



Press Release

Tapir Constructions Limited

August 23, 2023

The revised press release is provided in relation to the Press Release published dated September 27, 2022. 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 September 27, 2022, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-Tapir-Constructions-27sep22.pdf>

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings**	Rating Action	Complexity Indicator (Simple / High / Complex)
<u>Long Term Fund Based Facilities</u> Non-Convertible Debentures (NCDs)	100.00	IVR A+ (CE)* / Credit Watch with Developing Implication [IVR A Plus (Credit Enhancement)/ placed under Credit Watch with Developing Implication)]	Revised & Final Rating	Simple
<u>Long Term Fund Based Facilities</u> Non-Convertible Debentures (NCDs)	50.00	IVR A+ (CE)* / Credit Watch with Developing Implication [IVR A Plus (Credit Enhancement)/ placed under Credit Watch with Developing Implication)]	Revised & Final Rating	Simple
<u>Long Term/ Short Term Fund Based Facilities</u> Proposed Non- Convertible Debentures (NCDs)*	350.00	Provisional proposed IVR A+ (CE)* / Credit Watch with Developing Implication & IVR A1+ (CE) [Provisional proposed IVR A Plus (Credit Enhancement) placed under Credit Watch with Developing	Revised	Simple



Press Release

		Implication); IVR A One Plus (Credit Enhancement)]		
Total	500.00 (Five Hundred Crore)			

** 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.*

**The proposed NCDs of Rs. 150.00 crore shall be issued on private placement in one or more tranches.*

The rating for the INR 150.00 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.

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+/Credit Watch with Developing Implications & IVR A1+/Credit Watch with Developing Implications** vide press release dated September 22, 2022. Therefore, the CE rating for Tapir Constructions Limited has been revised.

Unsupported Rating¹	IVR BB+/ Stable
Rating in the absence of the pending steps/ documents²	IVR BB+/ Stable

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

Detailed Rationale

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

² As stipulated vide SEBI circular no. SEBI/ HO/ MIRSD/ MIRSD_CRADT/ P/ CIR/ 2021/ 554 dated April 27, 2021



Press Release

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+ (CE)* / Credit Watch with Developing Implication & IVR A1+ (CE) 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.
- Changes in regulatory requirement & risk associated with real estate industry.
- Deterioration in risk profile of Guarantor.

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)* / Credit Watch with Developing Implication & IVR A1+ (CE) against the unsupported rating of IVR BB+ / Stable.



Press Release

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. The operations of the company are professionally managed by competent personnel and IBREL would continue benefiting from its experienced and qualified management of Indiabulls group.

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.



Press Release

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.

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.

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



Press Release

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

Analytical Approach:

Unsupported rating: Standalone Approach

Credit Enhancement (CE Rating): CE rating is based on an unconditional & irrevocable Corporate Guarantee issued by Indiabulls Real Estate Limited (IBREL) to the lenders of the Company for the repayment obligation on the said facility.

Applicable Criteria:

[Rating methodology for Infrastructure Companies.](#)

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

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

[Criteria of Rating Outlook | 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 60 days from the date of issuance of the instrument.

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 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.



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.

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):

(In Crore)

For the year ended/ As on*	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Income	0.03	0.05
PAT	-38.17	-22.74
Total Debt	397.17	405.79
Tangible Net Worth	-154.48	-177.22
Overall Gearing Ratio (x)	-2.57	-2.29

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: None



Press Release

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 (May 10, 2022) & (Sept. 02, 2022)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	100.00	IVR A+ (CE)* / Credit Watch with Developing Implication	Provisional proposed IVR AA- (CE)* / Credit Watch with Developing Implication	-	-
2.	Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	50.00	IVR A+ (CE)* / Credit Watch with Developing Implication	Provisional proposed IVR AA- (CE)* / Credit Watch with Developing Implication	-	-
3.	Proposed Non-Convertible Debentures (NCDs)*	Long Term Fund Based Facilities	350.00	Provisional proposed IVR A+ (CE)* / Credit Watch with Developing Implication	Provisional proposed IVR AA- (CE)* / Credit Watch with Developing Implication	-	-

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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.



Press Release

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

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, suspend 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 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	100.00	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	350.00	-	To be decided	To be decided	Up to 5 years from Deemed date of allotment	Provisional proposed IVR A+ (CE)* / Credit Watch with Developing Implication & IVR A1+ (CE)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details: Not Applicable



Press Release

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	<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 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.</p>
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 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



Press Release

		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
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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

