



## Press Release

### Tapir Construction Limited

**December 06, 2024**

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Instruments- Non-Convertible Debentures	175.00	IVR A- (CE)/ Stable (IVR Single A minus (Credit Enhancement) with Stable Outlook	IVR A- (CE)* / Rating Watch with Negative Implications (IVR A Minus (Credit Enhancement); Rating Watch with Negative Implications)	Reaffirmed and removed from Rating Watch with Negative Implications	<b>Simple</b>
Long Term Instruments- Proposed Non-Convertible Debentures	75.00	IVR A- (CE)/ Stable (IVR Single A minus (Credit Enhancement) with Stable Outlook	IVR A- (CE)* / Rating Watch with Negative Implications (IVR A Minus (Credit Enhancement); Rating Watch with Negative Implications)	Reaffirmed and removed from Rating Watch with Negative Implications	
<b>Total</b>	<b>250.00</b> <b>(Rupees Two Hundred and Fifty Crores only)</b>				

*\*Based on the Credit Enhancement in the form of unconditional & irrevocable Corporate Guarantee issued by Equinox India Developments Limited (formerly known as Indiabulls Real Estate Limited) for the NCDs of the company.*

The proposed NCDs of Rs. 75 crores shall be issued on private placement.

<b>Unsupported Rating #</b>	IVR BB+/ Stable
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*#Unsupported rating does not factor in the Corporate Guarantee from Equinox India Developments Limited.*

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**



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### Detailed Rationale

Infomerics Ratings has reaffirmed its ratings assigned to the NCD programs of Tapir Constructions Limited (TCL). The agency has also changed the outlook to Stable and removed the ratings from Rating watch with Negative Implications.

The ratings derive strength from credit enhancement in the form of unconditional and irrevocable corporate guarantee from Equinox India Development Limited (EMBDL, parent company, rated IVR A-/ Stable vide PR dated 3<sup>rd</sup> December 2024). The rating of EMBDL in turn benefits from strong management team, and availability of huge land bank with strategic location of the various projects with all necessary approvals in most cases. The ratings are however constrained by cyclical nature in real estate sector, 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)/ Stable (IVR A Minus (Credit Enhancement) with Stable outlook) against the unsupported rating of IVR BB+/ Stable Outlook.

The Stable outlook reflects the additional clarity regarding the proposed merger of the entity of the Embassy group with EMBDL, expected to translate into strong revenue growth and cash flows. Additionally, the revenues over the medium term will also be driven by the four assets recently acquired from the Embassy group and Blackstone.

The removal from Rating Watch with Negative Implications reflects the additional clarity regarding the proposed merger with entity of the Embassy group, expected to provide a long-term pipeline of projects for development, and translate into strong revenue growth and cash flows.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

- Completion of Project within stipulated cost.
- Timely sale of flats and adequate cash flow generation.

#### **Downward Factors**

- Inadequate and untimely cash flows to the ESCROW account to meet the debt obligations for the projects.
- 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**

Equinox (formerly 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. February 28, 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 EMBDL. The NCDs are backed by unconditional and irrevocable corporate guarantee issued by EMBDL to the lenders of the company for the repayment obligation on the said facility.

##### **Available Land Bank**

The parent through acquisitions and government allotments has created a sizeable land bank of 3,232 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 1,688 acres of SEZ land in Nashik, Maharashtra. With its focus on core markets of



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Mumbai and NCR, this portion of land bank would tend to complement the current business strategy.

### **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**

#### **Cyclical nature of the Industry**

The real estate sector in India is cyclical with demand and prices in the sector moving in tandem with economic booms and slowdowns, which results in volatility in the cash flows of developers. During periods of recession, there is piling up of inventory on account of low demand, leading to significant price drops and reduced cash flows. These factors contribute to liquidity stress for real estate developers, posing challenges for the completion of on-going projects.



