2024, as well as a comfortable sales velocity of 2.0 years for the entire portfolio, translating into healthy cash flow visibility, provides comfort.

Leading real estate developer with track record of 40 years, mainly in MMR - MDL has a long track record of over four decades in real estate development across residential, commercial and warehousing segments. As on December 31, 2024, the company developed more than 105 msf of space with ~34 msf of ongoing developable area. It has an established presence in Mumbai and Thane, as most of its developed projects have been largely concentrated in these markets. The company enjoys market leadership position in MMR based on FY2024 and 9M FY2025 pre-sales. Through historic land acquisitions, it has access to sizeable land parcels (4,000 acres as of December 2024). Pre-sales in the residential segment are expected to remain strong, backed by sustained end-user demand, sizeable unsold inventory of ~Rs. 34,600 crore as on December 31, 2024, including launches of 6.3 million square feet (msf) of area in 9M FY2025.

Credit challenges

Large expansion plans expose MDL to execution and market risks - MDL has significant plans to expand the ongoing portfolio to maintain its growth momentum and strengthen its market presence in the existing as well as new micromarkets. As on December 31, 2024, the pipeline for future project launches stood at over 86 msf, exposing the company to execution and

¹ Cash flow adequacy= Committed Receivables/(Pending Cost+Debt Outstanding)

market risks. The timely launch of these projects, along with healthy sales and collection momentum, would be critical for improving the operational cash flow generation. Nonetheless, ICRA takes comfort from MDL’s established track record of project execution and strong brand presence, which aids in sales velocity. Additionally, it is expected to benefit from the ongoing trend of market consolidation, whereby the share of large players is likely to increase, driven by the strong brand, track record of delivery and quality execution.

Susceptibility to cyclical and regulatory risks in real estate sector - The real estate sector is cyclical and has a highly fragmented market structure because of a large number of regional players. In addition, being a cyclical industry, the sector is highly dependent on macroeconomic factors, exposing the company’s sales to any downturn in demand.

Liquidity position: Strong

ICRA expects MDL’s consolidated liquidity position to remain strong, driven by the healthy cash flow from operations against scheduled repayments of around Rs. 900 crore in Q4 FY2025 and Rs. 1,300 crore in FY2026. The company’s liquidity is further supported by ~Rs. 2,800 crore of unencumbered cash and bank balances as on December 31, 2024 and undrawn debt of Rs. 870 crore.

Environmental and social risks

The real estate segment is exposed to risks of increasing environmental norms impacting operating costs, including higher costs of raw materials such as building materials and cost of compliance with pollution control regulations. Environmental clearances are required for commencement of projects and lack of timely approvals can affect business operations. The impact of changing environmental regulations on licences taken for property development could create credit risks. MDL is the first Indian real estate company to have its net zero targets validated by Science Based Targets initiative (SBTi). It has already achieved carbon neutrality in Scope 1 and 2 emissions from operations in March 2024. Further, MDL has 100% wastewater at all projects getting treated through sewage treatment plants. The company has set target to achieve 44% of gender diversity by 2027. MDL’s governance structure is characterised by 55% of the board comprising independent directors and two women directors; an ESG committee at the board, headed by an independent director. Hence, it is expected to be adequately prepared in case of any change in aforementioned regulations.

Rating sensitivities

Positive factors - The ratings may be upgraded if significant and sustained growth in sales and collections in MDL’s project portfolio, along with greater business diversification, results in robust and sustainable improvement in cash flows and liquidity as well as lower reliance on debt funding, leading to an improvement in leverage metrics.

Negative factors - The ratings may be downgraded if project execution, sales velocity and collections are slower than expected in the ongoing and upcoming projects pipeline and/or significant debt-funded investments in new projects result in net debt/CFO sustaining above 1.5 times.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has taken a consolidated view of CISL and MDL, given the significant operational and financial linkages between both the entities, along with a common treasury team.

About the company

Macrotech Developers Limited, formerly known as Lodha Developers Limited, is one of the largest real estate developers in India with a market leader position in Mumbai and Thane. MDL is focused on residential development in the MMR, with some projects in Pune and Bengaluru. The company was listed on the Bombay Stock Exchange (BSE) on April 16, 2021. As of December 2024, it developed more than 105 msf and had ~34 msf of the ongoing developable area and 86 msf of planned developable area. The company has one of the largest land banks in the country, totalling over 4,000 acres as of December 2024.

