

Press Release

Dreamz Infrastructure (DI)

07 March, 2018



Rating Upgraded and Assigned

Total Bank Facilities Rated*	Rs.27.00 Cr
Long Term Rating	SMERA BB/Stable (Upgraded from SMERA B+/Stable)

*Refer Annexure for details

Rating Rationale

SMERA has upgraded the long-term rating on the Rs. 16.00 crore bank facilities to '**SMERA BB**' (**read as SMERA double B**) from '**SMERA B+**' (**read as SMERA B plus**) and assigned long term rating of **SMERA BB** (**read as SMERA double B**) on the Rs. 11.00 crore bank facilities of Dreamz Infrastructure (DI). The outlook is '**Stable**'.

The rating upgrade factors in the advanced level of project completion and infusion of funds from promoters. Further, the rating is supported by reduced offtake risk backed by comfortable booking levels and advances received.

Dreamz Infrastructure, established in 2015 is an Amravati-based partnership firm promoted by Mr. Bharani, Mr. Harwani and their respective families.

The firm has undertaken construction of 'Dreamzland Commercial Park' a commercial project spread over 45 acres of land divided into two phases - Phase - I caters to the commercial market and Phase - II is expected to be a residential area for future expansion and a Dreamzland Mall. Presently, the firm has launched Phase One at a cost of Rs. 90.83 crore and its Extension costing Rs. 47.50. The project is funded by partners contribution and loans from banks with limited dependence on customer advances.

Strengths

Experienced promoters

The firm is promoted by Mr. Bharani, Mr. Harwani and their respective families. The promoters have collective experience of over a decade in the real estate industry.

Advanced stage of project completion

The firm is developing a commercial project - 'Dreamzland Commercial Park' spread over 45 Acres located at Amravati, Maharashtra to be executed in two phases. Presently, Phase One and its Extension is under construction. The total saleable area under Phase I is 5.79 lakhs square feet. The firm plans to construct 476 commercial shops at a total project cost of Rs. 90.83 crore of which Rs. 82.57 crore (90 per cent) has been incurred as on 31 December, 2017. Further, the firm has initiated extension of Phase 1, the total saleable area of which is 3.55 lakhs square feet to construct 251 shops at a total cost of Rs. 47.50 crore. Of this Rs.26.98 crore (56.8 per cent) has been incurred as on 31 December 2017. However the financial closure for the term loan is pending.

Comfortable booking levels

The construction is at an advanced stage with bookings for 346 units out of 476. The total booking stood at around 72.68 percent. The total customer advances received against bookings of Rs. 78.69

crore stood at Rs. 58.87 crore.

Weaknesses

Inherent cyclical in the construction sector

The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region specific presence. The risks associated with real estate industry are – cyclical nature of business (drop in property prices), interest rate risk etc.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of DI to arrive at the rating.

Outlook - Stable

SMERA believes that the firm will maintain a Stable outlook in the medium term on the back of its experienced management. The outlook may be revised to 'Positive' if the firm generates steady cash flows as per anticipated customer advances from bookings. Conversely, the outlook may be revised to 'Negative' in case of delay in executing the project or collections from bookings getting delayed, thereby creating pressure on liquidity.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	11.98	NA	NA
EBITDA	Rs. Cr.	1.33	NA	NA
PAT	Rs. Cr.	1.16	NA	NA
EBITDA Margin	(%)	11.13	NA	NA
PAT Margin	(%)	9.72	NA	NA
ROCE	(%)	4.13	NA	NA
Total Debt/Tangible Net Worth	Times	1.43	NA	NA
PBDIT/Interest	Times	39.49	NA	NA
Total Debt/PBDIT	Times	39.49	NA	NA
Gross Current Assets (Days)	Days	2,452	NA	NA

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
23-Jan, 2017	Term loan	Long Term	27.00	SMERA B+ / Stable (Assigned)

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loan	Not Applicable	Not Applicable	Not Applicable	16.00	SMERA BB / Stable (Upgraded from SMERA B+/Stable)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	11.00	SMERA BB / Stable (Assigned)

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