



RATING RATIONALE

10 August 2022

Macrotech Developers Limited (MDL)

Brickwork Ratings upgrades the ratings for various bank loan facilities and NCD issues of Macrotech Developers Limited (MDL or the ‘Company’)

Particulars.

Instrument/ Facilities**	Previous Amount (Rs. Cr)	Present Amount (Rs. Cr)	Tenure	Previous Rating* (24 August 2021)	Present Rating
Fund Based Loan	4254.00	775.00	Long Term	BWR A- Stable	BWR A+ Stable (Upgrade)
Fund Based Facility CC/OD	450.00	400.00	Long Term	BWR A- Stable	BWR A+ Stable (Upgrade)
NCD	375.0	250.00	Long Term	BWR A- Stable	BWR A+ Stable (Upgrade)
NCD	1.92	1.92#	Long Term	BWR A- Stable	BWR A-/Stable#
NCD^	387.0	387.00#	Long Term	BWR BBB+ Stable.	BBB+/Stable#
Total	5467.92	1425.00	(Rupees One Thousand Four Hundred Twenty Five Crores Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details Bank Loan Facilities/NCD is provided in the annexure.

^The rating was one notch lower since it is not a senior debt and has a second charge on the cash flows and security of the project.

#: Fully redeemed; awaiting complete documents for withdrawal.

Rating Action/Outlook:

Ratings upgraded for the bank loan facilities and the outstanding NCD.

The rating upgrade factors in the positive developments with respect to implementation of the plans envisaged and efforts of MDL to gain traction in the warehousing segment through different processes including land monetization.

The rating upgrade factors in sustain improvement in the operational performance as reflected by increase in Pre-sales, Collections, and reduction in debt level. The operational performance is expected to remain satisfactory going forward in view of continuing improvement in the real estate sector in the upcoming festive season. The geographic spread to the suburbs, and the combination of affordable and luxury homes are also favorable factors.



The ratings continue to factor in group's established track record and dominant position in the real estate industry, land bank reserves, project execution capabilities developed over the years, strong brand presence in Mumbai Metropolitan Region (MMR), experienced leadership, professional management team and availability of completed and near completion inventories and various efforts the company has taken to reduce the debt and deleverage the balance sheet. The comfort is also drawn from diversity of the project portfolio in multiple phases and across multiple price points. The company has tightened its financial discipline post listing, as evidenced by the corporate announcements. BWR also notes that the Company has formulated plans for reduction in debt level and is working in that direction.

As constraining factors, the ratings take cognizance of exposure to real estate cyclicalities, project execution risk, high inventories levels and debt.

Rating Outlook: Stable.

The Outlook continues as Stable in view of the improvement in conditions.

Key Rating Drivers.

Credit Strengths:-

Improvement in Operational Performance.

There is a continuous improvement in Operational performance of the Company since the time of listing from April 2021.

Pre-Sales: FY22 (FY21)- Presales for FY22 stood at Rs.9024 Cr vs Pre sales of Rs.5968 Cr for FY21 registering a growth of 51.20%. The Pre sales for 4Q FY22 Stood at Rs.3456 Cr v/s Rs.2531 Cr for 4Q F21.

Q1FY23(Q1FY22): Presales for Q1FY23 increased to Rs.2814Cr v/s Pre Sales of Rs.957 Cr for Q1FY22.

Collections: FY22 (FY21): The Collections for FY22 stood at Rs.8597 Cr v/s collections of Rs.5052 for FY21 an increase of 70%. The Collections for 4QFY22 stood at Rs.2843 Cr 4Q FY21 2089 Cr an increase of 36%.

Q1FY23(Q1FY22): The Collections for Q1FY23 stood at Rs.2616 Cr v/s collections of Rs.1714 Cr for Q1FY22.

Completion: The Completions for FY22 was 5.3mn sq. ft compared to completion of 2.7mn sq. ft in FY21 and increase in completion by ~2x. The completion for 4Q FY22 stood at 2.8 mnsq.ft v/s completion of 2.6mn.sq.ft for 4QFY21.

