

September 17, 2025

## Kalpataru Properties Pvt Ltd: [ICRA]BBB- (Stable) assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based	230.56	[ICRA]BBB- (Stable); assigned
<b>Total</b>	<b>230.56</b>	

\*Instrument details are provided in Annexure I

### Rationale

For arriving at the rating of Kalpataru Properties Private Limited (KPPL), ICRA has combined the cash flows of projects being executed by KPPL, the pool of projects financed by HDFC Bank under Agile Real Estate Private Limited (AREPL), Kalpataru Limited (KL) and KPPL, the project funded by PNB Housing Finance Limited in AREPL and the project funded by HDFC Capital in Agile Real Estate Dev Private Limited (AREDPL). The pool of projects financed by HDFC Bank have cross collateralisation, surplus sharing arrangements, restrictive conditions for release of surplus until the loan is repaid and a cross default clause. Further, the rating factors in the likelihood of KPPL's parent, KL, extending timely financial support to KPPL, given their substantial operational, financial and managerial linkages and the company's strategic importance to the ultimate parent.

The assigned rating notes the expected improvement in sales and collections of KPPL in FY2026 and FY2027 resulting in an increase in cash flow from operations, driven by likely adequate sales velocity for its ongoing as well as upcoming projects and adequate construction progress. The company, along with its subsidiaries, is undertaking ongoing residential projects in MMR, having a total saleable area of ~8 msf as on March 2025. The key projects include K. One (in Worli, Mumbai), Immensa, Eternia and Primera (part of Kalpataru Parkcity in Thane). The sales velocity for the Thane Parkcity project has improved in FY2025 due to operationalization of the 'NaMo Grand Central Park', an urban public park in Kolshet Road, Thane, and receipt of Occupation Certificate (OC) for 6 towers out of total 8 towers in Phase II "Immensa" at Parkcity, Thane, which is expected to sustain in the near term. K. One is Kalpataru group's largest ongoing project in terms of sales value. The project was launched in Q4 FY2025 and is expected to have healthy sales velocity, considering its favourable location. ICRA expects KPPL's sales as well as collections to witness significant growth in FY2026, which will translate into a robust expansion in the cash flow from operations (CFO). The rating considers the established track record of its ultimate parent, KL, the flagship company of the Kalpataru Group in the 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. ICRA notes that KL has raised ~Rs. 1,590 crore by way of IPO in FY2026, a significant part of which was utilized for repayment of KPPL and its subsidiaries' debt. Going forward, given adequate land bank available with the company, the reliance on debt-funded land acquisitions for future launches is expected to remain low, resulting in debt reduction in the coming years.

The rating is, however, constrained by its exposure to execution risk with 57% of the project cost of the ongoing projects yet to be incurred as of March 2025. The company is exposed to market risk for the 49% unsold area for its ongoing projects as well as for the upcoming projects. Nevertheless, ICRA draws comfort from the improving sales velocity and the established position of KL in the MMR market. The company has launched a key luxury project – K. One, towards the end of FY2025, which is currently in ramp-up mode; hence the cash flow adequacy remains modest at ~20% as of March 2025, which is expected to improve in the current fiscal. The leverage (gross debt/CFO) is projected to remain high in the near term. The company is expected to be reliant on support from promoters or surplus from group projects to repay the debt servicing obligations in

FY2026. The rating remains constrained by the geographical and project concentration risks as well as susceptibility to the cyclicity in the real estate sector.

The Stable outlook reflects ICRA's opinion that the company will be able to improve its sales velocity, along with adequate construction progress, resulting in increase in collections, cash flow from operations and leverage metrics.

## Key rating drivers and their description

### Credit strengths

**Expected improvement in collections; significant upcoming launches** – The company, along with its subsidiaries, is undertaking ongoing residential projects in MMR, having a total saleable area of ~8 msf as on March 2025. The key projects include K. One (in Worli, Mumbai), Immensa, Eternia and Primera (part of Kalpataru Parkcity in Thane). The sales velocity for the Thane Parkcity project has improved in FY2025 due to operationalization of the 'NaMo Grand Central Park', an urban public park in Kolshet Road, Thane, and receipt of Occupation Certificate (OC) for 6 towers out of total 8 towers in Phase II "Immensa" at Parkcity, Thane, which is expected to sustain in the near term. K. One is Kalpataru group's largest ongoing project in terms of sales value. The project was launched in Q4 FY2025 and is expected to have healthy sales velocity, considering its favourable location. ICRA expects KPPL's sales as well as collections to witness significant growth in FY2026, which will translate into a robust expansion in the cash flow from operations (CFO), driven by the likely adequate sales velocity for its ongoing as well as upcoming projects and adequate construction progress.

