



Press Release
BPTP INTERNATIONAL TRADE CENTRE LIMITED
October 26, 2023
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	355.00	ACUITE A- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	355.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of '**ACUITE A-'** (read as **ACUITE A minus**) on the Rs. 355 Cr. bank facilities of BPTP International Trade Centre Limited. The outlook is '**Stable**'.

Rationale for rating

The rating takes into account strong promoter of the company i.e. BPTP Limited who holds 51% direct stake and remaining through its 100% subsidiaries in BITCL. BPTP Limited is a reputed real estate player especially in the Delhi NCR region and has vast experience in the industry with successful completion of various real estate projects. Also, the promoter of the company has provided financial support in the form of interest free USL towards execution of the project. The rating also derives comfort from strategic location advantage of the project which is located in Sector 94 Noida, at the intersection of Kalandi Kunj Bridge and Noida - Greater Noida Expressway which has efficient public road transportation system and elaborate highway network providing connectivity to major cities such as Delhi, Noida, Greater Noida, Ghaziabad, Faridabad, Gurgaon, Agra, etc.

Furthermore, around 71.40% of the building is already leased out and the company is in talks with the entities for further leasing out of the project. The company has entered into lease agreements with both reputed corporate entities and retail brands such as Siemens, Tablespace Services Private Limited, Naviga Global, British Council, CMA CGM etc. In retail and F&B segment, the lessee includes reputed names like Diablo, CAD, One Eight, Drunkin Botanist, Misosexy etc. The rating also takes into account the term loan availed by the company which is backed by lease rentals and it will be directly deposited into escrow account and the debt obligation is deducted from the same. In addition to this, the company had already created 6 months EMI as DSRA to the tune of Rs. 20 crore as on October 13, 2023 with SBI Bank.

The rating is constrained by below average financial risk profile & unoccupied space of 28.60% in the building. Acuite believes that the timely occupancy of the unoccupied space will remain a key monitorable going ahead.

About the Company

BPTP International Trade Centre Limited Incorporated in 2007, The Company provides lease rental and maintenance services primarily for real estate projects. Company also includes real estate development. BPTP International Trade Centre Limited's registered office is in Faridabad, Haryana. The current directors of the firm are Mr. Inderjeet, Mr. Ramanjit Sahni and Mr. Shiv Shankar Prasad. BPTP International Trade Centre Limited is a subsidiary of BPTP Limited which is the flagship company of the BPTP group. The company currently has a project under the name BPTP Capital City. BPTP Capital City is a commercial project with total area

of ~14.14 Acre land. The project currently has a Commercial tower with Ground + 15 Floors. The Ground Floor is for the retail commercial spaces, First Floor is for Club House and the

remaining area is commercial office space. The total leasable area of the project is 717325 sq. ft. The building has received a platinum building certification received from Indian Green Building Council for the period of 2023 to 2026

Standalone (Unsupported) Rating

None

Analytical Approach

Acuite has considered standalone business and financial risk profile of BPTP International Trade Center Limited to arrive at this rating

Key Rating Drivers

Strengths

Strong parent support and experienced promoters

The company is subsidiary of BPTP Limited a reputed name in the Real Estate Development in Delhi NCR. The promoters of the company has vast experience of more than two decades in the industry with several successful projects completed in the Delhi NCR region. The company is linked with its promoter with commonality in board of directors, centrally governed treasuries and same line of business with high importance of the Capital City project as it will be generating sustainable cashflows. The legal linkages are in the form of corporate guarantee given by the promoter entity for the entire debt of Rs. 355 Cr. taken from SBI. Further the promoter Mr. Kabul Chawla has given his personal guarantee for the aforementioned debt. This shows the parent's commitment towards this project. Further, the project is using the common brand name "BPTP". Company has further received financial support in the form of USL of Rs. 918.25 Cr. Acuite believes that the company will continue to receive financial support and managerial guidance in future as well.

Locational Advantage with satisfactory occupancy

Strategically located in Sector 94 Noida, at the intersection of Kalandi Kunj Bridge and Noida - Greater Noida Expressway and walking distance from Okhla Bird Sanctuary Metro Station on the Magenta Line that connects Capital City to the South Delhi Hub of Jasola, Nehru Place & Saket and to Huda City Centre in Gurugram. Further, Jewar International Airport and aviation hub are also being constructed. It also connects to the Delhi to Mumbai 'North-West investment corridor' through Taj Expressway. Further, the location also has an efficient public road transportation system and elaborate highway network, which provides excellent connectivity to major cities such as Delhi, Noida, Greater Noida, Ghaziabad, Faridabad, Gurgaon, Agra, etc. Due to the locational advantage, 71.40% of the building already leased out and the company is in talks with the entities for further leasing out of the project.

