

September 17, 2025

Kalpataru Limited: [ICRA]BBB (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based	1,126.34	[ICRA]BBB (Stable); assigned
Total	1,126.34	

*Instrument details are provided in Annexure I

Rationale

The assigned rating factors in Kalpataru Limited's (KL) established track record and market position in the Mumbai Metropolitan Region (MMR), along with the expected improvement in collections in FY2026 and FY2027, driven by strong project launch pipeline, healthy sales velocity and adequate construction progress. The Kalpataru Group has a long track record of five decades and an established position in the residential real estate market in MMR, underpinned by ~18.4 msf of deliveries till March 2025. Additionally, the Group has an under-construction project portfolio comprising saleable area of ~25.1 msf as of March 2025 and upcoming developments of ~22.1 msf in the medium term. In FY2025, KL's sales increased by 41% to Rs. 4,531 crore and collections by 36% to Rs. 3,659 crore, aided by healthy response to new launches, launch of luxury projects and steady progress in the ongoing projects. ICRA expects KL's sales as well as collections to witness significant growth in FY2026e, which will translate into robust growth in cash flow from operations (CFO). Going forward, given the adequate land bank availability, the gross debt levels are likely to witness reduction in the coming years. The rating favourably factors in the strong financial flexibility being a part of the Kalpataru Group and track record of the promoter group in providing need-based financing to bridge the funding gap.

The rating is, however, constrained by the high leverage and low cash flow adequacy. The company's consolidated gross debt was Rs. 10,172 crore (net debt of Rs. 9,310 crore¹) as of March 2025. It has raised ~Rs. 1,590 crore in FY2026 by way of IPO, of which ~Rs. 1,192.5 crore were utilised towards debt repayment. ICRA expects the net debt to reduce to Rs. 7,300 – 7,700 crore as of March 2026. Despite the debt repayments, the leverage (gross debt/CFO) is expected to remain high in the near term. KL has launched several projects in FY2025, which are currently in ramp-up mode; hence the cashflow adequacy remains modest at ~22% as of March 2025, which is expected to improve in the current fiscal. Further, the weighted average interest cost remains elevated as of March 2025. ICRA understands that the company is planning to refinance part of its high cost debt, which is likely to reduce its interest cost and will remain a monitorable. The company is also exposed to geographical concentration risk as it derives a substantial portion of its sales from MMR market. The rating is also constrained by the exposure to project concentration risk as the two projects – Kalpataru Parkcity (Thane) and K. One (Worli, Mumbai), constitute ~47% of the total sales value of the ongoing projects as of March 2025. Thus, any slowdown in sales in these projects can significantly impact collections. The company is also exposed to cyclicity in the residential real estate market.

The Stable outlook reflects ICRA's opinion that KL will maintain healthy sales velocity in its ongoing and upcoming projects leading to improvement in collections and CFO resulting in improved leverage metrics.

¹ Excluding encumbered cash/bank balances, the net debt is ~Rs. 9,750 crore as of March 2025

Key rating drivers and their description

Credit strengths

Expected improvement in collections amid healthy sales velocity – In FY2025, KL's sales increased by 41% to Rs. 4,531 crore and collections by 36% to Rs. 3,659 crore, aided by healthy response to new launches, launch of luxury projects and steady progress in the ongoing projects. ICRA expects KL's sales as well as collections to witness significant growth in FY2026e, which will translate into robust growth in cash flow from operations (CFO).

Established track record of Kalpataru Group in MMR real estate market – The Kalpataru Group has a long track record of five decades and an established position in the residential real estate market in MMR, underpinned by ~18.4 msf of deliveries till March 2025. Additionally, the Group has an under-construction project portfolio comprising saleable area of ~25.1 msf as of March 2025 and upcoming developments of ~22.1 msf in the medium term.

Limited reliance on land acquisitions for future growth – The company's planned launch pipeline is estimated at ~22.1 msf, the majority of which is expected to be launched during FY2026-FY2029. Thus, reliance on the debt-funded land acquisitions is low as it has adequate land bank available to support its future launches in the near to medium term.

Credit challenges

High leverage and low cash flow adequacy – The company's consolidated gross debt was Rs. 10,172 crore (net debt of Rs. 9,310 crore) as of March 2025. ICRA expects the net debt to reduce to Rs. 7,300 – 7,700 crore as of March 2026. It has raised ~Rs. 1,590 crore in FY2026 by way of IPO, of which ~Rs. 1,192.5 crore were utilised towards debt repayment. Despite the debt repayments, the gross debt/CFO is expected to remain high in the near term. Further, the weighted average interest cost remains elevated as of March 2025. ICRA understands that the company is planning to refinance a part of its high cost debt, which is likely to reduce its interest cost. However, this exposes it to refinancing risk and will remain a monitorable.

