



Press Release

Ramky Infrastructure Limited
December 20, 2024

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facility	242.73	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	<u>Simple</u>
Long Term /Short Term Bank Facilities	463.74	IVR BBB-/Stable/IVR A3 (IVR Triple B Minus with Stable Outlook/IVR A Three)	-	Assigned	<u>Simple</u>
Total	706.47	Rupees Seven Hundred Six Crore and Forty Seven Lakh Only			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings (IVR) has assigned the long-term rating of IVR BBB- with a Stable Outlook and short-term rating of IVR A3 for the bank loan facilities of Ramky Infrastructure Limited (RIL).

The rating assigned to the RIL takes into consideration long track record of operations, experienced promoters & directors, having experience of more than 3 decades. The ratings also take into consideration healthy scale of operations, profitability and strong order book position which provide revenue visibility in medium term, besides comfortable financial risk profile of the company. However, these rating strengths are partially offset by high exposure to the group companies & o/s disputed Bank Guarantees, besides project execution risk & exposure to going forward tender-based operations, & susceptible to raw material fluctuation risk and competition.

The company's debts was restructured by the lenders under the Joint Lender Forum (JLF) on June 12, 2015. As confirmed from the company, pending matter under discussion is of Right to Recompense (RoR). The company has got the approval from lead bank and approval is pending from other 2 banks as of now and company is expected to get this in place soon to exit from Restructuring (CDR).

The Stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that RIL's business & financials risk profile will be maintained over the medium term on the back of RIL's stable scale of operations & healthy order book position which provides revenue visibility in medium term.

IVR has principally relied on the standalone audited financials of RIL's up to 31 March 2024 (refers to 1 April 2023 to 31 March 2024), H1FY25 financials (refers to 1 April 2024 to 30 Sep



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2024), & projected financials from FY25 to FY27 (refers to 1 April 2024 to 31 March 2027), and publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in the scale of operations and maintaining the profitability & debt protection metrics at comfortable level, besides positive resolution of disputed BGs
- Sustenance of adjusted gearing remaining below 2x and adjusted TOL/TNW below 3x on sustained basis.
- Completion of process of exit from restructuring

Downward Factors

- Moderation in the scale of operations led by moderation in order book and/or profitability impacting the liquidity profile of the company.
- Moderation in capital structure and elongation of debtor period on sustained basis.
- Delay in execution of projects & overrun cost, leading to stretched liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management/directors

The company has long track record of the operations of more than 3 decade shows execution capability and have executed wide range of construction and infrastructure projects in various sectors such as water and wastewater, transportation (including terminals), irrigation, industrial construction (including SEZs & industrial parks), power transmission and distribution, buildings (including residential, commercial & retail property). The promoters & board of directors of the company individually bring over 3 to 4 decades of experience.

Healthy scale of operations, profitability and strong order book position

The company shown consistent growth in its total operating income (TOI) at a CAGR of ~31% during FY21 to FY24. The company registered y-o-y growth of ~31% in FY24 and registered total income of Rs 2033.19 crore in FY24 (excluding non-operating income income) against Rs 1473.99 crore in FY23 on the back of steady execution of contracts by the company. The company registered TOI of Rs 1053.10 crore in H1FY25. The company has maintained healthy profitability marked by absolute EBITDA & PAT of Rs 484.39crore and Rs 360.22 crore in FY24 respectively. EBITDA margins improved from 20.50% in FY23 to 23.82 % in FY24 and same in line PAT margins improved form 13.65% in FY23 to 16.86 % in FY24. The company strategically focused on high revenue & margins projects like industrial solutions, water & waste management projects. The company has a strong order book position of Rs



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8,170.44 crore as on 30 Sep,2024, provides revenue visibility in medium term. The order book comprises of execution related projects of Rs 3913.96 crore while rest order book stands from Operation & Maintenance (O&M) of Rs 4256.48 crore.

Comfortable financials risk profile

The company has comfortable capital structure as on 31 March,2024, marked by gearing without adjustment of 0.36x (PY: 0.73x), while adjusted gearing (including adjustment in net worth due to investment and loans & advances given by the RIL while corporate guarantee (if any) added in overall debt) improved to 1.61x in FY24. Earlier the company had given corporate guarantees to banks & financial institutions against credit facilities extended to subsidiary 'Srinagar Banihal Expressway Limited' of Rs 1,440 crore and the same has been released in FY24 which resulted in improved adjusted overall gearing in FY24 against previous fiscal year. Debt protection metrics of the company has improved, marked by comfortable interest service coverage ratio (ISCR) of 7.09 x in FY24 (PY: 4.21 x) and debt service coverage ratio (DSCR) stood comfortable at 6.35x in FY24 (PY: 5.19x). Total debt to EBIDTA ratio stood comfortable at 0.92 x in FY24 (PY: 1.97 x). Current ratio is at 1.51x as on 31st March 2024 (PY: 1.22x).

