



Press Release
COLOSSAL WAREHOUSE AND LOGISTICS PRIVATE LIMITED
September 25, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	221.50	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	10.00	-	ACUITE A2 Assigned
Total Outstanding Quantum (Rs. Cr)	231.50	-	-

Rating Rationale

Acuite has assigned its long-term rating to '**ACUITE BBB+**' (read as **ACUITE Triple B plus**) and its short-term rating to '**ACUITE A2**' (read as **ACUITE A two**) on the bank facilities of Rs.231.50 Crore of Colossal Warehouse and Logistics Private Limited (CWLPL). The outlook is '**Stable**'.

Rationale for rating

The rating gets comfort from strong & experienced promoter i.e. (ESR Group), presence of adequate structure in form of DSRA and escrow mechanism with the bank. However, rating gets constraints by the risk of with timely execution of the projects and expected timelines tying up of LOI with the potential clientele.

About the Company

Incorporated in 2019, Colossal Warehouse And Logistics Private Limited is engaged in the business of acquiring land and developing warehouses on those land parcels for the purpose of renting. Presently it is developing two warehouses at Delhi and Punjab. The company has its registered office at Bandra-Kurla Complex, Bandra (East), Mumbai. The present directors of the company are Mr. Stuart Gibson, Mr. Ishwar Shandilya and Mr. Abhijit Malkani.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken standalone financial and business risk profile of Colossal Warehouse and Logistics Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Experienced and Strong Promoter

CWLPL is an SPV (Special Purpose Vehicle) fully owned by ESR Rajpura 1 Pte Ltd. (part of ESR Group), into constructing and managing projects in Delhi and Rajpura. ESR Group is the leading logistics real estate platform focusing on the Asia-Pacific region. It is a comprehensive real estate asset management company that acquires and manages land and buildings, mainly advanced logistics facilities and data centers, manages listed REITs and private funds, and develops real estate. ESR entered India in 2017, and currently having presence in 10 cities, 22 sites and 22 million sq. ft. Gross Floor Area (GFA).

Presence of DSRA and ESCROW mechanism

As per loan agreement, all the lease rentals will route through escrow account. Along with this, the company is required to maintain the DSRA for three to six months of interest.

Weaknesses

Expose to project risk

CWLPL is exposed to project risk wherein the company is handling two projects at two different locations i.e., Delhi and Rajpura. Both the projects are exposed to execution risk in terms of the completion of the project. However, the risk has been mitigated by funds tie-up for all the entire project cost and the extended support given by the promoter to fund the debt obligation in case of any shortfalls.

Demand Risk

The company is in discussion with some of the potential clientele for leasing. However, as on date no LOI has been signed for either of the project. The conversion of loan from construction (term loan) to LRD after completion of the project will be done on the basis of percentage of LOI signed at that particular time. Hence, it will be key monitor to factor.

Rating Sensitivities

- Timely execution of the project
- Tying up of LOI's with the potential clientele.

Liquidity Position Adequate

As on 30th June 2024, the company has available funds of Rs. 30.44 Cr. The promoter (ESR Rajpura 1 Pte Ltd.) has given undertaking to cover the shortfall in repaying any debt obligation. Acuite believes that with the presence of DSRA, the company will be able to pay off debt obligations timely in near future.

Outlook: Stable

Acuite believes that the outlook on CWLPL will remain 'Stable' over the medium term on the account of experience and strong support of group. The outlook may be revised to 'Positive' in case of timely completion of project and timely tying up of LOIs for long term lease contract with reputed clientele. Conversely, the outlook may be revised to 'Negative' in case of time and cost overruns in project leading to execution risk of the project and 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.	0.00	0.00
PAT	Rs. Cr.	(7.18)	(2.84)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	6.37	3.29
PBDIT/Interest	Times	0.04	(0.04)

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>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A2 Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A2 Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	28 Mar 2024	Not avl. / Not appl.	31 May 2026	Simple	138.00	ACUITE BBB+ Stable Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	28 Mar 2024	Not avl. / Not appl.	28 Feb 2027	Simple	83.50	ACUITE BBB+ Stable Assigned

*Term Loans of Rs. 138 Cr. & Rs. 83.50 Cr. is sanctioned for Delhi Project & Rajpura Project respectively.

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Kartik Arora Analyst-Rating Operations Tel: 022-49294065 kartik.arora@acuite.in	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 rating.desk@acuite.in

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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