November 08, 2023

Brit Logistics Private Limited: [ICRA]BB+ (Stable); reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	230.00	230.00	[ICRA]BB+ (Stable); reaffirmed and withdrawn
Long-term – Unallocated	20.00	20.00	[ICRA]BB+ (Stable); reaffirmed and withdrawn
Total	**250.00**	**250.00**	

**Instrument details are provided in Annexure-I*

Rationale

ICRA has reaffirmed the rating on the bank facilities of Brit Logistics Private Limited (BLPL) and has subsequently withdrawn the rating at the request of the company and based on the no objection for withdrawal received from the banker, and in accordance with ICRA's policy on withdrawal of credit ratings.

The rating reaffirmation factors in the favourable location of the industrial and warehousing project (Nela-2) being developed by Brit Logistics Private Limited (BLPL) in Bargenahalli, Bangalore, with proximity to various industrial areas and good connectivity to national highways. The rating considers the low funding risk, as the project is expected to be funded in debt-to-equity ratio of 1.86:1 and the external debt has been tied-up. The entire budgeted promoter funds have been infused as on June 30, 2023. The sponsor (Assetz Property Group) has delivered one warehousing project in the past in partnership with the LOGOS group, with leasable area of ~1 msft in Devanahalli, Bangalore, which is 100% occupied.

The rating is, however, constrained by the project's exposure to execution and market risks. The project is at nascent stage, with 73% of the total budgeted cost yet to be incurred as on June 30, 2023, while the scheduled date of commencement of commercial operations (DCCO) is September 30, 2025. At present, the land has been acquired and the commencement certificate is awaited. The project faces market risk, as there are no leasing tie-ups in place. The company remains dependent on a single asset for revenue generation. This makes it vulnerable to any delays in rent remittance by the tenant or vacancy risk.

The Stable outlook reflects ICRA's opinion that the company will benefit from the favourable location enhancing its marketability and the low funding risk of the project.

Key rating drivers and their description

Credit strengths

Favourable project location – The project is based out in Bangalore and enjoys proximity to the established industrial areas of Peenya, Dabaspete and Doddaballapura. The project also has a good road connectivity via NH 48, NH 648 and NICE Road.

Low funding risk – The total cost of the project is estimated at Rs. 353 crore, which is to be funded through a Rs. 230-crore debt, Rs. 102 crore of promoter funds and the balance through security deposits from the tenants. The project is budgeted to be funded in debt to equity ratio of 1.86:1. The funding risk for the project is expected to be low as the external debt is tied-up and the entire budgeted promoter funds have already been infused as on June 30, 2023.

Credit challenges

Exposed to execution and market risks – The company's project is exposed to execution risk as it is currently at the nascent stage with land being acquired and commencement certificate yet to be received. The scheduled DCCO for the project is September 30, 2025. As on June 30, 2023, 73% of the total budgeted cost for the project was pending to be incurred. The company is exposed to market risk with no leasing tie-ups in place as on date. Its ability to achieve leasing on time and at adequate rental rates will remain critical from the credit perspective.

High asset concentration risk – The company remains dependent on the single asset for its revenue generation. This makes it vulnerable to any delays in rent remittance by the tenant or vacancy risk.

Liquidity position: Adequate

The company's liquidity position is adequate. As on March 31, 2023, it had free cash balance of Rs. 16 crore. The undrawn bank limits of Rs. 230 crore and expected security deposits from tenants will be adequate to fund the pending project cost of Rs. 261 crore.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Not applicable

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Debt backed by Lease Rental Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in April 2016, Brit Logistics Private Limited (BLPL) is a part of the Assetz Property Group, which was founded in 2006 and is headquartered in Singapore. The Group has an established track record in commercial and real estate businesses, having developed five commercial and fourteen real estate projects as on date with total development area of over 20 million square feet (msf). The Group has developed a warehousing project with a leasable area of ~1 msf in Devanahalli, Bangalore, in partnership with the LOGOS Group, which is 100% occupied. BLPL is developing an industrial and warehouse project on a land area of 46.05 acres in Bargenahalli, Bangalore, with a total leasable area of 1.19 msf. The total cost of the project is Rs. 353 crore, which is to be funded partly through a debt of Rs. 230 crore (sanctioned) and the remaining by through promoter contribution and security deposits from tenants. The land for the project has been acquired and the commencement certificate is awaited at present.

