



Press Release

B-Right Real Estate Limited

September 12th, 2023

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term – Proposed Fixed Deposits	40.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Total	Rs.40.00 (Rupees Forty Crore Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the fixed deposits ratings of B-Right Real Estate Limited derive strength from experienced promoters and strong group support, locational advantage and sufficient cash flow cover. The rating is however constrained on account of modest project execution and saleability risk, geographically concentrated revenues and cyclical nature of the real estate industry, subject to regulations.

Key Rating Sensitivities:

Upward Factors

- Progress made in completion of the projects.
- Sale of inventory at envisaged rates.

Downward Factors

- Delay in completion of project.
- Significant cost overruns of the project.
- Lower than expected booking status.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Experienced promoters and strong group support

The B-Right Real Estate Limited is based in Mumbai, incorporated in the year 2007 and is part of B-Right Group. The Company is into integrated construction and real estate development,



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focused primarily on construction and development of residential and commercial projects, in and around Mumbai and established a successful track record in the real estate industry in Mumbai, by developing versatile projects through focus on innovative architecture, strong project execution and quality construction. The present promoter of the Company are Cheerful Dealtrade LLP and Blow Sales LLP, promoted, managed and controlled by Mr. Sanjay Nathalal Shah, Whole-Time Director of the Company. The Company & Group has successfully completed few projects till date, with a total saleable area of 4 lakh square feet, out of which all units have already been sold. The experience of the promoter would thus keep the Company in good stead and help it to complete the project in a timely manner.

The Company focus on developing projects on land held in stock in trade and by entering into joint development agreement & partnerships with parties for development of projects. The Company intends to exploit the opportunities that are available in the Real Estate Sector and its operations will cover all aspects of real estate development, from the identification and acquisition of land, the planning, execution and marketing of the projects, maintenance and management of completed developments etc.

Locational advantage

The ongoing project, Nirvana, Damyanti Villa, Shrishti and Shrushti, is located in Malad, Goregaon, Khar and chembur, respectively. The development location enjoys close proximity to essential amenities, including schools, hospitals, shopping malls, and both the highway and railway station. Moreover, the social and civic infrastructure surrounding the project site is well-maintained and in good condition. All the residential projects mentioned are majorly located in Mumbai. Its robust infrastructure, efficient transportation network, and proximity to key destinations enhance accessibility and connectivity for residents.

Sufficient cash flow cover

The project under development is funded by a combination of debt, customer advances and promoter funds. The company is projected to have sufficient cash flow cover to service its debt obligations as evidenced by the healthy cash flow coverage ratio of the project throughout the projections. On an overall basis, projected cash flow appears to be adequate.



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B. Key Rating Weaknesses

Modest project execution and saleability risk

The company is moderately dependant on advances from customers. So, if the company unable to received timely advances as envisage from the customer, then cash flow will be impacted, which might lead to delay in project execution which is key monitorable. Further company has received commencement certificate for 3 projects out of 4. However, all projects, which is considered as moderate stage. Thus, the ability to complete the construction work in timely manner is critical from credit perspective.

Geographically concentrated revenues

The entity is executing four projects which are located in Mumbai region account for 100% of the total saleable area resulting in significant geographical concentration. Any downturn in these micro markets may impact the cash flows adversely.

Cyclical nature of the real estate industry, subject to regulations

The real estate in India is highly fragmented and is capital intensive in nature. This capital-intensive sector is extremely vulnerable to the economic cycles. Adverse movement in interest rate affects the real estate players in both ways by hampering demand as well as increasing the cost of construction. The sector is also subject to multiple regulatory approvals from respective authorities; thus, the timely receipt of regulatory approval is critical for the timely launches of new project phases and future sales/collections.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Criteria on Default Recognition](#)

[Criteria of assigning rating outlook](#)

[Rating methodology for Real Estate companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)



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Liquidity: Adequate

The Company's moderate reliance on booking advances to fund the project compared to promoters' contribution, and debt imparts comfort on the liquidity factor and mitigates the risk of time overrun to a large extent. B-Right RealEstate Limited is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. Further, the company is likely to benefit from the resourcefulness of the promoters. Overall liquidity position is expected to be adequate. The cash flow cover of the project is comfortable.

About the company

The B-Right Real Estate Limited is an integrated construction and real estate development company, focused primarily on residential and commercial projects in and around Mumbai and established a successful track record in the real estate industry in Mumbai, by developing versatile projects through focus on innovative architecture, strong project execution and quality construction. The present promoter of the Company are Cheerful Dealtrade LLP and Blow Sales LLP, promoted, managed and controlled by Mr. Sanjay Nathalal Shah, Whole-Time Director of the Company. The Company & Group has successfully completed few projects till date. The experience of the promoter would thus keep the Company in good stead and help it to complete the project in a timely manner.

Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	1.41	3.51
EBITDA	0.81	1.72
PAT	1.16	1.86
Total Debt	6.79	7.05
Tangible Net worth	91.01	137.22
Ratios		
EBITDA Margin (%)	57.57	49.01
PAT Margin (%)	42.37	35.98
Overall Gearing Ratio (x)	0.07	0.05

*Classification as per Infomerics' standards



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Financials (Consolidated):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	1.37	17.22
EBITDA	0.62	3.82
PAT	1.19	1.91
Total Debt	17.37	39.25
Tangible Net worth	91.04	136.63
Ratios		
EBITDA Margin (%)	45.28	22.17
PAT Margin (%)	40.75	9.92
Overall Gearing Ratio (x)	0.19	0.29

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term – Proposed Fixed Deposits	Long Term	40.00	IVR BBB-/Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long term -Proposed Fixed Deposits	--	--	-	40.00	IVR BBB- /Stable



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Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-BREL-sep23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.