

ATS Infrabuild Private Limited (Revised)

August 25, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-Convertible Debentures	135.00	CARE D (Single D)	Revised from CARE BB-; Stable (Double B minus; Outlook: Stable)
Total Long Term Instruments	135.00 (₹ One Hundred Thirty-Five Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating has been revised on account of non-payment of NCDs principal amount and redemption premium due on June 11, 2022 to the investors who have not given their positive consent for the roll-over by period of two year to Jun 11, 2024.

Rating sensitivities

Positive:

- Repayment of debt on timely basis

Detailed description of the key rating drivers:

Key Rating Weaknesses

Default in servicing of debt obligations:

There were delays in repayment of NCD's principal amount and redemption premium due on June 11, 2022 to the investor who have not given their positive consent for the roll-over of the NCD for period of two years to Jun 11, 2024. AIPL has applied for extension of final maturity date of NCDs from June 11, 2022 to June 11, 2024. Further, company has received consent on June 09, 2022 for extension from 76.67% of the investors but remaining investors didn't given their positive consent for the roll-over and redemption of NCDs.

Physical status of the projects:

AIPL is developing CASA Espana project in two phases with total saleable area of 26 lsf. Phase 1 is in advance stage of completion as company has already incurred 80% of the total cost. In phase 1 company has already provided possession for 4, 7, 8, 9 & 10th tower out of total 11 towers and AIPL has applied for OC of 11th tower. AIPL is projecting to complete the construction for tower 2 by December 2022, tower 3 by Feb 2023, tower 5& 6 by May 2023 and tower 1 by December 2023. Further in phase 1, 230 families are residing out of 250 whom possession offered.

AIPL is yet to launch the phase 2 and it is expected to be launched by September 2022. All the approvals and RERA registration for phase 2 are in place.

Excessive dependence on customer advances:

AIPL is currently developing a residential group housing project, CASA Espana, in Sector 121, Mohali, Punjab. The project is being developed in 2 phases. For phase 1, the company has spent 80% of the total project cost (as on May 31, 2022). The same has been funded through NCD's & customer advances. Remaining cost of Rs.131 cr for phase 1 has to be funded majorly from customer advances. Therefore, dependence on customer advances for funding the project continues to remain high. However, comfort can be derived from the fact that satisfactory progress has been achieved in sales status (about 91% area sold till May-21) and remaining amount of project cost of Rs.102 cr is already tied-up in form of receivables from sold stock.

Salability and execution risk pertaining to proposed phase-II:

AIPL is yet to commence the construction and commercial sales for the Phase 2, and it is expected to be launched by September 2022. Since the project is yet to be launched, the execution and salability risk pertaining to the same shall be high and may impact the overall financial profile of the entity adversely, in case of any time or cost escalations. Also there has been

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delays in the launch of the project due to covid and subdued market scenario with delay in approval from government authorities, which has further impacted the liquidity position of the company. Any further delay in the launch of phase 2, will have adverse impact on the financial risk profile of the company.

Inherent cyclical nature of the real estate sector:

The company is exposed to the cyclical nature associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high interest rate scenario could further discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Liquidity: Poor

The liquidity profile of ATS Infrabuild Private Limited remains weak as reflected by slow customer collection and sales momentum. The sales and collection have remained slow in the last one year due to subdued real estate scenario. Due to mismatch between project receipts vis a vis the debt repayment obligations the liquidity of ATS Infrabuild Private Limited remains constrained.

Analytical approach: Standalone

Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Rating methodology for Real estate sector](#)

[Policy on Withdrawal of Ratings](#)

About the Company

ATS Infrabuild Pvt Ltd (AIPL), incorporated on October 4, 2007, is engaged in development of Real Estate Projects. AIPL is a part of ATS Group (ATS), which has a long-standing presence in real estate industry primarily in north India. The promoter of the group, Mr. Getamber Anand, has more than two decades of experience in the real estate industry. In the past, the group has successfully completed seven residential/group housing projects with total saleable area of about 113 lakh square feet (Isf). At present, the ATS group is developing 22 residential projects across North India (mainly Delhi NCR) having total saleable area of approximately 361 Isf. AIPL is currently developing a premium residential group housing project, CASA Espana, in Sector 121, Mohali Punjab, in a joint venture with Shivalik Group. The project is being developed in 2 phases. While Phase 1 is fully approved and is under construction, Phase 2 is at approval stage. Phase 1 has a total saleable area of 14.34Isf while Phase 2 has a saleable area of 11.66 Isf.

(Rs. crore)

Brief Financials (₹ crore)	FY21 (A)	FY22 (A)	Q1FY23 (Prov.)
Total operating income	15.59	64.47	8.75
PBILDT	-2.86	-0.44	NA
PAT	-2.64	0.31	-0.1
Overall gearing (times)	-14.57	-15.33	-16.11
Interest coverage (times)	-21.81	-193.35	NA

A: Audited; Prov.: Provisional

Status of non-cooperation with previous CRA: Rated from Infomeric and assigned IVR BB; Stable; INC as per PR published on September 07, 2021

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4
Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE686N07026	June 12, 2018	10%	06/11/2024	135.00	CARE D

Annexure-2: Rating History of 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non-Convertible Debentures	LT	135.00	CARE D	1)CARE BB-; Stable (12-Jul-22)	1)CARE BB-; Negative (15-Jul-21)	1)CARE BB-; Stable (17-Jul-20)	1)CARE BB; Stable (21-May-19)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

Non- Convertible Debentures	Detailed Explanation
Covenants	
i. Coupon Rate	10% p.a. cumulative and preferred, Payable annually from the First Tranche i.e. June 12, 2018
ii. Repayment Date	June 11, 2024 (Earlier the same was June 11, 2022)

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

Annexure 5: Bank Lender Details for this Company

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

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

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