Key financial indicators: Not applicable for a project entity

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)					Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on Jun 30, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					Nov 8, 2023	Nov 3, 2023	-	-	-
1	Term loans	Long term	230.0	Nil	[ICRA]BB+ (Stable) withdrawn	[ICRA]BB+ (Stable)	-	-	-
2	Unallocated	Long term	20.0	Nil	[ICRA]BB+ (Stable) withdrawn	[ICRA]BB+ (Stable)	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple
Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here.]

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term loan**	FY 2024		FY2040	230.0	[ICRA]BB+ (Stable); withdrawn
NA	**Unallocated**	NA	NA	NA	20.0	[ICRA]BB+ (Stable); withdrawn

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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About ICRA Limited:

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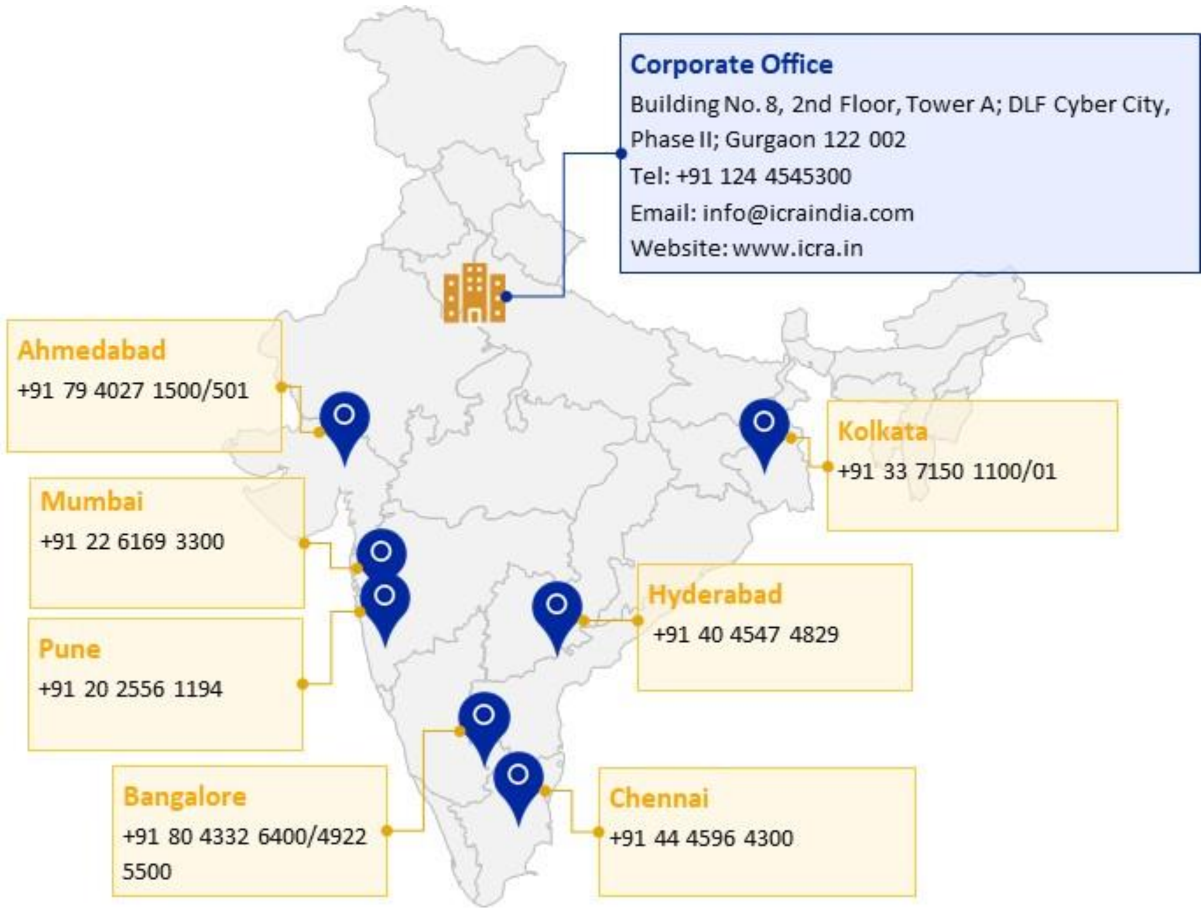

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