



## Press Release

### Poddar Housing And Development Limited

September 22, 2020

#### Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
Bank Facilities- Long Term	20.00	IVR BBB-/Stable Outlook (Pronounced as IVR Triple B Minus with Stable Outlook).	Assigned
<b>Total</b>	<b>20.00</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

The aforesaid rating assigned to the bank facilities of Poddar Housing And Development Limited (PHDL) derives comfort from its experienced promoters and from past proven track record of the company, comfortable project cost structure and favourable location of the project. However, the rating strengths are partially offset by project execution risk and exposure to risks relating to cyclicity in real estate industry and availability of regulatory risk.

#### Key Rating Sensitivities

##### Upward Factors

- ✓ Faster-than-expected ramp-up of saleability in its residential project.
- ✓ Strengthening the financial risk profile, especially debt protection metrics.
- ✓ Sales of unsold inventory at competitive rates

##### Downward Factors

- ✓ Weakening of debt protection metrics leading to gearing ratio at beyond 2.00 times.
- ✓ Lower-than-expected cash flow due to delay in completion of the project.
- ✓ Lower-than-expected saleability in its residential segment.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### **Established track record of Poddar Housing And Development Limited**

PHDL has successfully completed and delivered multiple projects in the MMR Region; A decade plus experience in development of real estate focusing on affordable and value



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housing in and around MMR. The company has Completed development of 8 Projects totaling ~2.1million sqft of Construction Area and delivered ~4300 Units (Residential) and ~200 Shops (Retail, School and Hospital) at various locations in and around MMR.

### **Resourceful promoters**

The promoters of the Company have been associated with the real estate industry for over a decade. The promoters have already infused around 100.00% of their estimated contribution in the project which reflects their commitment towards timely completion of the project. The company has SRA Development rights towards achieving an asset light model and also derisking cash flows.

### **Favourable project location**

Poddar group through its entity Poddar Housing And Development Limited is developing the Slum redevelopment residential (SRA) project “Poddar Spraha Diamond” located at Chembur, Mumbai. The project is being developed into two Phases - Phase I consists Rehab building and Sale Building (WING-A & B); and Phase II consists of a Composite building

Project location is surrounded by all basic necessities and facilities such as schools, hospitals, restaurants, malls, entertainment, ATM's, Bank, Medical stores etc. which can be accessible easily. Also, the project is located at favorable location which is in the proximity of Railways and Expressways etc, which provides good connectivity with other cities.

### **Comfortable project cost structure**

Poddar Housing And Development Limited is developing the Slum redevelopment residential (SRA) project ‘Poddar Spraha Diamond’ located at Chembur, Mumbai in the area of 2.03 lakh sq.ft. The project is getting funded through mix of customer advances, debt and promoter's capital. Total estimated cost of the project is Rs.134.39 Cr, which is projected to meet through promoters' fund of Rs.13.14 Cr, debt of Rs.40.00 Cr and rest Rs.81.25 Cr is from customer advances. Loan amount to total cost of project is 29.76% and Promoter and other funds to total cost is 70.24%. As on June, 2020, 69,445 sq.ft of area is already sold against the total saleable area of 104,877 sq.ft. in the sale building (WING-A & B).



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### **Key Weaknesses**

#### **Project execution risk**

PHDL is currently executing Slum redevelopment residential project 'Poddar Spraha Diamond' located at Chembur, Mumbai, for which all of required slum clearances has been received. Rehab Building construction has been completed and applied for Occupancy Certificate and Sale Building A & B Wing with composite building is scheduled to be completed by fiscal 2022.

The project is in implementation phase which makes susceptible to time and cost overruns. Although, operational ability to sell the units is key to meet the debt obligation on time. The traction in receipt of customer advances is dependent on project completion. The company's ability to execute projects as per schedule is highly dependent on timely receipt of regulatory approvals along with customer advances, which forms major portion of the total funding requirement of the projects.

#### **Exposure to risks relating to cyclical in real estate industry**

Cyclical in the real estate segment could lead to fluctuations in cash inflow because of volatility in realization and saleability. This may affect the debt servicing ability of the company. PHDL will remain susceptible to the inherent cyclical in the real estate sector. Further, the industry is exposed to regulatory risk which is likely to impact players like Poddar Group, thereby impacting its operating capabilities.

**Analytical Approach:** Standalone

#### **Applicable Criteria:**

Rating Methodology for Real Estate Companies

Financial Ratios & Interpretation (Non-Financial Sector)

#### **Liquidity: Adequate**

Poddar Housing And Development Limited is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. Further, the company is likely to be benefited from the resourcefulness of its



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promoters and its moderate level of cash balances. Overall, liquidity position is expected to be adequate.

### **About the Company**

Incorporated on 1982, Poddar Housing And Development Limited, formerly Poddar Developers Limited, is a real estate development company. The Company is engaged in the housing segment of the real estate sector. At present, the company is developing a Slum redevelopment residential (SRA) project name 'Poddar Spraha Diamond' located at Chembur, Mumbai.

The company has executed joint development agreement for the project of Chembur, Mumbai, under Slum redevelopment agreement scheme. The company is developing the project under the SRA scheme, which comprises of 2 sale building, 1 Rehab buildings and 1 composite building. At June, 2020, the developer has constructed Rehab Building and applied for Occupancy Certificate for Rehab Building. Construction of two Sale Building is in progress.

### **Financials (Standalone Basis)**

	(Rs. crore)	
<b>For the year ended* / As On</b>	<b>31-03-2019 (Audited)</b>	<b>31-03-2020 (Audited)</b>
Total Operating Income	46.48	47.78
EBITDA	-4.43	-21.27
PAT	-4.34	-13.83
Total Debt	185.75	239.08
Tangible Networth (Adj)	168.07	139.58
EBITDA Margin (%)	-9.52	-44.51
PAT Margin (%)	-8.69	-25.95
Overall Gearing Ratio (x)	1.11	1.71

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** N.A

**Rating History for last three years:**

S.	Name	of	Current Rating (Year 2020-21)	Rating History for the past 3 years
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No.	Instrument/ Facilities	Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term Loan	Long Term	20.00	IVR BBB- /Stable Outlook	-	-	-

**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](http://www.infomerics.com).

**Name and Contact Details of the Rating Analyst:**

Name: Mr. Ravi Prakash  
Tel: (011) 24655636  
Email: [rprakash@infomerics.com](mailto:rprakash@infomerics.com)

**About Infomerics:**

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term - Term Loan	-	-	Jan, 2021	20.00	IVR BBB-/Stable Outlook