Q1FY23(Q1FY22): The Completion for Q1 FY stood 1.2mn sq. ft compared to completion of 0.4mn sq. ft for Q1FY22. MDL has shown improvement in all parameters and since the busy season is still to commence (post monsoon), the company is expected to perform better than in FY22.

Demonstrated financial Flexibility helped in reduction of debt.

The Company's core business is residential real estate developments with a focus on the affordable and mid-income housing segments. The company is one of the largest real estate players in India as such in line with large business operations. With the conclusion of the recent IPO (May 2021) amounting to Rs.2500 Cr, receipt of Rs.1500 Cr from the promoters and QIP of Rs.4000 Cr (November 2021) which was concluded the company has repaid a significant amount of the debt. Going forward the company has also indicated well-defined plans including asset monetization and proceeds from logistic and warehouse business for reducing the debt further.



The Company has guidance of net debt of ~Rs.6000 Cr for FY23 from the present position of net debt of Rs.8856 Cr as on 30th June 2022. The net debt as of FY22 was Rs.9309 Cr.

Lodha Group’s track record and execution skills: Established in 1980, the Lodha Group is a major real estate developer in Mumbai Metropolitan Region (MMR) with focus on developing residential and office spaces. Macrotech Developers Limited (MDL), the flagship company of the group, was incorporated in 1995. The name of the Company has been changed to “Marcotech Developers Limited” from “Lodha Developers Limited” with effect from 24th of May 2019. The brand name continues as Lodha and all projects will continue to be named and sold/leased under the Lodha brands. The Board of MDL consists of eight members with Mr. Abhishek Mangal Prabhat Lodha as Managing Director and Chief Executive Officer. The Group has delivered more than 50,000 homes between FY16-22, 85mn sq. ft developable area already completed, Rs.50000 Cr pre sales from FY16-2 has 40 ongoing and 30 upcoming projects, 95mn sqft developable area under planning & development stage. The group has presence across Mumbai Metropolitan region (MMR), Pune and UK and has recently entered the Bangalore Real Estate Market.

Availability of completed and near completion inventories.

The completed and near completion nature of inventory position gives an added advantage to the Company, given the preference of the customers for such inventories. However, the group’s ability to sell these units timely and generate cash flows is crucial for the Company’s overall performance.

Other source of cash flows plans of the Company to deleverage.

The Company's digital infrastructure business continues to scale up rapidly. The company's first park – ‘ESR, Lodha Industrial and Logistics Park’ became operational during FY22. The Company also started construction and leasing a joint venture park with Morgan Stanley Real Estate Investing. High quality occupiers from across multiple sectors including e-commerce, retail, manufacturing and construction have signed up to take up space. The Company has also sold land on an outright basis to various players such Flyjac Logistics. For FY22, pre-sales from this segment amounted to Rs.166 Crore. The group has concluded to set up a green digital infrastructure platform with Ivanhoé Cambridge and Bain Capital. The platform will establish a Pan-India presence in the digital infrastructure space that includes logistics and light industrial parks as well as in-city fulfilment centres. The platform will jointly invest about US\$1 billion to create approximately 30 million square feet of operating assets to serve India’s digital economy. The timely execution of these plans will be crucial for the company to bring down its debt.

Credit Risks:-

High Debt; though the Company is taking various measures to reduce the debt.

The gross debt (including US\$ bond) for FY22 stood at Rs.11537 Cr and as of 30 June 2022 the gross debt stood at Rs.11048 Cr. With the various steps taken by the Company the net debt of India business stood at Rs.8856 Cr as of 30th June 2022 compared to Rs.9309 Cr as on 31st March 2022 and Net Debt of Rs.16076 Cr as on 31st March 2021. As per the Company, the UK project net debt stood at £73 million on GSQ, entirely covered by balance collections of sold units. USD



bonds worth USD170 mn out of USD 225mn has been prepaid in Mar-22 from the GSQ sales proceeds; Balance USD 55mn is to be pre-paid from already sold units. The Company is planning for sustainable reduction in debt by targeting sustainable net debt <1x annual operating cash flows, at the same time taking care to ensure that debt reduction does not hamper growth.

Vulnerability of cash flows to the cyclical nature of the industry.

