

May 15, 2025

## Keystone Realtors Limited: Rating upgraded to [ICRA]A+ (Stable); outlook revised to Stable from Positive

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]A+ (Stable); upgraded from [ICRA]A (Positive) and outlook revised to Stable from Positive
Long-term fund-based – Term loans	1000.00	669.99	[ICRA]A+ (Stable); upgraded from [ICRA]A (Positive) and outlook revised to Stable from Positive
Long-term fund-based – Overdraft	-	4.10	[ICRA]A+ (Stable); upgraded from [ICRA]A (Positive) and outlook revised to Stable from Positive
Long-term – Unallocated	-	325.91	[ICRA]A+ (Stable); upgraded from [ICRA]A (Positive) and outlook revised to Stable from Positive
<b>Total</b>	<b>1,000.00</b>	<b>1,000.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade factors in the increase in Keystone Realtors Limited's (KRL's) pre-sales and collections in FY2025, which is expected to sustain in FY2026, thereby translating into comfortable leverage metrics, along with healthy cash flow adequacy ratios. In FY2025, on a consolidated basis, the company reported pre-sales of Rs. 3,028 crore (34% YoY growth) and collections of Rs. 2,326 crore (6% YoY growth), including the project – Rustomjee 180 Bayview (DM<sup>1</sup> project) and Urbania (51% JV entity). The good saleability in the ongoing projects and new launches translated into high visibility on cash flows. The company's total consolidated debt<sup>2</sup> reduced to Rs. 1,016 crore as of December 2024 against Rs. 1,186 crore as of March 2024, despite the strong launch pipeline. Notwithstanding the expansion in scale of operations and consequent investment requirement in land acquisition, ICRA expects the consolidated debt to remain in the range of Rs. 1,350-1,550 crore in the medium term. KRL's leverage metrics as measured by total debt/cash flows from operations (CFO) is likely to remain below 2.5 times in the medium term. The rating favourably factors in the strong operational track record and brand strength of the Rustomjee Group in the residential real estate market in the Mumbai Metropolitan Region (MMR), underpinned by over 25+ million square feet (msf) of deliveries till date and the strong saleability of the projects. The Group follows an asset light model by entering into joint development or re-development agreements to reduce its capital investments in land.

The rating, however, is constrained by the company's large expansion plans in its portfolio to strengthen its market presence in the existing and new micromarkets in MMR. It has ongoing projects of ~7.9 msf and an estimated launch pipeline of over 27 msf over the next 3-4 years, exposing it to execution and market risks. Nevertheless, comfort can be driven by the strong execution capabilities and timely delivery of projects demonstrated by the Group over the past 25+ years. Further, timely launch, along with healthy sales and construction progress, would be critical to support the cash flows. The rating is constrained by KRL's high dependence on the MMR market for its ongoing and forthcoming projects, which exposes it to any region-specific

<sup>1</sup> DM Project represents projects where KRL is acting as a development manager. At present, there is one DM project which is 180 Bayview (Jariwala)

<sup>2</sup> Including the unsecured loans of Rs. 422 crore and construction finance loan in 51% JV entity, i.e., Kapstone Construction Private Limited.

downturn in demand. However, the risk is partly mitigated by the large size of the residential real estate market in MMR and the Group's established market position in the region. Further, the Group's diversification across the various price segments, mitigates the risk. The company remains vulnerable to the cyclicity in the residential real estate segment.

The Stable outlook on the long-term rating reflects ICRA's opinion that KRL will maintain healthy sales and collections, aided by its market position, strong operational track record, adequate liquidity and comfortable leverage.

## Key rating drivers and their description

### Credit strengths

**Healthy sales performance in FY2025; likely to sustain in FY2026** – In FY2025, on a consolidated basis, the company has reported pre-sales of Rs. 3,028 crore (34% YoY growth) and collections of Rs. 2,326 crore (6% YoY growth). The good saleability in the ongoing projects and new launches, have translated into high visibility on cash flows. ICRA expects the pre-sales to increase and likely to be in the range of 15-20% in FY2026-FY2027 with collection in the range of 25-30%, supported by continued end-user demand, healthy sales and execution progress for the ongoing projects and a strong launch pipeline. Across the ongoing projects, the company reported healthy sales and the portfolio level years-to-sell is around 2.6 years owing to significant launches of 2.49 msf in Q2 FY2025. The receivables from the sold area in the completed and ongoing projects stands healthy and covers 66% of the pending cost and the debt outstanding in this segment as on December 31, 2024.

**Comfortable leverage metrics** – Despite a strong launch pipeline, the company's total consolidated debt reduced to Rs. 1,016 crore in December 2024 against Rs. 1,186 crore in March 2024. Notwithstanding the increasing scale of operations and consequent investment requirement in land acquisition, ICRA expects the consolidated debt to remain in the range of Rs. 1,350-1,550 crore in the medium term. Further, the leverage metrics as measured by total debt/CFO is likely to remain below 2.5 times in the medium term.

