

## Ratnabhumi Developers Limited

October 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BBB-; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed and withdrawn the outstanding rating of 'CARE BBB-; Stable' [Triple B Minus; Outlook: Stable] assigned to the bank facilities of Ratnabhumi Developers Limited (RDL) with immediate effect. The above action has been taken at the request of RDL and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE Ratings.

Prior to withdrawal, the rating assigned to the bank facilities of RDL continued to derive strength from the company's adequate track record of successful projects through group concerns and completion of ongoing projects within the envisaged timeline. It also factored in the healthy collection momentum, resulting in moderate reliance on external debt. The rating further considered RDL's resourceful promoters with vast experience in the real estate sector.

That said, the rating continued to remain constrained on account of the moderate saleability risk and geographical concentration of its operations. The rating also took cognisance of the inherent cyclicity associated with the real estate sector.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects the vast experience of the promoters in the Ahmedabad real estate market and the adequate collection momentum. The stable outlook also reflects the expected sale of the non-booked units as envisaged, with the timely receipt of funds from customers.

### Detailed description of key rating drivers:

#### Key strengths

##### Completion of on-going projects within the envisaged timeline

The three mixed-development projects [residential and commercial with around 11.58 lakh sq ft (lsf) of saleable area, namely, Turquoise Greenz, Turquoise Grandeure, and Turquoise Dreamz] that were under execution by RDL have all been completed within the envisaged timeline.

##### Healthy collection momentum

The company has received customer advances to the extent of 58% of the total sales value of ₹136.92 crore for all the three projects as on September 25, 2023. This results in moderate reliance on external debt for the project completion, as indicated by around 34% of the total project cost incurred having been funded through debt, while the balance cost of 66% having been funded through customer advances (36%) and promoter contribution and creditors (30%).

##### Resourceful promoters with regional track record

RDL is part of the Ahmedabad-based Ratna group. Founded by Jitendra Shah during the early 1980s, the Ratna group is now being managed by his son, Kaivan Shah, who has an experience of more than 15 years in the real estate development industry. To date, the Ratna group has completed 22 projects (commercial and residential) in and around Ahmedabad, with a cumulative construction area of nearly 33 lsf. Furthermore, the promoters also have a sizeable land bank in the vicinity of Ahmedabad, which provides financial flexibility for future projects.

#### Key weaknesses

##### Moderate saleability risk

As on October 22, 2024, RDL has sold 69% of the total inventory in all the three projects, leading to moderate saleability risk for the timely sales of the balance units at envisaged rates. The sales velocity of its three-BHK projects (Turquoise Greenz and Turquoise Dreamz) remained moderate with 75% and 83% of the units booked, respectively, while the same for its four-BHK project (Turquoise Grandeure) stood low with 53% of the units booked.

##### Geographical concentration of its operations

All the projects of RDL are in the vicinity of Ahmedabad, resulting in significant geographical concentration. Any downturn in these micro markets can impact the cash flows adversely.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Presence in the cyclical real estate sector

The real estate sector in India is highly fragmented with most of the real estate developers having a city-specific or region-specific presence. The real estate sector is also sensitive to the macroeconomic cycle and interest rates. Any adverse movement in interest rate affects the real estate players in both ways – by hampering demand as well as increasing the cost of construction.

### Liquidity: Adequate

RDL's liquidity position remains adequate, as reflected by the satisfactory response for its ongoing projects coupled with the satisfactory customer collection. As on March 31, 2023, the committed receivables from the sold inventory stood at ₹57.18 crore, constituting around 52% of the total pending construction cost and outstanding debt.

During the trailing 12 months ended September 30, 2023, the firm received around ₹55.09 crore, reflecting healthy collection efficiency. Majority of the repayments for the company are expected to begin from April 2025, providing cushion to its liquidity profile.

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Rating methodology for Real estate sector](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Incorporated in July 2007, RDL is a real estate development company and a part of the Ahmedabad-based Ratna group. Founded by Jitendra Shah during the early 1980s, the Ratna group is now being managed by his son, Kaivan Shah. The company has executed a total of 22 residential and commercial projects to date and is currently executing three mixed-development projects.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	0.66	0.51	51.89
PBILDT	7.43	15.84	5.69
PAT	0.23	0.31	0.63
Overall gearing (times)	3.12	5.49	NA
Interest coverage (times)	1.06	1.02	1.16

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Infomerics, vide its press release dated July 18, 2024, continued to place the ratings of RDL under the 'Issuer non-cooperating' category in the absence of requisite information from the company to carry out a review.

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term		-	-	March 2026	0.00	Withdrawn

**Annexure-2: Rating history for 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 2024-2025	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
1	Term Loan-Long Term	LT	-	-	1)CARE BBB-; Stable (29-Oct-24)	1)CARE BBB-; Stable (31-Oct-23)	-	-

LT: Long term;

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

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

## Contact us

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### About us:

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### Disclaimer:

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