The Company's real-estate business activities are primarily focused in and around the MMR, which may perform differently from, and may be subject to market conditions and regulatory developments that are different from, real estate markets in other parts of India or the world. Also some of the projects are high-end projects, whose sales are influenced by macroeconomic factors. The group is currently executing various projects under various phases and sectors, and as such, is not immune to the project execution risks. Having multiple ongoing projects also spreads the risk to an extent, as the expectations of the clientele would largely propel timely completion. Also, the comfort is drawn from the group's execution track record and the group's expertise to complete the projects. MDL is now increasing its presence in Pune Market has now entered the Bangalore market and has signed the first Joint Development Agreement (JDA) of ~1.3mn sq.ft.

Project execution risk and high inventories: The group is currently executing various projects under various phases and sectors, and as such, is not immune to the project execution risks. However, the comfort is drawn from the group's execution track record and the group's expertise to complete the projects.

Analytical Approach: Consolidated

The list of entities consolidated is given in the annexure.

RATING SENSITIVITIES.

Positive: Significant ramp up in the sales and collections, reduction of debt levels and improvement in capital structure

Negative: Downward pressure on sales and collections, weakening of financial risk profile, delays in debt reduction are the key negative sensitivities.

The ratings are also sensitive to successful execution of its key initiatives of asset disposal reduction of debt as envisaged to further correct the capital structure.

Liquidity Indicators: Adequate

The Company liquidity remains adequate as supported by cash and bank balance of Rs.1697 Cr as at 30th June 2022 and further supported by healthy collections from the project. Further the group has demonstrated healthy financial flexibility which is expected to be continued further to support the debt repayment.



Company Profile

Macrotech Developers Limited.

Established in 1980, the Lodha Group is a major real estate developer in Mumbai Metropolitan Region (MMR) with focus on developing residential and office spaces. Macrotech Developers Limited (earlier known as Lodha Developers Limited), the flagship company of the group, was incorporated in 1995. The name of the Company has been changed to “Macrotech Developers Limited” from “Lodha Developers Limited” with effect from 24th of May 2019. The brand name continues as Lodha and all projects will continue to be named and sold/leased under the Lodha brands. The board consists of eight members with Mr. Abhishek Mangal Prabhat Lodha as Managing Director and the Board has four independent Directors.

CONSOLIDATED: KEY FINANCIAL INDICATORS (Rs. Cr)

Result Type	FY21	FY22
Particulars (Rs in Cr)	Audited	Audited
Total Operating Income	5448.57	9,233.20
PAT	47.89	1208.51
Tangible Net Worth	4148.37	11189.53
Total Debt	18,192.89	11536.67
Total Debt/ Tangible net worth (times)	4.39x	1.03x

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Not Applicable

**RATING HISTORY FOR THE LAST THREE YEARS.
(Including rating withdrawal and suspended)**

Sr. No	Facility/Instrument	Type	Current		Rating History		
			Amount (Rs. In Cr)	10 th Aug-22	2021	2020	2019
	Fund Based						
1	Fund Based(Bank Loan/Working Capital)	Long Term	1175	BWR A+/Stable (Upgrade)	BWR A-/Stable (Upgrade) 24th August 2021	BWR BBB/Negative (Sep 2020) Reaffirmed	BWR A-/Negative (November 2019) Reaffirmed
					BWR BBB+/Stable (Upgrade) 3rd August 2021	BWR BBB/Negative (Feb 2020) Downgrade	BWR A-/Negative (August 2019) Downgrade
					BWR BBB/Stable (Outlook Changed to Stable) May 2021		BWR A/Stable (February 2019)
2	NCD (Rs.387Cr)	NIL	NIL	Fully redeemed awaiting documents for withdrawal	BWR BBB+/Stable (Upgrade) 24 August 2021	BWR BBB-/Negative (Reaffirmed) September 2020	BWR BBB+/Negative (Reaffirmed) November 2019
				#	BWR BBB/Stable (Outlook changed to Stable) 3 August 2021	BWR BBB-/Negative (Downgrade) February 2020	BWR BBB+/Negative (Assigned) August 2019
					BWR BBB-/Stable (Outlook changed to Stable) May 2021		
3	NCD (Rs.100)			Fully redeemed awaiting documents for withdrawal	BWR A-/Stable (Upgrade) 24th August 2021	BWR BBB/Negative (Sep 2020) Reaffirmed	BWR A-/Negative (November 2019) Reaffirmed
					BWR BBB+/Stable (Upgrade) 3rd August 2021	BWR BBB/Negative (Feb 2020) Downgrade	BWR A-/Negative (August 2019) Downgrade

