Rohan Builders & Developers Private Limited

April 05, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	260.00 (Enhanced from 100.00)	CARE A-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of Rohan Builders & Developers Private Limited (RBDPL) continues to derive strength from the promoters' extensive experience of the promoters and established presence in the real estate markets of Pune and Bangalore, and the company's comfortable capital structure. The rating also takes comfort of launches of various projects in FY24 (FY refer to period from April 01 to March 31) wherein the group has witnessed strong sales momentum, and accordingly the booking status of development portfolio stands comfortable while construction progress stands satisfactory, thereby indicating the group's comfortable operational efficiency.

However, the rating remains constrained by sizeable expansion plans with high reliance on customer advances for funding the future project costs, moderate committed receivable coverage ratio (percentage of committed receivable to cover balance project cost and outstanding debt), limited geographic presence, and inherent cyclicality associated with the real estate sector.

Going forward, the company's ability to maintain healthy sales momentum in ongoing as well as upcoming projects and thereby ramp-up the bookings and collections, and maintaining healthy capital structure remains key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions.

Positive factors

- Improvement in the percentage of committed receivable coverage ratio to 70% and above, on a sustained basis.
- Receipt of better-than-envisaged collections on account of improved sales momentum.

Negative factors

- Any incremental debt other than envisaged deteriorating the capital structure significantly on a sustained basis.
- Delay in project execution, or sales momentum in turn leading to considerable decline in net project inflows from envisaged levels.
- Deterioration in the committed receivable coverage ratio below 50% on sustained basis.

Analytical approach: Consolidated performance of RBDPL is considered given the operational, management and financial linkages among the entities mentioned in Annexure-6.

Outlook: Stable. The stable outlook reflects CARE Ratings Limited's (CARE Ratings') belief that RBDPL will maintain its business profile with stable sales and collections in the ongoing and upcoming projects while maintaining comfortable capital structure.

Detailed description of the key rating drivers:

Key strengths

Strong sales momentum

During 9MFY24, the company has launched six projects with saleable area over 25 lakh sq-ft and as a result of substantial launches, the company has sold around 15 lsf in 9MFY24, which is over 250% of 6 lsf area sold in FY23. In value terms, the company has sold inventory of around ₹1,177 crore in 9MFY24 against ₹346 crore in FY23, marking strong growth of over 300%. Amongst ongoing projects, the company has been able to sell more than 70% of the saleable area in four out of nine ongoing projects (launched for sales), over 30% in three projects and under 30% in balance projects. As on December 31, 2023, the company has unsold inventory of close to ₹1,200 crore among ongoing projects, and based on the sales momentum in past four quarters ended December 31, 2023, the unsold inventory remains low at close to four quarters (1 year), thereby reflecting the company's strong sales momentum.

Comfortable leverage profile

As on December 31, 2023, the company's total debt has increased from ₹493 crore as on March 31, 2022 to ₹535 crore as on March 2023 and ₹650 crore as on December 31, 2023. The debt level has increased due to funding availed for launching of new projects. Nevertheless, despite expansion, the company continues to maintain gearing at comfortable level of below 0.70x as on December 31, 2023. The gearing has remained comfortable below 0.60x in past five fiscals ended March 31, 2023. Going ahead, the company is expected to launch few more projects and it may avail additional debt. However, the same is expected to partly

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

offset by accelerated repayments in existing term loans , and accordingly, on net basis, debt levels are expected to remain near to current level and gearing is expected to remain below unity.
The company's total debt/annual collection deteriorated to slightly above 1x in FY23 and 9MFY24, as against below unity in past three fiscals ended March 31, 2023. The deterioration was on account of additional debt availed and relatively lower collections, given many new projects are in nascent stage. Nevertheless, with healthy sales achieved in 9MFY24, collections are expected to improve significantly, and ratio is expected to fall below unity in near to medium term.

Comfortable operational efficiency
During previous review, it was envisaged that the company will be launching various projects in FY24 and hence in line with anticipated plans, RBDPL launched multiple projects with total saleable area of close to 25 lsf. As a result of strong sales momentum, the company has been able to maintain comfortable booking status in the overall project portfolio, while the execution remains in intermediate stage as all the projects are being developed on owned land, and hence, sizeable cost attributable to land, stands incurred. As on December 31, 2023, the group has sold close to 60% of saleable area (amongst ongoing projects launched for sales) and has incurred around 45% of the total projected cost (for ongoing RE projects), which reflects the company's comfortable operational efficiency.

