



Press Release
HINDUJA REALTY VENTURES LIMITED
March 30, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	750.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	50.00	ACUITE A Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	800.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A**' (read as **ACUITE A**) on the Rs. 50 Cr. bank facilities of Hinduja Realty Ventures Limited (HRVL). The outlook is '**Stable**'. Further, Acuite has assigned the long-term rating of '**ACUITE A**' (read as **ACUITE A**) on the Rs. 750 Cr. bank facilities of Hinduja Realty Ventures Limited (HRVL). The outlook is '**Stable**'.

Rationale for rating:

The rating factors in the strong parent support of the company and the financial flexibility it receives for being part of the Hinduja Group. HRVL is the real estate flagship company of Hinduja Group having large parcels of land development unlocking value, growing & diversified revenue base. The rating also draws comfort from company's moderate leverage and comfortable financial risk profile with adequate liquidity profile. However, the rating is constrained by lower than expected growth in leasing out of Ecropolis property resulting into moderate revenues from the same. The company have not yet lease out the entire property majorly due to power issues, which now stands resolved and the property being in an SEZ. Acuite believes that the company's ability to denotify the SEZ status and lease the entire property will remain a key monitorable going ahead. Further the rating is constrained due to vagaries of cyclicity, regulatory changes and the company also has strong competition from several other organized and unorganised players in the industry.

About Company

Hinduja Realty Ventures Limited (HRVL) is the flagship real estate company of Hinduja Group wherein Group's real estate development activities are implemented by the company. The company was incorporated in 1968 and is based in Mumbai. HRVL also has investment in subsidiaries, Associates, Partnership firms, through which it has undertaken various real estate projects, investments and develops various land properties belonging to Hinduja Group in India. The current directors of the company are Mr. Ashok Parmanand Hinduja, Mr. Vishin Gurnani, Mr. Jeet Prakash Chugani, Mr. Prashant Asher and Ms. Vandana Deepak Jaisingh.

About the Group
Hinduja Group Limited

Hinduja Group Limited Based In Mumbai Is The Holding Company Of Hinduja Group Incorporated In 1995. The Group Entities Include Several Corporates, Viz. Hinduja Realty Ventures Limited, Hinduja Global Solutions Limited, NDL Ventures Limited Etc. Hinduja Group Limited Is A Holding Company And Its Income Is In The Form Of Consultancy Income, Dividends, Interest Income And Share Of Profits From Its Subsidiaries. Hinduja Group Limited Borrows Money And Lends To Its Group Companies. The Current Directors Of The Company

are Ms Harsha Ashok Hinduja, Mr Abin Kumar Das, Mr Ashok Parmanand Hinduja, Mr Prashant Asher and Mr Jeet Prakash Chugani.

Unsupported Rating
ACUITE BBB/ Stable

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 Hinduja Reality Ventures limited, its subsidiaries and associates to arrive at the rating. The consolidation is on account of common line of business, financial flexibility and common management. Further the rating is being notched up on account of support received by the company for being a part of the Hinduja Group Limited.

Key Rating Drivers

Strengths

Strong financial flexibility of the Hinduja group companies

HRVL is a Hinduja group entity and is the holding company for the real estate vertical of the group. The Hinduja group, established in 1918, has global presence across 30 countries. It is one of the largest diversified groups having presence in Automotive, Oil & Gas, Banking & Finance, IT & BPO, Power, Media, Real Estate and Healthcare amongst others. The companies of the Hinduja group have demonstrated an ability to mobilize funds and refinance their existing debt from various banks and large non-banking finance companies at competitive rates. Acuité believes that HRVL's credit profile will continue to be supported by strong financial flexibility of Hinduja Group of companies.

High level of group support to the real estate business

The promoters of Hinduja family have a long track record of providing timely financial support to HRVL and its subsidiaries as and when required. Real estate business is strategic in nature and a key focus area for the Group. The real assets of the group are mainly held through HRVL and GOCL Corporation Ltd. and its subsidiaries. The Group has already made a substantial investment in this business not only in the form of equity but also by providing unsecured loan from related parties (Rs. 1262.60 crore as on September 30, 2023) to HRVL. Acuité therefore believes that promoters will continue to support HRVL in the domestic real estate business.

Flagship Real estate company of Hinduja Group having large parcels of land development unlocking value

Hinduja Realty Ventures Ltd. (HRVL) is the flagship real estate company of Hinduja Group wherein Group's real estate development activities are implemented by the company. HRVL was incorporated in 1968 and is based in Mumbai. HRVL also has many subsidiaries, Associates, Partnership firms, through which it has undertaken various real estate projects, investments and develops various land properties belonging to Hinduja Group in India.

Growing & Diversified Revenue Base

HRVL has diversified revenue base with income from real estate development and investment income. The revenues from real estate development comprises of property development and management. The company has invested in various group companies including listed and unlisted, through which it earns dividend income and interest income on account of its equity investments and loans and advances. The operating revenue of the company has seen significant growth of 54.34% in FY23 and stood at Rs. 209.67 Cr. as compared to Rs. 135.85 Cr. in FY22. The majority of revenue is from the dividend and interest income from investment.

