



Press Release

Pramukh Creation

July 03rd, 2023

Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	10.00	IVR BB- / Stable Outlook (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Total	10.00	(Rupees ten crore only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Pramukh Creation draws comfort from its experienced promoters with established track record of operations and favourable project location with modern facilities and amenities. However, these rating strengths are partially offset by low booking status with project implementation risk and exposure to risks relating to cyclicity in real estate industry.

Key Rating Sensitivities:

Upward Factor:

- Progress made in completion of the projects.
- Minimum 75% of Sale of inventory at competitive rates.

Downward factor:

- Significant Delay in completion of project.
- Significant cost overruns of the project.
- Lower than expected booking status.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths



Press Release

Experienced Promoters with established track record:

Pramukh creation is partnership firm managed by 15 active partners. Partners are having an experience of more than two decades in the construction line of business with experience of developing real estate projects in different entities. Kanubhai D Chaudhari and Mukesh s Chaudhari look after overall functions of the business. They are well supported by team of experienced professionals in the 2nd tier management which helps in smooth and easy functioning of the business.

Favourable project location with modern facilities and amenities:

Pramukh creation is developing a high-rise commercial shops and offices under the project name Pramukh BTC. The project is being set up in the State of Gujarat at City Survey No. 804, R.S. No. 2864, STTC College, Near Railway Crossing At Visnagar , Ta. Visnagar , Dist. Mehsana which is located within the city in vicinity to various establishments. As per the management, the entire project is expected to be constructed within 2 to 3 years.

Key Rating Weaknesses

Low booking status with Project implementation risk:

The project consists of 345 units out of which only 6 units have been booked/sold as of date. Pramukh creation will have to ensure timely execution of the work to ensure cash flow generation. This involves the construction and implementation stage along with the saleability of the commercial shops. With further phases of the projects in the design and implementation stage, it will be imperative that the firm is able to timely sell the commercial units at an attractive price.

Exposure to risks relating to cyclicity in real estate industry:

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of the



Press Release

company. Pramukh creation will remain susceptible to the inherent cyclical nature in the real estate sector.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning rating Outlook](#)

Liquidity – Stretched

Pramukh Creation's liquidity is expected to remain stretched on account of low booking status of project and commencement of debt repayments from FY24. Further, significant portion of construction cost of the project is to be funded through customer advances. Hence, increase in bookings alongwith timely receipt of booking amount will be crucial to timely meet construction progress and debt repayments. In the event of delay in getting customer advances, timely infusion of funds by the promoter to support construction activities and debt repayment will be crucial.

About the Company

Pramukh Creation is a Partnership Firm sformed on 01st Oct 2019 in Visnagar, Mehasana, Gujrat, with the main Objective of promoting and developing commercial buildings in Gujrat. Pramukh creation belongs to PRAMUKH group. Pramukh Group has been on the path of setting benchmarks in the real estate sector of Gujarat. Established in 1993, the group was formerly known as PDPL Group. Pramukh Btc RERA registered project is located at Visnagar, Mehsana. Pramukh BTC (Business trade center) project is being developed by Pramukh Creation. The project is being set up in the State of Gujarat at City Survey No. 804, R.S. No. 2864, STTC College, Near Railway Crossing at Visnagar, Ta. Visnagar, Dist. Mehsana. As per rera registration Pramukh Btc project started on date 1st April'20 and planned to complete on or before date 31st Dec'28 as per RERA. Promoters in Pramukh creation are having more than 25 years of experience in the line of real estate and construction activity.

Financials (Standalone) :



Press Release

	(Rs. crore)	
For the year ended*/As on	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	0.00	0.06
EBITDA	0.00	0.00
PAT	0.00	0.00
Total Debt	0.00	3.68
EBITDA Margin (%)	NM	5.79
PAT Margin (%)	NM	3.86
Overall Gearing Ratio (x)	NM	1.11

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Long Term Fund Based Limits – Term Loan	Long Term	10.00	IVR BB-/ Stable Outlook	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Ms. Yashika Goyal

Tel: (011) 45579024

Email: yashika.goyal@infomerics.com

Name: Mr. Harsh Raj Sankhla

Tel: (011) 45579024

Email: harshraj.sankhla@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



Press Release

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured 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 Bank Facility- Term Loan	-	-	June'28	5.00	IVR BB-/Stable Outlook
Long Term Bank Facility – Term Loan	-	-	May'29	5.00	IVR BB-/Stable Outlook

Annexure-II: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-pramukh-creation-jul23.pdf>



Press Release

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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.