Experienced promoters and successful track record of the group in residential real estate development
Suhas Lunkad is the founder and Chairman & Managing Director (CMD) of the Rohan Group, which was formed in 1993. He is B.E. (Civil) from Pune University and has wide experience in project planning and execution. The technical front of the projects is handled by Milind Lunkad (Director), a civil engineer by profession while the marketing and finance functions are looked after by Sanjay Lunkad (Director). Furthermore, Deepak Bhatewara (Director), heads the procurement and sales activities for the Rohan group. The directors have close to three decades of experience. The group has successfully completed projects admeasuring 157 lakh square feet (lsf) of saleable area as on December 31, 2023, mainly in Pune and Bangalore among others.

Availability of sizeable land bank for future projects execution
As on December 31, 2023, the Rohan group has sizeable land bank with development potential of over 200 lsf. The land parcels are completely owned by the company and are positioned diversely at prime locations in Pune, Bangalore, and Mumbai.

Key weaknesses

Sizeable expansion plans
Since inception, the company has developed area of close to 157 lsf, while it is currently executing projects with total saleable area of 45 lsf and has plans to further undertake development of 50 lsf in medium term. Thus, the overall size of development (across ongoing and upcoming projects) remains significant, considering the size developed in the past. The project cost of the upcoming projects also stands sizeable over ₹3,000 crore, and the company is expected to maintain moderate debt and high reliance on customer advances for funding the future project costs. Accordingly, the company's ability to achieve healthy bookings in the new projects, in line with its past track record of bookings, remains crucial to generate considerable cash flows from operations.

Project execution being majorly dependent on customer advances
The projects currently under execution are being funded through mix of promoter's contribution, debt, and customer advances. As on December 31, 2023, the company has incurred project cost of over ₹950 crore (on ongoing and upcoming RE projects), which is largely funded through customer advances to the tune of over 70% and balance through debt. While considering the total cost for upcoming projects, the outstanding debt and customer advances of the company account for 42% and 45%, respectively, of the total project cost incurred as on December 31, 2023. With such high reliance on customer advances, the company shall be required to maintain healthy booking status. Any adverse impact on the sales momentum of the company may lead to the company drawing additional debt, which shall deteriorate the company's capital structure and funding pattern.

Moderate committed receivable coverage ratio
In the previous review, the committed receivable coverage ratio stood low at 30% as on December 31, 2022, considering the development portfolio was at near completion stage and majority of debt was availed towards upcoming projects. However, the ratio has now improved to 51% as on December 31, 2023, as the company has launched various projects and has witnessed healthy sales momentum in the intermediate stage of execution, which led to build-up of moderate level of committed receivables. While the ratio has improved, it continues to remain moderate, given intermediate stage of execution, and thus, the company continues to remain reliant on fresh sales for funding through customer advances.

Limited geographic presence and competition
All the past completed projects were largely positioned in Pune. Amongst the ongoing projects, 76% of the area is positioned in Pune and balance projects are currently being executed in Bengaluru, and hence there is considerable geographic concentration. Even the future projects are planned to be launched in these areas. Any downturn in such micro markets may impact the developer's revenues going forward. There are many new upcoming projects in Balewadi, Wakad, and Hinjewadi, among others, which are being developed by other players in the market, which would result in additional inventory and may build negative pressure on selling prices, thus enhancing marketing risk. Nevertheless, favourable industry scenario and presence across various micro-markets mitigates the saleability risk to certain extent.

Inherent cyclical nature of the real estate sector

The company is exposed to the cyclicality associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high interest rate scenario could further discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Liquidity: Adequate

As on December 31, 2023, the company has free liquid funds of ₹32 crore against the debt obligations of ₹150 crore in the next four quarters. The company has receivables from sold inventory to the tune of ₹939 crore, which provides cash flow visibility in the near term and partially covers balance project cost and outstanding debt. The cash flow from the company's operations are expected to remain comfortable to service its upcoming debt obligations.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Rating methodology for Real estate sector

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

RBDPL is one of the key companies of the Rohan Group, engaged in the real estate business. It was incorporated in 2001 by Suhas Lunkad. RBDPL is largely into the construction of residential projects in and around Pune. The Rohan Group, promoted by Suhas Lunkad, has currently diversified its business into infrastructure, real estate, and industrial construction, having executed projects for many renowned clients. RBDPL has executed over 70 residential and commercial projects in Pune and Bangalore, with the total saleable area of over 150 lakh square feet (lsf).

