

## Brigade Properties Private Limited

Instrument	Amount	Rating Action March 2016
	In Rs crore	
Long term – Term loans	200.0	Upgraded to [ICRA]A (Stable) from [ICRA]A- (Stable)
Long term – Non convertible debentures	100.0	

ICRA has upgraded the long term rating assigned to the Rs 200.0 crore bank lines and Rs 100.0 crore NCD programme of Brigade Properties Private Limited (BPPL) from [ICRA]A- (pronounced as ICRA A minus) to [ICRA]A (pronounced as ICRA A). The outlook on the long term rating has is Stable.

The revision in rating takes into account the strong profitability metrics and the healthy sales and construction progress achieved in the ongoing Cosmopolis project of BPPL, located in Whitefield, Bangalore. Out of the total saleable area of 1.54 million square feet (msf), 0.92 msf (60%) has been sold as on December 2015. The sales velocity has been aided by the attractive location of the project as well as the established market position of the Brigade group in the Bangalore real estate market. Based on the sales achieved till date and current sales velocity, the company is expected to be comfortable in meeting the balance construction costs and debt servicing obligations through customer advances. The rating continues to draw comfort from the vast experience of BPPL's promoters - Brigade Enterprises Limited (rated [ICRA]A) and Government of Singapore Investment Corporation (GIC) in the real estate sector.

The rating is, however, constrained by the company's exposure to project execution risk with only 39% of the budgeted construction cost incurred till December 2015. Moreover, the market risk associated with the company's unsold stock is accentuated by the single project nature, and consequent exposure to the demand-supply dynamics in the Whitefield micro-market, and the high ticket size of the project, which mainly consists of 3 BHK apartment units. The rating also considers the market and execution risks associated with BPPL's subsidiary company, which will commence development of a commercial office project during FY17. ICRA also notes that during FY16, BPPL has redeemed a portion of the initial investments made by the promoters in the company; the extent of such future payouts and the mode of their funding will remain a key rating factor. Going forward, BPPL's ability to maintain the sales velocity and construction progress in the Cosmopolis project and the extent of further leveraging, if any, will be the key monitorables.

### Company Profile

Brigade Properties Private Limited is a 51% subsidiary of Brigade Enterprises Limited (Brigade). GIC, which is a global investment management company owned by Government of Singapore, holds the balance 49% stake in BPPL. Brigade has signed a memorandum of understanding with GIC to jointly invest Rs 1,500 crore for development of residential and mixed use projects (office space and retail areas) in select cities of South India. Consequent to this memorandum of understanding, BPPL was incorporated to jointly develop real estate projects.

BPPL is currently developing a single project, 'Cosmopolis' in Whitefield, Bangalore. The project was launched in June 2013 and is being developed on total land area of around 9 acres. This is a residential apartment project with total saleable area of 1.54 million square feet (msf) which has been launched in two phases. The first phase of 0.84 msf is 82% sold out as on December 2015 with scheduled completion date of June 2016. The second phase of 0.70 msf is 33% sold out as on December 2015 with scheduled completion date of June 2017.

In March 2015, BPPL purchased 100% equity stake in Brooke Bond Real Estate Private Limited, a company earlier owned by Hindustan Unilever Limited. This company owns 26 acres of land in Whitefield with SEZ status. The management as of now intends to develop this as a commercial office project, with construction expected to start in FY17 once the developments plans are finalized and approvals are received.

### Recent Results

During the nine months ended December 2015, BPPL reported a net profit of Rs 16.4 crore on an operating income of Rs 120.8 crore. During FY15, BPPL reported a net profit of Rs 41.5 crore on an operating income of Rs 178.7 crore.

**March 2016**



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