**Strong operational track record and brand strength in MMR** – The Rustomjee Group has a strong execution track record, which includes development of luxury residential real estate, affordable housing, townships, shopping mall, schools and commercial spaces. Its execution track record is supported by the completion of construction for over 25+ msf of saleable area as on December 31, 2024. The Group follows an asset light model by entering into joint development or re-development agreements to reduce its capital investments in land. The brand, Rustomjee, has a good brand equity, which supports the saleability of its residential real estate projects.

### Credit challenges

**Exposure to execution and market risks due to large expansion plans** – The company has large expansion plans to strengthen its market presence in the existing and new micromarkets in MMR. It has ongoing projects of ~7.9 msf and an estimated launch pipeline of over 27 msf over the next 3-4 years, exposing it to execution and market risks. However, comfort can be driven by the strong execution capabilities and timely delivery of projects demonstrated by the Group over the past 25+ years. Further, timely launch, along with healthy sales and construction progress, would be critical to support the cash flows.

**Geographically concentrated portfolio** – The company is highly dependent on the MMR market for its ongoing and forthcoming projects, which exposes it to any region-specific downturn in demand. However, the risk is partly mitigated by the large size of the residential real estate market in MMR and the Group's established market position in the region. Further, the Group's diversification across the various price segments mitigates the risk.

**Susceptibility to cyclicity in real estate sector** – The company is vulnerable to the inherent risks in the real estate sector. Being a cyclical industry, the sector is highly dependent on macroeconomic factors, which exposes its sales to any downturn in demand.

## Liquidity position: Adequate

The company's liquidity is supported with free cash and liquid balances of Rs. 804 crore including QIP proceeds and excluding ~Rs. 50 crore of RERA balance as on December 31, 2024, against Rs. 390 crore as on March 31, 2024. The undrawn bank limits stood at ~Rs. 1,056 crore as on December 31, 2024. Its cash flow from operations are expected to remain sufficient to meet its scheduled debt servicing obligations for FY2026 and FY2027.

## Rating sensitivities

**Positive factors** – The rating may be upgraded if the company is able to demonstrate a significant increase in sales and collections with improved geographical diversification resulting in an improvement in operating cash flows and leverage levels. Specific credit metrics that could lead to an upgrade include Total Debt/CFO remaining below 1.25 times on a sustained basis.

**Negative factors** – The rating may be downgraded in case of subdued sales and collections adversely impacting the operating cash flows, significant delays in project execution and and/or significant increase in indebtedness resulting in Total debt/CFO of more than 2.7 times on a sustained basis.

## Environmental and social risks

The real estate segment is exposed to risks of increasing environmental norms impacting operating costs, including higher cost of compliance with pollution control regulations. Environmental clearances are required for commencement of projects and lack of timely approvals can affect its business operations. The impact of changing environmental regulations on licences taken for property development could create credit risks.

In terms of social risks, the trend post-pandemic has been favourable for residential real estate developers as demand for quality home with good social infrastructure has increased. Further, rapid urbanisation and a high proportion of workforce population (aged 25-44 years) will support the long-term demand for the real estate sector in India.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Realty- Commercial/Residential/Retail</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered KRL's consolidated financials, along with its operational subsidiaries, JVs and associate entities on account of the strong business and financial linkages between these entities, which are all enlisted in Annexure-II.

## About the company

Established in 1996, Keystone Realtors Limited is a flagship entity of the Rustomjee Group. It was listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) on November 24, 2022. KRL and its subsidiaries undertake residential and mixed-use projects in MMR under the Rustomjee brand. The Rustomjee Group has a strong execution track record, which includes development of luxury residential real estate, townships, affordable housing, shopping mall, schools and commercial spaces. It has completed construction for over 25+ msf of area, with under-construction projects comprising a saleable area of ~7.9 msf and forthcoming developments of 27+ msf in pipeline as of December 2024.

### Key financial indicators (audited)

KRL Consolidated	FY2023	FY2024	9M FY2025*
Operating income	687	2,222	1,419
PAT	74	82	129
OPBDIT/OI	16%	5%	12%
PAT/OI	11%	4%	9%
Total outside liabilities/Tangible net worth (times)	1.7	2.3	NA
Total debt/OPBDIT (times)	4.0	2.6	NA
Interest coverage (times)	3.0	3.0	NA

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; NA: Not Available; \*Unaudited

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 15, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long term	-	[ICRA]A+ (Stable)	May 31, 2024	[ICRA]A (Positive)	Feb 27, 2024	[ICRA]A- (Positive)	Feb 06, 2023	[ICRA]A- (Stable)
Term loan	Long term	669.99	[ICRA]A+ (Stable)	May 31, 2024	[ICRA]A (Positive)	Feb 27, 2024	[ICRA]A- (Positive)	Feb 06, 2023	[ICRA]A- (Stable)
Overdraft	Long term	4.10	[ICRA]A+ (Stable)	-	-	-	-	-	-
Unallocated	Long term	325.91	[ICRA]A+ (Stable)	-	-	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	NA
Long-term fund-based – Term loans	Simple
Long-term fund-based – Overdraft	Simple
Long-term – 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	Overdraft	-	NA	-	4.10	[ICRA]A+ (Stable)
NA	Term loan-I*	FY2024	NA	FY2028	182.43	[ICRA]A+ (Stable)
NA	Term loan-II	FY2024	NA	FY2028	126.02	[ICRA]A+ (Stable)
NA	Term loan-III	FY2024	NA	FY2028	61.54	[ICRA]A+ (Stable)
NA	Term loan-IV**	FY2024	NA	FY2028	300.00	[ICRA]A+ (Stable)
NA	Unallocated facility	-	NA	-	325.91	[ICRA]A+ (Stable)
NA	Issuer rating	-	NA	-	-	[ICRA]A+ (Stable)

