

Brizeal Realtors & Developers LLP (Revised)

December 23, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	100.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB (CE^); Stable [Double B (Credit Enhancement); Outlook: Stable]
Total Bank Facilities	100.00 (Rs. One Hundred Core Only)		

Details of instruments/facilities in Annexure-1

^ CE is backed by unconditional & irrevocable Corporate Guarantee from Siddha Real Estate Development Private Limited (SREDPL)

*Issuer did not cooperate; based on best available information

Unsupported Rating

Withdrawn* [Withdrawn]

*Unsupported rating has been withdrawn as analytical approach has been changed to standalone from Credit Enhancement

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated June 08, 2022, placed the rating(s) of Brizeal Realtors & Developers LLP (BRDL) under the 'issuer non-cooperating' category as BRDL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. BRDL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated November 07, 2022, November 14, 2022 and November 21, 2022.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of BRDL have been revise on account of non-availability of requisite information. The rating factored in Project implementation and saleability risk associated with its project 'Siddha Seabrook' along with high reliance on customer advances and cyclicity in real estate sector. The ratings, however, continue to derive strength from experience of promoters and Association with renowned architects and consultants.

Further, CARE has withdrawn its unsupported rating due to change in analytical approach from 'Credit Enhancement' to 'Standalone with factoring linkages in the form of support from SREDPL'

Detailed description of the key rating drivers

At the time of last rating on June 08, 2022 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies and RERA fillings):

Key Rating Weaknesses

Project implementation and saleability risk associated with its project 'Siddha Seabrook'

BRDL was implementing a residential project named 'Siddha Seabrook' which is a Slum Rehabilitation Authority Project located at Kandivali West, Mumbai. There is delay in project completion as the estimated date of completion of the project was June 30, 2021, which was revised to June 30, 2023 as per latest update of RERA website.

Further, till December 31, 2019, BRDL had incurred the cost of Rs. 200.86 crore, which forms 69.08% of total envisaged project cost. However, it has received the booking for total 168 units, which forms 64.62% of total units as on November 12, 2022. Hence, the risk associated with timely completion of project and receipt of remaining booking advances of project remains crucial.

High 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 firm to market its project and timely collection of its receivables. As on March 31, 2020, the total of Customer Advances stood at Rs. 120.75 crores. Any delay in receipt of the customer receivables would impact the construction progress of the project and therefore remains the key rating monitorable.

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

Cyclicality in real estate sector

The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital-intensive sector is extremely vulnerable to the economic cycles.

Further, the real estate sector in India is highly fragmented with many regional players, who have significant presence in their respective local markets which in turn leads to intense competition within the industry. The real estate sector is sensitive to the economic cycle and interest rates. Adverse movement in interest rate affects the real estate players in both ways – by hampering demand as well as increasing the cost of construction.

Key Rating Strengths

Experienced promoters with established brand image of the Siddha group

BRDL was jointly promoted by Siddha Group and Sejal Group. Siddha Real Estate Development Private Limited (SREDPL), promoted by Mr. Chandra Prakash Jain and Mr. Sanjay Jain, is the flagship company of the Siddha Group of Kolkata. The Siddha Group is among the reputed real estate developers in Kolkata. Siddha 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.

Association with renowned architects and consultants

Being part of Sidha Group, BRDL is benefited from group's association with renowned architects, marketing agent and consultants who have proved their mettle in the field.

Analytical approach: Standalone with factoring linkages in the form of support from SREDPL revised from Credit enhancement in the form of Corporate Guarantee of SREDPL as BRDL has been under the 'Issuer not Cooperating' category since long; hence CARE is unable to ascertain whether the corporate guarantee extended by SREDPL still exists and if it does; whether it fulfils all stipulated conditions necessary for evaluation and consideration of the guarantee.

Applicable Criteria

[Policy on Withdrawal of Ratings](#)

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

About the Firm

BRDL, erstwhile a private limited company was converted into a Limited Liability Partnership (LLP) between Siddha Group and Sejal Group on March 17, 2016. The Siddha Group, promoted by Mr. Chandra Prakash Jain, Group Chairman and Mr. Sanjay Jain, Group Managing Director, is among the reputed real estate developers in Kolkata. Siddha 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. 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 December 31, 2019, the firm had already expended Rs.200.86 crore i.e.69.1% of the total project cost

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	FY22 (A)	H1FY23 (Prov.)
Total operating income	0.36	NA	NA	NA
PBILDT	8.18	NA	NA	NA
PAT	-0.05	NA	NA	NA
Overall gearing (times)	3.78	NA	NA	NA
Interest coverage (times)	1.03	NA	NA	NA

A: Audited, Prov.: Provisional, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument/facility: Annexure-3

Complexity level of various instruments rated for this firm: Annexure-4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	September 2023	100.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Un Supported Rating-Un Supported Rating (Long Term)		-	-	-	0.00	Withdrawn^

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Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Type	Current Ratings		Rating History			
			Amount Outstanding (Rs. crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	100.00	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB (CE); Stable; ISSUER NOT COOPERATING* (08-Jun-22)	-	1)CARE BB+ (CE); Stable; ISSUER NOT COOPERATING* (19-Mar-21) 2)CARE BBB (CE); Stable (03-Apr-20)	-
2	Un Supported Rating-Un Supported Rating (Long Term)^	LT	-	-	1)CARE BB-; ISSUER NOT COOPERATING* (08-Jun-22)	-	1)CARE BB; ISSUER NOT COOPERATING* (19-Mar-21) 2)CARE BBB- (03-Apr-20)	-

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Annexure-3: Detailed explanation of covenants of rated instrument/facility: Not Applicable**Annexure-4: Complexity level of various instruments rated for this firm**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Un Supported Rating-Un Supported Rating (Long Term)	Simple

Annexure-5: Bank Lender Details for this firm

To view the lender wise details of bank facilities please [click here](#)

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

Contact us**Media Contact**

Name: Mr. Mradul Mishra
Contact no.: +91-22-6754 3596
Email ID: mradul.mishra@careedge.in

Analyst Contact

Group Head Name: Shachee Nakul Vyas
Group Head Contact no.: 079-40265665
Group Head Email ID: shachee.tripathi@careedge.in

Relationship Contact

Name: Lalit Sikaria
Contact no.: 91-033- 40181600/22831803
Email ID: lalit.sikaria@careedge.in

About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

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