Ramky Infrastructure Limited

June 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE BB+; Stable / CARE A4 and Withdrawn
Long-term bank facilities	-	-	Reaffirmed at CARE BB+; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable' and CARE A4 assigned to bank facilities of Ramky Infrastructure Limited (RIL). The above action has been taken at RIL's request and the 'No Objection Certificate' (NOC) received from lenders that have extended bank facilities rated by CareEdge Ratings. Therefore, CareEdge Ratings has withdrawn the rating assigned to bank facilities of RIL with immediate effect.

Reaffirmation of ratings consider the stable scale of operations and the satisfactory order book position despite high reliance on inhouse orders. It is also constrained by the high exposure to group entities by way of direct investments and advances, stretched liquidity position, equity commitments for the in-house or group orders, exit from corporate debt restructuring (CDR) pending though some progress visible and stuck bank guarantee (BG) in the cancelled orders that were issued in FY10 to FY13. However, ratings derive strength from the improvement in profitability, moderate capital structure, and debt coverage ratios due to no exposure to term loans and established position in the construction industry. RIL has a comfortable order book position, with moderate sectorial diversification and geographical concentration.

Analytical approach: Standalone

Standalone with significant consideration to investment and exposure to subsidiaries and group entities.

Outlook: Stable

The stable outlook reflects the satisfactory order book position, which is expected to aid the growth of the company's scale of operations and support its profitability.

Detailed description of key rating drivers:

At the time of the last rating on October 10, 2024, following were rating strengths and weaknesses. Updated for published financials for FY25.

Key weaknesses

High exposure to group entities (investments and loans and advances)

RIL has a presence in public-private partnership space through SPVs or its subsidiaries. While many of such assets have been monetised/written-off, they continue to have investments in many assets by way of direct investments or through loans in the form of ICDs. Such exposure put together results in the aggregate amount of ₹963.37 crore as on March 31, 2024 (₹845.17 crore as on March 31, 2023). In addition to the above-mentioned exposure, the company has extended significant amount in the form of trade receivables (three major entities contributed ₹643.49 crore in FY24 and ₹243.34 crore in FY23). This exposure to group entities limits the liquidity available for equity commitment in the developmental projects undertaken through SPVs. Based on the stages of execution of projects and existing obligations in such entities, the horizon of investments/loans remain uncertain.

Stuck bank guarantee in cancelled orders

The company has exposure by way of stuck bank guarantees of ~₹105 crore issued towards the projects, where the orders are cancelled, and it is in stages of arbitration. The above said BGs were issued in FY10 to FY13. The company has issued ~₹18.02 crore as margin money, the net liability is limited to ₹90 crore. Management is of the view, that most guarantees will be returned without adverse effect from the ongoing disputes. However, the issue is persistent and there is no positive movement on this since last review.

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

Equity commitments for in-house/group orders
RIL has been awarded the development of sewage treatment plants (480.5 MLD) under the hybrid annuity model for 15 years from HMWSSB. The company is executing work order for strengthening, augmentation, expansion, operation, and maintenance of Jawaharlal Nehru Pharma City (JNPC), Visakhapatnam, Andhra Pradesh on Design, Build, Finance, Operate and Transfer (DBFOT) basis for 20 years. Both orders are being executed through SPVs, and the EPC works are being executed by RIL. These orders will generate revenue of ₹1,522 crore, of which RIL has generated ~₹210 crore in FY23 and FY24 combined from Hyderabad STPS' Limited (HSTPS) and ₹65 crore from Visakha Pharmacity Limited (VPCL), which comes to ₹275 crore. Hence, a balance of ₹1,247 crore revenue is yet to be generated from these orders. In these projects, the company claims a margin of ~40%. The company initially planned to contribute for the equity portion of project undertaken under HSTPS and VPCL through internal accruals of RIL or USL from group entities. However, no such sizeable investment of ₹437 crore (₹267 crore in HSTPS and ₹171 crore in VPCL) has taken place, and the execution has been managed by extending credit against contract work done by RIL. The company is in process to avail loans for execution of project under HSTPS. However, this remains pending as on date. The company is also in process of refinancing the debenture and promoter loans in SBEL. Timely-tie up of funds is key for execution of projects undertaken in the absence of enhancement in working capital lines.

Exit from CDR pending though some progress visible
The company is in process of exiting from the CDR, for which it is engaged with the lenders. However, pending the approval of exit from few lenders, this is expected to delay. This pendency results in delay in enhancement of working capital limits, which restricts the company from bidding for work orders outside the group.

Fragmented construction sector with tender-based operations and execution challenges
The infrastructure sector in India is highly fragmented with many small and mid-sized players. This, and the tendering process in order procurement results in intense competition within the industry, fluctuating revenues and restrictions in profitability. The continued increase in execution challenges, including delays in land acquisition, regulatory clearances, aggressive bidding, interest rate risk, and delays in projects due to environmental clearance are other external factors that affect the credit profiles of industry players. All these are tender-based, and the revenues depend on the company's ability to bid successfully for these tenders. Profitability margins come under pressure because of the competitive industry. There are numerous fragmented and unorganised players operating in the segment, which makes the civil construction space highly competitive. Though, the company's long industry experience mitigates this risk to some extent, the limited bank guarantee facility hampers the company's capability to bid for large orders.

