



Press Release
Hiren Wahan Buildtech Private Limited
March 01, 2024

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	60.00	ACUITE C Assigned Provisional To Final	-
Non Convertible Debentures (NCD)	0.40	Provisional ACUITE C Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	60.40	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITE C' (read as ACUITE C)** on the Rs 49 Cr. Non-Convertible Debentures of Hiren Wahan Buildtech Private limited (HWBPL). The rating is converted from provisionl to final post receipt of following documents.

Acuite has assigned its long term rating of '**ACUITE C' (read as ACUITE C)** on the Rs 11 Cr. proposed Non-Convertible Debentures of Hiren Wahan Buildtech Private limited (HWBPL). The rating is converted from provisionl to final post receipt of following documents.

Further, Acuite has reaffirmed its long term rating of '**Provisional ACUITE C' (read as Provisional ACUITE C)** on the Rs 0.40 Cr. proposed Non-Convertible Debentures of Hiren Wahan Buildtech Private limited (HWBPL).

- Executed term deed
- Final term sheet
- Receipt of no due certificate from HDFC bank

Rationale for Rating

The rating assigned takes into account the established presence of promotor group in real estate market, promotor's extensive experience and recent favourable developments in the form of TDR clearances. These strengths are partially offset by geographical concentration in the revenue profile, past delays in completion of the project and susceptibility of cyclicalilty in completion of real estate projects. Further, HWB has also defaulted in its repayments of construction loan and opted for the re finance of the loan with issue of NCDs. Going forward, Acuite expects that financial risk profile and liquidity of the group improves with refinance through the issue of NCDs.

About Company

Hiren Wahan Buildtech Private Limited was incorporated in 2011 is based in Bangalore. The company is engaged in construction of residential and commercial projects. Currently the company is managed by Mr. Narendra Babu Kalahasthi , Mr. Prakash Lakshmaiah and Mrs. Soujanya Reddy.

About the Group

Hiren Wahan Buildtech – Is a partnership firm incorporated in 2019 as a Special purpose vehicle (SPV) to construct a residential tower at Panathur main road, Bangalore named as

'High cliff'. Firm is managed by partners Mr.Narendra Babu Kalahasti and Mr.L.Prakash.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profile of Hiren Wahan Buildtech private Ltd(HWBPL) and Hiren Wahan buildtech(HWB) (partnership firm) as HWBPL holds 95 percent share in HWB and common line of business of both entities. Both the entities together referred as Hiren Wahan buildtech group (HWBG).

Key Rating Drivers

Strengths

Experienced promoters and established track record of operations

Hiren wahan group was founded in 2011 by Mr.Narendra Babu Kalahasti and group has an adequate experience in construction of projects in various segments including residential layout, apartments and premium villas in Bangalore city. Hiren Wahan Buildtech private limited (HWBPL) is incorporated in the year 2011. HWBPL has incorporated Hiren Wahan buildtech (HWB) as a partnership firm in the year 2019 as a Special purpose Vehicle (SPV) in partnership with landlord Mr.L.Prakash to construct a residential towers near Outer ring road (ORR), Marathahalli, Bangalore with a total area of 2,46,000 Sq ft comprising of 196 apartments.

Weaknesses

Past Delays in the project completion

Project was launched in 2019 but construction was delayed due to TDR (Transferable development rights) loading and clearance from government agencies for registered development rights certificate documents. HWB has approached Honourable High Court of Karnataka, received the order to release TDRs within 30 days in October 2022, but the TDRs were received in August 2023 hampering the project progress and loan repayment ability.

High dependence on refinancing for sustainability of operations

HWB has faced the liquidity issues due to delay in obtaining TDR clearances and project construction which has resulted in delay in repayment of construction loan. In order to re finance its loan obligation, group is planning to issue NCDs to clear the construction loan dues and complete the project. However, successful refinance is dependent upon the compliance of various precedent conditions laid down in the term sheet. Timely refinance of the debt would be the key rating sensitivity.

Susceptible to real estate cyclical and regulatory risks

The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region-specific presence. The risks associated with the real estate industry are cyclical in nature of business (drop in property prices) and interest rate risk, among others, which could affect the operations. HWG is exposed to the risk of volatile prices on account of demand-supply mismatches in the Bangalore real estate industry. The company is exposed to market risks for the unsold inventory, in terms of sales velocity, pricing and timely collection. Further, the industry is exposed to regulatory risk, which is likely to impact players such as HWG, thereby impacting its operating capabilities. However, Acuite believes that from the customer demand for the project being mitigates the risks to an extent on account of improved sales velocity in current financial year.

Rating Sensitivities

- Timely refinancing by issuance of NCD

Liquidity Position: Stretched

The liquidity position is stretched due to low net cash accruals of the company in FY2023 and FY2022 against the repayment obligation. However, with the debt refinancing and issuance of proposed NCDs, liquidity of HWB may improve in near to medium term. HWB is mainly dependent on collection of receivables from sold units, NCD proceeds and sale proceeds from unsold units for project funding and NCDs repayment obligation. Timely collection of these receivables from old units will be key monitor able for the assessment of liquidity position of HWB.

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	5.04	7.58
PAT	Rs. Cr.	0.31	0.31
PAT Margin	(%)	6.11	4.04
Total Debt/Tangible Net Worth	Times	12.88	19.41
PBDIT/Interest	Times	1.12	1.09

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any Other Information

Supplementary disclosures for Provisional Ratings

Risks associated with the provisional nature of the credit rating

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.

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

The structure would have become null and void for the instrument. The rating of the instrument would have been equated to the standalone rating of the issuer (ACUITE 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

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Nov 2023	Proposed Non Convertible Debentures	Long Term	49.90	ACUITE Provisional C Not Applicable (Assigned)
	Proposed Non Convertible Debentures	Long Term	10.50	ACUITE Provisional C Not Applicable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	INE0S1Q07019	Non-Convertible Debentures (NCD)	28 Dec 2023	19.00	30 Nov 2025	Simple	49.00	ACUITE C Assigned Provisional To Final
Not Applicable	Not avl. / Not appl.	Proposed Non-Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.10	ACUITE C Assigned Provisional To Final
Not Applicable	Not avl. / Not appl.	Proposed Non-Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.40	Provisional ACUITE C Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Non-Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.90	ACUITE C Assigned Provisional To Final

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

- Hiren Wahan Builtech (Partnership Firm)

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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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