				#	BWR BBB/Stable (Outlook Changed to Stable) May 2021		BWR A/Stable (February 2019)
4	NCD (Rs.625)	Long Term	250	BWR A+/Stable (Upgrade)	BWR A-/Stable (Upgrade) 24th August 2021	BWR BBB/Negati ve (Sep 2020) Reaffirmed	BWR A-/Negative (November 2019) Reaffirmed
					BWR BBB+/Stable (Upgrade) 3rd August 2021	BWR BBB/Negati ve (Feb 2020) Downgrade	BWR A-/Negative (August 2019) Downgrade
					BWR BBB/Stable (Outlook Changed to Stable) May 2021		BWR A/Stable (February 2019) Assigned
5	NCD (Rs.65Cr)	-	-	-	Rating Withdrawn on Full Redemption (3rd August 2021)	BWR BBB/Negati ve (Sep 2020) Reaffirmed	-
						BWR BBB/Negati ve (Feb 2020) Downgrade	-
Total			1425	(Rupees One Thousand Four Hundred Twenty Five Crores Only)			

COMPLEXITY LEVELS OF THE INSTRUMENTS:

Bank Loan Rating: Simple

NCD: Complex.

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

[General Criteria](#)

[Approach to Financial Ratios](#)

[Infrastructure Sector.](#)

[Consolidation of Companies](#)

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Macrotech Developers Limited

ANNEXURE I

Details of Bank Loan Facilities rated by BWR.

No.	Name of the Lender	Type of Facilities	Long term (Rs. Cr) (As on 30.06.2022)
1	Bank of Maharashtra	Term Loan	51
2	State Bank of India	Term Loan	51
3	Union Bank of India (e- Andhra Bank)	Term Loan	38
4	Union Bank of India	Term Loan	59
5	Central Bank of India	Term Loan	48
6	Bank of Baroda (e-Dena Bank)	Term Loan	34
7	Bank of Baroda	Term Loan	42
8	Union Bank of India	Term Loan	-
9	Punjab & Sind Bank	Term Loan	-
10	IDBI Bank Ltd	Term Loan	-
11	Bank of Baroda (e-Dena Bank)	Term Loan	260
12	Bank of Baroda (e-Vijaya Bank)	Term Loan	-
13	Bank of Baroda	Term Loan	-
14	Punjab & Sind Bank	Term Loan	-
15	Bank of Maharashtra	Term Loan	-
16	Union Bank of India (e- Andhra Bank)	Term Loan	-
17	Punjab & Sind Bank	Term Loan	60
18	Bank of India	Term Loan	-
19	Canara Bank	Term Loan	-

20	Union Bank of India (e- Andhra Bank)	Term Loan	-
21	Oriental Bank of Commerce	Term Loan	-
22	L&T Finance Ltd	Term Loan	-
23	L&T Housing Finance Ltd	Term Loan	-
24	L&T Infrastructure Finance Co Ltd	Term Loan	263
25	Canara Bank	OD	-
26	PNB Housing Finance Ltd.	Term Loan	-
27	PNB Housing Finance Ltd.	Term Loan	-
29	Indian Bank	Term Loan	47
30	IndusInd Bank	OD	150
31	SBI	VFS	250

ANNEXURE II

Details of NCD Instruments (Continuing)

II A

Instrument	Issue Date	Amount [Rs. Crs.]	Coupon Rate (P.A)	Maturity Date	ISIN Particulars
NCD	27-Feb-18	250.0	12.50%	27-Feb-23	INE670K07067

II B (Redeemed)

Instrument	Issue Date	Amount [Rs. Crs.]	Coupon Rate (P.A)	Maturity Date	ISIN Particulars
NCD (Redeemed)	13-Mar-18	1.92	14%	27 Sept-21	INE711Z07018
NCD(Redeemed)	13-Jul-17	387.0	9.50%	13-Jul-23	INE014S07012

The above NCDs are redeemed and BWR is awaiting documents for withdrawal.

