



## Press Release

### Golden Tower Infratech Private Limited

#### Revised Press Release August 23, 2023

This is with reference to the Press Release dated November 25, 2021. 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 25, 2021 published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/PR-GTIPL-25-11-21.pdf>

#### Ratings

Sl. No.	Instrument	Amount (Rs. Crore)	Ratings	Rating Action
1.	Non-Convertible Debenture (NCD)	118.00	IVR BB; Stable (IVR Double B with Stable Outlook)	Reaffirmed
2.	Proposed Non-Convertible Debenture (NCD)	5.00	-	Withdrawn
	<b>Total</b>	<b>123.00</b> <b>(Rs. One hundred twenty three crore only)</b>		

**Details of Facilities are in Annexure 1**

#### Detailed Rationale

The rating of the instrument of 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 the Covid-19 pandemic 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 during FY23 and susceptibility to cyclicalities inherent in the Real Estate sector. At the request of the company, Infomerics has withdrawn the rating assigned to the proposed NCD amounting to Rs.5 crore.



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### **Rating Sensitivities**

#### **Upward factors**

- Substantial & sustained improvement in revenue with increase in occupancy and/or profitability leading to improvement in debt protection metrics.
- Timely completion of project without any time or cost overrun

#### **Downward Factors**

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.





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- Significant delay in completion of project
- Reduction in cash flows due to decline in occupancy on sustained basis or liquidity pressure due to delays in refinancing

### **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 business sectors. GTI is being managed by experience management team under the guidance of Mr. Rao. Moreover, the directors, Mr. Aala Veera Venkata Siva Prasad and Mr. Nelluri Bapuji 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 ~80% completed.

##### **Comfort drawn from a presence of 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.



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### **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; vulnerability to Covid-19 pandemic impact**

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 and uncertainties regarding work from home 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 critical to achieve adequate debt coverage metrics.

#### **Susceptibility to cyclicalities inherent in the Real Estate sector**

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)

Policy on Withdrawal of ratings

#### **Liquidity: Adequate**

The liquidity of the company appears adequate attributable to satisfactory rental receivables of the company vis-à-vis its debt repayment obligations. The company is contemplating to avail lease rental discounting facility from the financial institutions to repay its outstanding NCD in FY23. Sanctioning of lease rental discounting facility is critical from the liquidity perspective of the company.

### **About the Company**



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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 January 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.

### Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2020	31-03-2021 <sup>#</sup>
	<b>Audited</b>	<b>Audited</b>
Total Income	13.36	30.37
EBITDA	9.12	19.65
PAT	-11.14	-46.09
Total Debt	206.85	171.58
Tangible Net worth	5.90	71.32
EBITDA Margin (%)	68.26	64.71
PAT Margin (%)	-81.02	-150.38
Overall Gearing Ratio (x)	35.04	2.41

\*Classification as per Infomerics' standards.

<sup>#</sup>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



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Rating History for last three years:

(Rs. Crore)

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	NCD	Long Term	118.00	IVR BB /Stable	IVR BB /Stable (Nov 27, 2020)	-	-
2.	Proposed NCD	Long Term	5.00	Withdrawn	IVR BB /Stable (Nov 27, 2020)	-	-

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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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-INE038Z07024)	09.12.2020	14%	08.12.2022	118.00	IVR BB /Stable
Proposed NCD	-	-	-	5.00	Withdrawn

**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	The company and the Obligors shall ensure that the project space is sub-leased in accordance with the sub-lease target
		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
	Non-Financial Covenant	<p><b>Information Covenant</b></p> <ul style="list-style-type: none"> <li>i. Audited financial statement on annual basis, and unaudited financial statements on quarterly and half-yearly basis</li> <li>ii. Downgrade in credit rating</li> <li>iii. 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</li> </ul> <p><b>Affirmative Covenant</b></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><b>Negative Covenant</b></p>



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		Negative pledge, no disposals, no financial indebtedness, no buy back, redemption, or reduction of shares or increase in the authorised share capital etc.
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### **Annexure 5: Complexity level of the rated Instruments/Facilities**

<b>Sr No.</b>	<b>Instrument</b>	<b>Complexity Indicator</b>
1.	NCD	Simple

**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).

