



Press Release

Tapir Constructions Limited

December 07, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u> (Simple/ Complex/ Highly complex)
Long Term Debt Facilities – Non-Convertible Debentures (NCDs)	86.00 (Reduced from Rs. 88 crore)	IVR A- (CE)* / Rating Watch with Negative Implications (IVR A Minus (Credit Enhancement); Rating Watch with Negative Implications)	Rating Revised	Complex
Long Term Debt Facilities – Proposed Non-Convertible Debentures (NCDs)	250.00	Provisional IVR A- (CE)* / Rating Watch with Negative Implications (Provisional IVR A Minus (Credit Enhancement); Rating Watch with Negative Implications)	Assigned	Complex
Total	336.00 (Rupees Three hundred and thirty-six crores only)			

**Based on the Credit Enhancement in the form of unconditional & irrevocable Corporate Guarantee issued by Indiabulls Real Estate Limited (IBREL) for the NCD of the company.*

The proposed NCDs of Rs. 250.00 crore shall be issued on private placement.

The rating for the INR 250.00 crore Proposed NCD is provisional, and the final rating is subject to:

- Appointment of a SEBI registered Debenture Trustee and signing of trust deed.
- Receipt of the final term sheet and confirmation from trustee regarding compliance with all the terms and conditions of term sheet.



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Time period for completion of documentation: Normally a time period of 90 days is allowed to the Issuer for completing the various documentation related requirements. In case the required documents/compliances are not completed by the issuer within a specific time frame (max 180 days) from the date of public release of the provisional rating, Infomerics Ratings shall withdraw the provisional rating so assigned.

Unsupported Rating #	IVR BB+/ Stable
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#Unsupported rating does not factor in the Corporate Guarantee from Indiabulls Real Estate Limited (IBREL).

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings revision to the debt facility of Tapir Constructions Limited is on account of rating revision of the corporate guarantor (IBREL). The rating assignment continues to derive comfort from Support from Diversified Group with experienced promoters, Available Land Bank and Strategic Location of the project. These are partially offset by Nature of real estate industry subject to regulations and High dependence on Customer advances.

The corporate guarantee results in an enhancement in the rating of the said instrument to IVR A- (CE)/ Rating Watch with Negative Implications (IVR A Minus (Credit Enhancement)/ placed under Rating Watch with Negative Implications) against the unsupported rating of IVR BB+/ Stable.

Key Rating Sensitivities:

- **Upward Factors**
 - o Completion of Project within stipulated cost.
 - o Timely sale of flats and adequate cash flow generation.
- **Downward Factors**
 - o Inadequate and untimely cash flows to the ESCROW account to meet the debt obligations for the projects.



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- Significant cost overruns of the project.
- Deterioration in risk profile of Guarantor.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Support from experienced management team

Indiabulls is a well-diversified group and has emerged as one of the leading business conglomerates in country with business interests across sectors like consumer finance, real estate, infrastructure & construction leasing, pharmaceuticals etc. The operations of the company are professionally managed by competent personnel. The new management took control of the company under the leadership of Mr. Sachin Shah w.e.f. 28th February, 2023. The board has appointed a new Chief Operating Officer, Chief Financial Officer and Group Compliance Officer and Company Secretary. The New Management is committed to have the highest level of transparency and Corporate Governance standards which will eventually increase the value of Stakeholders thereby IBREL would continue benefiting from its existing competent management.

Tapir Constructions Limited (TCL) is a fully owned subsidiary of Indiabulls Real Estate Limited (IBREL). The NCDs are backed by unconditional and irrevocable corporate guarantee issued by Indiabulls Real Estate Limited to the lenders of the company for the repayment obligation on the said facility.

Available Land Bank

The company through acquisitions and government allotments has created a sizeable land bank of 1856 acres spread across Mumbai, NCR, Chennai. This land bank is sufficient for proposed development over the next 5-7 years. In addition to the said land bank, the company also possesses 1,424 acres of SEZ land in Nashik, Maharashtra. With its focus on core markets of Mumbai and NCR, this portion of land bank would tend to complement the current business strategy.



