

March 21, 2025

Puravankara Limited (Previously Puravankara Projects Limited): Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	2,505.40	1797.62	[ICRA]A- (Stable); Reaffirmed
Long-term – Fund-based – Proposed term loan	-	696.20	[ICRA]A- (Stable); Reaffirmed
Long-term – Unallocated	493.60	505.18	[ICRA]A- (Stable); Reaffirmed
Long-term/ Short-term – Unallocated	1.00	1.00	[ICRA]A- (Stable)/ [ICRA]A2+; Reaffirmed
Total	3,000.00	3,000.00	

*Instrument details are provided in Annexure I

Rationale

While assigning the ratings, ICRA has taken a consolidated view of Puravankara Limited (PL) and its wholly-owned subsidiary Provident Housing Limited (PHL), given the strong business and financial linkages, and the latter acts as an extended arm for Puravankara Limited for its affordable segment projects.

The rating reaffirmation factors in the estimated healthy improvement in PL's collections in FY2025 and FY2026, driven by the expected adequate sales velocity in its ongoing and upcoming projects, healthy launch pipeline and steady pace of construction. The company's consolidated collections increased by 19% YoY to Rs. 2,991 crore in 9MFY2025 and is likely to improve by 9-10% in FY2025 and the momentum is expected to sustain in FY2026. Although the company is likely to witness moderate degrowth in pre-sales in FY2025 owing to delay in launches, pre-sales are likely to bounce back in FY2026 backed by healthy launch pipeline and sustained demand. The ratings draw comfort from the track record of the Puravankara Group in the residential real estate market. The company has presence in both premium and affordable housing segments and has delivered projects with a cumulative saleable area of over 51.5 msf as on December 31, 2024.

The ratings, however, are constrained by the exposure to execution and market risks arising from the company's large expansion plans for maintaining the growth momentum and strengthening its market presence in the existing as well as new micromarkets. Its gross debt increased by 15% to Rs. 3,560 crore as of December 2024, primarily to fund land-related investments. Consequently, the gross debt/CFO is expected to rise to 3.75-3.85 times in FY2025 (PY: 2.37 times). Timely launch of these projects, along with healthy sales and construction progress would be critical to support the collections. With the expected increase in CFO in FY2026, gross debt/CFO is likely to improve to around 3.10-3.20 times in FY2026. The debt levels have historically been high compared to the net working capital gap for its ongoing project portfolio due to the investment in land bank. Consequently, its debt/net working capital remains on a higher side at 1.26 times as on March 31, 2024, and is a key monitorable. The cash flow adequacy ratio (receivables/ (pending construction cost + debt outstanding) is moderate at 49% as of December 2024. ICRA notes that the overall cost of borrowing for the company remains on a higher side, given the sizeable proportion of high-cost land debt in the overall consolidated debt profile.

The company's credit profile remains exposed to the cyclicity inherent in the real estate business, and geographical concentration risk with significant dependence on Bengaluru region (~70% sales value achieved in the last 12 months that ended on December 31, 2024) for its completed, ongoing as well as future projects. ICRA notes that the company has started

to diversify its portfolio across various geographies with 73% of the launch pipeline in non-Bengaluru markets, which should help to reduce its dependency on Bengaluru market.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that the Group's credit profile will be supported by the company's established brand recall in the real estate market, strong marketability across geographies supporting healthy collections, expected improvement in CFO and adequate gross debt/CFO.

Key rating drivers and their description

Credit strengths

Estimated healthy growth in collections in FY2025 and FY2026 – The company's consolidated collections increased by 19% YoY to Rs. 2,991 crore in 9MFY2025 and is likely to improve by 9-10% in FY2025 and the momentum is expected to sustain in FY2026. Although the company is likely to witness moderate degrowth in pre-sales in FY2025 owing to delay in launches, pre-sales are likely to bounce back in FY2026 backed by healthy launch pipeline and sustained demand. Consequently, the CFO is estimated to improve by 15-20% in FY2026, which should aid improvement in coverage metrics.