Key Rating Weaknesses

Exposure to the group companies & disputed BGs

The company has exposure in its group companies, having investment in its group companies to the tune of ~Rs 951.68 crore (PY: ~Rs 828.20 core) on the account of investment and loans & advances given by the RIL to its group companies/SPVs. RIL ability to unlock capital from the group companies/SPVs upon completion of project, exposure towards group companies, besides maintaining adequate liquidity available for equity commitment in projects will be key monitorable. There were disputed BGs of ~Rs 106.74 crore due to various reason and out of that BG amounting Rs 13.80 crore has been released in Nov,2024 and as on date (09 Dec,2024) total o/s BG stands at Rs 92.9 crore. Though the company has made a cash provision of ~Rs 21.80 crore as cash margin, however the most of disputed BGs are in dispute for more than 8 years amounting to ~Rs 96.02 crore i.e. for the period 2010-15 and outcome of these BGs will be key monitorable in short to medium term. The company is of the positive view to get them released by H2FY26.

Project execution risk & exposure to going forward tender-based operations, & susceptible to raw material fluctuation risk and competition

Given the nature and size of the projects the company is exposed to inherent risk in terms of delays in project execution & cost overrun of certain orders which may arise due to arranging infrastructure, delay in land acquisitions, approvals & environmental clearances, besides delay in sanctioning of mobilization advances or required working capital limits for the completion of orders, may result in a delay in the realization of revenue growth & could affect the profit margins adversely. The company is exposed to the risk associated with the tender-based business, which is characterized by intense competition from peers which could exert on the



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pricing of the tender which further may affect the profit margin. However, risk mitigates to an extent since the company has a long-track record of operations in the same line of business and in the past secured company successfully executed large orders through tender process. In addition to that, the company is susceptible to raw material fluctuation risk since construction raw materials price tends to fluctuate as per demand & supply in the market besides other external factors. Addition of new large orders through competitive bidding, and timely execution of project will be key monitorable.

Analytical Approach: Standalone, analysed exposure in group companies

Applicable Criteria:

- Rating Methodology for Infrastructure Companies
- Financial Ratios & Interpretation (Non-Financial Sector).
- Criteria for assigning Rating outlook.
- Policy on Default Recognition
- Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

Liquidity of the company is adequate marked by the gross cash accruals of Rs 446.62 crore in FY24 against current port of long-term debt of Rs 12.85 crore (of unsecured loans). The company is expecting GCA of more than Rs 350 crore for FY25. The company has average fund based utilisation of ~65% for last 12 months till Oct,2024 providing cushion in case of requirement of working limits for new orders, however non fund-based utilization is moderately high at ~ 85% for last 12 months till Oct,2024. The company had free cash & cash equivalent of Rs 23.21 crore at the end of March,2024 and Rs 69.57 crore at the end of 30 Sep,2024. Current ratio is comfortable at 1.51x as on 31 March,2024.

About the Company

Ramky Infrastructure Limited (RIL), incorporated in 1994, is the flagship company of Ramky Group, in the field of infrastructure development & management. The company has completed a wide range of construction and infrastructure projects in various sectors such as water and wastewater, transportation (including terminals), irrigation, industrial construction (including SEZs & industrial parks), power transmission and distribution, buildings (including residential, commercial & retail property) etc.

RIL is ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified for quality management systems, environment management system and occupational health & safety management systems which the company applies to the design, development, engineering, procurement and construction of projects.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1473.99	2033.19
EBITDA	302.19	484.39
PAT	214.47	360.22
Total Debt	594.29	446.48
Tangible Net Worth	819.50	1229.57
EBITDA Margin (%)	20.50	23.82
PAT Margin (%)	13.65	16.86
Overall Gearing Ratio (x)	0.73	0.36
Interest Coverage (x)	4.21	7.09

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: CRISIL ratings Ltd continues the rating in Issuer Non-Cooperation category vide press dated October 26, 2023

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Security /Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Long Term bank Facilities	Long Term	242.73	IVR BBB-/Stable	-	-	-
2.	Long Term/Short Term bank Facilities	Long Term /Short Term	463.74	IVR BBB-/Stable/ IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund-Based Bank Facilities – CC/WCDL	-	-	-	till Aug,2025 (for WCDL of Rs 3.00 crore from IDBI)	242.73	IVR BBB- /Stable
Non-Fund-Based Bank Facilities – BG/LC	-	-	-	-	463.74	IVR BBB- /Stable/IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-ramky-dec24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for combined analysis: NA

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.