

August 06, 2024

Weisshorn Realty Private Limited: Rating reaffirmed; rated amount enhanced

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
Proposed non-convertible debentures (NCDs)	-	340.00	[ICRA]B(Stable); assigned
Total	195.00	535.00	

*Instrument details are provided in Annexure-I

Rationale

The rating factors in the favourable location of the ongoing and proposed residential/commercial projects of Weisshorn Realty Private Limited (WRPL, earlier known as Picard Angst India Private Limited) in prime suburbs like Bandra, Kalina and Santacruz, with proximity to key commercial areas in Mumbai. The rating is, however, constrained by WRPL's exposure to high execution and market risks for its ongoing residential project in Santacruz where construction work is yet to begin. The cost of this project (excluding interest cost) is Rs. 179.1 crore. It is proposed to be funded by NCDs of Rs. 129 crore (72%), which are subscribed by the parent company and customer advances of Rs. 50.1 crore (28%). In addition, the company is in the process of starting a greenfield residential project in Bandra, Mumbai with a project cost of Rs. 95.2 crore and is also acquiring a ready-to-lease commercial property in Kalina, Mumbai, with a total cost of Rs. 229 crore (inclusive of building upgradation cost of Rs. 29 crore). The Bandra and Kalina projects are proposed to be entirely funded through proposed NCDs of Rs. 340 crore, which are expected to be subscribed by the parent company. The existing and proposed NCDs carry a coupon of 18% per annum and the entire principal and interest obligations are payable on February 24, 2028, exposing the company to refinancing risks. The projects faces high market risk as the sales are yet to be launched and the commercial property is yet to be acquired and leased. Besides, the rating is constrained by the high geographical risk inherent in single location 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 progress on the construction and sales for the residential projects, and tie-up leases for the commercial project in a timely manner, given their favourable locations.

Key rating drivers and their description

Credit strengths

Favourable location of projects - The ongoing/proposed residential projects are located in Bandra and Santacruz, which are prime suburbs in Mumbai for residential projects and shares proximity to key commercial areas in Mumbai. The ready-to-lease commercial property is located in Kalina, Mumbai, which is a commercial hub.

Credit challenges

Exposure to project execution and market risks - The residential project in Santacruz is at a nascent stage with only 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.

The proposed greenfield residential project in Bandra, Mumbai is at a preliminary stage with land yet to be acquired and approvals yet to be received, exposing it to significant execution risk. Given the project is yet to be launched commercially, the market risk remains high and timely inflow of advances remains important for future debt repayments. The company also faces market risk for the ready-to-lease commercial property at Kalina, proposed to be acquired by it, as there are no lease tie-ups for this project.

Refinancing risk at maturity for the existing and proposed NCDs - The project cost for the residential project in Santacruz (excluding interest cost) is Rs. 179.1 crore. It is proposed to be funded by NCDs of Rs. 129 crore (72%) that are subscribed by the parent company and customer advances of Rs. 50.1 crore (28%). The Bandra and Kalina projects are proposed to be entirely funded through proposed NCDs of Rs. 340 crore, which are expected to be subscribed by the parent company. The existing and proposed NCDs carry a coupon of 18% per annum and the entire principal and interest obligations are payable on February 24, 2028, exposing the company to refinancing risk.

Exposure to risks and cyclical 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 completion of the residential project at Santacruz, Mumbai. The company has free cash balance of Rs. 31.4 crore as on March 31, 2024, which were infused by promoters. The proposed NCDs for developing the Bandra and Kalina projects are yet to be raised. The projects are yet to be launched, given which there have not been any bookings and collections of customer advances as on date.

