

September 19, 2025

Rajapushpa Infra Private Limited: Rating reaffirmed; outlook revised to Negative from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund Based – Term loan	350.00	321.00	[ICRA]BBB+ (Negative); reaffirmed and outlook revised to Negative from Stable
Long term - Fund based-Unallocated	0.00	29.00	
Total	350.00	350.00	

*Instrument details are provided in Annexure I

Rationale

The revision in outlook to Negative from Stable for Rajapushpa Infra Private Limited (RIPL) factors in the moderation in sales velocity and collections in the ongoing Pristinia project, in FY2025. As on June 30, 2025, RIPL has sold 46% of the developer's share (41% of May 2024) with collection of 56% of the total sales proceeds. The moderation in sales performance is attributed to the ongoing litigation regarding the ownership of part of the land of the project. It is anticipated that the resolution of outstanding matter will be forthcoming in H2 FY2026, and developments in this regard remain a key monitorable. In addition, the Negative outlook on the rating of RIPL reflects ICRA's revision in outlook on the long-term rating for the bank facilities of the parent company – Rajapushpa Properties Private Limited (RPPL – rated at [ICRA]A-(Negative)). The revision in outlook to Negative for RPPL reflects the sharp decline in cash flow from operations (CFO) for the Rajapushpa Group in FY2025, backed by slowdown in sales velocity and collections, which along with increase in debt levels by 42.4% YoY as of March 2025 to fund project construction and land acquisitions, resulted in high leverage, which is likely to remain elevated as of March 2026 compared to ICRA's earlier estimates.

The rating reaffirmation for RIPL factors in the favourable location of the project located at Kokapet, Hyderabad, which is well-connected to other premium residential, IT and commercial hubs like Hitech City, Gachibowli and Financial District, via Outer Ring Road (ORR), thus enhancing the project's marketability. Further, ICRA expects RPPL to provide timely financial support to RIPL, for any funding shortfall, given the common promoters and to protect RPPL/Rajapushpa Group's reputation from the consequences of a subsidiary's distress. The rating draws comfort from the Rajapushpa Group's established track record and demonstrated execution capabilities in Hyderabad residential market with a cumulative supply of around 40 million square feet (msf) over last 15 years encompassing both ongoing and completed projects. Additionally, two completed commercial office properties—The Summit and The Paradigm—are fully leased, contributing annual rentals of around Rs. 55 crore.

The rating is, however, constrained by RIPL's exposure to significant execution risk as only 26% of the project cost was incurred as on June 30, 2025, and market risk for the ongoing residential project – Pristinia. The cash flow adequacy ratio as measured receivables/(pending construction cost + debt outstanding) stood moderate at 40% as of June 2025 (44% as of May 2024). Timely sales of the remaining units will be critical as the remaining project cost is expected to be partly funded by customer advances. However, comfort can be drawn from the Rajapushpa Group's track record in residential real estate in Hyderabad which mitigates the risk to an extent. Further, it is exposed to geographical concentration risk as the ongoing project is limited to Hyderabad. The rating factors in the vulnerability of its sales to any downturn in real estate demand and stiff competition within the region from various established real estate developers.

Key rating drivers and their description

Credit strengths

Established track record of the Group in Hyderabad real estate market – The Rajapushpa Group has an established track record and demonstrated execution capabilities in Hyderabad, with a cumulative supply of around 40 msf over last 15 years encompassing both ongoing and completed residential projects. Additionally, two completed commercial office properties—The Summit and The Paradigm—are fully leased, contributing annual rentals of around Rs. 55 crore.

Favourable location of project and strong financial flexibility being part of Rajapushpa Group – The favourable location of the project located at Kokapet, Hyderabad, which is well-connected to other premium residential, IT and commercial hubs like Hitech City, Gachibowli and Financial District, via ORR, which enhances the project's marketability. Further, ICRA expects RPPL to provide timely financial support to RIPL, for any funding shortfall, given the common promoters and to protect RPPL/Rajapushpa Group's reputation from the consequences of a subsidiary's distress.