KL has launched several projects in FY2025, which are currently in ramp-up mode; hence the cashflow adequacy remains modest at ~22% as of March 2025, which is expected to improve in the current fiscal.

High geographical concentration risk; exposed to cyclicity in real estate business – The company is exposed to geographical concentration risk as it derives a significant portion of its sales from MMR market. Also, it is exposed to project concentration risk as the two projects – Kalpataru Parkcity (Thane) and K. One (Worli, Mumbai), constitute ~47% of the total sales value of the ongoing projects. Thus, any slowdown in sales in these projects can significantly impact collections. The company is also exposed to cyclicity in the residential real estate market.

Environmental and social risks

The real estate segment is exposed to risks of increasing environmental norms affecting operating costs, including higher cost of compliance with pollution control regulations. Environmental clearances are required for commencement of projects and lack of timely approvals can affect its business operations. The impact of changing environmental regulations on licences taken for property development could create credit risks. In terms of social risks, the trend post pandemic has been favourable to residential real estate developers as demand for quality home with good social infrastructure has increased. Further, rapid urbanisation and a high proportion of workforce population (aged 25-44 years) will support long-term demand for the real estate sector in India.

Liquidity position: Adequate

KL's liquidity position remains adequate, supported by unencumbered cash and liquid investments of Rs. 422 crore as of March 2025 and undrawn bank lines of Rs. 746 crore. In FY2026, the company raised an equity of ~Rs. 1,590 crore by way of IPO, a part of which was primarily utilised to repay the debt. While the total debt obligations remain significant in FY2026 and FY2027,

its cash flow from operations are expected to remain adequate to meet its scheduled debt servicing obligations, in absence of any large capex plans.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is a sustained healthy improvement in sales and collections in the ongoing and upcoming projects resulting in a material increase in cashflow from operations while maintaining comfortable leverage and debt coverage metrics. Specific metric resulting in a rating upgrade would be Gross Debt/CFO of lower than 3.5 times on a sustained basis.

Negative factors – Negative pressure on KL’s rating could arise if there is sustained material reduction in sales and collections or significant debt-funded growth plans adversely impacting the leverage position or weakening the liquidity profile of the company. Specific metric resulting in a rating downgrade would be Gross Debt/CFO of higher than 5.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of KL, along with its operational subsidiaries, JVs and associate entities (mentioned in Annexure II) on account of the strong business and financial linkages between these entities.

About the company

Kalpataru Limited (KL) is an integrated real estate development company with 77 completed residential, commercial and retail mall projects with a saleable area of ~18.4 msf across Mumbai, Thane, Panvel, Pune, Hyderabad, Indore, Bengaluru and Jodhpur. Further, it has 25 ongoing projects with a total saleable area of ~25.1 msf as of March 2025. The company’s projects are predominantly in MMR and Pune. It was listed on the Bombay Stock Exchange and the National Stock Exchange on July 01, 2025. KL raised Rs. 1,590 crore through IPO, out of which, ~Rs. 1,192.5 crore were utilised towards debt repayment.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	1,930.3	2,221.7
PAT	-107.7	26.0
OPBDIT/OI	-5.6%	3.0%
PAT/OI	-5.6%	1.2%
Total outside liabilities/Tangible net worth (times)	12.8	5.6
Total debt/OPBDIT (times)	-98.4	153.3
Interest coverage (times)	-3.2	1.2

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	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Sep 17, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund Based – Term loan	Long term	1,126.34	[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	Fund Based – Term Loan	Feb-2018	NA	Dec-2032	1,126.34	[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	KL ownership	Consolidation approach
Kalpataru Limited	100.00% (rated entity)	Full consolidation
Subsidiaries		
Agile Real Estate Pvt Ltd	83.33%	Full consolidation
Kalpataru Properties Pvt Ltd	100.00%	Full consolidation
Abacus Real Estate Private Limited	100.00%	Full consolidation
Abhiruchi Orchards Private Limited	100.00%	Full consolidation
Amber Enviro Farms Private Limited	100.00%	Full consolidation
Amber Orchards Private Limited	100.00%	Full consolidation
Ambrosia Enviro Farms Private Limited	100.00%	Full consolidation
Ambrosia Real Estate Private Limited	100.00%	Full consolidation
Anant Orchards Private Limited	100.00%	Full consolidation
Arena Orchards Private Limited	100.00%	Full consolidation
Arimas Real Estate Private Limited	100.00%	Full consolidation
Astrum Orchards Private Limited	100.00%	Full consolidation
Axiom Orchards Private Limited	100.00%	Full consolidation
Azure Tree Enviro Farms Private Limited	100.00%	Full consolidation
Azure Tree Lands Private Limited	100.00%	Full consolidation
Azure Tree Orchards Private Limited	100.00%	Full consolidation
Kalpataru Land (Surat) Private Limited	100.00%	Full consolidation
Kalpataru Land Private Limited	100.00%	Full consolidation
Kalpataru Properties (Thane) Private Limited	100.00%	Full consolidation
Kalpataru Retail Ventures Private Limited	100.00%	Full consolidation
Kalpataru Gardens Private Limited	100.00%	Full consolidation
Ananta Ladmarks Private Limited	100.00%	Full consolidation
Kalpataru Homes Private Limited	100.00%	Full consolidation
Kalpataru Constructions (Poona) Private Limited	100.00%	Full consolidation
Ardour Properties Private Limited	100.00%	Full consolidation
Alder Residency Private Limited	100.00%	Full consolidation
Agile Real Estate Dev Private Limited	83.33%	Full consolidation
Ardour Developers Private Limited	100.00%	Full consolidation