Rating sensitivities

Positive factors - Healthy bookings and collections from the projects 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 projects could exert pressure on the company's rating. Considerable delays in bookings leading to subdued collections may also warrant a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
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 (FY2025)		Chronology of rating history for the past 3 years		
		Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
			Aug 06, 2024	Jan 12, 2024	Jan 17, 2023	-
1 Non-convertible debentures (NCDs)	Long term	195.00	[ICRA]B (Stable)	[ICRA]B (Stable)	[ICRA]B (Stable)	-
2 Proposed non-convertible debentures (NCDs)	Long term	340.00	[ICRA]B (Stable)			

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debentures (NCDs)	Simple
Proposed 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
INE0OKC08011	Non-convertible debentures (NCDs)	24/02/2023	18%	24/02/2028	195.0	[ICRA]B(Stable)
-	Proposed non-convertible debentures (NCDs)	NA	NA	NA	340.0	[ICRA]B(Stable)

Source: Company

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

ANALYST CONTACTS

Rajeshwar Burla

+91 40 6939 6443

rajeshwar.burla@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Tushar Bharambe

+91 22 6169 3347

tushar.bharambe@icraindia.com

Hemanth Vasishta Attaluri

+91 40 6939 6419

vasishta.attaluri@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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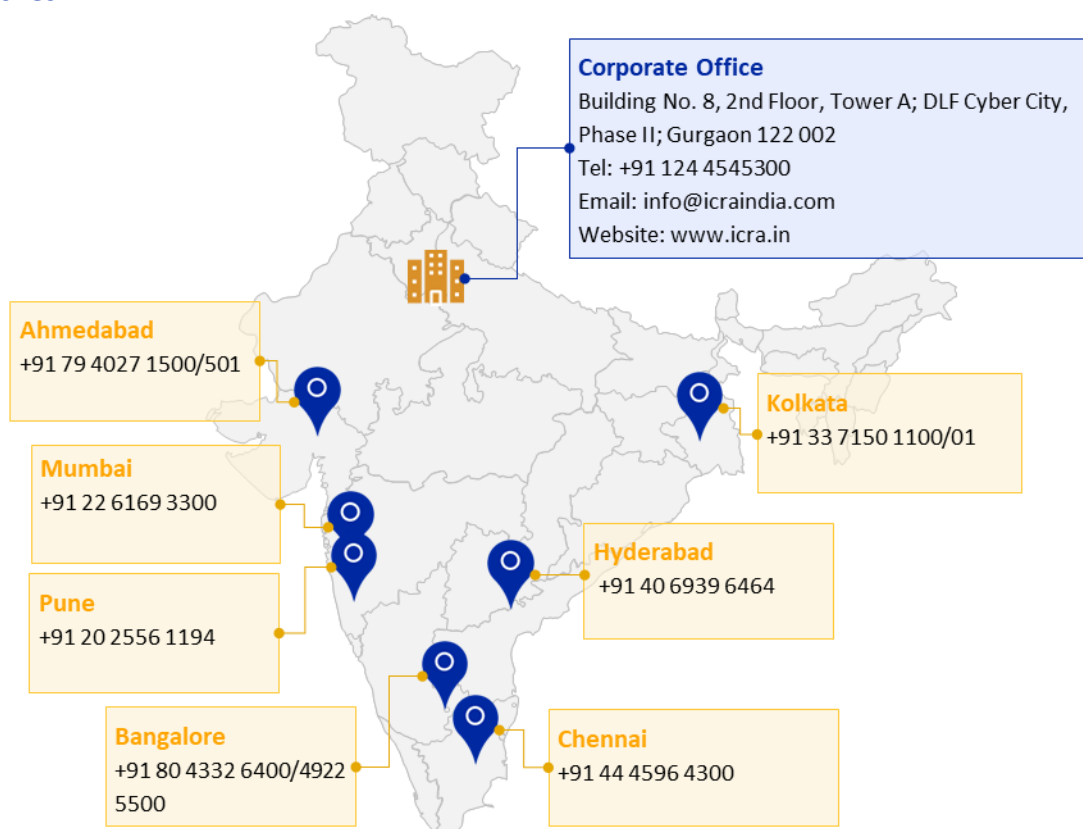


Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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