



## Press Release

### Dorne Realty Private Limited (DRPL)

**September 06, 2021**

#### **Ratings**

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	130.00	IVR BBB- / Stable (IVR Triple B Minus with Stable Outlook)	Assigned
<b>Total</b>	<b>130.00</b> <b>(One Thirty Crore)</b>		

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

The ratings assigned to bank facilities of Dorne Realty Private Limited factors Experienced Promoters and Team Along with an Extensive Track Record, Lease Agreements and Corporate Guarantee from the Holding Company. However, rating is constrained owing to Subdued Industry Scenario and Time and Cost Overrun due to COVID-19 Pandemic.

#### **Key Rating Sensitivities:**

##### **Downward Factors**

- A decline in the scale of operations or the EBITDA margin, leading to deterioration in the credit metrics and/or the liquidity, on a sustained basis, could be negative for the ratings.

##### **Upward Factors**

- Timely Completion of the project without cost overruns, coupled with lease agreement tie-up for remaining inventory at competitive rates, will be positive for the ratings.

#### **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



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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.

### **Lease Agreements**

The Company proposes to lease out the same to majority IT Related Clients, with total leasable area of 380,535.42 sq.ft. DRPL has already leased out 59% of total leasable area to an NYSE listed Company who has already given part security deposit, providing revenue visibility at COD. Further, DRPL is in discussion with several other companies, interested in leasing office area.

### **Corporate Guarantee from the Holding Company**

Taurus Investment Holdings LLC (TIH) has provided corporate guarantee to the bank while availing for the loan. This ensures strong promoter support in case of any temporary liquidity stretch for the Company.

### **Key Rating Weaknesses**

#### **Subdued Industry Scenario**

With the on-going economic conditions, the real estate industry is currently facing issues on many fronts, including subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, etc. thereby resulting in stress on cash flows of developers. The COVID-19 outbreak halted construction in short term and impacted the material supply. Reverse migration of labour led to uncertainty on construction progress in medium term. Economic uncertainty would also have a severe impact on new loans/ refinance for developers. However, the industry has gradually started to pick up during pandemic times owing to lucrative payment option, attractive prices coupled with favourable government reforms.

#### **Time and Cost Overrun due to COVID-19 Pandemic**

Due to the COVID-19 pandemic and its lockdown scenario, the company faced a delay in its construction activities. Construction is expected to resume post monsoon and Commercial Operation Date is expected to be in October 2023.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non- Financial Sector)

### **Liquidity – Adequate**

The company maintains moderate cash and bank balance to meet its liquidity requirements. In addition, the company is recently sanctioned the bank term loan of INR 130.00 Crore in August 2021. The overall liquidity position of the company is adequate.

### **About the Company**

Dorne Realty Private Limited, incorporated on October 24, 2017, is engaged in the construction of a project in non-SEZ land in Technopark Phase III Campus, Thiruvananthapuram. The project is named 'Yosemite' and is constructing an Office Space with total Built up area of 566,834.72 sq.ft and project configuration of B+G+4 Multi Level Car Parking+10 Office Floors. The Company proposes to lease out the same to majorly IT Related Clients, with total leasable area of 380,535.42 sq.ft.

### **Financials (Standalone)\*:**

(In Crore)

For the year ended / As on	31-03-2019	31-03-2020	31-03-2021
	(Audited)	(Audited)	(Provisional)
Total Operating Income	0.00	0.00	0.00
EBITDA	-0.29	-0.21	-0.12
PAT	-0.52	-0.07	0.06
Total Debt	2.16	2.70	10.14
Adjusted Tangible Net-Worth	11.50	13.14	13.32
<b><u>Ratios</u></b>			
EBITDA Margin (%)	N/M <sup>#</sup>	N/M	N/M
PAT Margin (%)	-362.89	-26.35	19.88
Overall Gearing Ratio (x)	0.19	0.21	0.76

\* Classification as per Infomerics' standards



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#NM – Not Meaningful

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Bank Facilities – Term Loan	Long Term	130.00	IVR BBB-/ Stable Outlook		--	--

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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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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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 (INR Crore)	Rating Assigned/ Outlook
Term Loan	-	-	FY26	130.00	IVR BBB-/ Stable
Total				130.00	

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Dorne-Realty-lenders-6sept21.pdf>

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

### Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Term Loan	Simple

**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).