Company name	KL ownership	Consolidation approach
Kalpatru Hills Residency Private Limited	99.00%	Full consolidation
Kalpataru Townships Private Limited	100.00%	Full consolidation
Aspen Housing Private Limited	100.00%	Full consolidation
Kalpataru Residency Private Limited (formerly known as Munot Infrastructure Developments Private Limited)	100.00%	Full consolidation
Kalpataru Property Ventures LLP (formerly Kalpak Property Ventures LLP)	2%	Full consolidation
Kalpataru Plus Sharyans	100%	Full consolidation
Kalpataru Constructions (Pune)	100%	Full consolidation
Associate/Joint Ventures		
Klassik Vinyl Products LLP	20%	Equity Method
Azure Tree Townships LLP	30%	Equity Method
Kalpataru Urbanscape LLP	19%	Equity Method
Mehal Enterprises LLP	30%	Equity Method

Source: Company; as on March 31, 2025; ICRA Research

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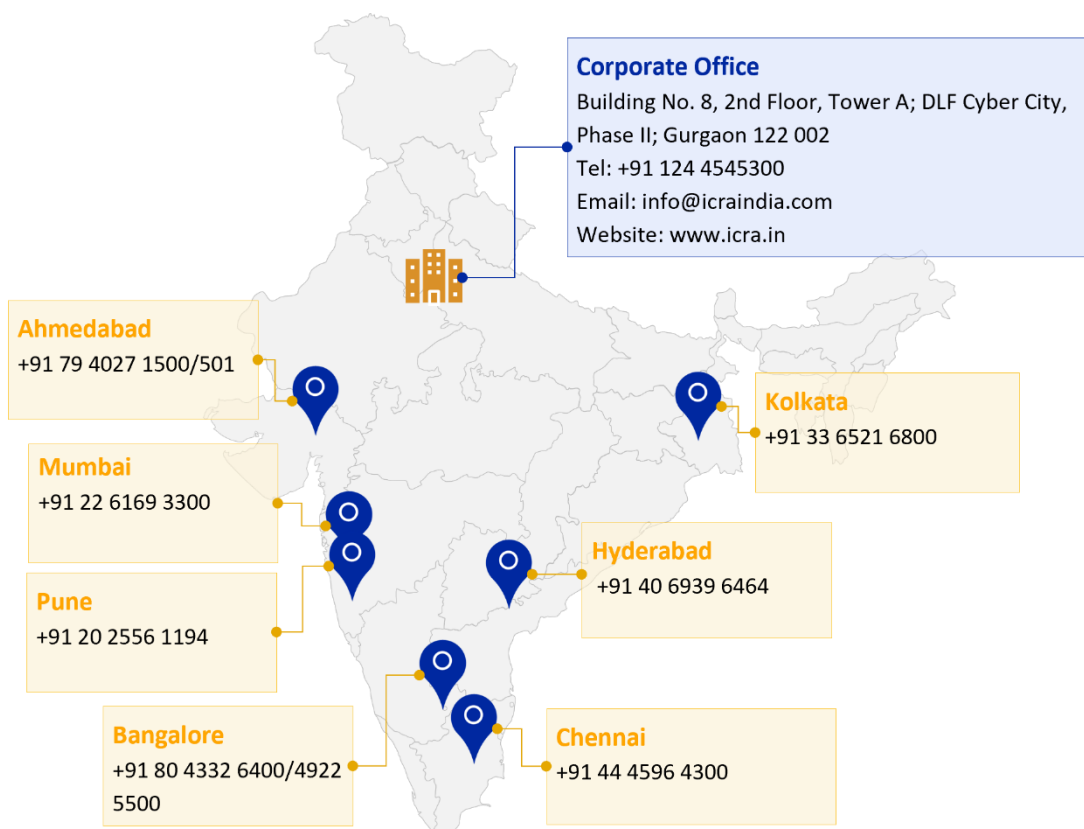
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