



Press Release

Golden Tower Infratech Private Limited

November 27, 2020

Rating

Instrument / Facility	Amount (Rs. crore)	Rating	Rating Action
Proposed Non-Convertible Debenture (NCD)	123.00	IVR BB; Stable (Double B; Outlook: Stable)	Assigned
Total	123.00 (Rs. One hundred twenty three crore only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating assigned to the proposed Non-Convertible Debenture of Golden Tower Infratech Private Limited (GTI) derive strength from being a part of Hyderabad based NSL group with an experienced management team and locational advantage of the project with satisfactory occupancy level. The rating is also underpinned by comfort drawn from presence of a proposed escrow mechanism to safeguard the investor's interest. However, these rating strengths remain constrained due to small scale of its operations with weak financial risk profile, chance of time and cost overrun in the project and susceptibility to cyclical nature inherent in the real estate sector.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and/or profitability leading to improvement in debt protection metrics.
- Completion of project in a timely manner without any time or cost overrun and completion of lease tie ups
- Ability to refinance the loans and/or infusion of funds to support the debt obligations in a timely manner

Downward Factors

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



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- Inability to complete the project in a timely manner and /or inability to attract tenants for lease tie-ups.

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, approximately 45% of leasable area is already tied up and there is a lease deed executed to witness the same.

Comfort drawn from a presence of a proposed escrow mechanism

The proceeds from the proposed NCD will be used to refinance the existing terms loans issued by Indiabulls Housing Finance Ltd to the company. In order to safeguard the investor's interest, all receivables of the company, including receivables from the project and sale of units in the project, will be solely and exclusively credited into an escrow bank



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account which will be operated by a debenture trustee 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.

Susceptibility to cyclical nature 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 and Interpretation (Non-Financial Sector)

Liquidity –Adequate

The liquidity profile of the company is expected to remain adequate in the near term driven by expected support from its strong promoter group.

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 March 2020. 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



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already completed six similar size projects through various SPV's under its fold. At present, the group is developing 5 projects totaling to 4 mn. sq. Ft.

Financials: Standalone

(Rs. crore)

For the year ended*/ As on	31-03-2019	31-03-2020
	Audited	Provisional
Total Operating Income	0.00	3.75
EBIDTA	0.00	0.82
PAT	-0.14	-3.17
Total Debt	159.64	202.03
Tangible Net worth	60.39	57.22
EBIDTA Margin (%)	-	21.80
PAT Margin (%)	NM	-76.72
Overall Gearing Ratio (x)	2.64	3.53

NM: Not Meaningful *as per Infomerics standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Proposed NCD	LT	123.00	IVR BB /Stable	-	-	-

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.

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About Infomerics:

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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
Proposed NCD	TBD	14%	October 2022	123.00	IVR BB /Stable

**To be decided*