Source: Company \*Includes sublimit of Rs. 100 crore of OD/BG; \*\* Includes sublimit of OD of Rs. 75 crore, BG of Rs. 90 crore and LC of Rs. 25 crore

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

**Annexure II: List of entities considered for consolidated analysis**

Company Name	KRL Ownership	Consolidation Approach
Amaze Builders Private Limited	100%	Full Consolidation
Keybloom Realty Private Limited	100%	Full Consolidation
Credence Property Developers Private Limited	100%	Full Consolidation
Crest Property Solutions Private Limited	51%	Full Consolidation
Dynasty Infrabuilders Private Limited	100%	Full Consolidation
Enticier Realtors Private Limited	100%	Full Consolidation
Ferrum Realtors Private Limited	100%	Full Consolidation
Firestone Developers Private Limited	73%	Full Consolidation
Flagranti Realtors Private Limited	100%	Full Consolidation
Imperial Infradevelopers Private Limited	100%	Full Consolidation
Intact Builders Private Limited	100%	Full Consolidation
Kapstar Realty LLP	99%	Full Consolidation
Key Galaxy Realtors Private Limited	100%	Full Consolidation
Key Interiors Realtors Private Limited	100%	Full Consolidation
Keyblue Realtors Private Limited	100%	Full Consolidation
Keyheights Realtors Private Limited	90%	Full Consolidation
Keysky Realtors Private Limited	100%	Full Consolidation
Keyspace Realtors Private Limited	90%	Full Consolidation
Keystone Infrastructure Private Limited	100%	Full Consolidation
Kingmaker Developers Private Limited	100%	Full Consolidation
Luceat Realtors Private Limited	58%	Full Consolidation
Navabhyudaya Nagar Development Private Limited	100%	Full Consolidation
Nouveau Developers Private Limited	73%	Full Consolidation
Premium Build Tech LLP (Consolidated with Evershine Premium Buildtech Joint Venture)	75%	Full Consolidation
Rebus Realtors LLP	100%	Full Consolidation
Riverstone Educational Academy Private Limited	100%	Full Consolidation
Rustomjee Realty Private Limited	100%	Full Consolidation

Company Name	KRL Ownership	Consolidation Approach
Xcellent Realty Private Limited	100%	Full Consolidation
Keyorbit Realtors Private Limited	90%	Full Consolidation
Keyvihar Realtors Private Limited	90%	Full Consolidation
Keysteps Realtors Private Limited	100%	Full Consolidation
KeyGreen Realtors Private Limited	100%	Full Consolidation
Mirabile Realtors Private Limited	100%	Full Consolidation
KeyMeadow Realtors Private Limited	90.1%	Full Consolidation
KeyAce Realtors Private Limited	100%	Full Consolidation
KeyMajestic Realtors Private Limited	100%	Full Consolidation
KeyMarvel Realtors Private Limited	100%	Full Consolidation
Keymont Realtors Private Limited	51%	Full Consolidation
Rustomjee Seaview Realtors Private Limited	100%	Full Consolidation
Ocean Homes Realtors Private Limited	99.9%	Full Consolidation
Real Gem Buildtech Private Limited	100%	Full Consolidation
Keyedge Realtors Private Limited	100%	Full Consolidation
Keyearth Realtors Private Limited	100%	Full Consolidation
Keyshelter Realtors Private Limited	100%	Full Consolidation
Keybestow Realtors Private Limited	100%	Full Consolidation
Keyelite Realtors Private Limited	100%	Full Consolidation
Keypalm Realtors Private Limited	100%	Full Consolidation
Keyaqua Realtors Private Limited	100%	Full Consolidation
Keyolivia Realtors Private Limited	100%	Full Consolidation
Krishika Developers Private Limited	36.5%	Equity Method
Megacorp Constructions LLP	50%	Equity Method
Kapstone Constructions Private Limited	51%	Full Consolidation
Jyotirling Constructions Private Limited	50%	Equity Method
Ajmera Luxe Realty Private Limited	50%	Equity Method
Redgum Realtors Private Limited	51%	Full Consolidation
Rostia Realtors Private Limited	51%	Full Consolidation
Mt K Kapital Private Limited	84%	Full Consolidation
Key Fortune Relators Private Limited	50%	Full Consolidation
Rustomjee Evershine Joint Venture	50%	Equity Method
Raj Doshi Exports Private Limited*	-	Full Consolidation

Source: Company; \*Keystone Realtors Ltd has provided corporate guarantee against the term loan availed by the company

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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