

ET INFRA DEVELOPERS PRIVATE LIMITED

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	380.00	CARE BBB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of ET Infra Developers Private Limited (EIDPL) derives strength from the experienced promoters and their long track record in the real-estate industry. The rating also takes comfort from the prime location of the property, comfortable capital structure and debt coverage indicators. The ratings also derive comfort from the presence of an escrow mechanism having priority for debt servicing obligations, presence of a debt service reserve account (DSRA) equivalent to ensuing three months principal and interest repayment and adequate liquidity marked by satisfactory cash coverage ratio (CCR). However, the rating is constrained by renewability and rollover risk as loan duration being longer than total lease duration, tenant concentration risk, investment in group companies, moderate scale of operations and geographical concentration risk inherent with single asset portfolio. The rating is also constrained by the vulnerability of cash flows to fluctuation in rentals and rise in interest rates and inherent risk associated with cyclical real estate industry as exposed to any industry shock leading to leased vacancies

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely receipt of rentals and ability to manage renewal on expiry of lock -in period in the lease agreements
- Timely completion of tower A leading to overall increase in the total rental income of the company

Negative factors

- Reduction in the lease occupancy below 85% leading to deterioration in net cash flows and average cash coverage ratio of below 1.2 times.
- Any significant investment into group companies impacting the cashflow position of the company.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that EIDPL will continue to generate adequate cash flows driven by healthy occupancy levels of commercial property due to locational advantage and low counterparty risk of its tenants.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations

The company is promoted and managed by Mr Sushant Agarwal, Mr Vaibhav Agarwal and Ms Shivani Agarwal. Mr Sushant Agarwal and Mr Vaibhav Agarwal has experience of more than a decade in the real estate industry. Presently there are two commercial towers (A and B) under ETIDPL. The promoters were able to successfully complete the construction and commercialisation of Tower B. The tower B remains full occupied riding on the reputation of the promoters and advantageous location, leading to steady cash inflow. Tower A will likely commence operations from Q4FY26, which shall strengthen the company's cash flow further.

Prime location of the property with almost 100% occupancy level with reputed tenant base

EIDPL's commercial property is located in Sector 16, Noida in Uttar Pradesh and its catchment area includes affluent sections of Delhi NCR. The development consists of two towers—Tower A with 34 stories (under maintenance) and Tower B with 22 stories—both equipped with two basements for parking and additional ground-level parking. The metro station is conveniently adjacent to the building. Tower B is fully operational with each floor covering around 50,000 sq. ft. With its prime location, modern

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

amenities, and well-developed infrastructure, World Trade Tower Noida Sector-16 has attracted almost 100% occupancy level of tower B with regular new queries for office space from the companies. Presently this property is occupied by reputed tenants such as Kotak Mahindra Bank, Schoolnet India, ICICI Bank, Ultratech Cement and Jagran Prakashan among others. In majority of the rental agreements, company has rent escalation of 15% after every three years with their tenants.

Comfortable capital structure and cash coverage ratios

EIDPL's financial risk profile has improved in FY24 as reflected by overall gearing of 0.87x (PY: 1.26x), the improvement was mainly on account of repayment of Term loan coupled with accretion of profits in net-worth of the company.

Further, coverage indicators like interest coverage also stood comfortable at 5.95x (PY: 5.23x) as there was no major interest cost incurred by the company as against healthy profitability during FY24 and FY23.

With healthy occupancy levels, rent escalation agreement of 15% after every three years with tenants, and continuous increase in rentals per square feet for the new lease agreements, projected cash coverage ratio (CCR) of the company is estimated to remain comfortable and above unity for the next 10 years. However, the longer tenor of bank debt (15 years) than the existing lease validity period exposes the company to renewability and rollover risk.

Presence of structured payment mechanism

For Lease Rental Discounting facility, there is an escrow account arrangement where proceeds from EIDPL gets deposited and the amount credited first utilized towards taxes and statutory payments followed by the payment of debt servicing obligations of LRD loan and then general operational expenses. This significantly reduces the risk of default or delay in servicing debts. The remaining amount is to be utilized by the company. Moreover, as per the terms of sanction, the company is required to maintain an amount of 3 months of debt servicing as DSRA. The company has already maintained DSRA of ~Rs.8.50 crore in place which can cover 3 months of interest and principal obligations. Also, company has sanctioned limit of Rs.380 crore with sub limit of OD facility amounting Rs. 75 crore (out of which ~ Rs.283 crore is undisbursed) provides adequate cushion in timely debt servicing. Out of the undisbursed amount, the company will utilise ~ Rs.50 crore for the purpose of completion of Tower A and remaining amount will be used for developments of other real estate projects in the group entity, however same is in planning phase only. Any higher than envisaged debt funded capex shall remain key monitorable.

