



Press Release

Pantheon Infrastructure Private Limited (PIPL)

July 10, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (INR Crore)	Rating Assigned
1	Proposed Term Loan (LRD Facility)	500.00	Provisional IVR AA / Stable Outlook (Provisional IVR Double A with Stable Outlook)
	Total	500.00	

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned are provisional (denoted by the prefix 'Provisional' before the rating symbol) and is subject to fulfilment of the conditions and execution of necessary transaction documents. The final rating may differ from the provisional rating in case any of the condition remains unfulfilled and/or the completed documentation is not in line with Infomerics' expectations.

The aforesaid rating assigned to the proposed bank facilities of PIPL derives comfort from an extensive experience of promoters & management team, locational advantages, strong cash flow generation, healthy financial risk profile and proposed escrow mechanism along with DSRA support. However, the rating strengths are partially offset by a moderate level of occupancy and renewal risk of Master Lease Agreements.

Key Rating Sensitivities

Upward Factor

- None, as it is a proposed LRD with already fixed and incorporated terms and condition i.e. rent escalation clause, etc.



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Downward Factor

- Any Company and/or external factor leading to an adverse impact on projected cash flows.
- Any decline in average occupancy level.

List of key rating drivers with detailed description

Key Rating Strengths

Experienced promoters and management team

PIPL is a private limited company incorporated 1995. The Company is promoted by Mr. Shobhit Rajan. He possesses a considerable amount of experience in the field of infrastructure and property development. He is spearheading the Raiaskaran group. He is also involved in Food Processing, Retail, Resort and Hotel development and other business areas. He has been bestowed with many awards including award from the President of India, for being an “Outstanding Entrepreneur for the Development of Industry, in Backward Areas” for setting up of small-scale pharmaceutical industry and providing employment to tribal in backward areas of India. Mr Rajan is further supported by a qualified team of professionals.

Locational advantages

The Raiaskaran Tech Park is located at Mathuradas Vasanji Road, Sakinaka, Andheri (East), Mumbai. It is very strategically located near the Andheri Kurla road with easy access to public transports such as railway station, airport and other important areas. It's very close to the Sakinaka metro station which is an added advantage.

Strong cash flow generation

PIPL has 1.055 million sq. ft. leasable area and houses various multinational tenants namely Bank of America, GEBBS, Worldline, FirstRand, E&Y, Golden Source, Advanz Pharma, etc. PIPL is expected to continue generating healthy cash flows through lease rentals, occupancy levels and diversified client base. Further many of the companies have their data and recovery centres in this complex, which imparts fair degree of stickiness in the client portfolio.

Healthy financial risk profile of the Company

The leverage remained healthy in FY20 (Provisional) with overall gearing at 0.00x and TOL/ANW at 0.17x since the Company does not have any external debt. The TNW of the



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Company was strong at INR603.98 Crs as on March 31, 2020. The profitability of the company remained strong with healthy Gross Cash Accruals in last four fiscals.

Proposed escrow mechanism and DSRA support

There will be an escrow mechanism for the proposed LRD. Entire cash flows which are generated out of the lease rental proceeds from tenants will be credited in the borrowers account after meeting the monthly obligations towards the loan taken. In addition to above, Debt Service Reserve account (DSRA) equal to instalment of at least 3 months (Interest + Principal) to be maintained throughout the tenor of the loan.

Key Rating Weaknesses

Moderate level of occupancy

PIPL had kept the entire Phase 1 (leasable area of ~2.6 Lacs Sq. ft.) intentionally vacant since last 1.5 to 2 years for some other plans. However, the management has now decided to lease out the same.

The Phase II is ~65% occupied at present. However, the management has contended that the Phase II on an average remains ~85-90% occupied. Moreover, PIPL has policy to lease out the premises to large multinational players only, which ensures timely rentals.

Renewal risk of Master Lease Agreements

Renewal risk arises from the fact that the master lease agreements have been entered with different parties for various tenors ranging from only 5 to 10 years. However, there is an existence of lock in period ranging from 18 months to 60 months.

Majorly, the lease rent is being enhanced after expiry of every 3 (three) years at the rate of 15% over the last paid lease rent. The common area maintenance (CAM) charges increases by 5% every year.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Structure Debt Transaction (Non-securitisation transaction)

Rating Methodology for Service Sector Entities



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Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Strong

Cash Flow Projections shows a strong liquidity position for PIPL. The projected cash inflows are sufficient enough to meet the projected debt repayment obligations. At present, the monthly rental inflow (exclusive of CAM) of PIPL is ~INR6.61 Crs.

About the Company

Pantheon Infrastructure Pvt Ltd (PIPL) formerly known as A Class Builders and Developers Private Limited was incorporated on 28 December, 1995. The Company is majorly involved in Real Estate Activities. The Company is known for its project namely Raiaskaran Tech Park or 'RTP' (Logitech Park). At present total leasable area of RTP is 1.055 million sq. ft. which was developed in two phases.

Financials (Standalone)

(INR crore)

For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	95.60	106.38	103.52
EBITDA	48.89	57.68	61.97
PAT	47.26	55.50	57.67
Total Debt	2.32	2.32	2.32
Tangible Net Worth	490.72	546.32	603.98
Ratios			
EBITDA Margin (%)	51.13	54.22	59.86
PAT Margin (%)	39.31	41.58	45.02
Overall Gearing Ratio (x)	0.00	0.00	0.00

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.



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Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1	Proposed Term Loan (LRD Facility)	Long Term	500.00	Provisional IVR AA / Stable Outlook	--	--	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Term Loan (LRD Facility)	--	--	--	500.00	Provisional IVR AA / Stable Outlook