ANNEXURE III

LIST OF ENTITIES CONSOLIDATED AS ON 30 JUNE 2022.

Sr. No	Name of the Company	Relationship with the Holding Company
1	Anantnath Constructions and Farms Pvt. Ltd.*	Subsidiary
2	Apollo Complex Pvt. Ltd.	
3	Bellissimo Constructions and Developers Pvt. Ltd.	
4	Bellissimo Digital Infrastructure Investment Management Pvt. Ltd.****	
5	Bellissimo Digital Infrastructure Development Management Pvt. Ltd.****	
6	Bellissimo Estate Pvt. Ltd. *	
7	Brickmart Constructions And Developers Pvt. Ltd.	
8	Center for Urban Innovation	
9	Cowtown Infotech Services Pvt. Ltd.	
10	Cowtown Software Design Pvt. Ltd.	
11	Palava Industrial and Logistics Park Pvt. Ltd. *	
12	Homescapes Constructions Pvt. Ltd.	
13	Lodha Developers International (Netherlands) B. V.	
14	Lodha Developers International Ltd.	
15	Lodha Developers U.S. Inc.	
16	Luxuria Complex Pvt. Ltd.*	
17	MMR Social Housing Pvt. Ltd.*	
18	National Standard (India) Ltd.	
19	Odeon Theatres and Properties Pvt. Ltd.*	
20	One Place Commercials Pvt. Ltd.	
21	Palava City Management Pvt. Ltd.	
22	Kora Construction Pvt. Ltd.*	



23	Palava Institute of Advanced Skill Training	
24	Primebuild Developers and Farms Pvt. Ltd.	
25	Renover Green Consultants Pvt. Ltd.*	
26	Roselabs Finance Ltd.	
27	Sanathnagar Enterprises Ltd.	
28	Simtools Pvt. Ltd.	
29	Sitaldas Estate Pvt. Ltd.*	
30	Thane Commercial Tower A Management Pvt. Ltd.	
31	DigiRealty Technologies Pvt. Ltd.	
32	Bellissimo Buildtech LLP	
33	G Corp Homes Private Limited***	
34	Altamount Road Property Pvt. Ltd.	Joint Venture
35	Palava Induslogic 2 Pvt Ltd.	
36	Palava Induslogic 3 Pvt. Ltd.	
37	Palava Induslogic 4 Pvt. Ltd.	
38	Lodha Developers UK Ltd.	
39	Grosvenor Street Apartments Ltd.**	
40	Lodha Developers 1GSQ Holdings Ltd.**	
41	Lodha Developers 1GSQ Ltd.**	
42	Lodha Developers 48 CS Ltd.**	
43	Lodha Developers Dorset Close Ltd.**	
44	Lodha Developers International (Jersey) III Ltd.**	
45	1GS Quarter Holding Limited **	
46	1GSQ Leaseco Ltd.**	
47	New Court Holdings Ltd.**	
48	Lincoln Square Apartments Ltd.**	
49	1GS Investments Ltd.**	



50	1GS Residences Ltd.**	
51	Bellissimo Digital Infrastructure Development Management Pvt. Ltd.*****	
52	Bellissimo Digital Infrastructure Investment Management Pvt. Ltd. *****	
53	1GS Properties Investments Ltd.**	
54	Mayfair Square Apartments Limited ^ **	
55	Mayfair Square Residences Limited ^ **	

* Merged with the Holding Company w.e.f. April 30, 2022 with respective Company's effective date

** Subsidiaries of Lodha Developers UK Ltd.

***Subsidiary of the Holding Company w.e.f. June 28, 2022

****Upto May 9, 2022

***** Became joint venture w.e.f. May 10, 2022

^ w.e.f. April 27, 2022

For print and digital media

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