Key weaknesses

Renewability and rollover risk as loan duration longer than total lease duration

The lease agreements entered with majority of the tenants would fall for renewal by FY26 to FY2030 while the loan tenor ends in FY40 thereby emanating rollover risk. Post the lease period, the tenant has an option to terminate the lease without any charges. Therefore, continuation of lease after expiry of minimum lease period is a key risk as the renewability depends on various factors including alternate choices available to tenants, prevailing rental rates and maintenance of the commercial property. ~63% of the leased area is expiring during the period FY26 to FY30, exposing the company to vacancy risk and the risk of renewability of leases. The subject risk is partially mitigated due to locational advantage and high demand of property in the region, however timely receipt of rentals from major tenants and ability to manage either renewal on expiry of lock -in period in the lease agreements or getting new tenants reduces the risk till some extent and will be key monitorable.

Investment in group companies

EIDPL invested approximately Rs 20.0 crores in FY24 into its group company, 'Sanya Hospitality LLP,' which is involved in operating a hotel premises and planning the construction of the JW Marriott in Gurgaon in same premises.

Apart from this, the company is also planning to develop a township project in YEIDA under a group concern wherein EIDPL holds 40% stake and has invested ~Rs.5.6 crore for purchase of land and property.

EIDPL is planning to invest ~Rs.120 crore for land acquisition and ~Rs. 100 crore for the construction from the undisbursed debt. The company might sell above real estate properties and exit from them, in case of receiving higher value returns from the market. Out of disbursed debt, the company will invest ~ Rs. 50 crore in development of Tower A. Any delay in cash inflows from Tower A and investments over the envisaged level could strain the company's cash flows. Therefore, ensuring the timely commencement of commercial operations for Tower A, without any cost or time overruns, will be crucial to support the company's cash flow position.

Moderate scale of operations and geographical concentration risk inherent with single asset portfolio

EIDPL derives its major income from lease rentals of office building. The scale of operations of the company, though improved to Rs.123.58 crore in FY24 from Rs.102.91 crore in FY23, reflecting Y-o-Y growth rate of 20%. The company is exposed to geographical concentration risk inherent with single asset portfolio. Any adverse development or decline in demand may significantly impact the company's rentals and occupancy. Nevertheless, prime location of the asset and tenants, reduces risk to certain extent

Vulnerability of the cash flows to fluctuation in rentals and rise in interest rates

The company's cash flow stability is subject to two key external factors: occupancy rates and interest rates. Occupancy sits at ~100% presently, translating into stable cash flows. However, any decrease due to competition, tenant relocation, or economic downturns would directly impact cash flow. Similarly, the company's debt carries inherent interest rate risk. Rising rates would increase future EMI payments, potentially straining cash flow and affecting the debt service coverage ratio (DSCR). To mitigate these risks, maintaining high occupancy rates with favourable lease terms and long-term lock in periods is crucial.

Liquidity: Adequate

The liquidity profile of the company is adequate with an expected gross base monthly rental income of ~Rs. 5.80 crore in FY25 & FY26 as against the total debt obligations of ~Rs.3.78 crore in H2FY25 and ~Rs.2.00 crore per month in FY26. Further, the company maintains a DSRA of ~Rs.8.5 crore as of March 31, 2024, which is equivalent to next 3 months of EMI obligations. The company also has OD limit of 75.00 crore (with nil utilisation) which can be used if required to meet any working capital requirements.

Assumptions/Covenants- Not Applicable

Environment, social, and governance (ESG) risks

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

[Debt Backed by Lease Rentals Discounting](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Real Estate related services

Incorporated on 13 April 2010, ET INFRA DEVELOPERS PRIVATE LIMITED (EIDPL) has one commercial building under name "World Trade Tower" of about 12 lakh sq ft leasable area at sector 16, Noida, Uttar Pradesh. The entire space is currently leased out to various corporates with tenor of 5-15 years. It is promoted and managed by Sushant Aggarwal, Vaibhav Agrawal and Shivani Agrawal.

World Trade Tower Noida Sector-16 is located at Commercial Plot No. C-1, Sector-16, Noida, along the bustling DND flyway, offering easy access to commuters from Delhi-NCR. The development consists of two towers—Tower A with 34 stories and Tower B with 22 stories—both equipped with two basements for parking and additional ground-level parking.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	102.91	123.58
PBILDT	56.71	65.40
PAT	38.82	44.82
Overall gearing (times)	1.26	0.87
Interest coverage (times)	5.23	5.95

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has continued the ratings assigned to the bank facilities of ET Infra Developers Private Limited as "Issuer Not Co-operating" vide its press release dated March 13, 2025 on account of its inability to carryout review in the absence of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Lease rental discounting/ Rent Receivables Financial		-	-	June 2039*	380.00	CARE BBB; Stable

* Maturity date might extend based on the disbursement availed by the company

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	LT	380.00	CARE BBB; Stable				

LT: Long term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: +91-12-0445 2018 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Akhil Kumar Associate Director CARE Ratings Limited Phone: +91-12-0445 1986 E-mail: akhil.kumar@careedge.in
	Shabnam Goyal Lead Analyst CARE Ratings Limited E-mail: shabnam.goyal@careedge.in

About us:

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