



Press Release

ATS Infrabuild Private Limited
September 08, 2020

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Non-Convertible Debenture	135.00	IVR BB+;Stable (IVR Double B plus with Stable Outlook)	Assigned
Total	135.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the NCD of ATS Infrabuild Private Limited derives comfort from established track record of ATS group, experienced promoters, favourable project location and comfortable project cost structure. The rating also considers project execution risk, high dependency over customer advances and exposure to risks relating to cyclicalities in real estate industry.

Key Rating Sensitivities

Upward Factors

- Timely completion of the projects
- Sale of inventory at competitive rates

Downward Factors

- Significant delay in completion of project.
- Significant cost overrun of the project.
- Lower than expected booking status



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Established track record of ATS group

M/s ATS Infrabuild Pvt. Ltd (AIPL) belongs to the ATS Group. The group has successfully completed 15 Residential, Commercial and plotted development projects with total saleable area of 184 lakh sq. ft. ATS Infrabuild is currently working on 2 Residential projects with total saleable area of 23.48 lakh sq. ft under the project name- Casa Espana Phase 1 and Phase 2. Other major construction of the group is ATS Pristine, ATS Heavenly Foothills, ATS Green, Casa Espana etc.

Experienced promoters

The senior Management of the company have been associated with the real estate industry for the than a decade. Managing Director of the company Mr. Getamber Anand is carrying more than 25 years of experience in the construction business.

Favourable project location

The upcoming project “Casa Espana” is located at the prime location on Mohali- Chandigarh Border (NH-21). The Project is near a multi- use SEZ, Quarkcity and Knowledge City which houses the Indian School of Business and Indian Institutes of Science Education and Research. Project location is surrounded by all basic necessities and facilities such as schools, hospitals, restaurants, entertainment, ATM's, Bank, Medical stores etc. which can be accessible easily.

Comfortable project cost structure

The company has proposed to develop the residential project with the mix of customer advances and debt. Total estimated cost of the project is Rs. 788.78 crore, which is projected to meet through NCD of Rs.135.00 Crore and Customer Advances of Rs. 653.78 crore. Loan amount to total cost of project is 17.11% whereas customer advances to cost stood at 82.89%. Debt equity ratio is 0.17 and Assets coverage ratio is 6.99 times which is at much favourable position.



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Key Weaknesses

Project Execution Risk

Construction of residential projects Casa Espana Phase 1 and Phase 2 are still in progress. However, partial occupancy certificate (OC) has been received for Phase 1 project whereas construction for phase 2 has not been started yet. The projects have received all necessary regulatory clearances. The long implementation period makes the project susceptible to time and cost overruns, which may affect profitability. Although, operational ability to sell the units is key to meet the debt obligation on time.

High Dependency over customer advances

A IPL is currently constructing a residential group housing project, CASA Espana, in Sector 121, Mohali, Punjab. The project is being developed in 2 phases. The total cost of the projects is Rs. 788.78 crore which is being financed by raising non-convertible debentures of Rs. 135 crore and remaining Rs. 653.72 crore through customer advances. Therefore, dependence on customer advances for funding the project continues to remain high.

Exposure to risks relating to cyclical in real estate industry

Cyclical in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may affect the debt servicing ability of the company. ATS Infrabuild will remain susceptible to the inherent cyclical in the real estate sector.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adequate

ATS Infrabuild Pvt Ltd is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. In addition, availability of escrow mechanism along with DSRA/ISRA account will ensure the smooth



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repayments. Further, the company is likely to be benefited from the resourcefulness of the promoter group. Overall liquidity position is expected to be adequate.

About the Company

ATS Infrabuild Private Limited (AIPL) was initially promoted by Getamber Anand, Chairman and Managing Director of ATS Infrastructure Limited. AIPL is a part of ATS group which has a long-standing presence in real estate industry primarily in north India. The ATS Group is a major player in real estate development, in and around the National Capital Region (NCR) and primarily focuses on fast moving residential complexes. ATS Group has delivered many residential complexes in NCR. The group is the developer of the Project which is aimed at providing residential, commercial and retail units.

Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2019	31-03-2020
	Audited	Provisional
Total Operating Income	16.60	80.07
EBITDA	-4.01	2.69
PAT	-4.41	2.43
Total Debt	144.42	167.09
Tangible Net worth*	-10.5	-7.99
EBITDA Margin (%)	-24.14	3.36
PAT Margin (%)	-26.06	3.00
Overall Gearing Ratio (x)^	0.74	0.65

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 Rating (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.	Non-Convertible Debentures	Long Term	135.00	IVR BB+/Stable	-	-	-



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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.

Name and Contact Details of the Rating Analyst:

Name: Mr. Karan Girdhar
Tel: (011) 2465 5636
Email: kgirdhar@infomerics.com

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
Non-Convertible Debentures	-	-	June, 2022	135.00	IVR BB+/Stable