Established position and brand name – The Puravankara Group has a track record of over three decades in the real estate market primarily in the southern part of India. The Group has demonstrated project execution capabilities with completion of saleable area of over 51.5 msf as of December 2024, supported by engagement of reputed civil contractors. It has presence in both premium and affordable housing segments under the brands – Puravankara and Provident, respectively. The Group has strong presence in Bangalore and has been able to successfully diversify into new geographies such as Pune, Chennai and Mumbai, by gaining market share.

Credit challenges

Exposure to execution and market risk given the large expansion plans; high debt to NWC – The Puravankara Group has significant plans of expanding its ongoing portfolio to maintain the growth momentum and strengthen its market presence in the existing as well as new micromarkets. As of December 2024, the Group had a future project pipeline of 12-13 msf, to be launched over Q4 FY2025-Q3 FY2026, which exposes it to execution and market risks. The company's gross debt has increased by 15% to Rs. 3,560 crore as of December 2024 from as of March 2024, primarily to fund land-related investments. Consequently, the gross debt/CFO is expected to rise to 3.75-3.85 times in FY2025 (PY: 2.37 times). With the expected increase in CFO in FY2026, gross debt/CFO is likely to improve to around 3.10-3.20 times in FY2026. The debt levels have historically been high compared to the net working capital gap for its ongoing project portfolio due to the investment in land bank. Consequently, its debt/net working capital remains on a higher side at 1.26 times as on March 31, 2024, and is a key monitorable.

Vulnerable to cyclicity in real estate sector – The company remains vulnerable to the inherent risks of the real estate sector, such as susceptibility to declining property prices, a slowdown in economy and reduction in housing demand. The Group has high dependence on the Bengaluru real estate market, which accounts for 50-55% of the total saleable area in its ongoing projects. However, the risk is mitigated as it has started to diversify its portfolio across various geographies with 73% of the launch pipelines in non-Bengaluru markets.

Environmental and social risks

The real estate segment is exposed to risks of increasing environmental norms affecting 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. Impact of the 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 to 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 long-term demand for the real estate sector in India.

Liquidity position: Adequate

As of December 2024, the company had cash and cash equivalents of Rs. 735 crore with encumbered cash of Rs. 84 crore. The debt repayment obligation including accelerated payments of ~Rs. 330-340 crore in Q4 FY2025 and Rs. 1,300-1,350 crore in FY2026 is expected to be met by the cash flow from operations (CFO). Further, undrawn term loans and overdraft limits of Rs. 1157.4 crore as of December 2024, supports the liquidity position. The company will invest Rs. 400–600 crore per annum over the next 2-3 years.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates sustained momentum in sales and collections, resulting in continued debt reduction through operational cash flows. In addition, the improvement in the debt profile through reduced share of high-cost debt will be a key rating monitorable.

Negative factors – The ratings may be downgraded in case of lower-than-anticipated operational cash flows or high investments in land, resulting in a substantial increase in consolidated debt levels. Specific triggers that could result in a rating downgrade include Gross Debt/CFO remaining higher than 4 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
Parent/Group support	Not applicable
Consolidation/Standalone	While assigning the rating, ICRA has considered the consolidated financials of Puravankara Limited and its subsidiaries, associates and joint ventures. (Refer Annexure II for list of entities considered for consolidation).

About the company

Puravankara Limited (PL) was incorporated in 1986 as Puravankara Constructions Private Limited in Mumbai. The name was changed to Puravankara Projects Limited, and the company was converted into a public limited company in 1992. Subsequently, it was listed on the BSE and the NSE in August 2007. Puravankara Projects Limited was renamed Puravankara Limited on December 21, 2016. PL is promoted by Mr. Ravi Puravankara (Chairman), who holds 75% of equity shares in the company. PL, apart from Provident Housing Limited (Provident or PHL), has various other joint ventures/subsidiaries, including a wholly-owned construction company (Starworth Infrastructure and Construction Limited).

The Puravankara Group is involved in real estate development with residential assets comprising majority of its portfolio. It is present in both the premium and the affordable housing segments under the brands — Purva and Provident respectively. The Group has major operations in Bangalore with considerable presence in other South Indian cities of Chennai, Kochi and Hyderabad, apart from Pune. As on December 31, 2024, the Group has developed 51.53 msf of saleable area. The Group is currently developing projects with a saleable area of 33.08 msf and has land assets for an estimated saleable area of 27.23 msf (Group's economic interest).

