



Press Release
PBSR DEVELOPERS PRIVATE LIMITED
April 25, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on the Rs.100.00 crore bank facilities of PBSR Developers Private Limited (PBSR). The outlook is ‘**Stable**’

Rationale for Rating

The rating reaffirmation factors in the comfort derived from experienced promoter group and the advance stages of completion of the project along with ~84 per cent of occupancy level. Further the rating gets strength from its above unity DSCR during the entire tenure of the project. However, the rating is constrained on account of delay in receipt of Occupancy certificate and offtake risk associated with unsold inventory. The rating is further constrained on account of PBSR’s exposure to risks associated with the inherent cyclicity in the real estate sector.

About the Company

Incorporated in 2012, PBSR is a special purpose vehicle of Patel Engineering Limited (PEL) promoted by Ms Janky Patel, promoters of PEL. PBSR is currently developing a residential project (Smondo Gachibowli) in Hyderabad (Telangana State) started in November 2015 with total saleable area of 7.07 lakh square feet (sft) spread across 672 units under three towers. The total cost of the projects revised to Rs.451 crore (from Rs.428 crore) and as on date 99 per cent of the cost has been incurred. The registered office is located in Hyderabad.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the financial and business risk profile of PBSR to arrive at rating.

Key Rating Drivers

Strengths

Experienced promoter group

The company is a wholly owned subsidiary of Patel Engineering Limited (PEL). PEL has been engaged in EPC/infrastructure development for more than seven decades with a national presence and operations spread all

over India. Further, the management is ably supported by a well-qualified and experienced team of professionals. The PEL has a consistent track record in executing complex domestic and international projects. The promoters under PBSR have taken up development of a residential project in Hyderabad with a saleable area of about 7.07 lakh square feet (sq.ft.). The total revised cost has been increased to Rs.451 crores out of which the company has incurred Rs.445 crore and the remaining cost is primarily for the amenities. Thus 99 per cent of the project has been incurred as on date. Acuité believes that the promoters' experience in the construction industry along with improving demand and prices for the residential units in Gachibowli (Hyderabad) area are expected to support in

successful sale of the remaining units.

Low funding risk and execution risk

The company has successfully completed the financial closure for additional debt to fund the cost overrun of Rs. 23 Cr. The company has received customer advances of Rs.353.90 Cr. as against ~Rs. 260 Cr. required for completion of the project. The company has fully repaid the initial project loan of Rs.70 Cr, the overdraft facility is also expected to be repaid by the end of FY26 from the customer advances. Further the project completed to the extent of 99 per cent as on date thus, the risks associated with funding and project execution are low.

Weaknesses

Delay in receipt of Occupancy certificate and risk related to unsold inventory

The OC was expected to be received by end of FY2024 which got delayed due to internal governance issues and the revised date to receive the OC is end of Q2FY26. As of February 2025 the company has received customer advance of Rs.353.90 crore on the booking of total 566 flats out of 672 flats, however there has been no incremental sales since December 2023. The unsold area of 1,11,320 Sq ft includes saleable area of 31,420 Sq.ft and mortgaged area of 79,900 Sq ft (area has been mortgaged to Greater Hyderabad Municipal Corporation as per regulations) which is expected to be released by end of FY26 upon issuance of occupancy certificate (OC) by GHMC.

Acuite believes, with delay in receipt of OC, the risk arising out of liabilities towards the buyer increases so that the pace of selling of inventory would moderate which would likely to contribute to the offtake risk associated with the project.

Inherent cyclicity in Real Estate Sector

The real estate industry in India is highly fragmented with most of the real estate developers, having a city specific or region-specific presence. The risks associated with real estate industry are cyclical in nature of business (drop in property prices) and interest rate risk, among others, which could affect the operations. The company is exposed to market risks for the unsold inventory, in terms of sales velocity, pricing and timely collection. However, Acuite expects the future cash flows to remain adequate for the debt repayment obligations as the project has completed 99 per cent physical construction and has sold about 84 per cent of the total units, thus minimizing the execution risk.

Rating Sensitivities

- Timely sale of unsold inventory leading to improved cash flow.
- Sharp decline in cash flow, due to slackened sales progress for remaining units of project
- Timely receipt of OC (Occupancy Certificate)

Liquidity Position

Adequate

PBSR has an adequate liquidity position marked by the healthy customer advances to its maturing debt obligations. Liquidity is supported by good saleability as well as collections in the project. External borrowings for the project stood at ~Rs.21 Cr. as on December 31, 2024, which are payable over the period of 2-4 years from the sale proceeding of remaining 109 units which is expected to generate cash inflow of Rs.100-110 Cr. over the next 2-4 years. Acuite believes that incremental cash flows are expected to be sufficient to meet the debt obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	174.86	190.43
PAT	Rs. Cr.	(24.32)	(20.22)
PAT Margin	(%)	(13.91)	(10.62)
Total Debt/Tangible Net Worth	Times	(1.68)	(3.77)
PBDIT/Interest	Times	(5.53)	(3.05)

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Feb 2024	Proposed Long Term Bank Facility	Long Term	54.41	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	15.59	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	30.00	ACUITE BBB- Stable (Reaffirmed)
15 Nov 2022	Secured Overdraft	Long Term	30.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	54.41	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	15.59	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	80.21	Simple	ACUITE BBB- Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB- Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2026	7.79	Simple	ACUITE BBB- Stable Reaffirmed

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Akshat Shah Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.