**Established track record and market position 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.

### Credit challenges

**Exposure to execution and market risks** – The company is exposed to execution risk with 57% of the project cost of ongoing projects yet to be incurred as of March 2025. The company is exposed to market risk for the 49% unsold area for the ongoing projects as of March 2025 along with market risk for the upcoming projects. Nevertheless, ICRA draws comfort from the improving demand for the projects and the established track record of KL in the MMR market.

**Low cashflow adequacy ratio; high leverage** – The company has launched a key luxury project – K. One, towards the end of FY2025, which is currently in ramp-up mode; hence the cash flow adequacy remains modest at ~20% as of March 2025, which is expected to improve in the current fiscal. Despite the repayment of part-debt from IPO proceeds, the leverage (gross debt/CFO) is projected to remain high in the near term. Further, the company is expected to be reliant on support from promoters or surplus from group projects to repay the debt servicing obligations in FY2026. However, going forward the same is expected to improve in FY2027 with healthy collections amid strong sales velocity.

**Geographical and asset concentration risks; exposure to cyclicity in real estate sector** – The company is dependent on the few residential projects, which are limited to the real estate market in MMR, thereby exposing it to geographical and asset concentration risks. Any adverse development in the region can impact the execution and sales of the projects. Further, the residential real estate sector is cyclical in nature and highly dependent on macroeconomic factors, which exposes the company's sales to any downturn in demand and competition within the region from other developers.

### Liquidity position: Adequate

KPPL's liquidity position remains adequate. As on March 31, 2025, the company has free cash and liquid investments of Rs. 61 crore. The cost of the ongoing projects is funded by a mix of debt, promoter contribution and collections from customers. The cash flow from operations, IPO proceeds earmarked towards HDFC Bank, HDFC Capital, Asia Pragati Strategic Investment Fund

and PNBHFL debt repayment, expected asset monetization existing liquidity, surplus from group projects and fund infusion by promoters are likely to be sufficient to repay the debt servicing obligations in FY2026 and FY2027.

### Rating sensitivities

**Positive factors** – The rating may be upgraded in case of significant and sustained growth in sales and collections of the company results in an improvement in cash flow from operations, lower reliance on debt funding and improvement in debt protection metrics and liquidity.

**Negative factors** – Significant delays in project execution leading to cost overruns or subdued collections impacting the cash flow from operations would be a credit negative. Additionally, weakening of linkages with Kalpataru Limited or deterioration in the credit profile of Kalpataru Limited could result in a rating downgrade.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail</a>
Parent/Group support	<p>Ultimate Parent Company: Kalpataru Limited</p> <p>For arriving at the rating of Kalpataru Properties Private Limited (KPPL), ICRA has combined the cashflows of projects being executed by KPPL, pool of projects financed by HDFC Bank under AREPL, KL and KPPL, the project funded by PNB Housing Finance Limited in AREPL and the project funded by HDFC Capital in AREDPL. Further, the rating factors in the likelihood of KPPL's ultimate parent, KL, extending financial and operational support to KPPL, given their substantial operational, financial and managerial linkages and the company's strategic importance to the ultimate parent.</p>
Consolidation/Standalone	Standalone

### About the company

Kalpataru Properties Private Limited (KPPL) is a wholly-owned step-down subsidiary of Kalpataru Limited. KPPL is developing residential projects – K. Magnus, K. Azuro and K. One in Mumbai.

### Key financial indicators (audited)

	FY2024	FY2025
Operating income	105.3	248.1
PAT	-41.5	-9.1
OPBDIT/OI	-63.2%	-22.0%
PAT/OI	-39.4%	-3.7%
Total outside liabilities/Tangible net worth (times)	2.6	2.8
Total debt/OPBDIT (times)	-22.7	-28.5
Interest coverage (times)	-1.7	-1.1

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	230.56	[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	July-2016	NA	Mar-2026	230.56	[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: Not Applicable**

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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.

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### Branches



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