Birla Estates Private Limited

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	350.00 (Enhanced from 325.00)	CARE AA; Stable	Upgraded from CARE AA-; Stable
Short-term bank facilities	10.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in long-term rating and reaffirmation of short-term rating for bank facilities of Birla Estates Private Limited (BEPL) factors in the strong parentage, being part of the Aditya Birla Group, chaired by Kumar Mangalam Birla and the company's strong sales momentum in FY24 (FY refers to April 01 and March 31) and 9MFY25 while maintaining a strong liquidity position. This momentum is marked by healthy growth in collections from ongoing projects. Robust sales momentum has resulted in a healthy committed receivable coverage of 98% as of December 31, 2024, and an inventory overhang of less than 12 months.

The ratings also factor in satisfactory progress of construction, with receipt of occupancy certificates (OC) for its first three projects — six towers of 'Birla Vanya,' 'Birla Alokya,' and two towers of 'Birla Navya' along with availability of a fully paid-up large land bank at the group level for future development.

The ratings continue to derive strength from the company's strategic importance to the group. The group's commitment to the real estate sector is evident from the renaming of Century Textiles and Industries Limited (CTIL) to Aditya Birla Real Estate Limited (ABREL; rated CARE AA; Stable/A1+) and strategic partnership with esteemed global investors such as Mitsubishi Estate Company Limited for its real estate projects.

Rating strengths are partially offset by project execution risks, with 45% of the project cost yet to be incurred, and a sizeable development pipeline. Inherent cyclicality of the real estate sector remains a key risk factor.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in credit risk profile of parent.
- Substantial increase in scale of operation while maintaining the comfortable leverage position on a sustained basis.

Negative factors

- Deterioration in the credit risk profile of the parent or substantial decline in direct/indirect shareholding resulting into weakening of linkages between BEPL and its parent ABREL.
- Committed receivable coverage ratio below 70% on sustained basis.
- Substantial slowdown in execution resulting in lower collection and higher debt than envisaged on a sustained basis.

Analytical approach: Cashflows have been combined and standalone P&L and balance sheet of respective financial statements have been considered. Due to fungibility of funds between SPVs in real estate, cash flows are combined for analytical purposes. CARE Ratings Limited (CARE Ratings) has further factored in support from the parent company, ABREL, for arriving at BEPL's rating. Entities considered for combined cashflow are listed under Annexure-6.

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation for the sustenance of strong performance, marked by strong sales velocity, robust collections, low reliance on external debt, and strong liquidity. The expectation is attributable to the established brand image, supported by continued end-user demand in the real estate industry.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Significant improvements in sales and collections; upcoming launches to further drive positive momentum
BEPL and its subsidiaries/ Joint Venture (JV; referred to as "BEPL group") has achieved significant sales growth, with sales of ~12 lakh square feet (lsf) and reporting presales of ~₹1,000 crore in FY24. Collections for FY24 were ~₹831 crore. Sales increased to ~16 lsf in 9MFY25, representing 91% of their total launch area of 62 lsf as of December 31, 2024. In 9MFY25, presales and collections improved to ~₹1,600 crore and ~₹1,000 crore, respectively. As on December 31, 2024, BEPL group launched a total of 4,023 units for sale, of which 3,717 units (92%) have been sold. This has resulted in an inventory overhang of less than one year.

As on December 31,2024, among 7 ongoing projects, the company has sold more than 90% of area in 'Birla Alokya', 'Birla Tisya','Birla Trimaya' and 'Birla Navya', more than 70% in, 'Birla Vanya' and 'Birla Ojasvi' and close to 25% in 'Birla Anayu' with increased realizations.

The sales momentum is expected to further improve in Q4FY25 and FY26, driven by a robust pipeline of project launches. The anticipated healthy sales velocity in these upcoming launches is attributed to a mix of good product, location, strong brand value of the 'Birla' name and sustained end-user demand.

Strong receivables and lower reliance on external debt ensuring financial stability
As on December 31, 2024, BEPL group is executing seven projects having estimated project cost of ~₹5,500 crore, with 55% of the cost incurred. Projects were primarily funded through customer advances of ~₹1800 crore, promoter fund of ~₹1,000 crore and debt of close to ₹300 crore, reflecting lower reliance on debt. With substantial receivables in place and low external debt result in a healthy committed receivable ratio of 98%, moderated from 162% due to recently launched projects resulting in higher balance construction cost.

External residential debt to collection (D/C) ratio remained comfortable at 0.27x as of March 31, 2024, and 0.30x as of December 31, 2025. Although the D/C ratio is expected to increase slightly due to upcoming large project launches and anticipated need for external debt, it is projected to remain comfortable below 0.50x in the near-to-medium term.

BEPL secured a lease rental discounting (LRD) facility of ₹900 crore against commercial lease rentals from 'Birla Aurora' and 'Birla Centurion'. The LRD will be serviced through lease rentals received by ABREL, with BEPL having no loan repayment obligations in this regard. Comfort can be drawn from a corporate guarantee for the LRD loan extended by ABREL.

