

January 12, 2024

## Weissborn Realty Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures (NCDs)	195.00	195.00	[ICRA]B(Stable); reaffirmed
<b>Total</b>	<b>195.00</b>	<b>195.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation factors in the favourable location of the proposed residential project of Weissborn Realty Private Limited (WRPL, earlier known as Picard Angst India Private Limited) in the prime western suburb Santacruz, with proximity to key commercial areas in Mumbai. The rating is, however, constrained by WRPL's exposure to high execution risk, with project execution yet to start. The project cost (excluding interest cost) of Rs. 179.1 crore is proposed to be funded by NCDs of Rs. 122 crore (68%), which are subscribed by the parent company and customer advances of Rs. 57.1 crore (32%). The NCDs have a five-year tenure and carry a coupon of 18% per annum, payable at the end of the tenure. The company is exposed to refinancing risks with the NCDs having a bullet repayment at the end of its five-year tenure (FY2028). The project faces high market risks as the sales are yet to be launched. Besides, the rating is constrained by the high geographical risk inherent in single-project companies and the cyclicity in the real estate industry, which could impact WRPL's sales as well as profitability.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to achieve adequate bookings, given the favourable location of the project.

### Key rating drivers and their description

#### Credit strengths

**Favourable location of project** - The project is located in Santacruz, which is a prime western suburb in Mumbai for residential projects and is also a commercial hub. Moreover, it shares proximity to key commercial areas in Mumbai.

#### Credit challenges

**Exposure to project execution and market risks** - The project is at a nascent stage with land acquired as on date, exposing it to significant execution risks with respect to time and cost overrun. With the project yet to be launched commercially, the market risk remains high. Timely inflow of advances remains important for successful completion of the project.

**Refinancing risk at maturity for the NCDs** - The project cost (excluding interest cost) of Rs. 179.1 crore is proposed to be funded by NCDs of Rs. 122 crore (68%), which are subscribed by the parent company and customer advances of Rs. 57.1 crore (32%). The NCDs have a five-year tenure and carry a coupon of 18% per annum, payable at the end of the tenure. The company is exposed to refinancing risks with the NCDs having a bullet repayment at the end of its five-year tenure (FY2028).

**Exposure to risks and cyclicity in India's real estate sector** - The real estate sector is cyclical and marked by volatile prices and a highly fragmented market structure because of many regional players. In addition, being a cyclical industry, the real estate sector is highly dependent on macro-economic factors, which exposes the company's sales to any downturn in demand and competition within the region from various established developers.

## Liquidity position: Stretched

WRPL's liquidity position remains stretched with dependence on customer advances for project completion. The company has cash balance of Rs. 29.4 crore as on March 31, 2023, which were infused by promoters.

## Rating sensitivities

**Positive factors** - Healthy bookings and collections from the project leading to improved cash flows and debt coverage indicators could lead to a rating upgrade.

**Negative factors** - Any cost overrun or unforeseen delay in completing the project could exert pressure on the company's ratings. Considerable delays in bookings leading to subdued collections may also warrant a rating downgrade.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Realty - Commercial/Residential/Retail</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

## About the company

Weissborn Realty Private limited (WRPL) was set up in 2019 for undertaking/supervising construction activities within the real estate sector in India. It is a 100% subsidiary of Luxembourg REO Company SARL (Luxembourg REO), which is a Luxembourg-based real estate investment company. Luxembourg REO was incorporated in 2018 with the objective of making investments in real estate assets across the globe with WRPL being the first investment venture. WRPL has its registered office in Delhi.