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Strategic Location of the project

Tapir Constructions Limited (TCL) is involved in developing a project – ‘One Indiabulls’ located at Pokhran Road, Thane. Thane is one of the affordable micro markets in Mumbai Metropolitan Region for residential projects and is a prime location in terms of both social and civic infrastructure and the project shall benefit from such infrastructure. The project is close to proposed Metro Station (Wadala-Kasavadavali corridor) and major arterial roads (Eastern Expressway & Ghodbunder Road). Places like schools, colleges, malls, shopping centres, supermarkets/hypermarkets, general stores, cinemas, medical centres, hospitals, restaurants, clubs, pubs, lounges, cafes, entertainment zones, water parks, banks, ATMs, petrol pumps, highways, public transport, and a lot more can be accessed from the project without worrying about long-distance traveling. The project is situated at a walking distance from Eastern Express Highway and near Viviana Mall, Jupiter Hospital and Singhania School. The project for Phase I is 100% booked as on March 31, 2023. The company is in process of launching Phase 2 by December-2023. IBREL will be acting as the project manager for monitoring and supervising the project and will be providing all necessary support for marketing and branding of the project.

Key Rating Weaknesses

Nature of real estate industry subject to regulations

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The central law RERA provided the basic framework of consumer protection in real estate transactions: raising disclosure requirements of builders, bridging existing information asymmetry between buyers and builders, and ring-fencing the money paid upfront by buyers.

High dependence on Customer advances

Primarily, the company depends on advances received from its customers and external borrowings to fund its operations. With the strategy to reduce the total debt to zero, IBREL's future operations would depend largely on the advances received from the customers. Any



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unexpected deviations from the customer receivables would result in delay in company's commitments and have a contagion effect on its financials.

Analytical Approach:

Credit Enhancement: Tapir Constructions Limited (TCL) is a 100% subsidiary of Indiabulls Real Estate Limited. Indiabulls Real Estate Limited (IBREL) has provided unconditional & irrevocable Corporate Guarantee to the lenders of the Company for the repayment obligation on the existing NCDs with outstanding at Rs. 86 Cr. as on Oct. 31, 2023.

Further, Indiabulls Real Estate Limited (IBREL) has provided unconditional & irrevocable Corporate Guarantee to the lenders of the Company for the repayment obligation on the proposed NCDs of Rs. 250 Cr.

Unsupported: Standalone approach

Adequacy of Credit Enhancement Structure:

For assigning the rating, Infomerics has assessed the attributes of the guarantee issued by Indiabulls Real Estate Limited (IBREL) in favour of the said instrument. The guarantee is legally enforceable, irrevocable, unconditional and covers the entire amount and tenor of the rated instrument. The support from Corporate Guarantor results in an enhancement in the rating of the said instrument to IVR A- (CE)/ Rating Watch with Negative Implications; (IVR A Minus (Credit Enhancement)/ placed under Rating Watch with Negative Implications) against the unsupported rating of IVR BB+/ Stable.

Infomerics has undertaken stress scenarios to arrive at the adequacy of credit enhancement structure. Adequacy of credit enhancement structure under various stress scenarios have found to be adequate in the projected cashflows.



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Transaction structure:

For Existing and Proposed NCDs:

In case of imminent shortfall in the funds of the Company during the validity period, the Guarantor shall bring in funds to make repayment/payment/discharge of any of the monies in respect of the Secured Obligations of the Company. If 2 (two) days prior to the due date on which any amount which is due and payable by the Company under or in connection with any Transaction Document, the funds available are not sufficient for repayment of Secured Obligation, it shall be recognized as an 'Event of Default'. Upon occurrence of an Event of Default, the Debenture Trustee shall invoke the guarantee immediately and in any case, not later than T-1 day by giving a Demand Certificate to the Guarantor. It is hereby clarified that the due date of payment is T.

Applicable Criteria:

[Rating methodology for Infrastructure Companies](#)

[Rating Methodology for Structured Debt Transaction \(Non-securitization transaction\)](#)

[Financial ratios and Interpretation \(Non-Financial Sector\)](#)

[Criteria of Rating Outlook | Infomerics Ratings](#)

[Policy on Provisional Ratings | Infomerics Ratings](#)

Validity of the Provisional Rating:

The provisional rating shall be converted into a final rating after receipt of the duly executed transaction documents/ completion of the steps mentioned above within 90 days from the date of issuance of the instrument. An extension of 90 days may be granted on a case-to-case basis in line with Infomerics' Policy on Provisional Ratings.