Key financial indicators (audited)

PL (consolidated)	FY2023	FY2024	H1 FY2025*
Operating income	1,255.2	2,200.0	1,153.9
PAT	35.2	49.2	-10.5
OPBDIT/OI	19.9%	21.7%	21.0%
PAT/OI	2.8%	2.2%	-0.9%
Total outside liabilities/Tangible net worth (times)	3.9	5.1	5.7
Total debt/OPBDIT (times)	11.8	7.0	8.3
Interest coverage (times)	0.7	1.1	0.9

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore
 PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)			Chronology of rating history for the past 3 years							
FY2025			FY2024		FY2023		FY2022			
Instrument	Type	Amount rated (Rs. crore)	Mar 21, 2025	Jul 29, 2024	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	1797.62	[ICRA]A-(Stable)	[ICRA]A-(Stable)	Jan 19, 2024	[ICRA]A-(Stable)	Sep 28, 2022	[ICRA]A-(Stable)	Jul 30, 2021	[ICRA]A-(Stable)
		-	-	-	Jun 06, 2023	[ICRA]A-(Stable)	-	-	Apr 13, 2021	[ICRA]BBB+(Positive)
Unallocated	Long term	505.18	[ICRA]A-(Stable)	[ICRA]A-(Stable)	Jan 19, 2024	[ICRA]A-(Stable)	Sep 28, 2022	[ICRA]A-(Stable)	Jul 30, 2021	[ICRA]A-(Stable)
		-	-	-	Jun 06, 2023	[ICRA]A-(Stable)	-	-	Apr 13, 2021	[ICRA]BBB+(Positive)
Unallocated	Long term & short term	1.00	[ICRA]A-(Stable)/[ICRA]A2+	[ICRA]A-(Stable)/[ICRA]A2+	Jan 19, 2024	[ICRA]A-(Stable)/[ICRA]A2+	Sep 28, 2022	[ICRA]A-(Stable)/[ICRA]A2+	Jul 30, 2021	[ICRA]A-(Stable)/[ICRA]A2+
		-	-	-	Jun 06, 2023	[ICRA]A-(Stable)/[ICRA]A2+	-	-	Apr 13, 2021	[ICRA]BBB+(Positive)/[ICRA]A2
Proposed term loan	Long term	696.20	[ICRA]A-(Stable)	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Unallocated	Not Applicable
Long-term / Short-term – Unallocated	Not Applicable
Long-term Fund-based proposed Term Loan	Simple

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 loan	Dec 2021	-	Mar-2029	1797.62	[ICRA]A- (Stable)
NA	Unallocated	-	-	-	505.18	[ICRA]A- (Stable)
NA	Unallocated	-	-	-	1.00	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Proposed term loan	-	-	-	696.20	[ICRA]A- (Stable)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	PL ownership*	Consolidation approach
Prudential Housing & Infrastructure Development Limited	100.00%	Full Consolidation
Centurion Housing and Construction Private Limited	100.00%	Full Consolidation
Melmont Construction Private Limited	100.00%	Full Consolidation
Purva Realities Private Limited	100.00%	Full Consolidation
Grand Hills Development Private Limited	100.00%	Full Consolidation
Purva Ruby Properties Private Limited	100.00%	Full Consolidation
Purva Sapphire Land Private Limited	100.00%	Full Consolidation
Purva Star Properties Private Limited	100.00%	Full Consolidation
Starworth Infrastructure & Construction Limited	100.00%	Full Consolidation
Provident Housing Limited	100.00%	Full Consolidation
T-Hills Private Limited	100.00%	Full Consolidation
Purva Property Services Private Limited	100.00%	Full Consolidation
Varishtha Property Developers Private Limited	100.00%	Full Consolidation
PurvaLand Private Limited	100.00%	Full Consolidation
Purva Oak Private Limited	100.00%	Full Consolidation
Provident Meryta Private Limited	100.00%	Full Consolidation
Provident Cedar Private Limited	100.00%	Full Consolidation
Welworth Lanka Holdings Private Limited	100.00%	Full Consolidation
Welworth Lanka (Private) Limited	100.00%	Full Consolidation
IBID Home Private Limited	100.00%	Full Consolidation
DV InfraHomes Private Limited	60.00%	Full Consolidation
Purva Woodworks Private Limited	100.00%	Full Consolidation
Purva Asset Management Private Limited	100.00%	Full Consolidation
Propmart Technologies Limited	87.00%	Full Consolidation
Purva Good Earth Properties Private Limited	100.00%	Full Consolidation
Pune Projects LLP	100.00%	Full Consolidation
Keppel Puravankara Development Private Limited	49.00%	Equity Method

