

Pooja Crafted Homes Private Limited

January 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	105.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE has been seeking information from Pooja Crafted Homes Private Limited (PCHPL) to monitor the ratings vide e-mail communications dated July 03, 2024, July 25, 2024, September 23, 2024, September 30, 2024, October 07, 2024, October 14, 2024, October 16, 2024, November 26, 2024, and December 19, 2024, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating based on the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Pooja Crafted Homes Private Limited (PCHPL) bank facilities will now be denoted as CARE BB-; Stable; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been migrated to INC category due to non-availability of requisite information due to non-cooperation by Pooja Crafted Homes Private Limited (PCHPL) with CARE'S efforts to undertake a review of the rating outstanding. CARE Ratings views information availability risk as a key factor in its assessment of credit rating.

Analytical approach: Consolidated financials of PCHPL have been considered for the rating assessment.

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on December 04, 2023, the following were the rating weaknesses and strengths.

High level of unsold units with moderate collection in ongoing projects

Currently, PCHPL is developing 10 projects with saleable area of 42.32 lac square feet (lsft) of which the company is able to sell 11.74 lsft (27.74%). Projects undertaken by PCHPL in Hyderabad has good sales velocity, however, the projects in Vijayawada and Mangalore have slower sales velocity. The two new projects launched in Hyderabad named, 'LAKE EAST' which is 17.24 lsft developer saleable area and 'The Harvest' which is 9.30 lsft saleable area with significant number of sales albeit on nascent stage of construction. As on September 30, 2023, for the 'LAKE EAST' project, the company was able to sell 110 units (2.30 lsft) of the Villa project to Nuclear Fuel Complex (NFC) out of the total 307 units (6.96 lsft) and 22 units (0.63 lsft) of the Plot project of the total 35 units (0.98 lsft). The total sales value of these units collectively is Rs.149.45 crore which covers 36.79% of the total construction cost. As on September 30, 2023, 'The Harvest' project has sold about 1.64 lsft area out of 9.30 lsft developer saleable area with total sales value of Rs. 101.58 crore. This covers 19.37% of the total construction cost. There are projects where there is a high level of unsold inventory. The project named 'A Tree Storey' where there are no sales till September 30, 2023, as there was an issue with NHA1 due to which the company was unable to sell the units. The project named 'Gardens of delight Phase II' - has lower sales velocity due to slower market demand in Mangalore. The projects with high level of inventory, the company has appointed Jones Lang LaSalle (JLL), a global real estate services company headquartered in Chicago, USA as PMC, and marketing consultant. Due to this the sale velocity of the slow projects is also expected to improve going further. This apart, the company has on boarded P.V. Sindhu as a brand ambassador for 'A Tress Storey'.

High reliance on customer advances with lower committed cashflow ratio

About Rs. 979 crore (62%) of the ongoing project is being funded by customer advance. The promoters have brought about Rs. 90.60 crore to support ongoing project, however, subsequently about Rs. 61 crore was withdrawn when the customer advances were received, this shows that promoters infuse funds whenever required. Further, the balance construction cost of Rs. 1170 crore will be funded through Rs. 45 crore of debt and the balance from the customer advances. However, the management will bring funds as an when required. Further, PCHPL has entered into JDA with Ramky Estates and Farms Private Limited (REFL) to develop about 2.20 million sft project beside the 'LAKE EAST' project wherein REFL will develop the project. The revenue of about Rs. 375 crore from the said project will be surplus for promoters which can be utilised for any shortfall. The total committed receivables to balance construction cost and outstanding debt is about 23% (19% including hotel project). Upcoming hotel project

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

cost is about Rs. 1000 crore which will be majorly funded by customer advances of Rs. 900 crore and balance will be funded through promoter infusion. However, in case of any shortfall REFL JDA revenue will be utilised.

Risk associated with real estate industry being subject to regulations and competition from other players

Real estate sector demand is linked to the overall economic prospect of the country. Change in the economic outlook affects the expected cash inflows to a household, thereby also influencing their buying decision. Besides, as leverage forms an important part of funding for the buyer, availability of loan and interest rates also affects the demand of real estate properties. On the other hand, land, labour, cement and metal prices being some of major cost centres for the sector, availability of these factors plays important role in pricing and supply of new units. Hence, cyclical nature associated with economic outlook, interest rates, metal prices, etc., also renders the real estate sector towards cyclical nature. Moreover, the companies in the sector are also exposed to regulatory changes, especially in the countries such as India with evolving regulations. Also, there exists competition from upcoming and completed projects of other well-known developers in the region.

Experienced and resourceful promoters along with successful track record of completion of projects

PCHPL is promoted by Mr. Showri Reddy Duggimpudi, who is the founder and Managing Director of Pooja Crafted Homes Group. He has over 30 years of experience in Real Estate Sector, and he has been leading the company since 2001. PCHPL has over 30 years of experience in real estate development and has successfully completed 20+ projects with 3.3 msft as on date. Their projects are mainly into residential which is spread across Hyderabad, Vijayawada, Mangalore and Bengaluru cities. The total land bank of PCHPL is worth Rs 1093 crore- as on September 30, 2023.

