



Press Release

D G Land Developers Private Limited

February 13, 2024

Ratings:

| Instrument / Facility | Amount (Rs crore) | Ratings | Rating Action | Complexity Indicator |
|---------------------------------------|-------------------------|---|------------------|--|
| Long term bank facilities - Term loan | 5.93 | IVR BBB-/ Stable (IVR Triple B minus With Stable Outlook) | Assigned | Simple |
| Proposed Long term | 50.00 | IVR BBB-/ Stable (IVR Triple B minus With Stable Outlook) | Assigned | Simple |
| Total | 55.93 | | | |

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings assigned to the bank facilities of D G Land Developers Private Limited derive strength from its experienced promoters in the real estate industry and favorable location of the project. However, the rating strengths are partially offset by nature of real estate industry subject to regulations and project execution and marketing risk.

Key Rating Sensitivities:

Upward Factors:

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

Downward Factors:

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



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Key Rating Drivers with detailed description:

Key Rating Strengths:

Experienced promoters in the real estate industry

Company is promoted by Shukla family. They have over three decades of experience in real estate industry. Company benefits from the industry experience of its director and professional management.

Favorable location of the project

The said re-development project Sheetal Usha-Nisha is located at about 3km – 4km. distance from Malad Railway Station, (Middle Class locality), and Sheetal Meghdoot is located at about 1km – 2km. distance from Borivali Railway Station, (Middle Class locality) has all kind of public transport services available and all civic amenities such as educational institutes, markets, hospitals etc. available within 1km – 2km radius.

Key Rating Weaknesses:

Nature of real estate industry subject to regulations

The 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 central law RERA provided the basic framework of consumer protection in real estate transactions: raising disclosure requirements of builders, bridging existing information asymmetry between buyers and builders, and ring-fencing the money paid upfront by buyers.

Project Execution and marketing Risk

DG Land Developer's projects are under various phases of construction, alternatively the sales across these projects are at different stages. Achieving the envisaged realisations for the unsold inventory while maintaining the sales momentum remains crucial going forward. With the progress of construction, the sales momentum is likely to accelerate providing adequate cash flows. The implementation period makes the company 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.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)



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[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Rating Outlook](#)

Liquidity – Adequate

Company is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. Further, the company is likely to benefit from the resourcefulness of the promoters group. Overall liquidity position is expected to be adequate.

About the Company

D. G Land Developers Pvt Ltd was incorporated under the Companies Act 1956 in the state of Maharashtra on 05/10/2012. The Registered Office of the Company is at Office –B-203, Ragunath Krupa Building, Aarey Road, Goregaon (E) Mumbai-400063.

The Company is involved in Real Estate Construction Business for more than 25 Years and main Focus on Redevelopment Residential Properties in Mumbai.

Currently company has 2 ongoing redevelopment projects i.e. Sheetal Usha-Nisha located at about 3km – 4km. distance from Malad Railway Station, (Middle Class locality), and Sheetal Meghdoot located at about 1km – 2km. distance from Borivali Railway Station, (Middle Class locality) has all kind of public transport services available and all civic amenities such as educational institutes, markets, hospitals etc. available within 1km – 2km radius.

Financials: Standalone

(Rs. crore)

| For the year ended/* As On | 31-03-2022 | 31-03-2023 |
|-------------------------------|----------------|----------------|
| | Audited | Audited |
| Total Operating Income | 48.24 | 47.15 |
| EBITDA | -0.74 | 0.21 |
| PAT | 1.31 | 1.21 |
| Total Debt | 33.93 | 33.21 |
| Adjusted Tangible Net-worth | 54.61 | 52.23 |
| Ratios | | |
| EBITDA Margin (%) | -1.53 | 0.44 |
| PAT Margin (%) | 2.59 | 2.43 |
| Overall Gearing Ratio (x) | 0.20 | 0.27 |

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil



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Any other information: Not Applicable

Rating History for last three years:

| Sr. No. | Name of Instrument/ Facilities | Current Ratings (Year 2023-24) | | | Rating History for the past 3 years | | |
|---------|---------------------------------------|-----------------------------------|-----------------------|------------------|--|--|--|
| | | Type | Amount (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 |
| 1. | Long term bank facilities - Term loan | Long Term | 5.93 | IVR BBB-/ Stable | - | - | - |
| 2. | Proposed Long term | Long term | 50.00 | IVR BBB-/ Stable | | | |

Name and Contact Details of the Rating Team:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information visit www.infomerics.com.

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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 |
|---------------------------------------|------------------|------------------|---------------|------------------------------|--------------------------|
| Long term bank facilities - Term loan | - | - | 2026 | 5.93 | IVR BBB-/ Stable |
| Proposed Long term | - | - | - | 50.00 | IVR BBB-/ Stable |

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-DGland-feb24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it based on complexity and a note thereon is available at www.infomerics.com.