Credit challenges

Exposed to high execution and market risks –The company is exposed to significant execution risk as only 26% of the project cost was incurred as on June 30, 2025, and market risk for the ongoing residential project – Pristinia. As on June 30, 2025, RIPL has sold 46% of developer's share (41% of May 2024) with a collection of 56% of the total sales proceeds. The moderation in sales performance is attributed to the ongoing litigation regarding the ownership of part of the project land. It is anticipated that the resolution of outstanding matter will be forthcoming in H2 FY2026, and developments in this regard remain a key monitorable. The cash flow adequacy ratio as measured receivables/(pending construction cost + debt outstanding) stood moderate at 40% as of June 2025 (44% as of May 2024). Timely sales of the remaining units will be critical as the remaining project cost is expected to be partly funded by customer advances. However, comfort can be drawn from the Rajapushpa Group's track record in residential real estate, in Hyderabad, which mitigates the risk to an extent.

Exposure to geographical concentration risk and cyclicity in industry – Being a cyclical industry, the real estate business is highly dependent on macro-economic factors, which exposes its sales to any downturn in real estate demand. In addition, RIPL's ongoing project is concentrated in Hyderabad, which exposes it to geographical concentration risk.

Liquidity position: Adequate

RIPL's liquidity is adequate, with unencumbered cash and bank balances of Rs. 38.8 crore as on June 30, 2025. In addition, the company has an undrawn term loan facility of Rs. 300 crore. Although there are no scheduled principal repayment obligations in FY2026, the interest obligations will be supported by the parent company, RPPL and the on balance sheet liquidity of RIPL.

Rating sensitivities

Positive factors – The outlook can be revised to Stable if there is an improvement in the credit profile of RIPL's parent – RPPL, or there is a significant increase in sales and collections of the ongoing residential project, resulting in an improvement in its cash flows from operations.

Negative factors – The rating may be downgraded in case of subdued sales or collections adversely impacting the cash flow from operations and debt protection metrics on a sustained basis. Also, the rating might be downgraded in case of weakening of linkages with RPPL, or if there is a deterioration in the credit profile of RPPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Rating Methodology Realty – Commercial/Retail/Residential
Parent/Group support	Support Provider: Rajapushpa Properties Private Limited (RPPL) rated at [ICRA]A- (Negative) The rating considers the support from the parent – RPPL, which holds 51% of RIPL's shareholding with the remaining held by the common promoters of RPPL. Given the strong operational and financial linkages, as well as a common treasury, RPPL is expected to provide timely financial support to RIPL to protect its reputation from the consequences of a subsidiary's distress. Further, RPPL has provided corporate guarantee to the loan availed by RIPL.
Consolidation/Standalone	Standalone

About the company

RIPL is a subsidiary of RPPL, with RPPL holding a 51% stake and the remaining 49% owned by the promoters of RPPL. Incorporated in December 2011, the company is developing a residential project, Pristinia, located in Kokapet, Hyderabad, representing a developer share of 3.23 msf (total saleable area of 4.33 msf).

Key financial indicators

RIPL (Standalone)	FY2024	FY2025
	Audited	Provisional
Operating income (OI)	0.4	-
PAT	0.3	-5.7
OPBDIT/OI	100%	0%
PAT/OI	85.1%	-
Total outside liabilities/Tangible net worth (times)	1603	-132.5
Total debt/OPBDIT (times)	11.6	-0.6
Interest coverage (times)	-	-

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Sep 19, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long Term	321.00	[ICRA]BBB+ (Negative)	Sep 23, 2024	[ICRA]BBB+(Stable)	-	-	-	-
Unallocated	Long Term	29.00	[ICRA]BBB+ (Negative)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Long term - Fund based- Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	Aug 2022	-	Sep 2027	321.00	[ICRA]BBB+ (Negative)
NA	Unallocated limits	-	-	-	29.00	[ICRA]BBB+ (Negative)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not applicable

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