Consolidated:

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	708.94	587.10
PBILDT	114.06	38.06
PAT	82.04	30.78
Overall gearing (times)	0.57	0.56
Interest coverage (times)	16.02	8.34

A: Audited; Note: 'these are latest financial results available' ratios are classified as per CARE Ratings' Standards

Standalone:

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	375.26	374.85
PBILDT	56.56	28.94
PAT	48.25	21.04
Overall gearing (times)	0.54	0.44
Interest coverage (times)	8.11	6.48

A: Audited; Note: 'these are latest financial results available' ratios are classified as per CARE Ratings' Standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer to Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term loan	-	-	-	March 2029	201.86	CARE A-; Stable
Fund-based - LT-Working capital limits	-	-	-	-	30.00	CARE A-; Stable
Fund-based - LT-Working capital limits	-	-	-	-	28.14	CARE A-; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term loan	LT	201.86	CARE A-; Stable	1)CARE A-; Stable (07-Apr-23)	1)CARE A-; Stable (07-Apr-22)	1)CARE A-; Stable (07-Apr-21)	1)CARE A-; Stable (03-Apr-20)
2	Fund-based - LT-Working capital limits	LT	30.00	CARE A-; Stable	1)CARE A-; Stable (07-Apr-23)	1)CARE A-; Stable (07-Apr-22)	1)CARE A-; Stable (07-Apr-21)	1)CARE A-; Stable (03-Apr-20)
3	Fund-based - LT-Working capital limits	LT	28.14	CARE A-; Stable	1)CARE A-; Stable (07-Apr-23)	1)CARE A-; Stable (07-Apr-22)	1)CARE A-; Stable (07-Apr-21)	1)CARE A-; Stable (03-Apr-20)

LT: Long term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term loan	Simple
2	Fund-based - LT-Working capital limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of all the entities consolidated

S.No.	Name of entity	Extent of Consolidation	Rationale for consolidation
	Subsidiary Companies		
1.	Rohan Housing Private Limited	Full	These entities have operational and financial linkages with the holding company as RBDPL undertakes projects through its subsidiaries/JVs/ SPVs.
2.	Rohan Towers Private Limited	Full	
3.	Rohan Landmark Private Limited	Full	
4.	Rohan Dwellings Private Limited	Full	
5.	Rohan Residency Private Limited	Full	
6.	Rohan Shelters Private Limited	Full	
7.	Rohan Warehousing Private Limited	Full	
8.	Rohan Builders & Dwellers Private Limited	Full	
9.	Rohan Builders & Shelters Private Limited	Full	
10.	Rohan Builders and Logistics Private Limited	Full	
	Associate Companies		
11.	Rohan Buildcon Private Limited	Proportionate	
12.	Rohan Landscape Private Limited	Proportionate	
	Subsidiary Firms		
13.	Rohan Realtors	Full	
14.	Rohan Promoters & Developers	Full	
15.	Rohan Sarsan Aawishkar Developers	Full	
16.	Rohan Projects	Full	
17.	Rohan Developers	Full	
18.	Rohan Projects & Developers	Full	
19.	Rohan Properties	Full	
20.	Rohan Builders	Full	
21.	Rohan & Atul Enterprises	Full	
	Subsidiary LLPs		
22.	Rohan Builders LLP	Full	
23.	Rohan Sidhi Logistics LLP	Full	
24.	Rohan Vastu Nirman LLP	Full	
25.	Rohan Builders & Shelters LLP	Full	
26.	Rohan Builders & Dwellers LLP	Full	
27.	Rohan Gharkul LLP	Full	
28.	Rohan Gruhnirman LLP	Full	
29.	Rohan Procon LLP	Full	
	Associates		
30.	Rohan Village LLP	Proportionate	
31.	Rohan Homes	Proportionate	
32.	Rohan Agrotech	Proportionate	
	Joint Ventures		
33.	City Development Corporation	Proportionate	
34.	Urban Life Ventures	Proportionate	
35.	Yellow Stone Landmarks LLP	Proportionate	

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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