



**Press Release**  
**Hazel Realty Private Limited**  
**November 04, 2024**  
**Rating Downgraded and Issuer not co-operating**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
<b>Non Convertible Debentures (NCD)</b>	26.50	ACUITE BB   Downgraded   Issuer not co-operating*	-
<b>Non Convertible Debentures (NCD)</b>	3.50	Provisional   ACUITE BB   Downgraded   Issuer not co-operating*	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	30.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-

*\* The issuer did not co-operate; based on best available information.*

**Rating Rationale**

Acuite has downgraded its long-term rating to '**ACUITE BB**' (read as **ACUITE double B**)' From '**ACUITE BB+**' (read as **ACUITE double B plus**)' on Rs. 26.50 crore Non convertible debentures (NCD's) issued by Hazel Realty Private Limited.

Acuite has also downgraded its long-term rating to '**PROVISIONAL ACUITE BB**' (read as **PROVISIONAL ACUITE double B**)' From '**PROVISIONAL ACUITE BB+**' (read as **PROVISIONAL ACUITE double B plus**)' on Rs. 3.50 Crore proposed Non convertible debentures NCD's. issued by Hazel Realty Private Limited on account of information risk. The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information. The rating on the Rs.3.50 crore NCDs is provisional and the final rating is subject to (pending steps/ documentation):

1. Receipt of the No-objection Certificate (NOC) from the existing lender i.e. ICICI Bank Limited after satisfaction of debt.
2. Receipt of No Due Certificate from the existing lender i.e. ICICI Bank Limited
3. Appointment of a SEBI registered Debenture Trustee
4. Receipt of the executed Debenture Trust Deed
5. Receipt of the executed Guarantee Document
6. Opening of Escrow Account in accordance with the Term sheet
7. Confirmation from Trustee regarding the compliance with all the terms and conditions.

**About the Company**

Based in Chennai (Tamil Nadu) and incorporated as a private limited company in 2010, Hazel Realty Private Limited (HRPL) is engaged in developing residential units in Chennai, Tamil Nadu. The company was incorporated under the name 'VGN Pragnya Realty Private Limited' as a joint venture between VGN Group (well-known name in Chennai Real Estate Industry) and Pragnya Fund (Mauritius Based Private Equity Fund). In 2014, Pragnya Fund purchased the shares of VGN group to the extent of 26 percent of total shares of HRPL leading to Pragnya Group holding 100 percent shares in the HRPL. The company was then renamed to current name of 'Hazel Realty Private Limited'. The shareholding structure of the company has been changed and currently, Guna Developers Limited

and Badrinath Commotrade Private Limited are the ordinary shareholders and Pragnya Fund II is the shareholder in Class A equity shares with 95% voting rights. Further, Guna Developers Limited is a Group company of Pragnya Group. Hence, effectively Pragnya Group has 99.4% economic interest and voting rights in HRPL. Currently HRPL is managed by Mr. Sri Krishna Bhogaraju and Mr. Ch Naveen Sagar. The Company is developing a residential apartment project named as “Hazel” spread across 5.67 acres of land located at Paruthipattu Village, Poonamallee Taluk, Thiruvallur District, Chennai. The residential units’ size ranges from 568 sq. ft to 1647 sq. ft and the project consists of 1-BHK, 2-BHK and 3-BHK apartments. Hazel has a total of 781 units across 4 blocks (6 towers), each block comprising of a basement, stilt & 14 floors. The project has been successfully

launched during the year 2012 in a phased manner and 715 units were booked as of September 2022 amounting to 8,19,571 Sq ft out of 9,13,098 Sq Ft. The value of sold units stood at Rs.294.20 Cr with current receivable amounting to Rs.33.23 Cr. The unsold units stood at 66 units amounting to 93,527 sq ft.

### **About the Group**

Incorporated in 2003, Pragnya Fund, is a real estate private equity firm focused on developing markets in India and Sri Lanka through its real estate opportunity funds Pragnya Fund I and Pragnya Fund II. The funds are managed by Mr. Subba R Dukkipati and Mr. Gopal Menon. Pragnya raised its first fund, “Pragnya Fund 1” in 2005-06 with investments into 6 projects across India and Sri Lanka. Later, in 2012, Pragnya successfully raised its second fund “Pragnya Fund II” and currently is invested into 5 projects in South India and Sri Lanka. Pragnya raised its third major fund Pragnya South City Opportunity Fund in 2016-17 towards development of township in Chennai, Tamil Nadu. The projects are being developed in joint ventures with reputed local partners, achieving diversification in both products and geographies. Pragnya Group (including all the project specific entities formed) is in the process of completing over 15 million sq. ft. of Residential, Office Space, Showroom/Retail Space, SEZ, Townships, etc.

### **Unsupported Rating**

Not Applicable

### **Non-cooperation by the issuer/borrower:**

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as “Issuer not-cooperating”, in line with prevailing SEBI regulations and Acuité’s policies.

### **Limitation regarding information availability:**

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit ratings are based.

### **Rating Sensitivity**

"No information provided by the issuer / available for Acuité to comment upon."

### **Liquidity Position**

"No information provided by the issuer / available for Acuité to comment upon."

### **Outlook**

Not Applicable

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	55.93	37.57
PAT	Rs. Cr.	(12.36)	(0.28)
PAT Margin	(%)	(22.10)	(0.75)
Total Debt/Tangible Net Worth	Times	(2.00)	(3.41)
PBDIT/Interest	Times	(181.48)	(3.87)

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

#### Supplementary Disclosures for provisional ratings

##### A. Risks associated with the provisional nature of the credit rating

1. Absence of any entity to take appropriate measures to protect the interest of the debenture holders in case of any breach of the trust deed or law.
2. Absence of guaranteed support from the group entity in case of any exigency.
3. Absence of any structured payment mechanism.
4. Absence of secured charge on the collections from the sales of units through the escrow account.
5. In case, there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued), Acuite will withdraw the existing provisional rating and concurrently, assign a fresh final rating in the same press release, basis the revised terms of the transaction.

##### B. Rating that would have been assigned in absence of the pending steps/ documentation

The rating would be equated to the rating of the entity: ACUITE BB/Stable.

**C. Timeline for conversion to Final Rating for a debt instrument proposed to be issued:** The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

### Applicable Criteria

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Complexity Level Of Financial Instruments: <https://www.acuite.in/view-rating-criteria-55.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](https://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Nov 2023	Non-Convertible Debentures (NCD)	Long Term	26.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Proposed Non Convertible Debentures	Long Term	3.50	ACUITE Provisional BB+ (Downgraded & Issuer not co-operating* from ACUITE Provisional BBB-   Stable)
08 Nov 2022	Non-Convertible Debentures (NCD)	Long Term	26.50	ACUITE BBB-   Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	3.50	ACUITE Provisional BBB-   Stable (Reaffirmed)
09 Dec 2021	Proposed Non Convertible Debentures	Long Term	30.00	ACUITE Provisional BBB-   Stable (Assigned)

\* The issuer did not co-operate; based on best available information.

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE688Q07017	Non-Convertible Debentures (NCD)	16 Dec 2021	16.00	15 Jun 2024	26.50	Simple	ACUITE BB   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	Provisional   ACUITE BB   Downgraded   Issuer not co-operating* ( from ACUITE Provisional BB+ )

\* The issuer did not co-operate; based on best available information.

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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