

Regency Nirman Limited

June 27, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term / Short-term bank facilities	100.00	CARE A-; Stable / CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Regency Nirman Limited (RNL) derives strength from established track record in real estate development in Mumbai and Pune region despite regional concentration, healthy profitability, comfortable solvency position and strong liquidity position. The rating also considers availability of a sizeable land bank for future expansion and favourable location of ongoing projects.

Rating strengths are tempered by exposure towards group companies and portion of net worth being deployed in non-core activities, execution and marketing risks associated with the ongoing projects and inherent cyclical nature of the real estate industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant traction in project execution with over 70% of aggregate cost incurred, accompanied with healthy bookings and collections leading to improved cash flows and debt coverage indicators.

Negative factors

- Considerable decline in the operating cash flows of the company considering lower-than-envisaged sales momentum and collection efficiency.
- Net debt (debt position less liquidity) exceeding ₹100 crore resulting in deterioration of financial risk profile and decline in liquidity buffer.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the company will continue to benefit from its established presence in Mumbai Metropolitan Region's (MMR) real estate market and its comfortable solvency position.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established track record in industry

RNL is promoted by Mahesh Khairari and his brothers, Ramkishore Khairari and Subhash Khairari. Promoters have over two decades of experience in constructing and developing residential buildings. They are supported by a team of qualified professionals with significant expertise in their respective fields.

In the last two decades, the group successfully completed over 20 real estate projects across Thane, Pune, Lonavala, and other regions, admeasuring over 100 lakh square feet (lsf) of saleable area. Promoters have a strong reputation in developing real estate projects, particularly in Dombivli and Ulhasnagar areas in MMR.

Favourable location of ongoing projects

RNL's ongoing projects, having saleable area of over 17 lsf are at Dombivli, Ulhasnagar and Thane and majority projects are part of existing townships already developed by Regency group. These areas are primarily residential, with some commercial spaces and retail shops. These locations are well-connected by road and rail to other parts of the city. The vicinity includes schools, hospitals and malls, making them a favourable location.

Comfortable solvency position

RNL operates at a moderate scale of operations and follows policy of sales booking at time of occupancy certificate (OC). RNL has reported total operating income (TOI) of ₹413.98 crore with healthy profit after tax (PAT) margin of ~52% in FY25 (PY: TOI of ₹809.18 crore with PAT margin of ~41%), which vary based on completion status of ongoing projects. In FY24, RNL reported a profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of ~37%.

The company has a comfortable capital structure as reflected by overall gearing of 0.16x and a healthy net worth base of ~₹2200 crore as on March 31, 2025. In the last five years, RNL has earned healthy profitability on projects and with no dividend, which has resulted in built-up of its net worth base. The company only avails overdraft (OD) facilities, which are fully backed by fixed deposits (FDs), therefore the company's net debt (debt position less liquidity) remains nil.

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

Debt protection metrics also remain comfortable, driven by minimal dependence on external borrowings and healthy operating profitability. The company has no plans to raise additional debt for future projects.

Availability of land bank

RNL has a sizeable land bank of ~130 acres in MMR and Ratnagiri, which provides scope for future real estate development. In addition, the special purpose vehicles (SPVs), where RNL is the majority owner, collectively hold ~100 acres of land. Availability of land bank provides the company with flexibility in planning and executing upcoming projects, catering to evolving market demands and supporting long-term business growth. It also supports its healthy profitability due to lower land costs.

Key weaknesses

Exposure to group companies and portion of net worth being deployed in non-core activities

As on March 31, 2025, aggregate exposure in form of investments/ loans and advances to group companies and SPVs stood at ~₹650 crore and exposure to other parties including friends/ relatives stood at ~₹368 crore, which collectively accounted for ~45% of net worth. Of the total net worth, ~23% is deployed towards non-core activities such as investments in shares and securities and lending to other parties, whereas ~22% is invested in SPVs, in which RNL has a controlling ownership stake and full management rights and which are engaged in real estate development activities including land holdings.

After adjusting for this exposure from the net worth, adjusted overall gearing stood at 0.21x as on March 31, 2025, compared to 0.37x as on March 31, 2024. Further incremental cash outflow towards related parties or other such entities will be a key rating monitorable.

Project execution and marketing risk

RNL is currently executing nine residential projects, admeasuring a total saleable area of 17.78 Isf. Projects are at varying stages of completion - ranging from initial phase to near completion as on March 31, 2025. Aggregate estimated cost of these projects is ₹1097.90 crore, of which ₹633.50 crore (~58%) has been incurred as on March 31, 2025. With ~42% of the cost yet-to-be incurred, projects remain exposed to execution risk. However, the company has adequate liquidity available in the form of committed receivables and unutilised ODFD limits for timely execution of these projects, mitigating the risk to an extent.

As on March 31, 2025, ~63% of the total saleable area remains unsold, indicating saleability risk. Although most of these projects are at mid-to-advanced stages of completion, sales momentum has remained slow, due to intense competition in the market and the company's strategy of actively marketing its projects only at near-completion stage.

As on March 31, 2025, RNL has aggregate committed receivables of ₹273.38 crore, which covers ~59% of pending costs of ongoing projects. Delay in receiving funds from customers or challenges in achieving timely sales at expected rates, especially given the competition from other renowned players in the vicinity, will be crucial. Nevertheless, these projects being part of larger and existing township developments, where RNL has demonstrated a sales track record of delivering affordable and luxurious residences in the past, helps mitigate risk to some extent.

Cyclical nature of real estate industry and exposure to regulatory risks

The company is exposed to cyclical nature 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, profitability highly depends on property markets. A high-interest rate scenario could discourage consumers from borrowing to finance real estate purchases and may depress the real estate market. Companies in the sector are also exposed to regulatory changes, especially in countries such as India with evolving regulations.

Liquidity: Strong

The company's liquidity position is strong, characterised by minimal dependence on external borrowings for project execution, nil debt repayment obligations in medium term and FDs of ~₹550 crore as on March 31, 2025 (majorly lien-marked against OD). Average utilisation of OD facilities stood at ~56% for 12 months ending March 31, 2025, providing sufficient cushion to liquidity.

Applicable criteria

[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](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Incorporated in 2005 by Mahesh Khairari, RNL is engaged in real estate development, mainly in the MMR. Konark Projects Limited, promoted by Khairari family, holds 59% stake in RNL. In the last two decades, the group successfully completed over 20 residential projects across Thane, Pune, Lonavala, and other regions, admeasuring over 100 lsf of saleable area. Currently, RNL is developing nine residential projects, admeasuring a total saleable area of 17.78 lsf.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	975.69	809.18	413.98
PBILDT	446.27	301.29	NA
PAT	495.98	335.22	215.79
Overall gearing (times)	0.06	0.19	0.16
Interest coverage (times)	240.45	17.34	NA

A: Audited; Prov.: Provisional; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: ICRA has reviewed the rating assigned to the bank loan facilities of Regency Nirman Limited under 'Issuer Not Cooperating' category vide press release dated January 27, 2025, on account of its inability to carry out a rating review in the absence of requisite information from the company and non-payment of surveillance fees.

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/Non-fund-based-LT/ST		-	-	-	100.00	CARE A-; Stable / CARE A2+

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/Non-fund-based-LT/ST	LT/ST	100.00	CARE A-; Stable / CARE A2+				

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/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Darshan Shah Assistant Director CARE Ratings Limited Phone: 022-67543408 E-mail: Darshan.shah@careedge.in Aashvi Shah Lead Analyst CARE Ratings Limited E-mail: Aashvi.Shah@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**