



## Bestech India Private Limited

Instrument	Amount (Rs. Crore)	Rating Action (August 2015)
Non-convertible Debenture	250	[ICRA]BBB (stable) Assigned
Term Loans	100.00 (earlier 200.00)	[ICRA]BBB (stable) Rating Reaffirmed
Non-fund-based Limits	40.00	[ICRA]A3+ Rating Reaffirmed

ICRA has assigned **[ICRA]BBB** (pronounced ICRA triple B) rating to Rs. 250 crore non-convertible debenture programme of Bestech India Private Limited (BIPL). ICRA has also reaffirmed the long term rating assigned to Rs. 100 crore (earlier Rs. 200 crore) term loans of BIPL at **[ICRA]BBB** (pronounced ICRA triple B)<sup>†</sup>. The outlook on long-term ratings is stable. Further, ICRA has reaffirmed the short-term rating assigned to Rs. 40 crore non-fund-based limits of BIPL at **[ICRA]A3+** (pronounced ICRA A three plus).

The ratings take into account high level of bookings (~65% as on March 31, 2015), healthy collection efficiency, robust advance build-up and satisfactory execution in BIPL's residential projects. Further, the rating action factors in tie-up of significant funds in FY2015 and FY2016YTD which has reduced the repayment pressure in short-term and has also provided funds to expedite execution at multiple ongoing residential projects. ICRA's rating also factors in the strong pipeline of residential project launches, for which the company has already received all clearances; that, coupled with the significant reduction in funding support required in the group's hospitality ventures going forward is likely to result in improvement in liquidity profile of the group.

The ratings continue to reflect significant experience of BIPL's promoters in construction and real estate business, and the company's adequate land bank in Gurgaon through direct ownership as well as Joint Development Agreements (JDAs), which provides considerable development potential in medium term.

The ratings are, however, constrained by weak sales (13% as on March 31, 2015), slow execution, low collection efficiency, and limited advance build-up for commercial real estate projects of the company. This has resulted in company's higher exposure to market, execution and funding risks. The ratings also factor in lower sales velocity in FY2015 across both residential and commercial segments due to slowdown in real estate market. The current lack luster demand and oversupply of under-construction units in the market is also likely to impact sales of BIPL's upcoming large residential project launches in Gurgaon (Haryana). The ratings are also constrained by increase in gearing from 1.08x as on March 31, 2014 to 1.13x as on March 31, 2015, the company's exposure to geographical risk owing to concentration of most of its projects in one city i.e. Gurgaon (Haryana), and the large size of its development plans in relation to projects developed in the past.

Going forward, movement of sales and collections in BIPL's ongoing and upcoming commercial and residential projects, the extent of land acquisition expenditure & support provided to the group entities will be the key rating sensitivities.

### Company's Profile

Bestech India Private Limited (BIPL) is part of the Bestech Group which was founded by Mr. Dharmendra Bhandari and Mr. Sunil Satija in early 90s. The group started as a construction contractor and has been in the construction business for over two decades. It has constructed over 15 million sq. ft of space for various real estate projects including several residential and commercial projects in 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 which include – Bestech Chambers, Bestech Central Square, Park View City – I &

\* 100 lakh = 1 crore = 10 million

† For complete rating definition please refer to ICRA website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications



II, Park View Residency, Park View Spa, Park View Spa Next, Bestech Center Point, and Park View Ananda.

#### **Recent Results**

As per the provisional financial statements, BIPL has recorded operating income of Rs. 383 crore and net profit of Rs. 19 crore in FY2015, as against operating income of Rs. 349 crore and net profit of Rs. 17 crore in FY2014.

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