



Press Release

Dragonstone Realty Pvt. Ltd.

December 05, 2023

Ratings

Instrument/ Facility	Amount (Rs. Crore)	Current Rating	Previous Rating	Rating Action	<u>Complexity Indicator</u>
Proposed Long Term Bank Facilities	325.00	IVR BB/ Negative; Withdrawn (IVR Double B with Negative Outlook and withdrawn)	IVR BBB- /Negative (IVR Triple B Minus with Negative Outlook)	Revised and withdrawn	Simple
Total	325.00	Rupees Three Hundred and Twenty-Five Crore only.			

Details of facilities are in Annexure 1

Rating Action

Infomerics Valuation and Rating Private Limited has revised the ratings and simultaneously withdrawn the long-term rating of IVR BB/ Negative, assigned to the proposed bank facilities of Dragonstone Realty Pvt. Ltd. The above action has been taken at the request of Dragonstone Realty Pvt. Ltd. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

The revision in the rating assigned to the bank facilities of Dragonstone Realty Pvt. Ltd. is on account of delay in the project and going forward also there is an uncertainty in execution of the project because of the regulatory issues with NGT (National Green Tribunal).

Key Rating Sensitivities: Not Applicable.



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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. They lead a team of eminent potential individuals, all having the relevant industrial experience of more than 15 years each.

Taurus Investments LLC, having an experience of creating the best of commercial spaces all around the globe have a strong sustainability over the years and a sturdy growth pattern. They have funded more than 120 projects having an average project and investor IRR of 13.31% and 11.69% respectively.

Strategic Location along with an international mall management team

Taurus Zentrum being at the center of Technopark, Trivandrum which currently employs 60000 professionals, has provided 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 all necessary 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. The Technopark land was leased to the company at 30% of the market cost. Furthermore, all necessary approvals are in place.



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Leveraging Technology to excel in Precision and Supervision

Building Information Modelling (BIM) Technology, one of the upcoming technologies (first to be used in India), 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 – 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, 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 Cinepolis India Pvt. Ltd. and Rahel Travancore Lounge Hospitality, LLP, which would result in an increase in footfall as expected. Further, the company has been in advanced discussions with the 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 from the holding company

Taurus Investment Holdings LLC (TIH) are to give a letter of comfort 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



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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. Moreover, TIH will do whatever they can, on best effort basis to ensure repayment by DRPL of its indebtedness.

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 kilometres 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.

Time and Cost Overrun

After to the COVID-19 pandemic and its lockdown scenario, the company faced a delay in its construction activities by around one and a half years, and now as well, the company is facing a compliance issue with the NGT (National Green Tribunal) and SEIAA (State Environment Impact Assessment Authority), though they are confident that the petition would be in their favour only, but due to this there has been a delay in the construction process, and in case the petition result is not in their favour, they will again have to apply for the approvals and then within a period of 2-3 months they will get the results.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria of assigning Rating Outlook.](#)

[Policy on Withdrawal of ratings](#)



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Liquidity – Adequate

Comments on liquidity: 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. 325.00 Crore in the future. The overall liquidity position of the company is Adequate.

About the Company

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.

Financials (Standalone):

For the year ended/As on*	(Rs. in Crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	-0.59	-0.32
PAT	-2.00	-1.57
Total Debt	17.89	12.78
Tangible Net Worth	64.14	75.19
Ratios		
EBITDA Margin (%)	N.M*	N.M*
PAT Margin (%)	N.M*	N.M*
Overall Gearing Ratio (x)	0.28	0.17

*Classification as per Infomerics' standards

NM= Not Meaningful

Details of Non-Co-operation with any other CRA: Nil

Any other information: Not Applicable



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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 outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (September 07, 2022)	Date(s) & Rating(s) assigned in 2021- 2022 (June 15, 2021)	Date(s) & Rating(s) assigned in 2020- 2021 (March 16, 2020)
1.	Proposed Long Term Facility	Proposed Long Term	325.00	IVR BB/ Negative; Withdrawn	IVR BBB-/ Negative	IVR BBB-/ Credit Watch with Negative Implications	IVR BBB-/ Stable

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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



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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
Proposed Term Loan	-	-	-	325.00	IVR BB/ Negative (Revised and withdrawn)

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

Annexure 3: Facility wise lender details

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 on the basis of complexity and a note thereon is available at <http://www.infomerics.com>.