May 27, 2025

Cowtown Infotech Services Limited: Long-term rating upgraded to [ICRA]AA (Stable); short-term rating reaffirmed; outlook revised to Stable from Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Working capital	100.00	100.00	[ICRA]AA (Stable) upgraded from [ICRA]AA- (Positive); outlook revised to Stable from Positive
Overdraft (sub-limit of fund-based – Working capital)	(1.1)	(1.1)	[ICRA]AA (Stable) upgraded from [ICRA]AA- (Positive); outlook revised to Stable from Positive
Non-fund based – Letter of credit (sub-limit of fund-based – Working capital)	(100.00)	(100.00)	[ICRA]A1+; reaffirmed
Long-term – Fund-based – Working capital	200.00	200.00	[ICRA]AA (Stable) upgraded from [ICRA]AA- (Positive); outlook revised to Stable from Positive
Fund-based - WCDL (sub-limit of fund-based – Working capital)	(10.00)	(10.00)	[ICRA]AA (Stable) upgraded from [ICRA]AA- (Positive); outlook revised to Stable from Positive
Non-fund based – Letter of credit (sub-limit of fund-based – Working capital)	(190.00)	(190.00)	[ICRA]A1+; reaffirmed
Total	**300.00**	**300.00**	

**Instrument details are provided in Annexure I*

ICRA has taken a consolidated view of Macrotech Developers Limited (MDL, rated [ICRA]AA (Stable) and [ICRA]A1+) and its wholly-owned subsidiary, Cowtown Infotech Services Limited (CISL), given the strong operational, business and financial linkages along with a common treasury team, and CISL acts as an extended arm for MDL. CISL, 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 operation. ICRA notes that CISL's entire sanctioned debt is backed by MDL's corporate guarantee and there is a cash flow fungibility between the entities. Consequently, CISL's credit profile will be a reflection of MDL's credit profile.

Rationale

The rating upgrade factors in the steady increase in MDL's pre-sales and collections, which is expected to sustain in the coming years, thereby translating into an improvement in cash flow from operations (CFO) and comfortable leverage metrics. MDL's total debt levels declined by 8% to Rs. 7,088 crore as of March 2025 (comprising 16% of lease rental discounting (LRD) debt against commercial assets), which along with a rise in CFO has resulted in an improvement in leverage, gross debt to CFO, to 1.09 times as of March 2025 (PY: 1.49 times). The company's gross debt/CFO is estimated to be comfortable at 1.05-1.1 times as of March 2026 and the net debt/CFO is projected to remain below 1 times as of March 2026. ICRA notes the entity's adequate cash flow adequacy ratio[1] was 73% as of March 2025, improving from 57% as of March 2024. Additionally, the presence of ready to move in inventory (RTMI) of ~Rs. 4,800 crore as of March 2025, as well as a comfortable years to sell (YTS) of 1.7 years for the entire portfolio, translating into healthy cash flow visibility, provides comfort. Through historic land acquisitions, MDL has access to sizeable land parcels (around 4,080 acres as of March 2025), providing significant potential for future project development.

[1] *(Receivables from Sold Area) / (Pending Cost + Debt Outstanding)*

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 cyclicality in the residential segment. The ratings note 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 100+ million square feet (msf) of deliveries till March 2025.

The ratings factor in the execution and market risks resulting from the large expansion plans with a pipeline of over 85 msf for future project launches including offices, retail and warehousing as of March 2025. 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. While the company is making conscious steps towards diversifying its geographical footprint, the share of Mumbai Metropolitan Region (MMR) is likely to remain high (60-70%) in the medium term. The company is also exposed to the cyclicality in the residential real estate market.

The Stable outlook on the long-term rating reflects ICRA's opinion that MDL will benefit from its healthy operating performance and is expected to sustain the growth in sales, collections and maintain comfortable leverage metrics.

Key rating drivers and their description

Credit strengths

Healthy pre-sales backed by diversified portfolio across product segments; expected improvement in operating performance in FY2026 - MDL's pre-sales/collections are derived from residential, commercial and monetisation of leased assets/land parcels. In FY2025, the company's pre-sales increased by 21% to Rs. 17,630 crore and collections rose by 29% to Rs. 13,070 crore. This has resulted in improvement in CFO by 27% to Rs. 6,530 crore in FY2025. ICRA estimates the pre-sales to increase by 10-12%, while collections are expected to rise by 22-24% in FY2026. This is supported by a strong launch pipeline, robust sales in the ongoing as well as upcoming projects and healthy construction progress.

