Ramky Estates And Farms Limited

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	225.00	CARE BBB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in long-term rating for bank facilities of Ramky Estates and Farms Limited (REFL) factors in sustained sales momentum, marked by stable growth in pre-sales and collections.

The rating continues to derive strength from the resourcefulness and experience of promoter, and availability of large land bank for future development.

However, the above strengths are partly offset by project execution and sales risk, expected deterioration in capital structure with debt to be availed for ongoing projects, moderate committed receivable coverage indicating high reliance on fresh sales for funding of the project, limited geographical presence, and inherent cyclicality risk due to presence in real estate sector.

CARE Ratings Limited (CARE Ratings) also considers the release of corporate guarantee (CG) given to Srinagar Banihal Expressway Limited (SBEL, Group company), however, the group exposure remains significant.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Collection of above ₹1000 crore on sustained basis.
- Strong sales momentum resulting in inventory overhang of below 24 months.
- Decline in exposure towards the group company.

Negative factors

- Slower-than-envisaged sales momentum resulting in lower annual collection of ₹500 crore or below on a sustained basis.
- Significant increase in group exposure, leading to cash flow mismatches.

Analytical approach: CARE Ratings has considered the consolidated business and financial risk profiles of REFL and its nine subsidiaries and one step-down subsidiary, four associates, and one joint venture (JV), which are all engaged in the same business activity – real estate development, and thus, have management and financial linkages. The list of subsidiaries and step-down subsidiaries is provided in Annexure-6.

Outlook: Stable

The stable outlook reflects CARE Ratings' belief that REFL will continue to be benefited from experienced promoters with stable achievement of sales and collections in the ongoing and upcoming projects while maintaining comfortable capital structure

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoters with ample land bank

REFL is part of the Ramky group, which has presence in diverse business segments including engineering, procurement, and construction (EPC), waste management, real estate, and life sciences. Incorporated in 1995, REFL has a track record of 30 years in executing projects across residential, commercial, retail, affordable housing, integrated townships, and plotting ventures.

Ayodhya Rami Reddy, chairman of the Ramky group, is a civil engineer and currently a member of parliament. He manages the group's strategic decisions and has business experience of over two decades. Nanda Kishore, REFL's managing director, is a graduate of the Indian Institute of Management (IIM) and has over 25 years of experience in reputable organisations. He is supported by professionals with vast experience in the real estate sector. Alla Sharan Reddy, son Ayodhya Rami Reddy, and a post-graduate in construction management, is also involved in the business. The promoters and the professional management

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

team are expected to drive the business growth. As on February 28, 2025, the company and its subsidiaries have completed over 31 projects with a saleable area of 10.77 msf across Hyderabad, Bengaluru, Chennai, and Warangal.

Comfortable leverage position with strong net worth base

Due to lower reliance on external debt and promoters' infusion of ₹1,522 crore in form of equity for the expansion and growth of the company resulting to comfortable capital structure marked by overall gearing of 0.10x as on March 31, 2024 (0.04x as on March 31, 2023). Increase in overall gearing was considering increase in total debt to ₹192 crore as on March 31, 2024, against ₹75 crore debt as on March 31, 2023. Debt/collection (D/C) ratio remains comfortable at 0.11x as on March 31, 2024. D/C ratio is expected to deteriorate considering anticipated debt for ongoing project, however, this is expected to remain comfortable below 0.50x for the near term.

Satisfactory sales velocity and collection, despite higher levels of inventory holding

The sales velocity remained stable and satisfactory to ₹ 1,053 crore in FY24 (FY23: ₹1,068 crore) while maintaining healthy collections at ₹ 917 crore for FY24 against ₹ 777 crore for FY23 due to the favourable demand for its projects in Hyderabad. However, due to the launch of new projects, the inventory overhang remains over three years due to large unsold inventory of 2743 units (44%) of 6274 available units for sale

Key weaknesses

Exposure to group entities

REFL has significant exposure to its group companies through loans and advances, and corporate guarantees extended to them. As on March 31, 2024, the total exposure stood at ~₹914 crore (including ₹445 crore of CG). Although this represents a reduction from ₹2,312 crore (including ₹1,050 crore of CG) as on March 31, 2023, the exposure remains high. Significant increase in exposure to group companies will be a key rating monitorable.

