

September 19, 2025

Watermarke Estates Private Limited: Rating reaffirmed; outlook revised to Negative from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-Convertible Debenture (NCD)	325.00	325.00	[ICRA]BBB+ (Negative); reaffirmed outlook revised to Negative from Stable
Proposed NCD	15.00	0.00	[ICRA]BBB+ (Negative); reaffirmed and withdrawn; outlook revised to Negative from Stable
Total	340.00	325.00	

*Instrument details are provided in Annexure I

Rationale

The revision in outlook to Negative from Stable reflects the slow progress in land acquisition and the consequent delay in the launch of the proposed plotted development project under Watermarke Estates Private Limited (WEPL) in Rudraram, Patancheru Mandal, Hyderabad. The company has downsized the project plan to around 80 acres (including owned and joint development agreement (JDA)) compared to the previous plan of around 177 acres due to challenges in aggregating land. The project is expected to be launched in H2 FY2027 (previous expectation was Q1 FY2026) once the pending land acquisition happens. In addition, the Negative outlook on the rating of WEPL reflects ICRA's revision in outlook on the long-term rating for the bank facilities of the parent company – Rajapushpa Properties Private Limited (RPPL – rated at [ICRA]A-(Negative)). The revision in the outlook to Negative for RPPL reflects the sharp decline in cash flow from operations (CFO) for Rajapushpa Group in FY2025, backed by slowdown in sales velocity and collections, which along with an increase in debt levels by 42.4% YoY as of March 2025 to fund project construction and land acquisitions, resulted in high leverage, which is likely to remain elevated as of March 2026 compared to ICRA's earlier estimates.

The rating reaffirmation factors in the support from the parent company, RPPL, which holds a 99.9% stake in WEPL. Given the strong operational and financial integration as well as a common treasury, RPPL is expected to extend timely financial support to WEPL to protect its reputation from the consequence of a subsidiary's distress. The rating draws comfort from the Rajapushpa Group's established track record and demonstrated execution capabilities in the Hyderabad residential market with a cumulative supply of around 40 million square feet (msf) over last 15 years encompassing both ongoing and completed projects. Additionally, two completed commercial office properties—The Summit and The Paradigm—are fully leased, contributing annual rentals of around Rs. 55 crore.

The rating, however, remains constrained by WEPL's exposure to high execution and market risk associated with the proposed plotted development project. Timely launch of the project and the ability to have healthy sales velocity remains the key monitorable. However, comfort can be drawn from the Rajapushpa Group's established track record in residential real estate in Hyderabad, which mitigates the risk to an extent. Being a cyclical industry, the real estate business is highly dependent on macro-economic factors, which exposes the project sales to any downturn in real estate demand. In addition, WEPL is mainly concentrated in Hyderabad, which exposes it to geographical concentration risk.

ICRA has withdrawn the rating assigned to the proposed non-convertible debenture (NCD) of Rs. 15.0 crore of the company, based on the company's request as the NCDs will not be placed, and is in accordance with ICRA's policy on withdrawal of ratings.

Key rating drivers and their description

Credit strengths

Established track record of the Group in Hyderabad real estate market – The Rajapushpa Group has an established track record and demonstrated execution capabilities in Hyderabad with a cumulative supply of around 40 msf over last 15 years encompassing both ongoing and completed projects. Additionally, two completed commercial office properties—The Summit and The Paradigm—are fully leased, contributing annual rentals of around Rs. 55 crore.

Funding tied-up for proposed project under WEPL and strong financial flexibility being part of Rajapushpa Group – RPPL, rated at [ICRA]A-(Negative) holds 99.9% in WEPL. Given the strong operational and financial linkages, as well as common treasury, RPPL is expected to extend financial support to WEPL to protect its reputation from the consequence of a subsidiary's distress. Further, RPPL has provided a corporate guarantee to the NCDs availed by WEPL.

Credit challenges

Delay in launch of proposed plotted project; exposure to execution and market risks – At present, WEPL is undertaking a plotted development project in Rudraram, Patancheru mandal, Hyderabad, which witnessed slower progress in land acquisition resulting in a consequent delay in launch. The company has downsized the project plan to around 80 acres (including owned and joint development agreement (JDA)) compared to the previous plan of around 177 acres due to challenges in aggregating land. The project is expected to be launched in H2 FY2027 (previous expectation was Q1 FY2026) once the pending land acquisition happens. This exposes WEPL to high execution and market risks for the project. Timely launch of the project and ability to have healthy sales velocity remains a key monitorable. However, comfort can be drawn from the Rajapushpa Group's track record in the residential real estate in Hyderabad, which mitigates the risk to an extent.

Cyclicality inherent in real estate sector and geographical concentration risk – Being a cyclical industry, the real estate business is highly dependent on macro-economic factors, which exposes its sales to any downturn in real estate demand. In addition, WEPL is mainly concentrated in Hyderabad, which exposes it to geographical concentration risk.

Liquidity position: Adequate

WEPL's liquidity is adequate, with total cash and bank balances amounting to Rs. 118.3 crore as on June 30, 2025. The same will be utilised towards land acquisition and project expenses. The principal and interest repayment obligations will be supported by the parent, RPPL, in a timely manner till the project is launched and has adequate cash flows. There has been a track record of parent support in the past.

Rating sensitivities

Positive factors – The outlook can be revised to Stable if there is improvement in the credit profile of WEPL's parent – RPPL, or if there is a significant progress in sales and collection of the plotting project resulting in improvement in cash flows and debt protection metrics.

Negative factors – The rating may be downgraded in case of subdued sales and collections adversely impacting the liquidity and debt protection metrics. Also, the rating might be downgraded in case of weakening of linkages with RPPL, or if there is a deterioration in the credit profile of RPPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail Policy on withdrawal of credit ratings

Parent/Group support	Support Provider: Rajapushpa Properties Private Limited (RPPL) rated at [ICRA]A- (Negative) The rating considers the support from the parent, RPPL, which holds 99.9% in WEPL. Given the strong operational and financial linkages, common treasury team, RPPL is expected to provide timely financial support to WEPL to protect its reputation from the consequence of a subsidiary's distress. Further, RPPL has provided corporate guarantee to the NCDs availed by WEPL.
Consolidation/Standalone	Standalone

About the company

WEPL is a part of the Hyderabad-based Rajapushpa Group. The company is 99.9% held by Rajapushpa Properties Private Limited. It will develop a plotted layout project in Rudraram, spanning 80 acres, which is expected to be launched in H2 FY2027.

Key financial indicators

Not meaningful as the project under WEPL is yet to be launched

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					
	Type	Amount Rated (Rs. Crore)	Sep 19, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Non-Convertible Debenture	Long Term	325.00	[ICRA]BBB+ (Negative)	Sep 20, 2024	[ICRA]BBB+ (Stable)	Sep 21, 2023	[ICRA]BBB+ (Positive)		-
Proposed NCD	Long Term	15.00	[ICRA]BBB+(Negative); Withdrawn	-	[ICRA]BBB+ (Stable)	Sep 21, 2023	[ICRA]BBB+ (Positive)		
						Aug 30, 2023	[ICRA]BBB+ (Positive)	Aug 18, 2022	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	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
INE07J407014	Non-Convertible Debenture	December 12, 2023	17.5%	September 30, 2028	325.00	[ICRA]BBB+(Negative)
-	Proposed NCD	NA	NA	NA	15.00	[ICRA]BBB+(Negative); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

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