



**Press Release**  
**PLATINUM HOLDINGS PRIVATE LIMITED**  
**January 29, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	350.00	ACUITE BBB-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	350.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.350.00 Cr bank facilities of Platinum Holdings Private Limited. The outlook is '**Stable**'.

**Rationale for rating assigned**

The rating assigned factors in the experience of the promoters in real estate ventures, refinance of the debt with LRD term loan, long-term lease agreements with reputed tenants and strategic location of the property at prime locality of Chennai. However, rating remains constrained by high customer concentration risk along with the occupancy and lease renewal risk.

**About the Company**

Tamil Nadu Based, Platinum Holdings Private Limited was incorporated in 2006. The company is engaged in the business of real estate and it is Leasing of Commercial Asset. The directors of company are Mr. Yerram Vikranthreddy, and Ms. Apoorva Reddy Yerram.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Platinum Holding Pvt Ltd.

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations**

Platinum Holding Private limited (PHPL) is incorporated in the year 2006 as a subsidiary of True Living Spaces Pvt Ltd. It was subsequently was acquired by Viko Infra Projects LLP (promoted and managed by Mr. Yerram Vikrant Reddy) in April 2023. PHPL owns and operates commercial property in Chennai named as 'Ozone Techno Park' located along side Chennai IT expressway, Rajiv Gandhi Salai (Old Mahabalipuram road). Ozone Techno park is built on land of 7 acres of land with total leasable area of 9,75,447 Sq fts occupied by anchor tenants like Cognizant Technological solutions, HCL Technologies Ltd, State street HCL, First Source Solutions Ltd and Rainbird Corporation. The new promotor of the company Mr. Yarrum

Vikranth Reddy is a High net worth experienced entrepreneur in various businesses. He has investments in SPP Sports Private Limited, Viko Realty, Summit Infra developers, and various

other companies. His previous ventures include Hetero Med Solutions Ltd, which is sold to Apollo Hospital Enterprise Ltd. Acuite believes that PHPL will continue to benefit from its experienced management and established track record of operations.

### **Strategic location of the property and healthy cash flows supported by healthy occupancy rate**

Ozone Techno Park is located at major IT office destination Rajiv Gandhi Salai, it is in close proximity to SIPCOT IT park with a concentration of large number of employees engaged in IT and allied services, conducive eco system with schools, hospitals and retail outlets. The building is equipped with modern amenities and 'Grade A' infrastructure meeting the criteria requirement for Blue Chip companies. Major tenants for the company includes Cognizant Technological solutions, HCL Technologies Ltd, First Source Solutions Ltd, Rain Bird Corporation and State Street HCL. The company's occupancy levels remains at 90 percent level. Source of income for the company includes lease rental income, CAM income and Utility income. Company's long term lease agreements with tenants includes built in revenue escalation clause and lock in period thereby providing stability to business risk profile of the company.

### **Moderate financial risk profile**

The financial risk profile of the company is moderate marked by comfortable debt protection metrics and lease rental cash flows, however, the net worth of the company remained negative due to carry forward losses of previous years. The tangible net worth of the company stood at (39.63) Cr as on March 31st 2023 as against Rs.(66.23) Cr as on March 31st 2022 and Rs.(78.18) Cr as on March 31st 2021. The negative Net worth in the financials is mainly due to past losses and unabsorbed depreciation. Platinum holdings have Rs. 85.26 Crore of eligible unabsorbed depreciation to be set off against future profits. Gearing ratio of the company remained as (10.11) times as on March 31st 2023 as against (6.04) times as on March 31st 2022. Debt protection metrics remains comfortable with sufficient surplus from lease rentals to service the company's debt repayment obligation. DSCR remained comfortable between 1.20 to 1.74 times for near to medium term. Acuite believes the financial risk profile of the company is likely to remain moderate in the near to medium term on account of healthy rental income and no major debt funded capital expenditure.

### **Weaknesses**

#### **Customer concentration risk along with occupancy and renewal risk**

The main revenue source of the firm is the income generating from lease rentals. As on date 90 percent of the property is let out to five tenants. PHPL is highly dependent on timely renewal of lease and license agreement from its tenant. Further, occurrence of events such as delays in receipt of rentals, or early exits/renegotiation by lessee due to the latter's lower than expected business performance may result in disruption of cash flow streams, thereby affecting debt servicing ability of the company. Further, any significant increase in competition from any other large real estate company in a competitive market like Chennai may result in the properties of PHPL facing renewal risks.

### **Rating Sensitivities**

- Timely payment of lease rentals
- Any termination of lease from the existing tenant resulting in stretched liquidity position

### **Liquidity Position: Adequate**

Liquidity of the company remained adequate with sufficient cash surplus generated to meet its debt repayment obligations. The rental inflows are managed through ESCROW mechanism, the average DSCR stood at 1.36 times for balance tenure of loan. The unencumbered cash and bank balance stood at Rs.0.08 Cr as on March 31 2023. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals to its maturing debt obligation.

**Outlook: Stable**

Acuité believes that PHPL will maintain a 'Stable' outlook over the medium term from its promoter's industry experience. The outlook may be revised to 'Positive' in case of the company generates healthy net cash accruals while maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of any significant stretch in its receivables leading to deterioration of its financial flexibility and liquidity.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	63.67	57.93
PAT	Rs. Cr.	26.60	11.95
PAT Margin	(%)	41.78	20.62
Total Debt/Tangible Net Worth	Times	(10.11)	(6.04)
PBDIT/Interest	Times	26.24	1.10

### 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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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

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](http://www.acuite.in).

### Rating History :

Not Applicable

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Complexity Level</b>	<b>Quantum (Rs. Cr.)</b>	<b>Rating</b>
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2038	Simple	350.00	ACUITE BBB-   Stable   Assigned

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### About Acuité Ratings & Research

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