

Press Release
Global Loginfra LLP

March 01, 2023

Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	125.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	125.00	-	-

Rating Rationale

Acuite has assigned the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) to Rs. 125.00 Cr bank facilities of Global Loginfra LLP (Global). The outlook is '**Stable**'.

Rating Rationale

The rating reflects the promoter's decade-long experience in the warehouse business. Furthermore, the project has locational advantage as the upcoming warehouse will be located in the warehousing catchment area. The ratings derive comfort from low funding risk as the firm has already received sanction for a term loan to partly finance the project. These rating strengths are partially offset by high implementation risk

About the Company

Global is a limited liability partnership firm. The firm was established by its partners i.e. Mr Naresh Kumar Sharma, Mr.Satish Kumar Sharma, Ms Simarpreet Singh and Mr Haranjit Singh. The firm has undertaken a project to set up a warehouse in Dankuni, West Bengal which is likely to be operational by Q2FY24. The project cost stood at Rs 230.72 Cr. The same will be funded through a mix of debt and equity in 1.18:1 ratio

Analytical Approach

Acuite has considered standalone business and financial risk profiles of Global to arrive at the rating.

Key Rating Drivers

Strengths

Strong parentage

Global Loginfra LLP is a joint venture between JKS group and CCI Logistic group in November 2017. JKS group is a reputed player in logistics segment. Currently the group has four operational warehouses across India. The JKS group has long term association with renowned corporates such as DHL, Blue Dart, Honeywell among others. Currently firm is managed by Satish Kumar Sharma who has decade long experience in warehouse business through various group concerns managed by Satish kumar Sharma who has decade long experience in warehouse business through various group concerns.

Low funding risk, presence of DSRA and escrow mechanism provides comfort

Company has availed a term loan of Rs 125 Cr to partly finance the project. The firm is

required to maintain a debt service reserve account (DSRA) equivalent to one quarter instalment that provides additional comfort. In addition, Global needs to open an escrow account with the bank where entire revenue of the firm has to be deposited. The debt will be repaid in 9 years from the date of first disbursement including 12 months of moratorium.

Weaknesses

Ongoing stage

The partners of the firm have infused Rs 98 Cr till January 2023 to fund the ongoing capex plan of 140 cr as on January, 2023. Recently the firm has appointed Cushman & Wakefield as a PMC for the project. The overall progress of the project is around 61% percent. The management expects the project to be commissioned in July, 2023. Any significant deviation from the expected timeline is key credit sensitivity.

Competition from other players in the warehousing space

Presence of various mid and large sized warehouses in the project vicinity lends competition and could potentially impact rental rates and occupancy going forward. Nevertheless, modern specifications and better infrastructure through experienced group in the sector mitigates this risk to some extent. The company's ability to significantly lease out the facilities at the sustaining market rates in the vicinity along while realizing the escalations at regular intervals would remain a key monitorable from credit perspective.

Rating Sensitivities

- Timely completion of the project without any cost overrun
- Improvement in the cash flow backed by addition of rental agreements

Material covenants

None

Liquidity Position

Adequate

The firm's liquidity is adequate. As on 31st March, 2022 the unencumbered cash and bank balances stood at Rs 0.01 crore. The company has only availed only Rs 42 crore out of the sanctioned term loan of Rs 125 crore. The DSRA mechanism provides added liquidity support. Acuite believes liquidity profile will improve over the medium term backed by infusion capital and debt to fund the project.

Outlook: Stable

Acuite believes the firm's outlook will remain stable over the medium term on account of experienced partners. The outlook may be revised to 'Positive' in case of timely stabilisation of operations. Conversely, the outlook may be revised to 'Negative' in case of slippages in project execution and significant deviation from the expected timeline.

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.00	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.26	0.42
PBDIT/Interest	Times	18.83	(22.94)

Status of non-cooperation with previous CRA (if applicable)

Not Available

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

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

Rating History:

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Term Loan	30 Apr 2022	7.95	31 Mar 2031	Simple	125.00	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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