



Press Release

Tapir Constructions Limited

February 09, 2024 Revised

Ratings:

| Instrument / Facility | Amount (Rs. crore) | Ratings | Rating Action | <u>Complexity Indicator</u> (Simple/ Complex/ Highly complex) |
|-----------------------------------|--|--|---------------------------|---|
| Non-Convertible Debentures (NCDs) | 00.00 (Reduced from Rs. 86 Cr.) | -- | Withdrawn | Complex |
| Non-Convertible Debentures (NCDs) | 175.00 | IVR A- (CE)* / Rating Watch with Negative Implications (IVR A Minus (Credit Enhancement); Rating Watch with Negative Implications) | Reaffirmed & Final Rating | Complex |
| Non-Convertible Debentures (NCDs) | 75.00 | IVR A- (CE)* / Rating Watch with Negative Implications (IVR A Minus (Credit Enhancement); Rating Watch with Negative Implications) | Reaffirmed & Final Rating | Complex |
| Total | 250.00 (Rupees Two Hundred Fifty Crore) | | | |

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

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

| | |
|----------------------|-----------------|
| Unsupported Rating # | IVR BB+/ Stable |
|----------------------|-----------------|

#Unsupported rating does not factor in the Corporate Guarantee from Indiabulls Real Estate Limited (IBREL).

Details of Facilities are in Annexure 1



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Detailed Rationale

The ratings reaffirmation and conversion to final rating of the Non-Convertible Debentures (NCDs) of Tapir Constructions Limited is on account of 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. Infomerics has withdrawn the rating for NCD amounting to Rs. 86 Cr. based on the request of the company that the NCDs have been fully redeemed and no due certificate issued by the debenture trustee confirming the same.

The rating assignment continues to 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)/ Rating Watch with Negative Implications (IVR A Minus (Credit Enhancement)/ placed under Rating Watch with Negative Implications) against the unsupported rating of IVR BB+/ Stable Outlook.

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.



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List of Key Rating Drivers with Detailed Description:

Key Rating Strengths:

Support from experienced management team

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 Indiabulls Real Estate Limited (IBREL). The NCDs are backed by unconditional and irrevocable corporate guarantee issued by Indiabulls Real Estate Limited to the lenders of the company for the repayment obligation on the said facility.

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. 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



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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

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.



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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 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 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)/ Rating Watch with Negative Implications; (IVR A Minus (Credit Enhancement)/ placed under Rating Watch with Negative Implications) 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.

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)



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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.
- 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.



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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](#)

[Policy on Withdrawal of Ratings | Infomerics 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:

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

About the Company:

Tapir Constructions Limited (TCL) is an Indiabulls 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 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.



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Financials (Standalone):

| For the year ended / As on | 31-Mar-2022 (Audited) | 31-Mar-2023 (Audited) |
|-------------------------------|--------------------------|--------------------------|
| Total Operating Income | 0.22 | 2.18 |
| EBITDA | -0.77 | -5.47 |
| PAT | -21.76 | -5.51 |
| Total Debt | 357.47 | 340.48 |
| Tangible Net worth | -198.98 | -204.50 |
| EBITDA Margin (%) | N.M. | N.M. |
| PAT Margin (%) | N.M. | N.M. |
| Overall Gearing Ratio (times) | -1.80 | -1.66 |

**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) | Current rating | Previous Rating (PR: Dec. 07, 2023) | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2021-22 |
| 1. | Non-Convertible Debentures (NCDs)* | Long Term | 175.00 | IVR A-(CE)*/ Rating Watch with Negative Implications | Provisional IVR A-(CE)*/ Rating Watch with Negative Implications | -- | -- | -- |
| 2. | Proposed Non-Convertible Debentures (NCDs)* | Long Term | 75.00 | IVR A-(CE)*/ Rating Watch with Negative Implications | Provisional IVR A-(CE)*/ Rating Watch with Negative Implications | -- | -- | -- |
| 3. | Non-Convertible Debentures (NCDs)* | Long Term | 0.00 (Reduced from Rs. 36 Cr.) | -- | IVR A-(CE)*/ Rating Watch with Negative Implications | 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 |



