



## Press Release

### Dorne Realty Private Limited

November 10, 2022

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facility	-	-	Withdrawn^	Simple
Proposed Long Term Bank Facility	130.00	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	Assigned	Simple
<b>Total</b>	<b>130.00</b> <b>(One hundred &amp; thirty crore only)</b>			

*^The bank facility of Rs.130 crore from State Bank of India has been withdrawn as the limit was not availed by the company and the sanctioned limits expired*

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The long-term rating assigned to the bank facility of Dorne Realty Private Limited has been withdrawn since the sanctioned term loan was not availed by the company on account of change in the project structure and project cost, and subsequently the sanctioned term loan got expired. The rating assigned to the proposed long term bank facility of Dorne Realty Private Limited derives strength from the experienced promoters and team along with an extensive and credible track record, strategic location along with an international project management team, strong support of the Government with all necessary approvals in place, supervision and strong partnership with world class architects and consultants strong existing and potential tie ups. The rating is however constrained by project implementation risk, time and cost overrun due to delay in project, exposure to risks relating to cyclicity in real estate industry.

#### Key Rating Sensitivities:

#### Upward Factors

- Timely completion of projects according to updated schedule and consequently achieving the financial closure as envisaged.



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### **Downward Factors**

- 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 track record**

Mr. Ajay Prasad (Director) has experience in the fields of strategy consultancy, due diligence, acquisition, planning, and project management. Mr. Erik Rijnbout (Director) is responsible for Taurus' Portfolio Management. Group has several professional management personnel with substantial industry experience. Taurus Investments Holdings LLC has invested and successfully managed over 120 profitable projects across the world. DRPL benefits from the industry experience of its promoters and professional management.

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

Taurus Yosemite located in Technopark phase III, Trivandrum which currently employs 60000 professionals. The development in Technopark and the constant enquiry by global majors is reshaping the business landscape in Trivandrum. The activities happening in the stretch of Kulathoor – Pallipuram, a 43 km stretch adjoining NH6. Pallipuram, is emerging as a major urban center which is situated in northern part of the city. The location also hosts Technocity, the next phase of Technopark. The digital research lab by Nissan is expected to set up in Technocity, spread across 30 acres. Other notable companies having operations in the facility include SunTec Business Solutions and TCS.

##### **Lease Agreements and necessary approvals in place**

The Company proposes to lease out the same to majorly IT Related Clients, with total leasable area of 4,81,003.41 sq.ft. DRPL has already leased out 55% of total leasable area to NYSE listed company and is receiving interests from various companies. DRPL has signed lease agreement with the NYSE listed company and received part security deposit,



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thus providing revenue visibility and guarantee at COD. Furthermore, all necessary approvals are in place.

### **Strong Partnership – World class architects and consultants**

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

### **Key Rating Weaknesses**

#### **Project Implementation Risk**

The project “Yosemite” is in the initial stage and the construction is yet to begin which indicate a high degree of project implementation risk. However, the Taurus group and the highly qualified management with the existing tie-ups imparts some comfort regarding project implementation.

#### **Time and Cost Overrun due to re-designing if the project due to change in norms laid down by Covid 19**

Due to the COVID-19 pandemic and its lockdown scenario, the company faced a delay in its construction activities. The company has changed the design and increased the total area with change in the configuration of the project from 10 to 13 floors including Multilevel Car Parking of B+G+2. The decision was collectively made based on expert advice from the master architect of the group, Benoy, UK and coordination at various levels from Executive Architect – Colliers International and local architect JCJR Architects apart from market feedback for more demand in Office space in Technopark, Trivandrum keeping in view the need for larger space arising due to Covid-19 impact and maximum utilisation of the space. Construction is expected to resume post monsoon and Commercial Operation Date is expected to be in December 2024.

#### **Exposure to risks relating to cyclicity in real estate industry**



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Cyclicality in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of the company. Dorne Realty Private Limited will remain susceptible to the inherent cyclicality in the real estate sector.

**Analytical Approach:** Standalone

**Applicable Criteria**

[Policy on Withdrawal of ratings](#)

[Rating Methodology for Real Estate Entities](#)

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

[Criteria for assigning rating outlook](#)

**Liquidity – Adequate**

The company maintains moderate cash and bank balance to meet its liquidity requirements. In addition, the company is expected to take the bank term loan of Rs. 175.00 crore to be availed in phase wise manners. The repayment of which is expected to start after three months from the commencement of the project. The overall liquidity position of the company is adequate on the back of funds infused by promoters and distant repayment obligations.

**About the Company**

Drone Realty Private Limited is one of the two SPVs of the Taurus Investment Holdings, LLC-USA (“Taurus”) Parent Company formed for constructing office space 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.

DRPL is involved in constructing an Office Space namely “Yosemite” at Plot No. Non SEZ-6, Block No.17, Village Attipra, District. Thiruvananthapuram, Kerala, with total Built up area of 6,99,473.46 Sq.ft. increased from 5,66,834.72 sq.ft and project configuration of B+G+13 along with Multi Level Car Parking of B+G+2. The Company proposes to lease out the same to majorly IT Related Clients, with total leasable area of 4,81,003.41 sq.ft. increased from increased from 380,535.42 sq.ft.



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### Financials (Standalone):

(Rs. crore)

For the year ended* / As on	31.03.2021	31.03.2022
	<b>Audited</b>	<b>Audited</b>
Total Income	0.53	0.53
EBIDTA	0.36	-0.29
PAT	-0.09	-0.77
Total Debt	0.60	0.14
Tangible Net Worth	23.69	23.21
EBDITA Margin (%)	NM**	NM**
PAT Margin (%)	NM**	NM**
Overall Gearing Ratio (x)	0.03	0.01

\*Classification as per Infomerics' standards

\*\*Not Meaningful

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 Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (September 06, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loan	Long Term	130.00	Withdrawn	IVR BBB-/ Stable	-	-
2.	Proposed Term Loan	Long Term	130.00	IVR BBB-/ Stable	-	-	-

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange





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Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)

**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

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Term Loan	-	-	-	130.00	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-Dorne-Realty-nov22.pdf>

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



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

