



Press Release

Golden Tower Infratech Private Limited

Revised Press Release August 23, 2023

This is with reference to the Press Release dated November 22, 2022. The revised PR stands as follows:

The revised press release added the Detailed explanation of Non-financial covenants of the rated instrument/facilities as per the regulator guidelines.

Link to the press release dated November 22, 2022 published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-Golden-Tower-22nov22.pdf>

Ratings

Instrument	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Non-Convertible Debenture (NCD)	118.00	IVR BB under Credit Watch with Developing Implication (IVR Double B under Credit Watch with Developing Implication)	Reaffirmed and moved to Credit Watch with Developing Implication	Simple
Total	118.00 (Rs. One hundred and Eighteen crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the rating assigned to Golden Tower Infratech Private Limited (GTI) continues to derive comfort from its resourceful promoter group, experienced management team, locational advantage of the project, satisfactory occupancy level and comfort drawn from presence of an escrow mechanism for servicing of the instruments. These rating strengths continues to remain partially offset by chance of time and cost overrun in completing the project, vacancy risks associated with the leased portfolio; any prolonged impact of weak economic activities on new leasing activity may increase tenant vacancy and put pressure on cash flows. The rating also note exposure to refinancing risks owing to the bullet maturity of NCD in December 2022 and susceptibility to cyclical inherent in the real estate sector.



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The rating has been put under credit watch with developing implication due to uncertainty in regards to the timely proposed deferment of the NCD redemption, which is maturing on December 08, 2022. Infomerics will continue to monitor the developments in this regard and will take a view on the rating once the exact implications of the above on the credit risk profile of the company is clear.

Key Rating Sensitivities:

Upward factors

- Substantial and sustained improvement in revenue and/or profitability leading to improvement in debt protection metrics.
- Improvement in liquidity position on sustained basis.

Downward Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Delay in timely redemption of NCDs which are maturing shortly and/or delay in receipt of deferment approval beyond the NCD redemption date.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Resourceful promoter group

Hyderabad based NSL group is well established with diversified business interests in various sectors like Agro related industries, Power, Textiles, Integrated Sugar Factories, IT Infrastructure through various companies under its folds. The flagship company of the group Nuziveedu Seeds Limited, established in 1973 is a leading Agro-biotech company in India. Others major companies in the group include NSL Sugars Limited, NSL Textiles Limited, NSL Renewable Power Private Limited, NSL Infratech Limited, NSL Estates Private Limited and NSL Cotton Corporation Private Limited.

Experienced management team

Mr. Mandava Prabhakar Rao the chairman of NSL Group and Managing Director of Nuziveedu Seeds Limited is having an experience of more than five decades in diversified



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business sectors. GTI is being managed by an experienced management team under the guidance of Mr. Rao. Moreover, the directors, Mr. Aala Veera Venkata Siva Prasad and Mr. Gadupudi Narayana Rao collectively have over three decades of experience in the industry.

Locational advantage and satisfactory occupancy level

The location of the project, “Noida Tech Zone” is one of the prime locations in National Capital Region for hospitals, educational institutes, recreational activities and many other required amenities. The road connectivity throughout the area is good. The already completed “Noida Tech Zone B1” building has almost fully occupied and for under-construction B2 building also 100% of leasable area is already tied up. The construction of B2 building is ~95% completed.

Comfort drawn from a presence of an escrow mechanism

In order to safeguard the issuer’s interest to the company, all receivables of the company, including receivables from the project and sale of units in the project, solely and exclusively credited into an escrow bank account in HDFC Bank and operates by a debenture trustee (Vistra ITCL (India) Limited) and the amount lying in the account shall only be withdrawn as per the escrow agreement between all the parties involved.

Key Rating Weaknesses

Chance of time and cost overrun

Even though all precautions and steps are taken by the company to avoid time and cost overrun, there is always a scope of such a happening due to unforeseen circumstances.

Exposure to lease vacancy risks

Although the pandemic had limited impact on the portfolio of the company in terms of cash flows or occupancy, sustained weakness in the economic environment may impact the incremental leasing and the realisation from the leased spaces. However, strong tenant profile imparts some comfort.

