



Press Release

Brizeal Realtors and Developers LLP

December 19, 2022

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	78.00 (reduced from Rs. 100.00 crore)	IVR BBB+ under Credit Watch with Developing Implications (IVR Triple B plus under Credit Watch with Developing Implications)	Rating reaffirmed and put under Credit watch with developing implications	Simple
Total	78.00 (INR seventy eight crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmed to the bank facilities of Brizeal Realtors and Developers LLP (BRDL) consider the common management team and operational & financial linkages between BRDL and its group concerns, Siddha Happyville LLP, Siddha Waterfront LLP, Siddha Real Estate Development Private Limited, Siddha Infradev LLP, Siddha Sphere LLP, Siddha Town Baruipur LLP and Sejal Shakti Realtors LLP. Infomerics has taken a consolidated view of these entities referred together as the Siddha Group. The rating derives comfort from the established market position of the Siddha Group, with a long track record in the real estate sector, particularly in West Bengal under experienced promoters. Further, The Group has strong project execution capabilities, as demonstrated through consistent delivery of good quality projects. The rating also considers in place major regulatory approvals for the ongoing projects, comfortable project cost structure and maintenance of DSRA and Escrow Account. However, these rating strengths remain constrained due to intermediate stage of some the ongoing projects indicating execution risk, reliance on customer advance, presence of offtake risks for the unsold/unlaunched inventory in ongoing and completed projects along with susceptibility of real estate sector to economic cycles.



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The rating is put under credit watch with developing implications as the management has not provided the Audited financials for FY22 for some of the entities due to the impending result of search and seizure conducted by Income Tax department in FY2017-18.

Key Rating Sensitivities:

Upward Factors

- Considerable increase in collections, with continued robustness in collection efficiency, resulting in better-than-expected cash flow, along with reduction in debt on a sustainable basis
- Increase in sales velocity
- Increased geographical diversity

Downward Factors

- Slowdown in project execution leading to cost overrun or collections resulting in deterioration in the Group's financial risk profile leading to increase in debt levels –
- Any large investments in land bank or in group companies or in the form of other capital expenditure

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established promoters with established track record of Siddha Group**

Mr. Chandan Prakash Jain and Mr Sanjay Jain, promoters of SREDPL, flagship company of the Siddha Group has over three decades of experience in real estate business. The group has a strong developmental track record and brand recall in the Kolkata and Jaipur real estate markets since 1986. The developer has undertaken projects mainly in the residential segment with small ticket size and only a few projects in the commercial segments. The group also has presence in the Jaipur, Bangalore and Mumbai.

- **Strong project execution capabilities**

The group has satisfactory execution capabilities as evident from projects delivered in the past. The group is associated with renowned architects, marketing agent and consultants who have proved their mettle in the field. Further, group's current on-going projects are located in Kolkata and Mumbai and are equipped with modern facilities/ amenities.



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- **Major regulatory approvals already in place for the ongoing projects**

Land has already been acquired/ available and building permit has been obtained for all the ongoing projects. The group has received all the major approvals from the appropriate authority(s) which includes police department, airport authority, urban land ceiling, height clearance, microwave, water, electricity, fire & emergency, environmental clearance. Further, all the on-going projects are in compliance with Maharashtra Real Estate Regulatory Authority and West Bengal Housing Regulatory Authority (WBHIRA).

- **Comfortable project cost structure of the Group**

The group is developing eight projects with an aggregate saleable area of 84.25 lakh sq. ft under different LLPs/ Partnership firms for which SREDPL is the coborrower/ has given a corporate guarantee. All such projects have been launched in and around Kolkata and in Mumbai. Aggregate cost and revenue of such projects is Rs.4,638.32 crore and Rs.5,826.29 crore respectively. Till September 30, 2022, such projects had already sold 59.64 lakh sq.ft (71%) area. As on September 30, 2022, 68% of the funding has been done from 5% promoters funding, 8% from debt and remaining 54% from customer advances.

- **Maintenance of DSRA and Escrow Account**

The revenue from the running projects of SREDPL, BRDL and SSRL is routed through an escrow account maintained with the bank. The withdrawals from account will be as per the predefined waterfall mechanism giving priority to debt obligations and last to operational expenses. SREDPL, BRDL and SSRL also maintains a DSRA equivalent to three months interest and principal repayments provides additional comfort over the repayments of interest/debt.

Key Rating Weaknesses

- **Intermediate stage of several ongoing projects indicating execution risk**

'Siddha Group's' Ongoing Projects are in the mid stage of development. The group has spent around 69% of the total estimated project cost till September 30, 2022. However, long experience of the group in the real estate sector reduces the risk to an extent.

- **Reliance on customer advances**

Major part of the cost for the on-going projects is expected to be funded out of customer advance which in turn is contingent upon the ability of the group to market its projects and



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timely collection of its receivables. The total project cost for all the projects was estimated at Rs. 4,638.32 crore to be funded by debt of Rs.855 crore, promoters fund of Rs.621.66 crore and customer advances of Rs. 2,658.27 crore. Till September 30, 2022, the group had sold 59.64 lakh sq.ft against with a total value of Rs.5,826.29 crore. Any delay in receipt of the customer receivables would impact the construction progress of the project and therefore remains the key rating monitorable.