Key financial indicators (audited)

MDL Consolidated	FY2023	FY2024	9M FY2025*
Operating income	9,470	10,316	9,555
PAT	495	1,567	1,845
OPBDIT/OI	22%	26%	29%
PAT/OI	5%	15%	19%
Total outside liabilities/Tangible net worth (times)	2.1	1.7	NA [^]
Total debt/OPBDIT (times)	4.4	2.9	NA [^]
Interest coverage (times)	4.3	5.6	7.0

Source: Company, ICRA Research; *Result 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; [^] Not Applicable as balance sheet as on December 31, 2024 is not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs. crore)	Feb 26, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based – Working capital	Long Term	100.00	[ICRA]AA-(Positive)	-	-	-	-	-	-	-	-
Overdraft (sub-limit of Fund Based – Working capital)	Long Term	(1.1)	[ICRA]AA-(Positive)	-	-	-	-	-	-	-	-
Non-Fund based – Letter of Credit (sub-limit of Fund Based – Working capital)	Short Term	(100.00)	[ICRA]A1+	-	-	-	-	-	-	-	-
Fund based – Working capital	Long Term	200.00	[ICRA]AA-(Positive)	-	-	-	-	-	-	-	-
Fund based - WCDL (sub-limit of Fund Based – Working Capital)	Long Term	(10.00)	[ICRA]AA-(Positive)	-	-	-	-	-	-	-	-

Non-Fund based – Letter of Credit (sub-limit of Fund Based – Working capital)	Short Term	(190.00)	[ICRA]A1+	-	-	-	-	-	-	-	-
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Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Working capital	Simple
Overdraft (sub-limit of Fund Based – Working capital)	Simple
Non-fund based – Letter of Credit (sub-limit of Fund Based – Working capital)	Very simple
Fund Based - WCDL (sub-limit of Fund Based – Working Capital)	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 – working capital	NA	NA	NA	100.00	[ICRA]AA- (Positive)
NA	Overdraft (sub-limit of Fund Based – Working capital)	NA	NA	NA	(1.1)	[ICRA]AA- (Positive)
NA	Non-Fund based – Letter of Credit (sub-limit of Fund Based – Working capital)	NA	NA	NA	(100.00)	[ICRA]A1+
NA	Fund Based – Working capital	NA	NA	NA	200.00	[ICRA]AA- (Positive)
NA	Fund Based - WCDL (sub-limit of Fund Based – Working capital)	NA	NA	NA	(10.00)	[ICRA]AA- (Positive)
NA	Non-Fund Based – Letter of Credit (sub-limit of Fund Based – Working capital)	NA	NA	NA	(190.00)	[ICRA]A1+

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	MDL Ownership	Consolidation Approach
Macrotech Developers Limited	100% (rated entity)	Full Consolidation
Apollo Complex Pvt. Ltd.	100.00%	Full Consolidation
Bellissimo Industogic Bengaluru 1 Pvt. Ltd. (Formerly known as Bellissimo In City FC NCR 1 Pvt. Ltd.)	100.00%	Full Consolidation
Brickmart Constructions and Developers Pvt. Ltd.	100.00%	Full Consolidation
Cowtown Infotech Services Pvt. Ltd.	100.00%	Full Consolidation
Cowtown Software Design Pvt. Ltd.	100.00%	Full Consolidation
Digirealty Technologies Pvt. Ltd.	100.00%	Full Consolidation
G Corp Homes Pvt. Ltd.	100.00%	Full Consolidation
National Standard (India) Ltd.	73.94%	Full Consolidation
One Place Commercials Pvt. Ltd.	100.00%	Full Consolidation
Palava City Management Pvt. Ltd.	100.00%	Full Consolidation
Roselabs Finance Ltd.	74.25%	Full Consolidation
Sanathnagar Enterprises Ltd.	72.70%	Full Consolidation
Simtools Pvt. Ltd.	49.85%	Full Consolidation
Thane Commercial Tower A Management Private Limited	100.00%	Full Consolidation
Goel Ganga Ventures India Private Limited	100.00%	Full Consolidation
Siddhivinayak Realties Private Limited ¹	100.00%	Full Consolidation
V Hotels Limited ²	100.00%	Full Consolidation
Opexefi Services Private Limited ³	100.00%	Full Consolidation
One Box Warehouse Private Limited ³	100.00%	Full Consolidation

Corissance Developers Private Limited⁴	100.00%	Full Consolidation
Bellissimo Digital Infrastructure Development Management Pvt. Ltd.	60.00%	Equity Method
Bellissimo Digital Infrastructure Investment Management Pvt. Ltd.	60.00%	Equity Method
Bellissimo In City FC Mumbai 1 Pvt. Ltd.	33.33%	Equity Method
Palava Induslogic 2 Pvt. Ltd	100.00%	Full Consolidation
Palava Induslogic 4 Pvt. Ltd	33.33%	Equity Method

Source: Company, MDL Financials-Q2FY2025 ¹ (w.e.f. May 24, 2024) ² (w.e.f. April 29, 2024) ³ (w. e. f. August 28, 2024) ⁴ (w.e.f. May 31, 2024), ICRA Research

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