Risks associated with provisional nature of credit rating:

When a rating is assigned to debt instruments pending execution of certain crucial documents/ steps to be taken, the rating is a 'Provisional' rating and is indicated as such by prefixing 'Provisional' before the rating symbol. Once the steps/actions are completed/ the required documentation is executed to the satisfaction of Infomerics, the provisional rating is



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converted into final rating by Infomerics. In absence of receipt of documents/ completion of steps or where such documents deviate significantly from that considered by Infomerics earlier, the provisional rating will be reviewed in line with the Policy on Provisional Ratings.

Liquidity –Adequate

The Company's sales are expected to rise with an increase in the number of sold flats. The company maintains moderate cash and bank balance to meet its liquidity requirements, thus indicating Adequate liquidity position of the company in meeting its debt obligations.

About the Corporate guarantor:

Indiabulls Real Estate Limited (IBREL), incorporated on 04th April 2006, is engaged in real estate development, directly as well as through various subsidiaries as well as associate companies. IBREL is primarily involved in construction and development of properties, project management, investment advisory and construction services.

About the Company:

Tapir Constructions Limited (TCL) is an Indiabulls Group company which in the business of developing residential real estate projects. The Company was incorporated on April 2, 2014 has its registered office at M - 62 & 63, First Floor, Connaught Place, New Delhi-110001. TCL is a 100% subsidiary of Indiabulls Real Estate Limited (IBREL). TCL is currently developing a premium residential project "One Indiabulls, Thane" having a saleable area of about 15.93 lakh sq. ft.

About the Project:

TCL is developing a premium residential project "One Indiabulls, Thane" located at Thane, Mumbai. Extended over 7.4 acres of land, this residential development consists of 3 towers that offers 1BHK, 2BHK and 3 BHK apartments.



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Financials (Standalone):

For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	0.22	2.18
EBITDA	-0.77	-5.47
PAT	-21.76	-5.51
Total Debt	357.47	340.48
Tangible Net worth	-198.98	-204.50
EBITDA Margin (%)	N.M.	N.M.
PAT Margin (%)	N.M.	N.M.
Overall Gearing Ratio (times)	-1.80	-1.66

**Classification as per Infomerics standards*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Current rating	Previous Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Proposed Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	250.00	Provisional IVR A-(CE)*/ Rating Watch with Negative Implications	--	--	--	--
2.	Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	36.00	IVR A-(CE)*/ Rating Watch with Negative Implications	IVR A (CE)*/ Rating Watch with Negative Implications (PR dated: July 12, 2023)	IVR A+ (CE)*/ Credit Watch with Developing Implication	Provisional proposed IVR AA-(CE)*/ Credit Watch with Developing Implication (May 10, 2022) & (Sept. 02, 2022) IVR A+ (CE)*/ Credit Watch with	--



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Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Current rating	Previous Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
							Developing Implication (Sep 27, 2022)	
3.	Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	50.00	IVR A-(CE)*/ Rating Watch with Negative Implications	IVR A (CE)*/ Rating Watch with Negative Implications (PR dated: July 12, 2023)	IVR A+ (CE)*/ Credit Watch with Developing Implication	Provisional proposed IVR AA-(CE)*/ Credit Watch with Developing Implication (May 10, 2022) & (Sept. 02, 2022) IVR A+ (CE)*/ Credit Watch with Developing Implication (Sep 27, 2022)	--
4.	Proposed Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	--	--	--	--	Provisional proposed IVR AA-(CE)*/ Credit Watch with Developing Implication (May 10, 2022) & (Sept. 02, 2022) Provisional proposed IVR A+ (CE)*/ Credit Watch with Developing Implication (Sep 27, 2022)	--



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**Based on the Credit Enhancement in the form of unconditional & irrevocable Corporate Guarantee issued by Indiabulls Real Estate Limited (IBREL) for the NCD of the company.*

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial



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strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Facility Type	Sanction Amount (INR Crore)	ISIN	Date of Issuance	Coupon	Tenure	Rating
NCD	36.00	INE00DJ07011	15-Sept-2022	12.25%	2 years Redemption date: 14-June-2024	IVR A- (CE)* / Credit Watch with Developing Implication
NCD	50.00	INE00DJ07029	15-Sept-2022	12.25%	3 years Redemption date: 14-March-2025	IVR A- (CE)* / Credit Watch with Developing Implication
Proposed NCD	250.00	TBD	TBD	13.25% Payable on Monthly Basis	TBD	IVR A- (CE)* / Credit Watch with Developing Implication

Synopsis of the Term Sheet - Amount: INR 86 crores:

