

October 31, 2025

Honer Prime Housing LLP: Ratings reaffirmed and rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	300.00	650.00	[ICRA]BBB- (Stable); reaffirmed and assigned for enhanced amount
Long-term – Overdraft	(50.00)	(85.00)	[ICRA]BBB- (Stable); reaffirmed and assigned for enhanced amount
Total	300.00	650.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Honer Prime Housing LLP (HPHLLP) factors in the healthy sales velocity and collections with adequate leverage, which are expected to sustain in the medium term. HPHLLP is developing a residential project, Honer Signatis, in Kukatpally, Hyderabad, which is a prime residential area and 6-10 km from major commercial office hubs like Hitech City, Gachibowli, etc. The proximity to major commercial office hubs will support the sales velocity and enhance the marketability of the project. Out of the total developer's share of 5.5 million square feet (msf) (across two phases), the company has sold 60% of the saleable area with a sales value of ~Rs. 2,450 crore and collections of ~Rs. 1,216 crore as of August 2025. The collections stood at around ~Rs. 513 crore in FY2025 and are projected to increase by 65-70% in FY2026, supported by incremental sales and expected adequate construction progress. The rating continues to factor in the adequate cash flow adequacy ratio at 61% and adequate leverage with total external debt/cash flow from operations (CFO) estimated to be less than 2.5 times in FY2026 and FY2027.

The rating is, however, constrained by the project execution risk with 70% of the budgeted project cost yet to be incurred as of June 2025. Nevertheless, the risk is partly mitigated by the significant cushion in timelines for completion with RERA completion date of February 2029. The company is also exposed to market risk for the unsold area of 2.2 msf (~40% of the saleable area). Timely construction and sales of the remaining units will be important as the remaining project cost is expected to be partly funded by customer advances. The company is exposed to high geographical concentration as the Group has ongoing projects limited to the Hyderabad market. The rating factors in the vulnerability of its sales to any downturn in real estate demand and stiff competition from regional and established real estate developers.

The Stable outlook reflects ICRA's opinion that the company will benefit from the expected healthy sales velocity, backed by favourable location, which along with adequate construction progress is likely to lead to healthy collections while maintaining adequate leverage.

Key rating drivers and their description

Credit strengths

Healthy sales velocity and adequate cash flow adequacy ratio – Out of the total developer's share of 5.5 msf (across two phases), the company has sold 60% of the saleable area with a sales value of ~Rs. 2,450 crore and collections of ~Rs. 1,216 crore as of August 2025. The collections stood at around ~Rs. 513 crore in FY2025 and are expected to increase by 65-70% in FY2026, supported by incremental sales and expected adequate construction progress. Hence, the company has adequate

cash flow adequacy ratio, wherein the committed receivables of ~Rs. 1,300 crore covers around 61% of the pending cost worth ~Rs. 2,000 crore and debt outstanding of ~Rs. 130 crore as of June 2025. It has recently received debt sanction of Rs. 350 crore for Phase 2 of the project. The company has adequate leverage with total external debt/CFO estimated to be less than 2.5 times in FY2026 and FY2027.

Favourable location of the project – HPHLLP is developing a residential project, Honer Signatis, in Kukatpally, Hyderabad, which is a prime residential area and 6-10 km from major commercial office hubs like Hitech City, Gachibowli, etc. The favourable location supported the healthy sales velocity and enhanced marketability of the project.

Credit challenges

Exposure to project execution and moderate market risks – The project is exposed to project execution risk with 70% of the budgeted project cost yet to be incurred as of June 2025. Nevertheless, the risk is partly mitigated by the significant cushion in timelines for completion with RERA completion date of February 2029. The company is exposed to market risk for the unsold area of 2.2 msf (~40% of the saleable area). Timely construction and sales of the remaining units will be important as the remaining project cost is expected to be partly funded by customer advances.

Cyclicality inherent in real estate sector and geographical concentration risk – The company is exposed to high geographical concentration as the Group has ongoing projects limited to Hyderabad. The real estate sector is marked by volatile prices and a highly fragmented market structure due to the presence of regional and established real estate developers. In addition, being a cyclical industry, the real estate sector is highly dependent on macroeconomic factors, which expose the company’s sales to any downturn in demand.

Liquidity position: Adequate

HPHLLP’s liquidity position is adequate, with free cash and liquid balances of ~Rs. 34 crore as of March 2025. The company has committed receivables of ~Rs. 1,300 crore from the sold area as of June 2025, covering ~61% of the pending cost and outstanding debt. Its debt repayments are expected to be adequately serviced from the estimated cash flow from operations.

Rating sensitivities

Positive factors – The rating may be upgraded if there is a significant increase in sales and collections, along with healthy construction progress, leading to an improvement in cash flow from operations, while maintaining low leverage and healthy liquidity on a sustained basis.

Negative factors – The rating may be downgraded in case of significant delays in project execution and/or subdued sales and collections resulting in considerable reliance on debt and weakening of debt protection metrics 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	Standalone

About the company

HPHLLP, based out of Hyderabad, Telangana, was incorporated in 2019 by four experienced professionals from the retail sector namely Mr. Venkateswarlu, Mr. S Rajamouli, Mr. Balachandrudu and Mr. Y.S. Kumar. HPHLLP is executing a residential project under the name of 'Honer Signatis', in Kukatpally, Hyderabad, with a total saleable area of 7.8 msf (developer share is 5.5 msf) on a land admeasuring 27.5 acre.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	-	-
PAT	-0.2	0.8
OPBDIT/OI	-	-
PAT/OI	-	-
Total outside liabilities/Tangible net worth (times)	12.1	17.8
Total debt/OPBDIT (times)	72.3	25.5
Interest coverage (times)	0.9	1.0

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 31, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long-term	650.00	[ICRA]BBB-(Stable)	Sep 30, 2024	[ICRA]BBB-(Stable)	-	-	-	-
Overdraft	Long-term	(85.00)	[ICRA]BBB-(Stable)	Sep 30, 2024	[ICRA]BBB-(Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Term Loan	Simple
Long-term – Overdraft	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 – 1	FY2024	NA	FY2029	300.00	[ICRA]BBB- (Stable)
NA	Term loan – 2	FY2026	NA	FY2031	350.00	[ICRA]BBB- (Stable)
NA	Overdraft	NA	NA	NA	(85.00)	[ICRA]BBB- (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: Not Applicable

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