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| Sr. No. | Name of Instrument/ Facilities | Current Ratings (Year 2022-23) | | | | Rating History for the past 3 years | | |
|---------|---|-----------------------------------|-----------------------------------|----------------|---|---|--|---|
| | | Type | Amount outstanding (Rs. Crore) | Current rating | Previous Rating (PR: Dec. 07, 2023) | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2021-22 |
| | | | | | | (PR dated: July 12, 2023) | | (May 10, 2022) & (Sept. 02, 2022) IVR A+ (CE)*/ Credit Watch with Developing Implication (Sep 27, 2022) |
| 4. | Non-Convertible Debentures (NCDs)* | Long Term | 0.00 (Reduced from Rs. 50 Cr.) | -- | IVR A- (CE)*/ Rating Watch with Negative Implications | IVR A (CE)*/ Rating Watch with Negative Implications (PR dated: July 12, 2023) | IVR A+ (CE)*/ Credit Watch with Developing Implication | Provisional proposed IVR AA- (CE)*/ Credit Watch with Developing Implication (May 10, 2022) & (Sept. 02, 2022) IVR A+ (CE)*/ Credit Watch with Developing Implication (Sep 27, 2022) |
| 5. | Proposed Non-Convertible Debentures (NCDs)* | Long Term | -- | -- | -- | -- | -- | Provisional proposed IVR AA- (CE)*/ Credit Watch with Developing Implication (May 10, 2022) & (Sept. 02, 2022) Provisional proposed |



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| Sr. No. | Name of Instrument/ Facilities | Current Ratings (Year 2022-23) | | | | Rating History for the past 3 years | | |
|---------|-----------------------------------|-----------------------------------|-----------------------------------|----------------|--|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Current rating | Previous Rating (PR: Dec. 07, 2023) | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2021-22 |
| | | | | | | | | IVR A+ (CE)*/ Credit Watch with Developing Implication (Sep 27, 2022) |

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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 visit www.infomerics.com.



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Link to the erstwhile press release dated February 09, 2024: [pr-Tapir-Constructions-9feb2024.pdf \(infomerics.com\)](https://infomerics.com/pr-Tapir-Constructions-9feb2024.pdf)

Annexure 1: Details of Facilities

| Facility Type | Sanction Amount (INR Crore) | ISIN | Date of Issuance | Coupon | Tenure | Rating |
|---------------|-----------------------------|--------------|------------------|--------|---|--|
| NCD | 175.00 | INE00DJ07045 | Jan. 23, 2024 | 13.50% | Jan. 18, 2027 | IVR A- (CE)* / Rating Watch with Negative Implications |
| Proposed NCD | 75.00 | -- | -- | 13.50% | 36 Months from the Deemed Date of Allotment | IVR A- (CE)* / Rating Watch with Negative Implications |

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

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

| | |
|-------------|---|
| Issuer | Tapir Constructions Limited |
| ISIN number | INE00DJ07045 |
| Seniority | Senior, Secured, Non-Cumulative, Redeemable, Taxable, Rated, Listed Securities in the form of Non-Convertible Debentures (the "Debentures" or "NCDs") |
| Issue Size | 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. a) INR175,00,00,000/- (Rupee One Hundred and Seventy Five Crores Only) by Issuance of 17,500 Senior Secured, Non-Cumulative, Redeemable, Taxable, |



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| | |
|--|---|
| | <p>Rated, Listed Debentures of INR 1,00,000/- (Rupees One Lakh Only) Face Value Each ("Tranche 1 Debentures")</p> <p>b) INR 75,00,00,000/- (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 INR 75,00,00,000/- (Rupee Seventy Five Crores Only).</p> |
|--|---|

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 |
|-------------------------------|---|--|
| 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.</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 | 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.</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</p> |



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| Name of the Instrument | | Detailed Explanation |
|------------------------|----------------------|--|
| | | 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. |
| 2. | Information Covenant | <p>Issuer, Corporate Guarantor and Mortgagor 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.6. Unaudited/ Provisional financials (including Cash Flow Statement) within 60 days from end of each quarter7. 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