

Press Release
DIMPLE REALTORS PRIVATE LIMITED
December 02, 2024
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	292.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	292.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on Rs.292.00 Cr. bank facilities of Dimple Realtors Private Limited (DRPL). The outlook is ‘**Stable**’.

Rationale for rating

The rating considers DRPL’s steady sales and collection traction in its ongoing projects. As of October 2024, for projects 19 North and 73 East & Westwood and Westwood -2, DRPL has been able to collectively sell around 2.20 lakh sqft, at Rs. 470.54 Cr. against which Rs.315.65 Cr. has been collected in the form of advances. The construction cost incurred as of October 2024 for 19 North and 73 East is Rs.276.84 Cr. and for Westwood and Westwood-2 is Rs.38.66 Cr. The construction cost for Westwood and Westwood-2 is less as compared to the projected because the management has decided to start the construction of Westwood-2 after completion of Westwood. Both the projects are located in premium locations across 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 2.81lakh sqft.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

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 second project has (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 Occupancy Certificate is received for the same. Sales and collection traction has been steady with ~93.28% area sold as of October 2024. 73 East construction is ongoing; however, sales traction has been nominal in this project with ~47.98% of the area sold. The other project having Westwood and Westwood 2 is in the stage of construction and is to be completed by Dec 2025 and Dec 2027 respectively. As of September 2024, around ~19.38% of the project cost has been incurred and ~14.27% of the saleable area has been sold.

Acuite believes that healthy sales traction in 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. The estimated cost for them is Rs. 440.55 Cr, out of which Rs.85.38 Cr. has been incurred as of September 2024 (Rs.45.05 Cr. funded through promoter's contribution, Rs.40.33 Cr. through customer advances). The balance project cost is to be incurred through Rs.59.95 Cr. of promoter's contribution, Rs.150 Cr. term-loan and the rest through customer advances. Considering that Westwood-2 construction will start after completion of Westwood, execution risk is moderately high. 73 East construction is ongoing, part Occupancy Certificate for commercial is received. 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 in Westwood project.

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 cyclical 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 liquidity due to reduction in customer advances, pent up inventory and lower than expected average unit realization.

Liquidity Position

Adequate

DRPL has received around 78.05% of advance cash of Rs.271.06 Cr. against 56.94% of the total area sold. For the total pending cost to be incurred towards ongoing projects, DRPL has Rs.173.03 Cr. unutilised from its sanctioned Term Loan, further it also has receivables outstanding at Rs.154.88 Cr. from the sold area, and the rest the company will be generating cash through incremental sale of units. Going forward, the company's collections are expected to remain sufficient against nominal repayment due in FY2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	123.98	7.49
PAT	Rs. Cr.	32.95	15.86
PAT Margin	(%)	26.57	211.79
Total Debt/Tangible Net Worth	Times	1.72	1.54
PBDIT/Interest	Times	3.49	2.09

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

Not Applicable

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, Acuité 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
04 Sep 2023	Term Loan	Long Term	4.60	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.56	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.45	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	0.39	ACUITE BBB- Stable (Reaffirmed)
	Lease Rental Discounting	Long Term	13.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	100.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	150.00	ACUITE BBB- Stable (Assigned)
21 Dec 2022	Term Loan	Long Term	100.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	7.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	10.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	0.39	ACUITE BBB- Stable (Assigned)
	Lease Rental Discounting	Long Term	13.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	8.61	ACUITE BBB- Stable (Assigned)
17 Mar 2022	Term Loan	Long Term	100.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	7.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)
	Term Loan	Long Term	10.00	ACUITE BB+ Stable (Upgraded from ACUITE BB Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not avl. / Not appl.	Lease Rental Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2026	100.00	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	108.94	Simple	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jun 2028	20.00	Simple	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Sep 2030	30.00	Simple	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jun 2029	10.00	Simple	ACUITE BBB- Stable Reaffirmed
PNB Housing Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jun 2026	1.56	Simple	ACUITE BBB- Stable Reaffirmed
Aditya Birla Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Aug 2036	7.00	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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