



Press Release

Mesaso Infrastructure Pvt Ltd February 23, 2024

Ratings

| Facilities | Amount (Rs. crore) | Ratings | Rating Action | Complexity Indicator |
|----------------------------|---|---|---------------|--------------------------------------|
| Long term Bank Facilities | 150.00 | IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook) | Reaffirmed | Simple |
| Short Term Bank Facilities | 15.00 | IVR A3 (IVR A Three) | Reaffirmed | Simple |
| Total | 165.00 INR One Hundred and Sixty-Five Crore Only | | | |

Details of Facilities are in Annexure 1 Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of Mesaso Infrastructure Pvt Ltd (MIPL) continues to derive comfort from long track record of the company in real estate business under experienced promoters coupled with locational advantage of the project being in prominent place of Gangtok city. Further, the ratings also continue to consider the government support under Smart City Development Plan to complete the project and satisfactorily progress of the project. However, these rating strengths remain constrained due to project implementation risk and cyclical risk of real estate market.

Key Rating Sensitivities:

Upward Factors

- Completion of the project as per envisaged schedule
- Stabilization of project and favorable lease rental booking of showrooms and hotel room booking.

Downward Factors

- Significant delay in completion of project leading to significant cost overrun.
- Lower than expected Lease rental booking of showrooms and hotel room booking.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths



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- **Experienced promoters with long track record in real estate business**

MIPL, A Sikkim based private limited company was promoted by Mr. Sanjay Mittal Agarwal along with Ms Meenakshi Mittal Agarwal have experience of rich experience in various industry such as Manufacturing (Chemicals and chemical products), Construction, Real estate activities, Hotels and Restaurants, Real Estate and Renting, Trading etc. Further, the company is a part of Begraj Group, well known in real estate business beside trading and manufacturing activities in Sikkim and northern eastern region of west Bengal.

- **Prime location of the project**

The project is located at a strategic location with adequate social infrastructure such as spacious shops, food court, restaurants, multiplexes, and start category hotel together with gaming zone to attract tourists and local peoples.

- **Government Support**

The project will be developed under the Smart City Development Plan. The company will also receive a government grant of Rs.103.98 crore stage wise to complete the project. Out of the same, till November 30, 2023, the company has already received Rs.68.61 crore to support the project.

- **Satisfactory progress of the project**

The project is running as per schedule. The company has incurred Rs.257.97 crore (~86% of the total cost) till December 08, 2023. The company has inaugurated Multi layer car parking and Plaza on 18th February 2024 and planning to start mall operation by June 2024 and Hotel operation by January 2025.

Key Rating Weaknesses

- **Project implementation risk**

The project is in its advanced stage of completion which reduces project implementation risk to a large extent. However, their exits post project stabilization risk.

- **Risk of cyclicity in the real estate market**

Cyclicity in the real estate segment could lead to fluctuations in the valuation of the property itself and, in turn, affect the future lease rentals. Moreover, hospitality industry also remains vulnerable to general economic slowdown and exogenous shocks such as geo-political crisis, terrorist attacks, disease outbreak etc. This may impact the debt servicing ability of the company.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Real Estate Companies.](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Policy on default recognition](#)

[Criteria on complexity.](#)

Liquidity – Adequate

Mesaso Infrastructure Pvt Ltd is expected to maintain an adequate level of inflow and the same is likely to increase gradually with timely completion of the project. Further, entire inflow & outflow of fund is required to be routed through an escrow account and the company also have to maintain a DSRA for minimum one quarter principal and interest amounting to Rs. 5.75 crore from July 2025. MSPL had maintained DSRA in the form of fixed deposit to the tune of Rs 2.75Crore in PNB till quarter ended December 2023. The Overall liquidity position is expected to remain adequate. Moreover, MIPL also enjoys a moratorium period of 12 months after its last drawl (2nd quarter of FY2026).

About the Company

Gangtok (Sikkim) based Mesaso Infrastructure Pvt Ltd (MIPL) is a special purpose Vehicle (SPV) promoted by Mr. Sanjay Mittal Agarwal & Tirupati Plaza Pvt Ltd (“TPPL”, a Begraj Group company) formed for implementation of the commercial project which includes mall, parking lot and a hotel at Old west point area of Gangtok city under the Smart City Mission (SCM) which was launched by the Ministry of Urban Development, Government of India (Presently Ministry of Housing and Urban Affairs) on June 25, 2015. The project was bagged by Tirupati Plaza Pvt Ltd under a tender issued by Gangtok smart city development Ltd (Sikkim State Government company). MIPL was incorporated on February 08,2021 for development of the aforesaid commercial project. In order to execute the project a concessional agreement was signed on June 29,2021.

Financials: Standalone

| | (Rs. crore) | |
|-----------------------------|-------------|------------|
| For the year ended* / As On | 31-03-2022 | 31-03-2023 |
| | Audited | Audited |
| Total Operating Income | - | - |
| EBITDA | -0.10 | -0.35 |



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| For the year ended* / As On | 31-03-2022 | 31-03-2023 |
|-----------------------------|------------|------------|
| PAT | -0.10 | 0.08 |
| Total Debt | 10.00 | 91.37 |
| Adjusted Tangible Net worth | 42.65 | 89.49 |
| EBITDA Margin (%) | NM | NM |
| PAT Margin (%) | NM | 17.97 |
| Overall Gearing Ratio (x) | 0.23 | 1.02 |
| Interest coverage Ratio | -0.15 | -27.60 |

*Classification as per Infomerics' standards. # Year of incorporation – February 08,2021.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2023-24) | | | Rating History for the past 3 years | | |
|---------|-------------------------------|--------------------------------|--------------------------------|-----------------|--|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2022-23 (Dec 14, 2022) | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 |
| 1. | Term Loan | LT | 150.00 | IVR BBB-/Stable | IVR BBB-/Stable | - | - |
| 2. | Bank Guarantee | ST | 14.75 | IVR A3 | IVR A3 | - | - |
| 3. | Bank Guarantee-Proposed | ST | 0.25 | IVR A3 | IVR A3 | - | - |

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt



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instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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 |
|---|------------------|------------------|---------------|------------------------------|--------------------------|
| Term Loan | - | - | August 2037 | 150.00 | IVR BBB-/Stable |
| Bank Guarantee (Including proposed limit of Rs. 0.25 Crore) | - | - | - | 15.00 | IVR A3 |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Mesaso-feb24.pdf>

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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 <https://www.infomerics.com>.