## Key financial indicators (audited)

Not applicable as the company's ongoing project is yet to be launched.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on September 30, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Jan 12, 2024	Jan 17, 2023	-	-
1 Non-convertible debentures (NCDs)	Long term	195.0	195.0	[ICRA]B (Stable)	[ICRA]B (Stable)	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debentures (NCDs)	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
INE00KC08011	Non-convertible debentures (NCDs)	23/02/2023	18%	23/02/2028	195.0	[ICRA]B(Stable)

Source: Company

#### Annexure II: List of entities considered for consolidated analysis – Not Applicable

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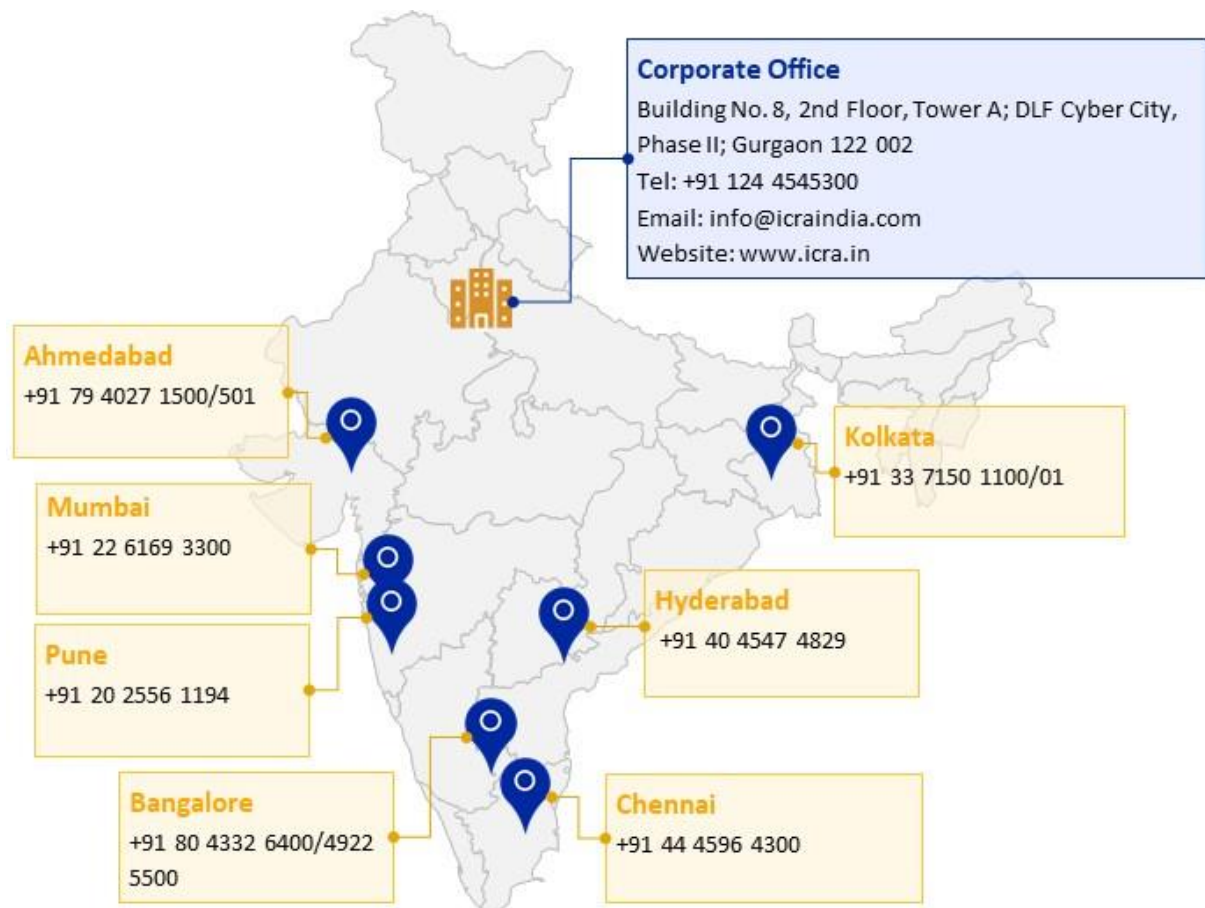
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