



Press Release

Brizeal Realtors and Developers LLP

September 20, 2021

Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating	Rating Action
1.	Long Term Bank Facilities- Term Loan	100.00	IVR BBB+; Stable (IVR Triple B Plus with Stable Outlook)	Assigned
	Total	100.00 (Rupees hundred crores only)		

Details of Facilities are in Annexure 1.

Detailed Rationale

The rating assigned 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 and Development Pvt Ltd, 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 derive 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 several 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. Further, the rating also note exposure of SREDPL to its other group companies on a standalone basis.

Key Rating Sensitivities

Upward Factors:



Press Release

- 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

- **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,



Press Release

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 and BRDL**

SREDPL is currently developing two projects with an aggregate saleable area of 11.35 lakh sq. ft. Aggregate cost and revenue of such projects is Rs.538.63 crore and Rs.686.13 crore respectively. Till June 30, 2021, the company has already sold 6.47 lakh sq.ft (~57%) area. Apart from the above, the group is also developing eight projects with an aggregate saleable area of 69.94 lakh sq. ft under different LLPs/ Partnership firms for which SREDPL is the co-borrower/ has given a corporate guarantee. All such projects have been launched in and around Kolkata except two in Mumbai. Aggregate cost and revenue of such projects is Rs.3159.29 crore and Rs.4675.57 crore respectively. Till June 30, 2021, such projects had already sold 42.62 lakh sq.ft (60.94%) area.

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.290.77 crore having three towers (two towers for rehabilitation and one for sale with G+54 floors) with an aggregate saleable area of 2.57 lakh sq. ft. As on June 30, 2021, the firm had already expended Rs.186.82 crore i.e.64.25% of the total project cost and sold 1.66 lakh sq.ft area i.e. 64.59%.

- **Maintenance of DSRA and Escrow Account**

The revenue from the running projects of SREDPL and BRDL 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 and BRDL 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 expended around 61.10% of the total estimated project cost till June 30, 2021. However, long experience of the group in the real estate sector reduces the risk to an extent.

- **Reliance on customer advances**



Press Release

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 timely collection of its receivables. The total project cost for all the projects was estimated at Rs. 3697.92 crore to be funded by debt of Rs.755 crore, promoters fund of Rs.526.66 crore and customer advances of Rs. 2410.63 crore. Till June 30, 2021, the group had sold 49.09 lac sq.ft against which the company has already received Rs.2259.57 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 cyclicalities in real estate industry**

Cyclicalities 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 cyclicalities in the real estate sector.

Analytical Approach: Consolidated

For arriving at the ratings, Infomerics has combined the business and financial risk profiles 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 Pvt Ltd. This is because these companies, 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 3**)

Applicable Criteria:

Rating Methodology for Real Estate Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity Position: Adequate

The group has adequate liquidity marked by committed customer receivable (out of already sold area) of Rs.532.51 crore against total outstanding debt of Rs.241.15 crore as on June 30, 2021. Furthermore, the promoters are also well experienced in the real estate market and resourceful having high financial flexibility which imparts comfort.

About the Group

The flagship company of the Siddha Group; Siddha Real Estate Development Private Limited was incorporated in the year 2006 and part of the Kolkata based Siddha Group. Siddha Group



Press Release

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.

About the BRDL

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.290.77 crore having three towers (two towers for rehabilitation and one for sale with G+54 floors) with an aggregate saleable area of 2.57 lakh sq. ft. As on June 30, 2021, the firm had already expended Rs.186.82 crore i.e.64.25% of the total project cost and sold 1.66 lakh sq.ft area i.e. 64.59%.

Financials (Combined)

	(Rs. crore)	
For the year ended* / As On	31-03-2020	31-03-2021
	Combined	Combined
Total Operating Income	284.45	216.78
EBITDA	52.99	88.33
PAT	8.11	19.63
Total Debt	676.59	662.85
Tangible Net worth	481.97	518.14
EBITDA Margin (%)	18.63	40.75
PAT Margin (%)	2.85	9.06
Overall Gearing Ratio (x)	0.66	0.59

*Classification as per Infomerics' standards.

Financials (Standalone)

	(Rs. crore)	
For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Provisional
Total Operating Income	0.00	0.00



Press Release

For the year ended* / As On	31-03-2020	31-03-2021
EBITDA	7.56	9.09
PAT	-0.05	-0.02
Total Debt	77.50	84.44
Tangible Net worth	20.51	22.38
EBITDA Margin (%)	-	-
PAT Margin (%)	-13.15	-106.13
Overall Gearing Ratio (x)	3.78	3.77

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: CARE has moved the rating of BRDL to Issuer Not Co-operating vide its press release dated March 19, 2021 for non-submission of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating s	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Term Loan	Long Term	100.00	IVR BBB+; Stable	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Mrs. Nidhi Sukhani Tel: (033) 46022266 Email: nsukhani@infomerics.com	Name: Mr. Avik Podder Tel: (033) 46022266 Email: apodder@infomerics.com
--	---

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually



Press Release

widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating / Outlook
Term Loan	-	-	June 2024	100.00	IVR BBB+; Stable
Total				100.00	

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Brizeal-realtors-lenders-20sep21.pdf>

Annexure 3: List of companies considered for consolidated analysis is given below,

S. No.	Name of the entities	Consolidation Approach
1.	Siddha Happyville LLP	Full Consolidation
2.	Siddha Waterfront LLP	Full Consolidation
3.	Brizeal Realtors and Developers LLP	Full Consolidation
4.	Siddha Infradev LLP	Full Consolidation
5.	Siddha Sphere LLP	Full Consolidation
6.	Siddha Town Baruipur LLP	Full Consolidation
7.	Sejal Shakti Realtors LLP	Full Consolidation
8.	Siddha Real Estate Development Private Limited	Full Consolidation

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

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Term Loan	Simple



Press Release

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.