- **Exposure to risks relating to cyclicity in real estate industry**

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of the group. Siddha Group will remain susceptible to the inherent cyclicity in the real estate sector.

Analytical Approach: Consolidated

For arriving at the ratings, Infomerics has combined the business and financial risk profiles having common management and in similar line of business of Siddha Happyville LLP, Siddha Waterfront LLP, Brizeal Realtors and Developers LLP, Siddha Infradev LLP, Siddha Sphere LLP, Siddha Town Baruipur LLP, Sejal Shakti Realtors LLP and Siddha Real Estate Development Private Limited. All these 8 companies/entities, collectively referred to as the Siddha group, are under control of the same promoters and have business and financial linkages. (List of companies considered for consolidated analysis is given below in Annexure 2).

Applicable Criteria:

[Rating Methodology for Real Estate Entities](#)

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

[Criteria for assigning rating outlook](#)

Liquidity –Adequate

The firm is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. In addition, availability of escrow mechanism along with DSRA/ISRA account will ensure the smooth repayments. Further, the firm is likely to benefit from the resourcefulness of the partners' group. Overall liquidity position is expected to be adequate.



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About the Group

Siddha Group is one of the prominent real estate developer in West Bengal and is engaged in the construction, development and maintenance of commercial, retail as well as residential real estate. It executes projects both under its own name and under the names of various Joint Ventures Partnership firms floated by it. The group is promoted by Mr. Chandra Prakash Jain, Group Chairman and Mr. Sanjay Jain, Group Managing Director. The group has a strong developmental track record and brand recall in the Kolkata and Jaipur real estate markets since 1986. The developer has undertaken projects mainly in the residential segment with small ticket size and only a few projects in the commercial segments. The group also has presence in the Jaipur, Bangalore and Mumbai. The group has completed 36 projects with an area of ~79 Lakh sq.ft. and the total profit from the projects is Rs. 639.09 crore. There are presently 10 projects running in the group in 8 different entities with a total area of 84.25 lakh sq. ft. giving ample indicating healthy revenue benefit over a period of 5 years. The group has already delivered 36 projects and has rich experience in real estate industry.

About the company

Brizeal Realtors and Developers LLP (BRDL), erstwhile a private limited company was converted into a Limited Liability Partnership (LLP) between Siddha Group and Sejal Group on March 17, 2016. BRDL is currently developing a project, 'Siddha Seabrook' which is a Slum Rehabilitation Authority Project located at Kandivali West, Mumbai. The firm is developing residential flats with all the modern amenities comprising of community hall, club, gym, etc at an estimated total project cost of Rs. Rs.428.74 crore having three towers (two towers for rehabilitation and one for sale with G+54 floors) with an aggregate saleable area of 2.03 lakh sq.ft. As on September 30, 2022, the firm had already spent Rs.385.33 crore i.e. 90% of the total project cost and sold 1.40 lakh sq.ft. area i.e. 69% with advance of Rs.232.85 crore.

Financials (Consolidated):

For the year ended* / As on	(Rs. crore)	
	31.03.2021	31.03.2022
	Audited	Provisional
Total Income	205.52	331.22
EBIDTA	4.86	52.87
PAT	-17.79	11.53
Total Debt	731.00	813.69



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Tangible Net Worth	395.14	427.10
Adjusted Tangible Net Worth	706.87	768.13
EBDITA Margin (%)	2.41	16.03
PAT Margin (%)	-8.66	3.48
Overall Gearing Ratio (x)	1.85	1.91

**Classification as per Infomerics' standards*

Financials (Standalone):

(Rs. crore)		
For the year ended* / As on	31.03.2021	31.03.2022
	Audited	Audited
Total Income	0.24	0.26
EBIDTA	8.89	9.75
PAT	0.12	0.10
Total Debt	84.11	110.09
Tangible Net Worth	23.11	24.51
Adjusted Tangible Net Worth	26.38	35.90
EBDITA Margin (%)	NM	Nm
PAT Margin (%)	48.71	36.54
Overall Gearing Ratio (x)	2.06	2.03

**Classification as per Infomerics' standards, NM is not meaningful.*

Status of non-cooperation with previous CRA:

Care Rating has continued the rating of Brizeal Realtors & Developers LLP into the Issuer Non-Cooperating category on account of inadequate information and lack of cooperation in the rating procedure despite repeated follow ups as per the Press Release dated June 08, 2022.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (September 20, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Long Term	Term Loan	78.00	IVR BBB+	IVR BBB+/Stable	-	-



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (September 20, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
				under Credit Watch with Developing Implications			

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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com

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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
Term Loan	-	-	March 2023	78.00*	IVR BBB+ under Credit Watch with Developing Implications

*OD of Rs.25 crore as sublimit of TL

Annexure 2: List of companies considered for consolidated analysis:

Name of the company	Consolidation Approach
Siddha Happyville LLP	Full Consolidation
Siddha Waterfront LLP	Full Consolidation
Brizeal Realtors and Developers LLP	Full Consolidation
Siddha Infradev LLP	Full Consolidation
Siddha Sphere LLP	Full Consolidation
Siddha Town Baruipur LLP	Full Consolidation
Sejal Shakti Realtors LLP	Full Consolidation
Siddha Real Estate Development Private Limited	Full Consolidation

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-BRDL-dec22.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.