

September 12, 2023

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

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	46.00	46.00	[ICRA]BB+ (CE)(Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB (CE) (Stable) and moved to the 'Issuer Not Cooperating' category
Long-term – Fund-based – Term loan	14.97	14.97	[ICRA]BB (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable) and moved to the 'Issuer Not Cooperating' category
Long-term – Non-fund based	5.00	5.00	[ICRA]BB (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable) and moved to the 'Issuer Not Cooperating' category
Total	65.97	65.97	

Rating Without Explicit Credit Enhancement

[ICRA]BB

**Issuer did not cooperate; based on best available information.*

^Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

Rationale

The rating downgrade is because of lack of adequate information regarding Bestech Hotels Private Limited's (BHOPL) 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. 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 Bestech Hotels Private Limited (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	Corporate Credit Rating Methodology Policy in respect of non-co-operation by the rated entity Rating Methodology-Hotels
Parent/Group support	Parent/Group company: Bestech Hospitalities Private Limited (BHPL) ICRA expects that BHPL to be willing to extend financial support to BHOPL. There also exists a consistent track record of the Group having extended timely financial support to BHOPL in the past, whenever a need has arisen.
Consolidation/Standalone	Standalone For arriving at the ratings, ICRA has considered the standalone financials of BHOPL

About the company

Bestech Hotels Pvt Limited (BHOPL) is a part of the Bestech Group, which has interests in real estate, construction, hospitality and facilities management. The company was incorporated as a joint venture (JV) with the Radisson Hotel Group in May 2011 and is currently operating the first Radisson Red (Mohali) hotel in the country. The 154-room hotel has been branded as Radisson Red and is located in Mohali, Punjab. The hotel started operations in December 2021.

Key financial indicators

BHOPL- Standalone	FY2021	FY2022	H1FY2023
Operating income (Rs. crore)	0.0	6.9	16.4
PAT (Rs. crore)	0.3	-6.8	-6.4
OPBDIT/OI (%)	-	25.4%	20.5%
PAT/ OI (%)	-	-98.8%	-38.7%
Total outside liabilities/Tangible net worth (times)	7.1	18.9	111.2
Total debt/OPBDIT (times)	-6,236.4	61.2	15.8
Interest coverage (times)	-	0.6	0.7

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

Source: Company

About the parent

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 million square feet (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 also 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

BHPL- Standalone	FY2021	FY2022	H1FY2023*
Operating income (Rs. crore)	30.3	74.3	66.0
PAT (Rs. crore)	-15.1	17.5	19.0
OPBDIT/OI (%)	11%	27%	41%
PAT/ OI (%)	-50%	24%	29%
Total outside liabilities/Tangible net worth (times)	1.1	1.0	0.9
Total debt/OPBDIT (times)	49.4	8.5	3.2
Interest coverage (times)	0.2	1.4	3.3

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

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 Nov 30, 2022 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023			Date & rating in FY2022		
					Sep 12, 2023	Jan 06, 2023	Jun 30, 2022	-	Mar 19, 2021	Apr 17, 2020
1	Term loans	Long Term	46.00	42.9	[ICRA]BB+ (CE)(Stable); ISSUER NOT COOPERATING	[ICRA]BBB (CE) (Stable)	[ICRA]BBB(CE) (Stable)	-	[ICRA]BBB(CE) (Negative)	[ICRA]BBB(CE) (Negative)
2	Term loans	Long Term	14.97	14.97	[ICRA]BB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BB+ (Stable)	-	-	-
3	Bank guarantee	Long Term	5.00	-	[ICRA]BB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB(CE) (Stable)	-	[ICRA]BBB(CE) (Negative)	[ICRA]BBB(CE) (Negative)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Non-fund-based limits	Very 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	Term loan	November, 2019	-	July 2026	46.00	[ICRA]BB+(CE) (Stable); ISSUER NOT COOPERATING
NA	Term loan – 1	FY2022	-	FY2028	10.97	[ICRA]BB (Stable); ISSUER NOT COOPERATING
NA	Term loan – 2	FY2022	-	FY2027	4.00	[ICRA]BB (Stable); ISSUER NOT COOPERATING
NA	Bank guarantee	-	-	-	5.00	[ICRA]BB (Stable); ISSUER NOT COOPERATING

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

ANALYST CONTACTS

Rajeshwar Burla
+91 40 4547 4829
Rajeshwar.b@icraindia.com

Anupama Reddy
+91 40 4547 4829
anupama.reddy@icraindia.com

Neha Mittal
+91 124 4545 365
Neha.mittal@icraindia.com

Sandhya Negi
+91 124 4545 852
sandhya.negi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

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

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

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 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.