Moderate capital structure and financial risk profile

The capital structure has been moderate with overall gearing at 1.80x as on March 31, 2023 with a net worth base of Rs. 865.73 cr. On excluding related parties and borrowings within the Hinduja Group, overall gearings stood at 0.43x as on March 31, 2023. The company's coverage indicators improved however it remained moderate as is apparent from ICR & DSCR which stood at 1.80 times & 1.43 times respectively, in FY23 as compared to 1.37 times and 1.00 times in FY22

Weaknesses

Slow paced growth in ecropolis project

The key project under development is "ECOPOLIS" IT/IT SEZ at Bangalore developed by HRVL. The company is in the process of developing and setting up project ECOPOLIS- IT/IT SEZ comprising of three buildings namely block 2, block 3 and multi level car parking (MLCP). The company has received occupancy certificate on May 2016 for Block 3 and MLCP. However it is not fully functional due to inadequate power supply and other incomplete infrastructure facilities. As of now the company has resolved the electricity issue as after testing and commissioning and obtaining approvals from Karnataka Power Transmission Corporation Limited ('KPTCL') the substation work was completed and charged on 20 July 2023 and subsequently was handed over to KPTCL on 6 November 2023. Presently it has one tenant Axa Business Services Pvt Ltd in second floor of E3 wherein 73,465 sq. ft. is leased out of total 1.5 mn sq ft leasable area. MLCP is not being utilised in entirety despite having tenant. The company is in the process of denotification of its SEZ status to attract tenants and the timelines for the same is approximately a year. The ability of the company to denotify the SEZ status and find lessee for the entire project remains a key rating monitorable.

Susceptibility to cyclical and regulatory risks impacting real estate industry

HRVL is exposed to the risk of volatile prices on account of frequent demand supply mismatches in the industry. The Real Estate sector is currently witnessing moderation in demand on account of large amounts of unsold inventory and high borrowing costs. This is primarily attributable to the high residential property prices due to persistent rollover of bank debt, which has had a cascading effect on the overall financing costs. Given the high degree of financial leverage the high cost of borrowing inhibits the real estate developers' ability to reduce prices. Further, the industry is exposed to regulatory risk, which is likely to impact players such as HRVL, thereby impacting its operating capabilities.

Rating Sensitivities

- Ability of company to lease the entire property at an attractive rental
- Ability of the company to improve its revenue with sustained rental income
- Any downward movement in revenue resulting into higher dependency on borrowed funds
- Share price appreciation of the listed entity wherein the group has made an investment or vice versa

Liquidity Position

Adequate

HRVL is having adequate liquidity on account of being subsidiary of Hinduja group and its commitment of the group to support the real estate segment in case of any financial distress. The repayment of borrowings of HRVL are supported by timely infusion of funds by HGL thereby insuring timely debt repayments. The average bank limit utilization stood at 35 percent for the past trailing 12 months ended January 2024. Further, the liquidity is also supported by company's holdings in listed entities. Further the company has sufficient land bank at consolidated level giving the company additional comfort. Company has sufficient cash accruals of Rs. 74.48 Cr. in FY23 against debt repayment obligation of Rs. 19.20 Cr. Further the company is expected to generate cash accruals in the range of Rs. 118 Cr. to Rs. 158 Cr. in FY24 and FY25 against minimal debt repayment obligation. Acuité believes that continued ownership of the company by the Hinduja group and their timely support will remain critical.

Outlook: Stable

Acuité believes that the outlook on HRVL will remain '**Stable**' over the medium term on

account of significant support from the Hinduja Group. The outlook may be revised to 'Positive' in case of significant increase in lease rental than envisaged and long term lease contract with reputed clientele. Conversely, the outlook may be revised to 'Negative' in case of any significant delay in finalizing lease contracts and lower occupancy levels resulting in deterioration of financial risk profile.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	209.67	135.85
PAT	Rs. Cr.	70.87	15.53
PAT Margin	(%)	33.80	11.43
Total Debt/Tangible Net Worth	Times	1.89	2.26
PBDIT/Interest	Times	1.80	1.37

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

Not Applicable

Any Other Information

None

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>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
30 Nov 2023	Secured Overdraft	Long Term	50.00	ACUITE A Stable (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	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	350.00	ACUITE A Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A Stable Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	30 Jan 2024	Not avl. / Not appl.	01 Feb 2027	Simple	250.00	ACUITE A Stable Assigned
RBL Bank	Not avl. / Not appl.	Term Loan	30 Jan 2024	Not avl. / Not appl.	09 Feb 2027	Simple	150.00	ACUITE A Stable Assigned

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

Name of the Company
HRVL
Subsidiaries/ Partnership/ Associates
Aasia Exports
Aasia Corporation LLP
Ashok Plywood Trading Co LLP
Hinduja Healthcare Limited
Hinduja Estate Developers
Hinduja Properties Ltd
Ecopolis Properties Pvt Ltd
Associates
Juhu Beach Resorts Ltd

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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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