Issuer	Tapir Constructions Limited, an SPV/WOS formed to develop the project
ISIN number	INE00DJ07011 & INE00DJ07029
Seniority	Senior, Listed, rated, secured, redeemable, non-cumulative, taxable, rated, listed securities in the form of non-convertible debentures
Issue Size	INR 100,00,00,000/- (Rupee One Hundred Crores Only) by Issuance of 1000 Senior Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR10,00,000/- (Rupees Ten Lakh Only) Face Value Each ("Tranche 1A Debentures") INR 50,00,00,000/- (Rupee Fifty Crores Only) by Issuance of 500 Senior Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR10,00,000/- (Rupees Ten Lakh Only) Face Value Each ("Tranche 1B Debentures")

Synopsis of the Proposed Term Sheet - Amount: INR 250 crores:

Issuer	Tapir Constructions Limited
Seniority	Senior, Listed, rated, secured, redeemable, non-cumulative, taxable, rated, listed securities in the form of non-convertible debentures
Issue Size	INR250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) by Issuance of 2,500 Senior, Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR10,00,000/- (Rupees Ten Lakh Only) Face Value Each in Three or more Tranches as under. 1. INR175,00,00,000/- (Rupee One Hundred and Seventy Five Crores Only) by Issuance



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	<p>of 1,750 Senior Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR 10,00,000/- (Rupees Ten Lakh Only) Face Value Each ("Tranche 1 Debentures")</p> <p>2. INR75,00,00,000/- (Rupee Seventy Five Crores Only) by Issuance of 750 Senior Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR10,00,000/- (Rupees Ten Lakh Only) Face Value Each ("Tranche 2 Debentures"). Tranche 2 Debentures may be issued in multiple Smaller Tranches ("Smaller Tranches") such that the cumulative total of such Smaller Tranches shall not exceed INR75,00,00,000/- (Rupee Seventy Five Crores Only).</p>
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Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details: Not applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/ facilities:

Name of the Instrument		Detailed Explanation
Financial Covenant		
i.	Borrower level Financial Covenants	<p>□ Minimum DSCR to be maintained of 1.1x and Average DSCR to be maintained of 1.1x basis the gross collections on an aggregate basis both from the Sold Units and Unsold Inventory</p> <p>□ Minimum Security cover of 2.00x to be maintained throughout the tenure of the NCDs as defined below. Security cover shall be computed as ratio of (a) is to (b) below:</p> <p>a) Market Value of the Security Area</p> <p>b) Outstanding Amount minus balance in the NCD Servicing Account, Master Collections account, RERA account, ISRA, Any permitted investments, etc. Debenture Trustee shall appoint an Independent Valuer as per the requisite guidelines for submission of the Valuation Report on semiannual starting from 31st December 2022.</p>
ii.	Corporate Guarantor Financial Covenants	Net Debt to Tangible Net-Worth of Corporate Guarantor shall be < 1.5
Non-financial Covenant		
i.	Rating related Covenants	In case the Rating of the Instrument is downgraded, the Coupon will be stepped up by 25 bps for each notch of such downgrade and such revised coupon shall be applicable for the period such downgrade continues. The coupon would be reduced by 25 basis points for each notch of subsequent upgrade such that the coupon shall not at any time be less than the coupon rate on the deemed date of allotment In case the Rating of the Instrument and/ or the rating of the Guarantor is downgraded by 3 (three) notches from the respective outstanding rating at the Deemed Date of Allotment, then the investors will have an option to ask for Accelerated Redemption of the Debentures. In case the Debenture Holders



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		exercise this right, then Issuer shall have to pay the outstanding amount along with accrued interest within 60 days from such notice. In case of ratings from multiple agencies, the lowest rating shall be considered for both increase in Coupon in case of Downgrades and Acceleration in Redemption in case of 3 (three) notch downgrade.
2.	Information Covenant	<p>Issuer shall provide the following information to the Debenture Trustee</p> <ol style="list-style-type: none">1. Quarterly Sales report and Collection report within 60 days from end of each quarter2. Monthly Bank Statement of Project Master Collection Account and NCD Servicing Account within 3 working days from end of each month3. Monthly Details of the Conditional NOC for Sale taken from the Debenture Trustee within 3 working days from the end of each month.4. Details of Permitted Expenditure made in each quarter within 60 days from end of each quarter5. Audited financials within 180 days from end of each financial year6. Unaudited/ Provisional financials (including Cash Flow Statement) within 60 days from end of each quarter7. List of all Litigations within 7 days from end of each half year

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com