Exposure to refinancing risks

The NCD has bullet repayment in FY23, indicating refinancing risk. However, the company is planning to replace the NCD with LRD structure. Timely refinancing of the NCD into LRD loans, while achieving the targeted rental amounts, will be a critical rating determinant.

Susceptibility to cyclicity inherent in the Real Estate sector



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The commercial 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 uncertainty pertaining around Covid-19 also has dented the demand of commercial as well as residential real estate demand.

Analytical Approach: Standalone

Applicable Criteria:

[Rating methodology for real estate companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

Liquidity: Stretched

The liquidity position is likely to remain stretched on account of inadequate cash flow to service the near-term principal repayment of NCD maturing on December 08, 2022 and proposed deferment of the same.

About the Company

Golden Tower Infratech Private Limited (GTI) a part of Hyderabad based NSL group was incorporated in October 2007. The company owns a 25 acre land in Noida to develop IT SEZ. During June 2019, the company completed its first building with a leasable area of 5.40 lakh sqft and a second building is under construction, which is expected to be completed by December 2022. The built-up spaces will be offered to open IT and related offices on lease rental and will be equipped with other amenities.

NSL Group, housed at NSL Icon, Banjara Hills, Hyderabad, is a multi-business profile group, having interest in Agro related industries, Power, Textiles, Integrated Sugar Factories, IT Infrastructure in the form of IT Parks, IT SEZs etc. In the real estate sector, the group already completed six similar size projects through various SPV's under its fold. At present, the group is developing 5 projects totalling to 4 mn. sq. Ft.



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Financials (Standalone#):

For the year ended* / As On	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Audited
Total Income	30.37	30.94
EBITDA	19.65	21.39
PAT	-46.09	-52.06
Total Debt	171.58	265.86
Tangible Net worth	71.32	7.44
EBITDA Margin (%)	64.71	69.14
PAT Margin (%)	-150.38	-165.66
Overall Gearing Ratio (x)	2.41	35.73

*Classification as per Infomerics' standards.

#Effective from April 01, 2019, the company has adopted Indian AS 116 "Leases" and has recognised Right of use assets of Rs.49.55 crore and Lease Liability of Rs.11.72 crore by applying a modified retrospective approach. Thus the revenue and expenditure has been restated in FY20.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	(Rs. Crore)			(Rs. Crore)		
		Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Nov 24, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Nov 27, 2020)	Date(s) & Rating(s) assigned in 2019-20
1.	NCD	Long Term	118.00	IVR BB under Credit Watch with Developing Implication	IVR BB/ Stable	IVR BB/ Stable	-
2.	Proposed NCD	Long Term	(5.00)	-	Withdrawn	IVR BB/ Stable	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
NCD (ISIN No-	09.12.2020	14%	08.12.2022	118.00	IVR BB under Credit Watch with Developing



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INE038Z07024)					Implication
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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
NCD	Financial Covenant	<p>The company and the Obligors shall ensure that the project space is sub-leased in accordance with the sub-lease target</p> <p>The company and the Obligors shall ensure that Project space is sub-leased at a price which is equal to or higher than the Minimum Sub-lease price</p>
	Non-Financial Covenant	<p>Information Covenant</p> <ul style="list-style-type: none">i. Audited financial statement on annual basis, and unaudited financial statements on quarterly and half-yearly basisii. Downgrade in credit ratingiii. Any change in nature and conduct of business, board of directors, litigation, insolvency application, resolution plan under RBI circular, all information as requested by Trustee, information to shareholders and creditors, delisting of the debentures, minutes of meetings, escrow account statement etc <p>Affirmative Covenant</p> <p>Authorisation , compliance with laws, ranking, books and records, access to the business premises, return of allotment with the ROC in form PAS-3 in accordance with applicable Law, promptly address the grievances, maintenance a register of Debenture Holders, compliance with SEBI 23 June circular</p> <p>All payments to be made on time, due performance of all covenants in accordance with the project documents, Appointment of a Monitoring agent</p> <p>Negative Covenant</p> <p>Negative pledge, no disposals, no financial indebtedness, no buy back, redemption, or reduction of shares or increase in the authorised share capital etc.</p>

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.