



Press Release

P AND M Infrastructures Limited

October 15, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 23.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 23.00 crore bank facilities of P AND M INFRASTRUCTURES LIMITED. The outlook is '**Stable**'.

P&M Infrastructures Limited was incorporated in the year 1981. The promoters of the company have set up a mall cum multiplex in the name of P&M Mall at Patliputra Industrial Area in Patna. P&M Group, under its real estate development division, focuses on conceptualizing, designing, creating and managing shopping malls-cum-multiplexes.

P&M and Hi Tech Infrastructures LLP was incorporated in 2010. The LLP is promoted by two established business houses viz, P&M Infrastructures Limited and Hitech Heritage Limited. It is engaged in hospitality vide, process of construction of shopping mall. The shopping mall construction was started in September 2017 and is expected to be completed by April 2019. The firm has been formed with specific objective of development of a mall-cum-multiplex in the name of P&M and Hi- Tech City Centre Mall at Bistupur, Jamshedpur. The project is being developed on 3.12 acres of prime land taken under development agreement from P&M Infrastructures Limited who have acquired the land from TATA Group Company on 30-year lease.

Acuité has consolidated the business and financial risk profiles of P&M Infrastructures Limited and P&M and Hi Tech Infrastructures LLP, together referred to as the P&M Group (QG). The consolidation is due to common promoters, shared brand name and financial synergies within the group.

Key Rating Drivers

Strengths

Experienced management

P&M group has already set up a mall in Patna which has been operational since 2011 and also another mall in Jamshedpur, which is expected to start operations from September 2018. Further, the group being Patna and Jamshedpur based, has an understanding about the local consumers which will benefit the firm over the medium term.

Sound asset quality and locational advantage

P&M Mall is one of the largest malls in Patna with 100 percent occupancy as on date. The property has a diverse mix of retail brands and includes tenants. The average footfall on

weekends cross over 30000. The top 60 brands in terms of area occupied include Big Bazaar, Nakshatra, Titan, VIP, Bossini, Louis Philippe, Levis, Lee, Wills Lifestyle, Blackberry, and many more. Moreover, with the presence of Cinepolis, having 1000 seats in its 4 auditoriums further attracts footfalls. Being located in Patliputra Industrial Area in Patna also provides locational advantage. P&M and Hi Tech Mall of Jamshedpur has a total leasable area of 180179 sq. ft. with an occupancy rate of 62%. Further, the mall is operational from September, 2017. The group has leased out this property to Big Bazaar, Pantaloons, Westside, Tommy Hilfiger, Van Heusen, Woodlands among others, are tenants. The leave and license agreement, apart from the rentals and charges for amenities, has factored in escalation clause of five per cent every year.

Weaknesses

Renewal risk associated with the ongoing leave and license agreements

The group faces renewal risks associated with the leave and license agreements. However, the mall is fully occupied hence draws comfort on June, 2018 with no major lease terminations as on date.

Low net cash accruals

The group is having low net cash accruals of Rs.2.19 crores in FY2018 (Prov) as against current portion of long term debt (CPLTD) of Rs. 9.21 crores for FY2017. Hence going forward sufficient cash accruals from business will be a key rating sensitivity.

Analytical Approach

Acuite has considered the consolidated business and financial risk profiles of P&M Infrastructures Limited and P&M and Hi Tech Infrastructures LLP, together referred to as the P&M Group (QG). The consolidation is due to the common promoters, shared brand name and financial synergies within the group.

Outlook: Stable

Acuite believes that the group will maintain a stable outlook over the medium term owing to its experienced management and stable lease rentals from its marquee clientele. The outlook may be revised to 'Positive' in case the company generates healthy net cash accruals. Conversely, the outlook may be revised to 'Negative' with deterioration in the financial profile on account of large debt-funded capital expenditure, higher than expected cash flow mismatches from mall operations.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	13.71	20.84	13.89
EBITDA	Rs. Cr.	4.79	5.88	4.56
PAT	Rs. Cr.	1.64	1.98	0.94
EBITDA Margin	(%)	34.94	28.20	32.81
PAT Margin	(%)	11.96	9.52	6.75
ROCE	(%)	2.84	3.84	5.17
Total Debt/Tangible Net Worth	Times	1.06	0.77	0.88
PBDIT/Interest	Times	2.25	2.09	2.00
Total Debt/PBDIT	Times	18.18	10.09	15.60
Gross Current Assets (Days)	Days	5280	2677	3476

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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	21.61	ACUITE B+ / Stable (Assigned)
Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	1.39	ACUITE B+ / Stable (Assigned)

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About Acuite Ratings & Research:

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