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### **Highly regulated nature of real estate industry**

The real estate sector is highly regulated with developers having to adhere to municipal rules as well as from various other government departments. Changes in regulations or the nonadherence to existing regulations can lead to delays in project execution. The central law RERA has 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, EMBDL's future operations would depend largely on the advances received from the customers. Any 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 EMBDL, which has provided unconditional & irrevocable Corporate Guarantee to the lenders of the Company for the repayment obligation on the NCDs amounting to 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 EMBDL 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)/ Stable; (IVR A Minus (Credit Enhancement)/ Stable) 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:**

In consideration of the Debenture Holders subscribing to and agreeing to continue holding the Debentures issued by the Company, the Guarantor hereby unconditionally, absolutely and irrevocably (in addition to the undertakings and covenants provided under the other Transaction Documents):

- a) guarantees to the Debenture Trustee, punctual payment by the Company of all the Secured Obligations of the Company in terms of and under the Transaction.
- b) guarantees to the Debenture Trustee that when the Company fails to pay/ deposit any amount which is due and payable by the Company under or in connection with any Transaction Document (including any payments due on account of not meeting any sales or collection milestones), the Guarantor will, upon demand, pay, within 1 (One) day from the date of demand, to the Debenture Trustee without demur or protest, the amount stated in the demand certificate, in the form and manner set out in Schedule I hereto ("Demand Certificate"), thereby invoking the Guarantee, as if it were the principal obligor in respect of that amount;
- c) indemnify the Debenture Trustee immediately on demand against any cost, loss or liability suffered by the Debenture Trustee if any obligation guaranteed by it, is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount that the Debenture Trustee would otherwise have been entitled to recover had the guaranteed obligations not become unenforceable, invalid or illegal; and
- d) without prejudice to the above undertakings, it undertakes that it shall (i) fund any shortfall in the NCD Servicing Account in accordance with Clause 25.5.7 of the Debenture Trust Deed; and (ii) pay the Additional Expenditure, in accordance with the terms of the Transaction Documents.
- e) In relation to Clause 3(b) herein, the Debenture Trustee shall confirm 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 ("T"), the funds available are sufficient for repayment of Debenture Outstandings. If the funds available are insufficient for repayment of Debenture Outstandings the Debenture Trustee shall invoke the guarantee immediately and Guarantor shall make the payment as per Clause 3(b) above.



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- f) The Guarantor upon receipt of the Demand Certificate by the Debenture Trustee shall forthwith and in any case latest by the due date make the payment of the due amounts towards the Secured Obligations of the Company.
- g) To give effect to this Guarantee, the secured parties may act as though the Guarantor was the principal debtor to the Debenture Trustee and Debenture Holders to the extent of guaranteed obligations.

Infomerics will consider the T date as the due date of payment for the NCD issues.

### **Applicable Criteria:**

[Rating methodology for Infrastructure Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

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

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

[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:**

EMBDL, incorporated on April 04, 2006, is engaged in real estate development, directly as well as through various subsidiaries as well as associate companies. EMBDL is primarily involved in construction and development of properties, project management, investment advisory and construction services.



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### About the Company:

Tapir Constructions Limited (TCL) is an Equinox 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 EMBDL. 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.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2.18	2.48
EBITDA	-5.47	-7.03
PAT	-5.51	-7.15
Total Debt	340.48	354.05
Tangible Net Worth	-204.50	-211.70
EBITDA Margin (%)	-250.92	-283.06
PAT Margin (%)	-252.75	-288.31
Overall Gearing Ratio (x)	-1.66	-1.67
Interest Coverage (x)	-	-702.00

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA: None**

**Any other information: Nil**

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					2023-2024	2022-2023	2021-2022
1.	Non- Convertible Debentures	Long Term	175.00	IVR A-(CE)/ Stable	(Feb 09, 2024) IVR A- (CE)/ Rating Watch		





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					<b>2023-2024</b>	<b>2022-2023</b>	<b>2021-2022</b>
					with Negative Implications		
2.	Proposed Non-Convertible Debentures	Long Term	75.00	IVR A- (CE)/ Stable	<b>(Feb 09, 2024)</b> IVR A- (CE)/ Rating Watch with Negative Implications <b>(Dec 07, 2023)</b> Provisional IVR A- (CE)/ Rating Watch with Negative Implications		
3.	Non-Convertible Debentures	Long Term	86.00	-	<b>(Feb 09, 2024)</b> Withdrawn <b>(Dec 07, 2023)</b> IVR A- (CE)/ Rating Watch with Negative Implications		
4.	Non-Convertible Debentures	Long Term	38.00		<b>(July 12, 2023)</b> IVR A (CE)/ Rating Watch with Negative Implications	<b>(Oct 31, 2022)</b> IVR A+ (CE)/ Rating Watch with Developing Implications <b>(Sep 27, 2022)</b> IVR A+ (CE)/ Rating Watch with Developing Implications	