Presence of lease agreements with reputed entities

The company has entered into lease agreements with both corporate entities and retail brands. The lessees include reputed companies such as Siemens, Tablespace Services Private Limited, Naviga Global, British Council, CMA CGM etc. In retail and F&B segment, the lessee includes reputed names like Diablo, CAD, One Eight, Drunkin Botanist, Misosexty etc.

Presence of escrow mechanism and DSRA

The term loans availed by the company is backed by lease rentals. The lease rentals are directly deposited into escrow account and the debt obligation is deducted from the same. In addition to this, the company had already created 6 months EMI as DSRA to the tune of Rs. 20 crore as on October 13, 2023 with SBI Bank.

Weaknesses

Customer concentration and renewal risk

~45% of the total area is leased to one single customer Tablespace Services India Private Limited (TSIPL) increasing the customer concentration risk. The occurrence of events such as policy decisions by key clients to shift their offices to other location can impact their willingness to continue their lease agreement. However, this risk is mitigated to an extent, given the

strategic location of BITCL's property and an average lock in period of 3 Years. Further, BITCL & TSIPL has an escrow arrangement wherein the ultimate tenant will be paying the rent in this escrow account which will first be used for paying the rent of BITCL. In the event of non-renewal by the existing lessee, future cash flows will be impacted, thereby weakening debt protection indicators. In the event of either of the companies deciding to move out or seeking a renegotiation, the rentals are likely to be impacted. Timely renewal or leasing at similar or better terms than the existing agreements will remain a key rating sensitivity factor.

Below average financial Risk Profile

The debt profile of the company majorly comprises of term loan and remaining unsecured loans. The company had availed lease rental discounting loan of Rs. 355 Cr. in May 2023 for the repayment of NCD raised for buying the investment property. The total debt of the company remained at Rs. 258 Cr. of NCD and Rs. 918.25 Cr. of USL from related party as on March 31, 2023. The tangible net worth remained at Rs. 27.20 Cr. as on March 31, 2023 as against Rs. (28.51) Cr. as on March 31, 2022. The weakening in tangible net worth is mainly due to erosion of net worth due to losses in the past. Hence, the debt-equity of the company is high at 43.25 times as on March 31, 2023. The interest coverage ratio remained at 0.22 times in FY23.

The highly competitive and fragmented nature of industry

The real estate industry in India is highly fragmented, with most of the real estate developers having a city or region-specific presence. The risks associated with the real estate industry are cyclical in nature (drop in property prices) and interest rate risk, among others, which could affect operations. BITCL is exposed to lease renewal risk, i.e., while renewing the lease agreements, any significant renegotiations by the lessees can adversely impact the cash flows.

Unoccupied office space

Out of the total leasable area of 7,17,325 sq.ft. the current occupancy is at 5,12,140 sq.ft. i.e. 71.40% leaving the unoccupied space at 28.60% i.e. almost one third of the entire property. The timely occupancy of the property with good tenant profile and healthy rental source remains a key monitorable any delay in the same will impact the envisaged cashflow of the company which might cause impairment in liquidity profile of the company.

Rating Sensitivities

- Improvement in lease rental and overall cash flows as envisaged by the company.
- Achievement of complete occupancy by Q1FY25
- Any deterioration in the lease rental resulting into deterioration in cashflow and DSCR of the company

All Covenants

Not Applicable

Liquidity Position

Adequate

The liquidity profile of the company remains at adequate level with operating income of Rs. 50.18 Cr. expected in FY24 against debt obligation of Rs. 38.47 Cr. The term loans availed by the company entails long repayment tenure of 15 Years. The company has also maintained cash and bank balance of 0.30 Cr. as on March 31, 2023. The current ratio remained at 3.52 times as on March 31, 2023. The company also maintains Escrow account wherein the rentals will be collected which is sufficient for the repayment of debt obligations. In case of any shortage in escrow the company further has 6 Months of DSRA maintained which gives additional liquidity comfort.

Outlook: Stable

Acuité believes that the outlook on BITCL will remain 'Stable' over the medium term on account of growing occupancy level, resulting in increase in lease rental. The outlook may be revised to 'Positive' in case of significant increase in lease rental than envisaged, long term

lease contract with reputed clientele. Conversely, the outlook may be revised to 'Negative' in case of any decline in lease rentals and occupancy levels resulting in deterioration of financial risk profile

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	20.13	0.47
PAT	Rs. Cr.	(69.56)	(26.94)
PAT Margin	(%)	(345.64)	(5744.92)
Total Debt/Tangible Net Worth	Times	43.25	(9.05)
PBDIT/Interest	Times	0.22	(0.12)

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.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	Lease Rental Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	355.00	ACUITE A- 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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