Diversification in construction progress of the ongoing projects

PCHPL has 10 ongoing projects of which one of the project named 'LAKE EAST' is developing into three segments i.e., Residential, Villas and Open Plots. The total saleable area of the ongoing project is 42.32 lsft with total expected construction cost of Rs.1523 crore. As on September 30,2023, PCHPL has completed about 23% (44% as on March 31,2022) of the total expected construction cost. The construction progress is on the lower side as compared to last year progress because the company has launched two new projects of about 30 lakh square feet (lsft) in FY23 wherein the construction progress is about 10%. Furthermore, there are few projects wherein there is the increase in the total saleable area due to increase in scope of project which further led to lower total construction progress. 'Magic Breeze' project is on the verge of completion with 96% progress. 'My life' and 'The Rhythm' projects have construction progress of 53% and 68% respectively. This apart, the company is developing 20 lsft hotel project with JW Marriott for which the company is in process to receive all the approvals. The soft launch of the company is expected by end of the January 2024.

Sizeable upcoming luxury hotel project

PCHPL is planning to develop a 5-star hotel with JW Marriott and a service apartment in 3 towers. As per the agreement the revenue sharing will happen between both the parties. The service apartment sales risk would lie in PCHPL's scope and later the same would be maintained by JW Marriott. The total cost of the project is envisaged of about Rs. 1000 crore and it will be funded by Rs. 100 crore of promoter's infusion and the balance will be through customer advances. With significant upcoming projects, the company is exposed to timely execution and funding risk.

Prominent location of the on-going projects

The PCH group's ongoing and upcoming projects are mostly in Hyderabad, with the exception of Gardens of Delight – Phase II, which is in Mangalore, Karnataka, and A Tree Storey, which is in Vijayawada, A.P. Other projects are being developed in prominent Hyderabad areas such as Puppalguda, Narsinghi, and Budvel, which are close to Hi-Tech City and Madhapur. The completed projects too are located in Jubilee Hills, Beverly Hills, Gachibowli, etc. All of the projects are in close proximity to one another, making it simple to transport raw materials for construction.

Liquidity: Stretched

Liquidity marks stretched due to lower sales momentum resulting into lower sales collections. The company has sold Rs. 165.19 crores worth of inventory in the last 6 months ended June 2023, on an average of Rs.27.53 crore per month. Currently, the company has Rs. 2280 crores (Rs. 4705 crore including hotel project) worth of unsold inventory and it will take approx. 7 years to sell the entire inventory going by this rate. The company still has Rs. 313.80 crores of receivables from the sold inventory and the company is relying on customer advances for balance construction cost and future debt repayments. However, the promoters have been infusing funds as and when required as an when required. Therefore, sales and collection efficiency of unsold inventory is critical in terms of credit perspective.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)

[Consolidation](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Pooja crafted homes Limited (PCHPL) was founded in 2001 by Mr. Showri Reddy Duggimpudi, Chairman and Managing Director who has over 30 years of experience in construction sector and the team members have more than 15 years of experience. Since 2001, PCHPL has had a presence in Telangana, Andhra Pradesh, and Karnataka with residential and commercial projects totalling more than 20 projects. The company has developed more than 5.3 million square feet and has 5.3 million square feet under developments as of September 2023.

Brief Financials (Consolidated) (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	151.60	32.64	35.71
PBILDT	14.58	5.06	28.87
PAT	8.40	0.69	1.26
Overall gearing (times)	1.82	2.88	5.27
Interest coverage (times)	15.57	4.65	1.15

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

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-Term Loan		-	-	February 2025	105.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	105.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (04-Dec-23)	1)CARE BB-; Stable (05-Sep-22)	-

*Issuer did not cooperate; based on best available information.

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-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Name of Subsidiary Company	Nature of Relationship	PCHPL Holding as on March 31,2023
Magic Breeze Homes Private Limited	Subsidiary	99%
Pooja Equipment And Leasing (INDIA) Private Limited	Subsidiary	99%
Spas Infrastructures Private Limited	Subsidiary	99%
Spark Realtors Private Limited	Subsidiary	69%
PCH Work Spaces Private Limited	Subsidiary	99%
PCH Office Spaces LLP	Partnership	95%
PCH River Edge LLP	Partnership	95%
PCH Farmland LLP	Partnership	95%
PCH Lonavala LLP	Partnership	95%
Twilight Avenues LLP	Partnership	70%

Note on complexity levels of rated instruments: CARE 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

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About us:

Established in 1993, CARE 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 RBI. With an equitable position in the Indian capital market, CARE 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, CARE 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. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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