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Sr. No.	Name of Security/Facilities	Current Ratings (2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					<b>2023-2024</b>	<b>2022-2023</b>	<b>2021-2022</b>
5.	Non-Convertible Debentures	Long Term	50.00		<b>(July 12, 2023)</b> IVR A (CE)/ Rating Watch with Negative Implications	<b>(Oct 31, 2022)</b> IVR A+ (CE)/ Rating Watch with Developing Implications  <b>(Sep 27, 2022)</b> IVR A+ (CE)/ Rating Watch with Developing Implications	
6.	Proposed Non-Convertible Debentures	Long Term/Short Term	350.00			Withdrawn  <b>(Sep 27, 2022)</b> Provisional Proposed IVR A+/ IVR A1+ (CE)/ Rating Watch with Developing Implications	
5.	Proposed Non-Convertible Debentures	Long Term	500.00			<b>(Sep 02, 2022)</b> Provisional Proposed IVR AA-/ (CE)/ Rating Watch with Developing Implications  <b>(May 10, 2022)</b> Provisional Proposed IVR AA-/	



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Sr. No.	Name of Security/Facilities	Current Ratings (2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					2023-2024	2022-2023	2021-2022
						(CE)/ Rating Watch with Developing Implications	

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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 and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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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 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.





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### Annexure 1: Instrument/Facility Details

Name of Facility	Sanction Amount (INR Crore)	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Rating Assigned/ Outlook
NCD	175.00	INE00DJ07045	Jan. 23, 2024	13.50%	Jan. 18, 2027	IVR A- (CE)*/ Stable
Proposed NCD	75.00	--	--	13.50%	36 Months from the Deemed Date of Allotment	IVR A- (CE)*/ Stable

*\*Based on the Credit Enhancement in the form of unconditional & irrevocable Corporate Guarantee issued by EMBDL for the NCD of the company.*

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

Issuer	Tapir Constructions Limited
ISIN number	INE00DJ07045 for Rs.175cr NCD
Seniority	Senior, Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Securities in the form of Non-Convertible Debentures (the "Debentures" or "NCDs")
Issue Size	<p>INR 250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) by Issuance of 2,500 Senior, Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR1,00,000/- (Rupees One Lakh Only) Face Value Each in Three or more Tranches as under.</p> <p>a) INR175,00,00,000/- (Rupee One Hundred and Seventy-Five Crores Only) by Issuance of 17,500 Senior Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR 1,00,000/- (Rupees One Lakh Only) Face Value Each ("Tranche 1 Debentures")</p> <p>b) INR75,00,00,000/- (Rupee Seventy-Five Crores Only) by Issuance of 7500 Senior Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Debentures of INR 1,00,000/- (Rupees One 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: Facility wise lender details: Not Applicable**

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:**

Name of the Instrument		Detailed Explanation
<b>Financial Covenant</b>		
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.</p> <p>Issuer shall appoint an Independent Valuer as per the requisite guidelines for submission of the Valuation Report on semiannual starting from 31 December 2024.</p>
ii.	Corporate Guarantor Financial Covenants	<p>Net Debt to Tangible Net-Worth of Corporate Guarantor shall be &lt; 1.5</p>
<b>Non-financial Covenant</b>		
i.	Rating related Covenants	<p>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.</p> <p>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 exercise this right, then Issuer shall have to pay the outstanding amount along with accrued interest within 60 days from such notice.</p>
2.	Information Covenant	<p>Issuer, Corporate Guarantor and Mortgagor shall provide the following information to the Debenture Trustee</p> <p>1. Quarterly Sales report and Collection report within 60 days from end of each quarter.</p>



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Name of the Instrument		Detailed Explanation
		<ul style="list-style-type: none"><li>2. Monthly Bank Statement of Project Master Collection Account and NCD Servicing Account within 3 working days from end of each month.</li><li>3. Monthly Details of the Conditional NOC for Sale taken from the Debenture Trustee within 3 working days from the end of each month.</li><li>4. Details of Permitted Expenditure made in each quarter within 60 days from end of each quarter.</li><li>5. Audited financials within 180 days from end of each financial year.</li><li>6. Unaudited/ Provisional financials (including Cash Flow Statement) within 60 days from end of each quarter</li><li>7. List of all Litigations within 7 days from end of each half year.</li></ul>

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

Name of the company/Entity	Consolidation/Combined Approach

**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](http://www.infomerics.com).