



Press Release

CITY AND INDUSTRIAL DEVELOPMENT CORPORATION OF MAHARASHTRA LIMITED (CIDCO)

January 13, 2025

Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6000.00	ACUITE AA+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	6000.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE AA+**' (read as **ACUITE double A plus**) on the Rs. 6000.00 crore bank facilities of City and Industrial Development Corporation of Maharashtra Limited (CIDCO). The outlook remains '**Stable**'.

Rationale for rating

The rating takes into account the strategic role of CIDCO in infrastructure development in the state of Maharashtra, its robust resource mobilization ability and strong financial flexibility. These strengths are partially offset by the implementation risks inherent in its relatively long gestation projects involving both time and cost overruns.

About the Company

Incorporated in March 1970, CIDCO is a city planning agency of the Government of Maharashtra (GOM). Its purpose at the time of its creation was to develop a satellite town to Mumbai (namely Navi Mumbai). Post completion of its initial objective it now functions as a New Town Development Authority (NTDA) and Special Planning Authority (SPA) for GOM. It is now engaged in development of new towns by planning and developing entire urban infrastructure, executing large scale infrastructure projects and providing municipal services.

About Current Projects

Pradhan Mantri Awas Yojana is a credit-linked subsidy scheme by the Government of India to facilitate access to affordable housing for the low and moderate-income residents of the country. CIDCO around the area of Navi Mumbai and under PMAY plans to develop around 67,000 housing units at a total cost of ~Rs. 20,000 Cr. which is being funded partly by debt of Rs. 5,000 Cr, internal accruals of ~ Rs. 9,800 Cr. and the rest from advances/deposits received from customers. Till date, CIDCO has incurred a total expenditure of Rs. 11,037 Cr out of which only Rs. 1,131.30 Cr. of debt has been drawn and the balance has been funded through internal accruals / deposits from customers to construct the project. The project was launched in September 2019, construction started in November 2020 and the project is expected to be completed by April 2027. Currently, with 44% of the construction completion, CIDCO has launched 26,000 units for booking.

CIDCO is also developing the Navi Mumbai Metro Project. The line 1 of the project consists of Belapur-Kharghar Taloja-Pendhar with around 11 stations. Further, Line no. 2 (Khandeshwar to Taloja MIDC) is 7.12 kms in length with 6 metro stations. The proposed line No. 3 that will link Line 1 and 2 is of approximately 3.87 kms and Line

no. 4 that will run from Khandeshwar to Navi Mumbai International Airport (NMIA) is of approximately 4.17 kms. The construction of Line 1 has been fully completed without any debt support and was inaugurated on 17th November 2023.

Unsupported Rating

Analytical Approach

Acuité has considered a standalone approach while assessing the business and financial risk profile of CIDCO and has factored in the operational and managerial benefit it receives under the ownership of GOM. The rating factors in the strategic importance of the entity in implementing the key infrastructure projects in the state of Maharashtra.

Key Rating Drivers

Strengths

Fully owned and key strategic subsidiary for GOM with a long successful track record of operations

Incorporated in 1970, CIDCO is a city planning agency of the GOM. It carries out commercial and residential infrastructure development on behalf of the GOM. Currently, it is involved in undertaking key projects across Maharashtra - Aurangabad, Nashik, Jalna and NAINA (Navi Mumbai Airport Influence Notified Area). Other projects undertaken by CIDCO include development of Trans Thane Creek (TTC) MIDC, Navi Mumbai SEZ, JNPT Port, Navi Mumbai Metro and Navi Mumbai International Airport. CIDCO has monopolistic rights to the land in new towns in which it carries out its development activities as it acts as an agent of GOM. CIDCO also gets substantial managerial benefit from the GOM. Currently, all the members of its Board of Directors are Indian Administrative Service officers of GOM.

Acuité believes that CIDCO will continue to benefit from its position as a strategically important subsidiary of GOM engaged in implementing infrastructure development for GOM.

Strong financial flexibility and resource mobilization ability

CIDCO has one of the largest land banks held by any government authority in India with about 2,000 hectares. CIDCO develops various infrastructure projects on these lands and sells them to the public. It also develops commercial, housing as well as well as infrastructural work. Further, it also provides municipal services to areas which it has developed. The entity receives fees from Railways for passing through their lands. CIDCO had cash and bank balances (including FD) worth Rs. 6,515.81 Cr. on March 31, 2024 (Prov.) as against Rs. 6,733.83 Cr. on March 31, 2023.

Acuité expects CIDCO's financial flexibility and resources mobilization ability to remain strong over the medium on account of its large deployable bank balances.

Weaknesses

Project Execution risk and demand risk

Till date CIDCO has been able to complete only ~44 percent out of the 67,000 housing units under the PMAY project. The project was launched in September 2019 and actual construction started in November 2020. The construction is at nascent stage and considerable project execution risk exists. However, given CIDCO's long track record in this field, the risk is expected to be mitigated.

The housing projects also face demand risk considering the intense competition and changing customer preferences. However, for the PMAY project out of the total housing units, ~55 percent of the units are reserved for the EWS (Economically Weaker Section) and LIG (Low Income Group) segment which will be sold at discounted rates and the balance units will be sold in the open market at relatively lower prices. Given the discounted prices, the demand risk is expected to be very low.

Rating Sensitivities

- Timely completion of PMAY project without significant cost and time over runs

Liquidity Position

Strong

CIDCO's long operational track record of developing and selling land under its control has helped it accumulate substantial reserves. The entity has cash and bank balances (including FD) worth Rs. 6,515.81 Cr. on March 31, 2024 (Prov.) as against Rs. 6,733.83 Cr. on March 31, 2023.

Acuite expects CIDCO's liquidity profile to remain strong on account of its large bank balances and resource

mobilization ability.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.05	0.05
PAT	Rs. Cr.	0.04	0.04
PAT Margin	(%)	74.00	71.80
Total Debt/Tangible Net Worth	Times	411.44	1291.23
PBDIT/Interest	Times	0.00	0.00

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Public Finance - State Government Ratings: <https://www.acuite.in/view-rating-criteria-26.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
16 Oct 2023	Term Loan	Long Term	5000.00	ACUITE AA+	Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	1000.00	ACUITE AA+	Stable (Reaffirmed)
18 Jul 2022	Term Loan	Long Term	5000.00	ACUITE AA+	Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	1000.00	ACUITE AA+	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1000.00	Simple	ACUITE AA+ Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Jun 2030	5000.00	Simple	ACUITE AA+ Stable Reaffirmed

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Kruti Patel Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.