

CR Retail Malls (India) Limited

Instrument	Amount	Rating Action (June 2016)
Term Loans	Rs. 79 crore	[ICRA]A (Stable) reaffirmed
Unallocated Limits	Rs. 1 crore	[ICRA]A (Stable) reaffirmed

ICRA has re-affirmed long term rating of [ICRA]A (pronounced ICRA A)¹ to the Rs. 80 crore² bank facilities of CR Retail Malls (India) Limited (referred to as CR Retail or the company). The outlook on the long-term rating is Stable.

The re-affirmation of rating takes into account the CR Retail's healthy operational profile by virtue of the favourable location of the company's commercial property which has been leased out to a reputed client, namely PVR Limited (PVRL, rated [ICRA]AA-(stable)/ [ICRA]A1+) on a long term basis. Moreover, the presence of a favourable lock in period (for a period of 10 years extending to FY2022) provides a visibility to rental revenues, offsetting the vacancy risk. The rating also factors in the long relationship of PVRL with the property with demonstrated track record of realization of the contractual escalation as well as timely payment of rentals. The rating also draws comfort from the company's strong parentage, by virtue of being a part of the JM Financial Group (JM Group), which provides the company with enhanced financial flexibility.

The rating, however, is constrained by the company's stretched capital structure (gearing of 3.13X as of April 30, 2016) and moderate debt coverage indicators (OPBDIT / Interest of 1.74X in FY 2016). The company availed a Lease Rent Discounting (LRD) facility of Rs. 79 crore in Mar-16 which was used to repay Rs. 35 crore of existing bank debt and Rs. 21 crore unsecured loans from promoters, while the surplus was deployed as interest bearing loans towards group ventures. As of April 30, 2016 CR Retail had a debt of Rs. 84.75 crore outstanding. The rating is further constrained by the company's small scale of operations and high concentration risks in terms of property as well as client exposure. However, the healthy profile of the client alleviates the counterparty credit risks.

Going forward, the company's ability to collect the rentals in a timely manner and actualise the rent escalation as per contract as well as the repayment of support extended towards group entities would remain critical from a credit perspective.

Company Profile

CR Retail Malls (India) Limited (CR retail or the company) owns and operates a seven screen multiplex cinema (Theatre). The property (referred to as PVR Phoenix) is located at Phoenix Mills, Lower Parel, Mumbai which has been leased to PVR Limited (Rated [ICRA]AA-(Stable)/[ICRA]A1+) on a long term basis. The company was earlier a subsidiary of PVR Limited, and was acquired in May 2011 by JM Financial Group, which has an established presence in the capital market industry. CR retail is a wholly owned subsidiary of JM Financial Investment Managers Limited.

For the financial year ending March 2016, CR Retail reported an operating income of Rs. 13.30 crore and a net profit of Rs. 0.36 crore as compared to revenues of Rs. 12.45 crore and net profit of Rs. 0.14 crore in the previous year.

June 2016

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

² 100 lakh = 1 crore = 10 million



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