

Wagholi Estates Private Limited

May 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-convertible debentures	250.00	CARE BBB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the proposed debt instrument of Wagholi Estates Private Limited (WEPL) takes comfort from experienced management having more than two decades of experience in real estate industry, and strategic location of the project. However, the rating is constrained by significant project execution and funding risk given the nascent stage of the project and pending financial closure. The company is also exposed to inherent cyclicity associated with the real estate sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Satisfactory progress in the project without cost overruns.
- Healthy booking and collection as against the envisaged collections on a sustained basis.

Negative factors

- Significant time or cost overrun in project implementation.
- Delay in bookings and realising collections, leading to stress on cashflows.

Analytical approach: Standalone, CARE Ratings Limited (CARE Ratings) has factored linkages with Panchshil Group, given strong managerial and financial linkages of the entity with the group.

Outlook: Stable.

Stable outlook reflects CARE Ratings' expectation of timely execution of project, considering extensive experience of promoters in the industry.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

WEPL is 100% owned by Panchshil Realty & Developers Private Limited (PRDPL), which is owned by Panchshil group. Panchshil group promoted by Atul Chordia has a long-standing presence in Pune and an established brand name in the industry. The group has successfully completed over 280 lakh sq ft (lsf) of prime real estate across classes-office space, service apartments and high-end residential projects in Pune and has 180 lsf of area under construction work-in-progress.

Favourable location of project

The project will be developed in Wagholi, Pune. However, the area is defined for its industrial developments also experiencing rapid growth in the residential real estate sector. Wagholi has easy accessibility to the IT hub Kharadi, good connectivity to Pune Airport and other parts of the city, and affordable property prices.

Key weaknesses

Project execution risk and marketing risk

WEPL plans to develop a residential project on part of the land situated in Wagholi. The proposed residential project will have a saleable area of 30 lsf with potential revenue of ~₹2,600 crore. Further, the total project cost amounts to ₹1,475 crore, including land, which was funded through promoters' contribution. The balance cost will be funded through a mix of debt and customer advances/proceeds from sales.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

The project is currently in the nascent stages and required approvals for construction of project will be obtained in due course, this exposes the company to project execution and marketing risk. However, comfort can be derived from the group having executed projects of such size and nature in the past. Timely execution of project with envisaged sales momentum will be crucial from credit perspective.

Pending financial closure

The project (excluding land cost) shall be funded through a mix of debt and customer advances/proceeds from sales. Financial closure for the project has not yet been achieved, exposing it to financial risk. However, the company is in advanced stage of discussion to raise funds.

Inherent risk associated with cyclical nature of the real estate industry

The company is exposed to cyclical nature associated with the real estate sector, which has direct linkage with the general macro-economic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high interest rate scenario could further discourage consumers from borrowing to finance real estate purchases and might depress the real estate market. This could adversely impact cash flow, and hence, remains monitorable.

Liquidity: Adequate

WEPL had cash and bank balance of around ₹0.28 crore. Further, there are no debt commitments in near term as repayment of proposed debt instrument is expected to begin from FY26. The debt obligations are expected to be met through sale of residential property proposed on the land. Additional comfort is drawn from the holding company being part of Panchshil Group, which aids to its financial flexibility.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Factoring Linkages Parent Sub JV Group](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

WEPL is 100% held by PRDPL, which is held by Atul Chordia's family, the chairman of Panchshil Group. WEPL was incorporated in May 1993 under the name Shahenshah Properties Private Limited. The name was changed to the current name on April 15, 2024. The company was engaged in operating and maintaining boutique of fashion garments and accessories. In FY24, the company ventured in real estate development and is currently undertaking a residential project.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	0.23	0.10
PBILDT	-0.33	-0.63
PAT	-0.97	-1.18
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	NM

A: Audited NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures [^]	-	Yet to be placed	-	-	250.00	CARE BBB; Stable

[^]Proposed

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Debentures-Non-Convertible Debentures	LT	250.00	CARE BBB; Stable	-	-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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