Comfortable leverage position - MDL's total debt levels declined by 8% to Rs. 7,088 crore as of March 2025 (comprising 16% of LRD debt against commercial assets), which along with an increase in CFO resulted in an improvement in leverage, gross debt to CFO, to 1.09 times as of March 2025 (PY: 1.49 times). The company's gross debt/CFO is projected to be comfortable at 1.05-1.1 times as of March 2026 and the net debt/CFO is estimated to remain below 1 times as of March 2026. The cash flow adequacy ratio was adequate at 73% as of March 2025 against 57% as of March 2024. Additionally, the presence of RTMI of ~Rs. 4,800 crore as of March 2025, as well as a comfortable YTS of 1.7 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 March 31, 2025, the company developed 100+ msf of area with ~35 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 FY2025 pre-sales. Through historic land acquisitions, it has access to sizeable land parcels (4,080 acres as of March 2025). Pre-sales in the residential segment are expected to remain strong, backed by sustained end-user demand, sizeable unsold inventory of ~Rs. 26,000 crore as on March 31, 2025, including unsold inventory from the new launches of 9.8 msf of area in 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 March 31, 2025, the pipeline for future project launches including offices, retail and warehousing stood at over 85 msf, exposing the company to execution and 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 cyclicality 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 healthy cash flow from operations against scheduled repayments of around Rs. 1,850 crore in FY2026. The company's liquidity is further supported by ~Rs. 2,850 crore of unencumbered cash and liquid investments (including investment in unencumbered fixed deposits) and undrawn debt of Rs. 837 crore as on March 31, 2025.

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 40% 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 rating 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 rise in cash flows and liquidity, and lower reliance on debt funding lead 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 and/or significant debt-funded investments in new projects result in Net Debt/CFO sustaining above 1.25 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

Cowtown Infotech Services Private Limited (CISL) is a wholly-owned subsidiary of Macrotech Developers Limited. It undertakes construction work and supply of building material for projects of the Lodha Group (MDL).

About the parent company - MDL

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 presence in Pune and Bengaluru. As of March 2025, it developed 100+ msf of space with ~35 msf of ongoing developable area and ~85 msf of planned launches. The company has one of the largest land banks in the country, totalling over 4,080 acres as of March 2025. The company is listed on the Bombay Stock Exchange and the National Stock Exchange. As of March 2025, the promoters hold ~72% stake, while the remaining shares are held by the public shareholders.

Key financial indicators (audited)

MDL Consolidated	FY2024	FY2025
Operating income	10,316	13,780
PAT	1,567	2,767
OPBDIT/OI	26%	29%
PAT/OI	15%	20%
Total outside liabilities/Tangible net worth (times)	1.7	1.5
Total debt/OPBDIT (times)	2.9	1.8
Interest coverage (times)	5.6	7.2

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

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 27, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital	Long Term	100.00	[ICRA]AA (Stable)	26-FEB-2025	[ICRA]AA- (Positive)	-	-	-	-
Overdraft (sub-limit of fund-based – Working capital)	Long Term	(1.1)	[ICRA]AA (Stable)	26-FEB-2025	[ICRA]AA- (Positive)	-	-	-	-
Non-fund based – Letter of credit (sub-limit of fund-based – Working capital)	Short Term	(100.00)	[ICRA]A1+	26-FEB-2025	[ICRA]A1+	-	-	-	-
Fund-based – Working capital	Long Term	200.00	[ICRA]AA (Stable)	26-FEB-2025	[ICRA]AA- (Positive)	-	-	-	-
Fund-based - WCDL (sub-limit of fund-based – Working capital)	Long Term	(10.00)	[ICRA]AA (Stable)	26-FEB-2025	[ICRA]AA- (Positive)	-	-	-	-

Non-fund based – Letter of credit (sub-limit of fund-based – Working capital)	Short Term	(190.00)	[ICRA]A1+	26-FEB-2025	[ICRA]A1+	-	-	-	-

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 (Stable)
NA	Overdraft (sub-limit of fund-based – Working capital)	NA	NA	NA	(1.1)	[ICRA]AA (Stable)
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 (Stable)
NA	Fund-based - WCDL (sub-limit of fund-based – Working capital)	NA	NA	NA	(10.00)	[ICRA]AA (Stable)
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	100.00%	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 Ltd.	100.00% (rated entity)	Full Consolidation
Noverra Hospitality Private Limited (Formerly known as 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	100.00%	Full Consolidation
V Hotels Limited	100.00%	Full Consolidation

Opexefi Services Private Limited	100.00%	Full Consolidation
One Box Warehouse Private Limited	100.00%	Full Consolidation
Corissance Developers Private Limited	100.00%	Full Consolidation
Bellissimo Digital Infrastructure Investment Management Pvt. Ltd.	100.00%	Full Consolidation
Bellissimo Digital Infrastructure Development Management Pvt. Ltd.	100.00%	Full Consolidation
Janus Logistic and Industrial Parks Private Limited	100.00%	Full Consolidation
Bellissimo Finvest Private Limited	100.00%	Full Consolidation
Bellissimo In City FC Mumbai 1 Pvt. Ltd.	66.67%	Equity Method
Palava Induslogic 2 Pvt. Ltd	100.00%	Equity Method
Palava Induslogic 4 Pvt. Ltd	66.67%	Equity Method

Source: Company data, ICRA Research

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Pulkit K Varshney
+91 80 4332 6427
pulkit.varshney@icraindia.com

Hemanth Vasishta Attaluri
+91 40 6939 6419
vasishta.attaluri@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