

**Press Release****Dragonstone Realty Private Limited (DRPL)****March 16, 2020****Ratings**

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned
1	Proposed Term Loan	404.00	IVR BBB-/ Stable outlook (IVR Triple B Minus with stable outlook)
	<b>Total</b>	<b>404.00</b>	

**Details of Facilities are in Annexure 1****Detailed Rationale**

The rating derives strength from the Experienced promoters and team along with an extensive and credible track record, Strategic Location along with an international mall management team, Strong support of the government with major necessary approvals in place, Leveraging Technology to excel in Precision and Supervision, Strong Partnership –Reputed architects and consultants, Strong Existing and Potential Tie Ups – Eminent Brands attracting customers, Letter of Comfort and/or Letter of Guarantee from the group company. However, these strengths may be, partially offset by Potential Competition from Local Hypermarkets and Online Shopping, chance of time and cost overrun.

**Key Rating Sensitivities**

**Downward rating factor(s)** - Any delay in achieving of financial closure as envisaged and/or non achievement of project progress as per the schedule arising out of any company specific or external factor will be negative for the rating.

**List of key rating drivers with detailed description****Key Rating Strengths**

**Experienced promoters and team along with an extensive and credible track record**

Mr. Ajay Prasad (Director), an MBA from Indian Institute of Management Calcutta (IIM – C) has experience in the fields of strategy consultancy, due diligence, acquisition, planning, and project management. Mr. Erik Rijnbout (Director), having an experience with multinational companies, is responsible for Taurus' Portfolio Management.,

Taurus Investment Holdings, LLC has invested and successfully managed over 120 profitable projects across the world.

### **Strategic Location along with an international mall management team**

Taurus Zentrum is at the center of Technopark, Trivandrum which currently employs over 60000 professionals, has provides the employees access to hypermarkets, departmental stores, Food and Beverage, Fashion, Style, entertainment, recreation, pharmacy and clinics, and social event zones, and is the only recreational space within Technopark, Trivandrum.

The mall management team will have internationally trained individuals; they are to look after the daily mall management activities.

### **Strong support of the government with major approvals in place**

The Government of Kerala in its agreement through Technopark with the company provides in writing that they support speedy construction and execution of the project. There have been multiple covenants and actions from the side of the government supporting the mall to come up as soon as possible. Furthermore, all necessary approvals are in place.

### **Leveraging Technology to excel in Precision and Supervision**

Building Information Modelling (BIM) Technology, one of the upcoming technologies is a process that begins with the creation of an intelligent 3D model and enables document management, coordination and simulation during the entire lifecycle of a project. It enables one to Design, Real-time monitor, manage an information system that gives a 100% precision approach to all the construction activities in turn, avoiding any time and cost overrun and saving on huge amount of construction material by detecting problems even before they occur. This leads to reduction in construction costs. All the consultants working on the project have compulsorily been made BIM compliant. Furthermore, other technologies used would help in

Building Management Systems, Smart Parking, Digital User Experience, Digital Analytics and Digital Display Management System. This would optimize mall management to a greater level.

### **Strong Partnership – Reputed architects and consultants**

The company has partnered with eminent architects like Benoy and JCJR and qualified professional consultants such as AECOM, Godrej, Geomarine, HAbOG and Synergy Property Developers amongst others. This will ensure avoidance of cost and time overrun to a great extent.

### **Strong Existing and Potential Tie Ups – Eminent Brands attracting customers**

The company has tied up with eminent brands like Cinapolis India Pvt. Ltd. and which would result in a footfall as expected. Further, the company has been in advanced discussions with leading brands in the country for all the categories like hypermarket, departmental, apparel, jewellery, kids fashion, home furnishing, footwear, food and beverages, entertainment, recreation, sport, saloon and spa, style and Coffee and Bakery.

### **Letter of Comfort and Letter of Guarantee from the group company**

Taurus Investment Holdings LLC (TIH) are to give a letter of comfort and/or a letter of guarantee to the bank while availing for the loan, which would state that TIH will, if necessary, provide a Completion Guarantee for the development project being undertaken by Dragonstone Realty Private Limited, such that any cost overrun in the project beyond the budget agreed with the Bank shall be funded by Dragonstone Realty Private Limited and/or by the Company (TIH) from its own funds to a maximum extent of INR 70 Crores, to meet the additional funding requirement.

### **Key Rating Weaknesses**

#### **Potential Competition from Local Hypermarkets and Online Shopping**

There is potential competition in the hypermarket and departmental shopping category from Lulu Mall a few kilometers away from Technopark. However, there is no such competition in the category of food and beverages, entertainment and recreation. Thus it's not considered to be a major threat. Online shopping has also been an upcoming trend for people to shop from

their homes. This may act as a trivial threat to the supermarket run from Malls. However, people who like to buy branded material, seldom seem to buy through online shops.

## **Chance of time and cost overrun**

The construction sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed leasing & changes in regulatory requirements. 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.

## **Analytical Approach & Applicable Criteria**

Standalone

Rating methodology for Infrastructure companies

Financial ratios and Interpretation (Non-Financial Sector)

## **Liquidity: Adequate**

The company maintains moderate cash and bank balance to meet its liquidity requirements. The projected DSCR is in comfortable territory, thus liquidity is expected to be Adequate.

## **About the Company**

Taurus Group (Taurus Investment Holdings LLC, USA) is a global investor, developer, owner and operator that tends to invest its diversified capital and operational infrastructure to capitalize on its commercial and residential real estate opportunities. The firm is an active participant in key markets including New York, London, Munich, Frankfurt, Ankara, Istanbul and Buenos Aires, with India being the latest market that it has entered.

Dragonstone Realty Private Limited (DRPL), is one of the 3 SPV's formed to develop and build a Retail/Mall within the Non-SEZ area of the Technopark Phase 3. It has taken up the real estate development of Taurus Downtown Project located at Thiruvananthapuram. The project is to be designed as the nucleus and activity hub of one of India's largest business parks.

**About the Project** - The Mall has 6 floors along with 1 basement and multi-parking area for about 2000+ vehicles. 10 elevators of 20 people's capacity, 5.61 acres. The overall project cost is Rs. 627.20 crore, to be funded by a term loan of Rs. 404.00 Crore from the Bank and a balance from equity & Compulsorily Convertible Debenture. The Mall is expected to

commence rental income from April, 2022. The financial closure is expected to be achieved by the end of 1Qr FY21.

**Status of non-cooperation with previous CRA:** N.A.

**Any other information:** N.A

## Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Proposed Term Loan	Long Term	404.00	IVR BBB-/ Stable outlook	--	--	--

**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](http://www.infomerics.com).

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## About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

**Annexure 1: Details of Facilities**

<b>Name of Facility</b>	<b>Date of Issuance</b>	<b>Coupon Rate/ IRR</b>	<b>Maturity Date</b>	<b>Size of Facility (Rs. Crore)</b>	<b>Rating Assigned/ Outlook</b>
Proposed Term Loan	--	--	-	404.00	IVR BBB-/ Stable outlook