Strong parentage and experienced management
As a wholly owned subsidiary of ABREL, BEPL enjoys substantial operational and financial support from its parent company. ABREL has provided an unconditional and irrevocable corporate guarantee for BEPL's term loan for the 'Birla Vanya' project. ABREL has infused unsecured loans into BEPL to support its cash flows. Beyond financial support, ABREL contributes managerial expertise to BEPL, with its board members actively participating on BEPL's board. BEPL is led by Chief Executive Officer (CEO) K. T. Jithendran, who has over 26 years of experience in the real estate sector and seasoned Chief Finance Officer (CFO) Keyur Shah having a total experience of 30 years including over 20 years in Real Estate. ABREL and BEPL are integral parts of the Aditya Birla Group, headed by Kumar Mangalam Birla. The group has sizeable land bank having Gross Development Value (GDV) of ~₹63,000 crore. Till date the group has launched project worth ~₹15,000 crore resulting in lower indebtedness for future projects.

Key weaknesses

Project execution risk associated with ongoing and upcoming projects
As of December 31, 2024, BEPL group is executing seven projects with a total saleable area of 62 lsf. The estimated project cost for these ongoing projects stood at approximately ₹5,500 crore, with 55% of the cost incurred, indicating an intermediate stage of execution and moderate execution risk.

Going ahead, BEPL group plans to develop a sizeable area of about 160 lsf in the near term, with an estimated project cost of close to ₹16,000 crore. This development is expected to be largely funded by customer advances and external debt. While healthy bookings are anticipated in early stages of these upcoming projects, in line with current trend of sales, which needs to be closely monitored from credit perspective.

CARE Ratings notes that Haryana RERA imposed a fine on BEPL company for advertising a project without RERA registration. According to BEPL's management, no such advertisement was published by the company. Per the stock exchange filing, BEPL has paid the fine as a compliance measure and has taken necessary actions to block unauthorised websites.

Cyclical nature of the real estate industry

The company is exposed to cyclicality associated with the real estate sector, which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, profitability highly depends on property markets. A high-interest rate scenario could further discourage consumers from borrowing to finance real estate purchases and might depress the real estate market. Overall, the effects of the receding pandemic, progress on the vaccination front, and recovery in the economy will be the factors driving real estate sales and demand going ahead. The improvement in job market shall also determine the recovery in the sector.

Liquidity: Strong

Strong liquidity marked by healthy committed receivable ratio of 98% as on December 31, 2024. Comfort can be drawn from nil scheduled repayment for Q4FY25. The company also has free cash and cash equivalent of around ₹157 crore as on December 31, 2024. Due to lower external debt, cash coverage ratio remains comfortable above 2x in the medium term. Comfort can be drawn from adequate and timely support extended by ABREL.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Rating methodology for Real estate sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

Incorporated in 2017, BEPL (CIN: U70100MH2017PTC303291) is a wholly owned subsidiary of ABREL (rated CARE AA; stable / CARE A1+). The company was incorporated to focus on the residential real estate business. BEPL is currently developing land parcels owned by it and has entered joint venture developments (JDAs) with other developers to develop commercial and residential properties across National Capital Region (NCR), Mumbai Metropolitan Region (MMR), Bengaluru and Pune.

Brief Financials-Standalone (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	57.92	614.52	359.73
PBILDT	-38.87	99.69	23.18
PAT	-34.06	-7.09	16.31
Overall gearing (times)	12.65	32.78	39.28
Interest coverage (times)	-0.82	0.69	0.66

A: Audited UA: Unaudited; **Note:** these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	50.00	CARE AA; Stable
Fund-based - LT-Term Loan		-	-	December 15, 2025	285.00	CARE AA; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	15.00	CARE AA; Stable
Non-fund-based - ST-Letter of credit		-	-	-	10.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (05-Apr-24)	-	1)CARE AA (CE); Stable (25-Jan-23)	1)CARE AA (CE); Stable (25-Feb-22)
2	Fund-based - LT-Bank Overdraft	LT	50.00	CARE AA; Stable	1)CARE AA-; Stable (05-Apr-24)	-	1)CARE A+; Stable (25-Jan-23)	1)CARE A+; Stable (25-Feb-22)
3	Non-fund-based - LT-Bank Guarantee	LT	15.00	CARE AA; Stable	1)CARE AA-; Stable (05-Apr-24)	-	1)CARE A+; Stable (25-Jan-23)	1)CARE A+; Stable (25-Feb-22)
4	Non-fund-based - ST-Letter of credit	ST	10.00	CARE A1+	1)CARE A1+ (05-Apr-24)	-	1)CARE A1 (25-Jan-23)	1)CARE A1 (25-Feb-22)
5	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	1)Withdrawn (05-Apr-24)	-	1)CARE A+ (25-Jan-23)	1)CARE A+ (25-Feb-22)
6	Fund-based - LT-Term Loan	LT	285.00	CARE AA; Stable	1)CARE AA-; Stable (05-Apr-24)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Birla Arnaa LLP	Full	Operational and financial linkages
2	Avarna Projects LLP	Full	Operational and financial linkages
3	Birla Tisya LLP	Full	Operational and financial linkages
4	Ekamaya Properties Private Limited	Full	Operational and financial linkages
5	Vypak Properties Private Limited	Full	Operational and financial linkages
6	Vardhita Properties Private Limited	Full	Operational and financial linkages

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-022-68374474 E-mail: rajashree.murkute@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Divyesh Bharat Shah Director **CARE Ratings Limited** Phone: +91-020-4000 9069 E-mail: divyesh.shah@careedge.in Amita Yadav Assistant Director **CARE Ratings Limited** Phone: +91-020-4000 9004 E-mail: amita.yadav@careedge.in

About us:

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