Key strengths

Improvement in scale of operations in FY25 and satisfactory profitability
RIL has shown improvement in scale of operation marginally in FY25 to ₹2,094 crore (FY24: ₹2,044 crore) considering execution of orders on hand and the addition of new orders. PBILDT moderated slightly to ₹461 crore in FY25 from ₹498 crore in FY24 with a margin of ~22% (FY24: 24%). Profit after tax (PAT) stood at ₹265 crore in FY245 against ₹360 crore in FY24.

Sizeable orderbook position though concentrated with in-house/group orders
As on March 31, 2025, RIL has an outstanding orderbook of ₹7,800 crore (March 31, 2024: ₹8739 crore), which is ~3.72x of gross billing of FY25 which further indicates medium-to-long-term revenue visibility. As on March 31, 2024, ₹4533.09 crore (52.10%) of the orderbook consists of O&M income which will be realised in 15-20 years. Thus, the outstanding orderbook ₹4,186.21 crore (excluding O&M income) to gross billing of FY24 translates to 1.96x, which indicates medium-term revenue visibility. Of the total outstanding orders, ~90% orders are being funded by VPCL, Hyderabad Metropolitan Water Supply and Sewage Board and Ramky Estates & Farms Private Limited (REFL) which mitigates the counter-party risk.

Moderate reliance on subcontracting with a healthy asset base
The raw material cost and sub-contracting cost form a major portion of RIL's total cost of sales. Concrete, sand, steel, and cement are the major inputs for construction entity, prices of which are volatile. RIL has in-built price escalation clauses in the majority projects, which partially diminishes the risk of an increase in cost of sales. The company has a healthy gross block of ₹280 crore, which is entirely debt-free. The company has been adding equipment as and when required. Aforesaid sizeable investment in equipment and the efficient mobilisation of resources has aided the company in improving operational productivity and completing orders within timelines.

Moderate capital structure and debt coverage metrics

Post restructuring, the company has been reducing its debt. Currently, the company has nil term loan exposure to bank/FIs. The fund-based working capital limits are also being reduced from the surplus generated from cash flows. The overall gearing stands moderated at 0.71x as on March 31, 2024 (FY23: 0.94x), which is primarily due to accretion of profits. Since the majority orders are from in-house/group entities; the company relies on mobilisation advances from the group entities, reducing the dependence on working capital limits. Considering the entity's limitations in accessing fresh working capital limits from the market due to restructured debt in the past, the company's ability to have efficient working capital management is crucial from the credit perspective. Interest coverage stands improved to 7.30x for FY24 against 4.47x for FY23 and total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) improved to 1.78x in FY24 against 2.65x in FY23 due to similar level of total debt levels against the higher PBILDT.

Established position in the construction industry
RIL was incorporated in 1994 and has a track record of 28 years in construction and infrastructure projects in sectors such as water and wastewater, transportation (including terminals), irrigation, industrial construction (including SEZs and industrial parks), power transmission and distribution, and buildings (including residential, commercial, and retail property). Yancharla Ratnakar Nagaraja is the company's managing director. He has a bachelor's degree in civil engineering from Karnataka University. He has over 30 years' experience in civil, industrial and environmental infrastructure and is supported by professionals with vast experience in the civil construction sector.

Liquidity: Stretched
The company has stretched payments to creditors in FY24, and has supported the SPV's/subsidiaries by extending credit for work done as EPC contractor for them. RIL has extended loans of ~₹118 crore to subsidiaries in FY24 and also repaid loans to group entities of ₹46 crore. The company has taken arbitration amount from NHAI of ₹98 crore, which was paid to SBI as it is, though this has reduced the company's working capital utilisation, and such reduction in limit has resulted in tightly matched liquidity position, limiting the company's capability to support its SPV/subsidiaries for execution of the projects undertaken by them. This would limit RIL's capability to generate revenue from these SPV/subsidiaries.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Withdrawal Policy
Construction Sector
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

RIL is the Ramky group's flagship company, which was incorporated as Ramky Engineers Private Limited in 1994, and later in 2003, the company got its present name and was thereafter reconstituted as a public limited company. RIL is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) since 2010. It undertakes construction and infrastructure projects in sectors such as water and wastewater, transportation (including terminals), irrigation, industrial construction (including special economic zones [SEZs] and industrial parks), power transmission and distribution, buildings (including residential, commercial, and retail properties). RIL undertakes construction through EPC and development projects through SPVs. The company's debt was restructured under the joint lender forum (JLF), which was implemented on June 15, 2015. RIL is being promoted by Ayodhya Rami Reddy Alla, MP, Rajya Sabha, with his family having a 69.81% shareholding as on June 30, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (PU)
Total operating income	1,492.52	2,044.83	2094
PBILDT	320.71	497.99	461
PAT	214.47	360.22	265
Overall gearing (times)	0.94	0.71	0.50
Interest coverage (times)	4.47	7.29	7.42

A: Audited PU: Published; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has placed ratings under the 'issuer not cooperating' category due to the absence of sufficient information to carry out the surveillance exercise, vide its PR dated January 16, 2025.

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
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable (18-June-25)	1)CARE BB+; Stable (10-Oct-24)	1)CARE BB-; Stable (06-Oct-23) 2)CARE C; Stable (29-Aug-23)	1)CARE BB-; Stable (25-Aug-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	-	-	1)CARE BB+; Stable / CARE A4 (18-June-25)	1)CARE BB+; Stable / CARE A4 (10-Oct-24)	1)CARE BB-; Stable / CARE A4 (06-Oct-23) 2)CARE D / CARE D (29-Aug-23) 3)CARE C; Stable / CARE A4 (29-Aug-23)	1)CARE BB-; Stable / CARE A4 (25-Aug-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short 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-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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