

HV FARMS PRIVATE LIMITED

February 20, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	72.00	CARE BBB-; Stable	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the long-term bank facilities of HV Farms Private Limited (HFPL) derives strength from its strong track record of the promoters in developing commercial and warehousing spaces, strategic location of the project and favourable demand outlook for Grade-A warehousing in National Capital Region (NCR). The rating also favourably factors HFPL's adequate liquidity and favourable sanction terms of the project debt.

However, the above rating strengths are partially offset by project execution risk owing to nascent construction stage and high exposure to leasing risk with competition from other players in the vicinity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability of the company to complete the construction within the scheduled timelines and lease out the substantial space.

Negative factors

- Delay in leasing of project at envisaged rentals impacting conversion of the construction finance debt to long tenor debt facility.
- Any regulatory action having an adverse impact on project execution & thereby significantly impairing the credit profile of the company.

Analytical approach: Standalone

Although standalone approach is adopted by CARE, the support is derived from strong sponsors – Panattoni group and WSB Real Estate Partners Private Limited.

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') belief that the company will be benefitting from the strong track record of Panattoni group in developing warehousing spaces.

Detailed description of key rating drivers:

Key strengths

Strong track record of sponsors

HFPL is jointly owned by WSB Real Estate Partners Private Limited, which holds 85% stake, and the Panattoni Group, which holds 15% stake. The ongoing warehousing project is executed by Panattoni group, which is a global real estate development firm that specializes in industrial properties, particularly logistics and warehouse facilities. To date, Panattoni has developed 53.6 million square meters of real estate and served approximately 2,600 international clients. This, however, marks Panottoni's first project in India. WSB is a real estate investment and development firm that focuses on commercial and residential real estate opportunities. CARE Ratings draws comfort from the sponsors' extensive track record in the real estate sector.

Favourable Location of the project

HFPL is developing a warehousing park on a land parcel of approximately 16.47 acres located in Jhajjar district of NCR, situated along NH 352 (formerly as NH71). The warehousing cluster encompassing Luhari and Farruknagar is emerging as a key logistics hub in the NCR of India. Strategically located with easy access to major highways, rail links, and urban centres like Gurugram and Delhi, this area is attracting significant attention from businesses across various sectors.

Comfortable sanction terms

The sanctioned terms of the project's term debt are favorable, with a bullet repayment scheduled after a 42-month moratorium period. This structure provides the company with sufficient flexibility to complete the construction, lease the warehouse, and subsequently convert the project debt into a lease rental discounting (LRD) facility.

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

Key weaknesses

Project execution risk due to nascent stage of construction

As on January 20, 2025, HFPL has incurred an expenditure of Rs.39.99 (34.66%) crore towards the project, funded through a term loan of Rs.7.60 crore and the remaining Rs.32.39 crore through promoter contribution. Considering the early stage of construction, the company is exposed to project execution risk.

However, extensive experience and strong track record of the sponsors, achievement of financial closure, upfront infusion of the entire equity contribution by the promoters, and tie ups with reputed sub-contractors are expected to support the timely completion of the project, ahead of Date of Commercial Operations (DCCO) of June 30, 2027, without significant cost overruns.

Exposure to leasing risk and competition risk

HFPL has not yet signed any lease agreements or Letters of Intent (LOIs) with potential tenants, which exposes the project to the risk of delayed leasing to prospective occupants. Furthermore, competition from mid- and large-sized warehouses in the surrounding area may impact rental rates and occupancy in the future. Hence, HFPL's ability to lease out the space at the sustaining market rates in the vicinity is a key monitorable from the credit perspective.

Liquidity: Adequate

HFPL's liquidity is primarily supported by financial flexibility it derives from being a part of WSB real estate partners private limited and the Panattoni group. As on January 20, 2024, the entire promotor contribution of Rs.43.38 crore has been infused. HFPL held free cash and liquid investments amounting to Rs. 11.99 crore as of the same date. The company has no immediate principal repayment obligations, as the construction debt is structured with a bullet repayment through the LRD loan, due after the completion of construction.

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](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Incorporated in May 2011, HV Farms Private Limited (HFPL, CIN: U70100DL2011PTC219062) is jointly owned by WSB Real Estate Partners Private Limited, which holds 85% stake, and the Panattoni Group, which holds 15% stake.

HFPL is currently developing a Grade A warehouse park on a ~16.47 acre land parcel in Jhajjar district of NCR, encompassing a total area of 7.17 lakh square feet, with a leasable area of 3.96 lakh square feet. The estimated project cost is Rs.115.38 crore, which is being financed through a term loan of Rs.72.00 crore and promoter contribution of Rs.43.38 crore.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.00	0.00
PBILDT	-0.03	-1.58
PAT	-0.03	-1.46
Overall gearing (times)	0.01	0.00
Interest coverage (times)	0.00	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

Detailed explanation of 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 and Rating Outlook
Fund-based - LT-Term Loan		-	-	25/03/2028	72.00	CARE BBB-; Stable

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	Fund-based - LT-Term Loan	LT	72.00	CARE BBB-; Stable				

LT: Long term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the 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.

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About us:

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Disclaimer:

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