

Press Release

P And M And Hitech Infrastructures LLP

20 April, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 16.50 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+** (read as SMERA B plus) on the Rs. 16.50 crore bank facilities of P And M And Hitech Infrastructures LLP. The outlook is '**Stable**'.

P&M and Hi Tech Infrastructures LLP was formed in 2010. The LLP is promoted by two business houses viz, P&M Infrastructures Limited and Hitech Heritage Limited for construction and operation of a shopping mall in Jamshedpur, Jharkhand. The shopping mall started its operations from September 2017.

Key Rating Drivers

Strengths

- **Experienced Promoters**

P&M and Hi Tech Infrastructure LLP has an existing mall in Patna which has been operational since 2011. On the other hand, the Hi Tech group is based in Jamshedpur and has a comfortable understanding of the demand of the local consumers.

- **Agreement with diversified and reputed counter parties**

The mall is operational from September'2017 and has entered into lease agreements with reputed parties - such as Big Bazar, Pantaloons, Westside, Tommy Hilfiger, Van Heusen, Woodlands among others.

Weaknesses

- **Nascent stage of operations and sizeable debt obligations**

The occupancy of the mall is currently around 62 per cent through outright sale as well as lease agreements. Currently, the firm is earning lease rentals of ~ Rs.0.12 crore per month against interest obligations of Rs.0.14 crore per month. Moreover, the principal repayment of the term loan of Rs.6.50 crores would start from October 2018 and the monthly obligation would be around Rs.0.20 crores on a monthly basis. The total sales proceeds are about Rs.60.45 crores which is ploughed back into the business. Going forward sufficient cash accruals from lease rentals will be a key rating sensitivity.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of P&M and Hi Tech Infrastructure LLP.

Outlook: Stable

SMERA believes the firm's outlook will remain stable in the medium term on account of moderate occupancy levels of the shopping mall. The outlook may be revised to 'Positive' in case of increase in occupancy rate and thus leading to higher cash accruals. The outlook may be revised to 'Negative' in case of delay in occupancy rate which directly leads to the deterioration of cash flow of the company.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059

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EBITDA	Rs. Cr.	-0.01	-0.02	-0.02
PAT	Rs. Cr.	0.02	0.02	0.02
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.03	0.04	0.06
Total Debt/Tangible Net Worth	Times	0.20	0.37	1.53
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	496.11	742.83	1878.90
Gross Current Assets (Days)	Days	0	0	0

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	16.50	SMERA B+ / Stable

Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 suman.chowdhury@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in
Deep Majumder Analyst - Rating Operations Tel: 022-67141147 deep.majumder@smera.in	

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