



Press Release
Dimple Realtors Private Limited
September 04, 2023
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	150.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	142.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	292.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on Rs.142.00 Cr. bank facilities of Dimple Realtors Private Limited (DRPL). Further, Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on Rs.150.00 Cr. bank facilities of DRPL. The outlook is '**Stable**'.

Rationale for rating

The rating considers DRPL's steady sales and collection traction in its ongoing projects. As of June 2023, for projects 19 North and 73 East, DRPL has been able to collectively sell around 1.23 lakh sqft, at Rs. 258 Cr against which Rs.153 Cr has been collected in the form of advances. DRPL, also launched a new project having two saleable buildings namely Westwood and Westwood 2 which are in the nascent stage of project execution having total cost of Rs.452 Cr out of which Rs.46 Cr has been incurred as of June 2023. Both the projects are in Kandivali West, Mumbai.

The rating also draws comfort from the strong experience of the promoters of over two decades, its established operational track record and low gearing. The rating, however, is constrained by project completion risk, and susceptibility to real estate cyclicity and regulatory risks.

About the Company

DRPL, incorporated in January 1998 by Mr. Nitin Patel has completed developing over 15 real estate projects of over 1 million square feet. DRPL's projects are primarily in Dahisar, Borivali, Mira Road, Kandivali and Wadala. DRPL's current ongoing project is in Kandivali west (19 North and 73 East) has 400 units (includes 15 commercial units) with saleable area of 3.09 Lakh sqft. DRPL has also recently launched Westwood and Westwood 2 in Kandivali west which are in their nascent stage of execution and are scheduled for completion in Dec 2025 and Dec 2027. These two buildings collectively have 527 saleable units with a total saleable area of 2.81 lakh sqft.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of DRPL to arrive at this rating

Strengths

Experienced management and established track record of operations

DRPL was established by Mr. Nitin Patel in January 1998. The current promoters Mr. Nitin Patel and his son Mr. Divyanshu Patel have a vast experience in the similar line of business. Mr. Nitin Patel has experience of more than 2 decades in the field of housing construction and residential complexes. The company has till date developed more than 12 Lakh sqft area and completed over 15 projects within Mumbai Suburban area including Andheri, Kandivali, Borivali, Dahisar, Mira Road, Wadala.

Currently, company has two projects having four saleable buildings. One project has two buildings (73 East and 19 North) and the newly launched project having (Westwood and Westwood 2). Both the projects are in Kandivali West, Mumbai Maharashtra with area under developing residential and commercial spaces.

Acuite believes the established track record of the company and its extensive experience in developing both luxury and budget homes will help the company in catering to various class of customers.

Steady construction pace along with moderate sales and collection traction

DRPL has completed the construction of 19 North before the scheduled time (June 2025) and filed for Occupancy Certificate. Sales and collection traction has been steady with 88% area sold as of June 2023. 73 East construction is ongoing; however, sales traction has been nominal in this project with 28% of the area sold. The newly launched project having Westwood and Westwood 2 is in nascent stage of construction and is to be completed by Dec 2025 and Dec 2027 respectively. As of June 2023, around 10% of the project cost has been incurred and 9% of the saleable area has been sold.

Acuite believes timely completion of 73 East, and steady pace of construction for Westwood and Westwood 2 along with adequate sales and collection traction will remain a key monitorable.

Weaknesses

Project Execution Risk

DRPL's recently launched –projects Westwood and Westwood 2 which are in their nascent stage of execution. The estimated cost for them is Rs. 451.73 Cr, out of which Rs.45.86 Cr has been incurred as of June 2023 (Rs.31.72 Cr funded through promoter's contribution, Rs.14.14 Cr through customer advances). The balance project cost is to be incurred through Rs.73.28 Cr of promoter's contribution, Rs.150 Cr term-loan and the rest through customer advances. Considering the nascent stage of project, execution risk is moderately high. 73 East construction is ongoing, and as of June 2023, around Rs.97.16 Cr project cost is yet to be incurred. The area sold stands at 28% and collections at 52% as on June, 2023. Any volatility in the sales and collection traction for the ongoing projects would adversely impact the completion of the towers as around 50% of the projects cost is dependent on timely receipt of projected customer advances.

However, considering past execution track record of the company, prime location of the projects and moderate sales and collection traction, the risk is mitigated to certain extent.

Susceptibility to real estate cyclicity and regulatory risks

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 in nature and directly linked to drop in property prices and interest rate risks, which could affect the operations. Given the high level of financial leverage, the high cost of borrowing prevents the real estate's developers' from significantly reducing prices to boost sales growth. Moreover, the industry is also exposed to certain regulatory risks linked to stamp duty and registration tax directly impacting the demand and thus operating growth of real estate players.

Rating Sensitivities

- Execution of projects as per the timelines considered on the back of good sales and collection traction.
- Deterioration in financial risk profile and liquidity due to reduction in customer advances,

pent up inventory and lower than expected average unit realization.

All Covenants

Not Applicable

Liquidity Position

Adequate

DRPL has received around 54% of advance cash of Rs.167 Cr against 25% of the total area sold. For the total pending cost to be incurred towards ongoing projects of around Rs.503 Cr, DRPL has Rs.178 Cr unutilised from its sanctioned TL, receivables outstanding at Rs.141 Cr, promoter's contribution of Rs.76.33 Cr and the rest through incremental sale of units.. Going forward, the company's collections are expected to remain healthy against nil repayment obligation in FY2024 and nominal repayment due in FY2025.

Outlook:Stable

Acuité believes that the DRPL will maintain a 'Stable' outlook over medium term on the back of experienced management, long track record of operations, moderate funding risk and steady sales and collections traction. The outlook may be revised to 'Positive' in case of higher-than-expected new bookings. Conversely, the outlook may be revised to 'Negative' in case of any undue delay in project execution or lower than expected bookings of the units affecting the cash flows.

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	3.63	7.41
PAT	Rs. Cr.	12.23	7.18
PAT Margin	(%)	336.61	96.92
Total Debt/Tangible Net Worth	Times	1.60	1.78
PBDIT/Interest	Times	2.47	2.11

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Dec 2022	Term Loan	Long Term	8.61	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Covid emergency line	Long Term	0.39	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	100.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Lease Rental Discounting	Long Term	13.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	7.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
17 Mar 2022	Term Loan	Long Term	100.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	10.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	7.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
06 Nov 2020	Proposed Bank Facility	Long Term	117.00	ACUITE BB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE BBB- Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	0.39	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not Applicable	Lease Rental Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	13.00	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	2.45	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	100.00	ACUITE BBB- Stable Reaffirmed
PNB Housing Finance Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.60	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	10.00	ACUITE BBB- Stable Reaffirmed
PNB Housing Finance Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.56	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	7.00	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	150.00	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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