Execution and sales risk

As on February 28, 2025, REFL is executing 14 projects with a total estimated cost of ~₹5,778 crore, of which it has incurred ₹2,638 crore—equivalent to 46% of the total estimated cost, up from 26% as on September 30, 2023. As on February 28, 2025, REFL has launched ~10.84 lakh square feet (including completed projects), with only 46% area sold. The intermediate stage of construction and moderate sales momentum exposes the company to project execution and sales risks.

High reliance on customer advances

REFL has committed receivables of ₹817 crore as on February 28, 2025, which only covers 25% balance project cost of ₹3,419 crore and outstanding debt of close to ₹330 crore .This indicates high reliance on fresh sales for funding of the project. Hence, the company's ability to implement the project within the envisaged timelines and cost, achieving sales per the plan, is critical from the credit perspective.

Exposed to geographical concentration risk

The group is exposed to geographical concentration risk, as the ongoing development is largely limited to the Hyderabad market. The group's attempts to foray in newer geographies in Bengaluru and Vizag. However, downturn in Hyderabad market may impact the developer's revenues, going forward.

Inherent cyclical nature of real estate sector

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

Liquidity: Adequate

Adequate liquidity marked by moderate committed receivable ratio of 25% as on February 28, 2025. The total unencumbered cash balance at the group level is at ~₹9 crore as on September 30, 2024, and sufficient customer advance to meet FY25 debt obligation. For FY26, the debt repayment is close to ₹30 crore against which the company is expecting the collection of ₹1,300-1,500 crore. Due to comfortable capital structure with overall gearing at 0.10x as on March 31, 2024, leaving headroom to raise for additional capex.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

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

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

REFL is promoted by the promoters of the Ramky group, which has businesses in EPC, waste management, real estate, and life sciences. Incorporated in 1995, REFL has an experience of 30 years in executing projects across the residential, commercial, retail, affordable housing, integrated townships, and plotting ventures.

REFL is developing 15 projects with a total saleable area of 14.13 msf and a developer share of 10.04 msf (71.06%) as on February 28, 2025. The group is also planning to develop 2.71 msf of real estate in Hyderabad (2.41 msf) and Bengaluru (0.30 msf) in the upcoming years.

Brief Financials-Consolidated (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	September 30, 2024 (UA)
Total operating income	450.61	430.94	97.29
PBILDT	-1.81	-23.80	-26.44
PAT	41.89	23.03	-24.66
Overall gearing (times)	0.04	0.10	NA
Interest coverage (times)	-0.26	-1.47	-7.42

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results
Note: Financials are classified per CARE's internal standard

Status of non-cooperation with previous CRA: Not applicable

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	February 2027	225.00	CARE BBB; Stable

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	Fund-based - LT-Term Loan	LT	225.00	CARE BBB; Stable	-	1)CARE BBB; Stable (12-Feb-24) 2)CARE BBB; Stable (05-Oct-23)	1)CARE BBB+; Stable (06-Jul-22)	-

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	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Ramky Truspace Homes Private Limited	Full	Wholly owned Subsidiary
2	Ramky Villas Limited	Full	Wholly owned Subsidiary
3	Evergreen Cleantech Facilities Management Limited	Full	Wholly owned Subsidiary
4	Ramky Integrated Township Limited	Proportionate	Subsidiary
5	Ramky Viha Properties Private Limited	Proportionate	Subsidiary
6	Ramky Srisairam Properties Private Limited	Proportionate	Subsidiary
7	Ramky Srivaishnava Builders Private Limited	Proportionate	Subsidiary
8	Chennai Greenwoods Private Limited	Proportionate	Subsidiary
9	Ramky Frontier Homes Private Limited	Proportionate	Subsidiary
10	Vishakha Pharmacity Limited (Ernst. Ramky Pharmacity Limited)	Moderate	Associate
11	Ramky Towers Limited	Moderate	Associate
12	Ramky Signature One Private Limited	Moderate	Associate
13	Ramky Atalian Private Limited	Moderate	Associate
14	Ramky Wavoo Developers	Moderate	Joint Venture

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.

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About us:
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