Company name	PL ownership*	Consolidation approach
Sobha Puravankara Aviation Private Limited	49.95%	Equity Method
Purva Blue Agate Private Limited	100.00%	Full Consolidation
Purva Shelters Private limited	100.00%	Full Consolidation
PPL Khondapur Private Limited	51.00%	Full Consolidation
PPL Hebbal Developers Private Limited	100.00%	Full Consolidation
Purva Blue Home Ventures Private Limited	100.00%	Full Consolidation
Purva Blue Dwelling Private Limited	100.00%	Full Consolidation

Source: Company * as on December 31, 2024, ICRA Research

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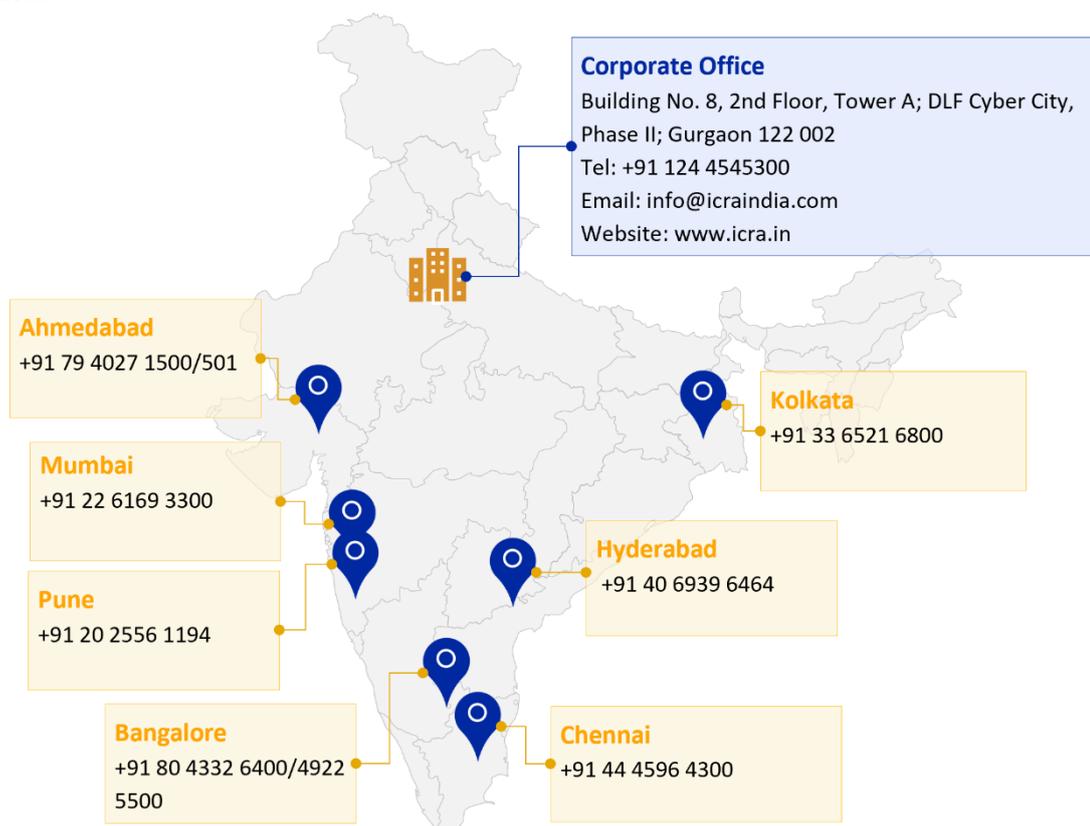
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