



## Press Release

### Tapir Constructions Limited

**August 23, 2023**

The revised press release is provided in relation to the Press Release published dated July 12, 2023. The revised press release mentions the following:

- Adequacy of Credit Enhancement Structure, Transaction Structure
- Detailed explanation of covenants of the rated instrument/facilities as per the regulator guidelines.

Link to the press release dated July 12, 2023, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-tapir-constructions-12jul23.pdf>

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u> (Simple/ Complex/ Highly complex)
Non-Convertible Debentures (NCDs)	38.00 (Reduced from Rs. 100 Cr.)	IVR A (CE)* / Rating Watch with Negative Implications (IVR A (Credit Enhancement)/ placed under Rating Watch with Negative Implications)	Rating Revised	<a href="#">Simple</a>
Non-Convertible Debentures (NCDs)	50.00	IVR A (CE)* / Rating Watch with Negative Implications (IVR A (Credit Enhancement)/ placed under Rating Watch with Negative Implications)	Rating Revised	<a href="#">Simple</a>
<b>Total</b>	<b>88.00</b>			

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

#### Details of Facilities are in Annexure 1

#### Rating update of Indiabulls Real Estate Limited:

The rating of corporate guarantor of Tapir Constructions Limited i.e., Indiabulls Real Estate Limited has been revised to **IVR A/ Rating Watch with Negative Implications (IVR A/**



## Press Release

placed under Rating Watch with Negative Implications) vide press release dated June 07, 2023. Therefore, the CE rating for Tapir Constructions Limited has been revised.

<b>Unsupported Rating<sup>1</sup></b>	IVR BB+/ Stable
<b>Rating in the absence of the pending steps/ documents<sup>2</sup></b>	IVR BB+/ Stable

*Note: Unsupported Rating does not factor in the explicit credit enhancement*

### Detailed Rationale

The ratings assigned to the debt facility of Tapir Constructions Limited 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/ Rating Watch with Negative Implications IVR A (CE)/ Rating Watch with Negative Implications (IVR A (Credit Enhancement)/ placed under Rating Watch with Negative Implications) against the unsupported rating of IVR BB+/ Stable.

### 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.

<sup>1</sup> As stipulated vide SEBI circular no. SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019

<sup>2</sup> As stipulated vide SEBI circular no. SEBI/ HO/ MIRSD/ MIRSD\_CRADT/ P/ CIR/ 2021/ 554 dated April 27, 2021



## Press Release

### **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/ Rating Watch with Negative Implications IVR A (CE)/ Rating Watch with Negative Implications (IVR A (Credit Enhancement)/ placed under Rating Watch with Negative Implications) against the unsupported rating of IVR BB+/ Stable.

### **Transaction structure:**

The Issuer shall ensure and Debenture Trustee shall confirm that atleast T-7 business days prior to the Quarter End the Minimum Collection Run Rate in the NCD Servicing Account herein abovementioned has been achieved by the Issuer, wherein respective Quarter End is "T" day.

In case the Minimum Collection Run Rate in the NCD Servicing Account herein abovementioned has not been achieved by the Issuer on T-7 business day, Debenture Trustee shall intimate and ask the Issuer and Guarantor to fund the shortfall, if any, by T-5 business days

If the shortfall still persists on T-5 business days, the Debenture Trustee shall invoke the Corporate Guarantee, and the Corporate Guarantor would have to fund the shortfall by T-2 business days, in terms of its obligations under the Guarantee Agreement.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

#### **Support from Diversified Group with experienced promoters**

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. Mr. Narendra Gehlaut also



## Press Release

has leadership experience of more than a decade in construction industry and Indian real estate market. IBREL would continue benefiting from its promoters' and management personnel's industry experience.

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

### **Available Land Bank**

Indiabulls Real Estate Limited (IBREL) has a fully paid Land Bank of 1,929 acres, of which around 95% is spread across metro cities of Mumbai, NCR and Chennai region. Additionally, the company also has 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.

### **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.



## Press Release

### **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 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 said facility.

**Unsupported:** Standalone approach

#### **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](#)



## Press Release

### 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 Company

Tapir Constructions Limited (TCL) is an Indiabulls Group company which in the business of developing residential real estate projects. 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

### **Financials (Standalone/Combined/Consolidated):**

For the year ended / As on	31-Mar-2021 (Audited)	31-Mar-2022 (Audited)
Total Operating Income	0.05	0.22
EBITDA	-0.47	-0.77
PAT	-22.75	-21.76
Total Debt	405.79	357.47
Tangible Net worth	-177.22	-198.98
EBITDA Margin (%)	NM	NM
PAT Margin (%)	NM	NM
Overall Gearing Ratio (times)	-2.29	-1.80

*\*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)	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.	Non-Convertible Debentures	Long Term Fund	38.00	IVR A (CE)*/ Rating Watch with Negative	IVR A+ (CE)*/ Credit Watch with Developing	Provisional proposed IVR AA- (CE)*/ Credit Watch	--





## Press Release

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	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
	(NCDs)*	Based Facilities		Implications	Implication	with Developing Implication <b>(May 10, 2022)</b> & <b>(Sept. 02, 2022)</b> IVR A+ (CE)*/ Credit Watch with Developing Implication <b>(Sep 27, 2022)</b>	
2.	Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	50.00	IVR A (CE)*/ Rating Watch with Negative Implications	IVR A+ (CE)*/ Credit Watch with Developing Implication	Provisional proposed IVR AA- (CE)*/ Credit Watch with Developing Implication <b>(May 10, 2022)</b> & <b>(Sept. 02, 2022)</b> IVR A+ (CE)*/ Credit Watch with Developing Implication <b>(Sep 27, 2022)</b>	--
3.	Proposed Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	--	--	--	Provisional proposed IVR AA- (CE)*/ Credit Watch with Developing Implication <b>(May 10, 2022)</b> & <b>(Sept. 02, 2022)</b> Provisional proposed IVR A+ (CE)*/ Credit Watch with Developing Implication <b>(Sep 27, 2022)</b>	--



## Press Release

### Name and Contact Details of the Rating Analyst:

Name: Ms. Sejal Patil Tel: (022) 62396023 Email: <a href="mailto:sejal.patil@infomerics.com">sejal.patil@infomerics.com</a>	Name: Mr. Prakash Kabra Tel: (022) 62396023 Email: <a href="mailto:prakash.kabra@infomerics.com">prakash.kabra@infomerics.com</a>
---	---

### 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](http://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





## Press Release

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	38.00	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

**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
<b>Financial Covenant</b>		
i.	Borrower level Financial Covenants	<input type="checkbox"/> 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 <input type="checkbox"/> 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: a) Market Value of the Security Area 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.
ii.	Corporate Guarantor Financial Covenants	Net Debt to Tangible Net-Worth of Corporate Guarantor shall be < 1.5
<b>Non-financial Covenant</b>		
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



## Press Release

		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 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	Issuer shall provide the following information to the Debenture Trustee 1. Quarterly Sales report and Collection report within 60 days from end of each quarter 2. Monthly Bank Statement of Project Master Collection Account and NCD Servicing Account within 3 working days from end of each month 3. 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 quarter 5. Audited financials within 180 days from end of each financial year 6. Unaudited/ Provisional financials (including Cash Flow Statement) within 60 days from end of each quarter 7. 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](http://www.infomerics.com)