

September 12, 2023

## Bestech Hospitalities Private Limited: Rating downgraded and moved to Non-Cooperating category

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	173.00	173.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB+ (Stable) and moved to the 'Issuer Not Cooperating' category
<b>Total</b>	<b>173.00</b>	<b>173.00</b>	

<sup>\*</sup>Issuer did not cooperate; based on best available information.

<sup>^</sup>Instrument details are provided in Annexure-I

### Rationale

The rating downgrade is because of lack of adequate information regarding Bestech Hospitalities Private Limited's (BHPL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at [www.icra.in](http://www.icra.in). The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As a part of its process and in accordance with its rating agreement with BHPL, ICRA has been trying to seek information from the entity so as to monitor its performance. Despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy in respect of non-co-operation by the rated entity</a> <a href="#">Rating Methodology-Hotels</a>
Parent/Group support	The ratings factor in the high likelihood of financial support from the Group's real estate operations, as demonstrated in the past and based on the management guidance
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the Group's hospitality entities for consolidated analysis: BHPL, JOP Hotels Limited, Bestech Hotels Private Limited, Bestech Hotels and Resorts Private Limited, Babylon Buildwell Private Limited) and has also done limited consolidation of the hospitality business with the Group's real estate entities (Bestech India Private Limited and Globus Projects Private Limited), given the significant inter-Group transactions and common promoter Group

## About the company

Bestech Hospitalities Private Limited (BHPL) is a part of the Bestech Group, which was founded by Mr. Dharmendra Bhandari and Mr. Sunil Satija in the early 1990s. The Group started as a construction contractor and has been in the construction business for over two decades. It has constructed over 16 msf of space for various real estate projects, including several residential and commercial projects in the National Capital Region (NCR) for developers like Unitech, MGF, etc. In 2001, the Group diversified into real estate business and incorporated BIPL. Over the years, the Bestech Group has developed residential and commercial projects in Gurgaon, Mohali and Dharuhera. In 2002, the Bestech Group diversified into the hospitality sector and incorporated BHPL, which has completed four hotel properties—Park Plaza Gurgaon (45 rooms), Radisson Suites Gurgaon (35 rooms), Radisson Blu Indore (200 rooms) and Radisson Blu Nagpur (214 rooms), Radisson (formerly Park Plaza) Noida (88 rooms). The company has sold Radisson Suites Gurgaon and Park Plaza Gurgaon. It is undertaking capex to develop two properties in BHPL—Park Plaza (Indore) and Park Plaza (Nagpur). This apart, the company has a JV with the Radisson Hotel Group to develop a chain of Radisson Red hotels in India, under one joint JV - BHOPL, wherein one property – Radisson Red (Mohali) – was constructed and started operations in December 2021. Radisson Red (Gurgaon), which is the second hotel under this JV, is in the planning stage.

## Key financial indicators

BHPL- Consolidated	FY2020	FY2021
Operating income (Rs. crore)	138.1	37.5
PAT (Rs. crore)	0.4	-22.1
OPBDIT/OI (%)	22.6%	8.3%
PAT/ OI (%)	0.3%	-59.0%
Total outside Liabilities/Tangible Net Worth (times)	1.8	2.6
Total debt/OPBDIT (times)	9.0	105.5
Interest coverage (times)	1.4	0.2

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

## Status of non-cooperation with previous CRA: Not Applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on March 31, 2022 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	
				Sep 12, 2023	Jun 30, 2022	-	Mar 19, 2021	Apr 17, 2020
1 Term loans	Long Term	173.00	165.6	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)	-	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#).

#### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Fund-based - Term loan-1	FY2020	-	FY2025	13.60	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Long-term – Fund-based - Term loan-2	FY2021	-	FY2026	4.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Long-term – Fund-based - Term loan-3	FY2022	-	FY2027	4.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Long-term – Fund-based - Term loan-4	FY2019	-	FY2033	79.40	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Long-term – Fund-based - Term loan-5	FY2019	-	FY2033	26.40	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Long-term – Fund-based - Term loan-6	FY2021	-	FY2026	22.80	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Long-term – Fund-based - Term loan-7	FY2022	-	FY2027	22.80	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING

Source: Company

#### Annexure II: List of entities considered for consolidated analysis:

Instrument Name	BHPL Ownership	Consolidation Approach
Bestech Hospitalities Private Limited	-	Full Consolidation
JOP Hotels Limited	51%	Full Consolidation
Babylon Buildwell Private Limited	100%	Full Consolidation
Bestech Hotels and Resorts Private Limited	74%	Full Consolidation
Bestech Hotels Private Limited	74%	Full Consolidation
Bestech India Private Limited	-	Limited Consolidated
Globus Projects Private Limited	-	Limited Consolidated

## ANALYST CONTACTS

**Rajeshwar Burla**

+91 40 4547 4829

[rajeshwar.burla@icraindia.com](mailto:rajeshwar.burla@icraindia.com)

**Anupama Reddy**

+91 40 4547 4829

[anupama.reddy@icraindia.com](mailto:anupama.reddy@icraindia.com)

**Neha Mittal**

+91 124 4545 365

[neha.mittal@icraindia.com](mailto:neha.mittal@icraindia.com)

**Sandhya Negi**

+91 124 4545 852

[sandhya.negi@icraindia.com](mailto:sandhya.negi@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.