

## Bestech India Private Limited

Instrument	Amount (Rs. Crore)	Rating Action (September 2016)
Non-convertible Debentures	250	[ICRA]BBB (stable); Rating Reaffirmed
Term Loans	100	[ICRA]BBB (stable); Rating Reaffirmed
Non-fund-based Limits	40	[ICRA]A3+; Rating Reaffirmed

ICRA has reaffirmed long term rating of **[ICRA]BBB** (pronounced ICRA triple B<sup>1</sup>) rating for Rs. 250 crore<sup>2</sup> non-convertible debenture programme and Rs. 100 crore term loans of Bestech India Private Limited (BIPL). The outlook on long-term rating is **stable**. Further, ICRA has reaffirmed the short-term rating of **[ICRA]A3+** (pronounced ICRA A three plus) for Rs. 40 crore non-fund-based limits of BIPL.

The rating reaffirmation factors in healthy execution progress at BIPL's residential projects which is likely to yield significant ready-to-move in inventory, wherein demand is relatively higher as compared to the under-construction projects. The company has recently received completion certificate for few of its projects, which is expected to improve their saleability.

The ratings continue to draw comfort from high level of bookings (70% as on March 31, 2016 excluding the recently launched Park View Altura, a residential project) and satisfactory advance build-up in BIPL's residential projects. The ratings also reflect significant experience of BIPL's promoters in construction and real estate business, and the company's adequate land bank in Gurgaon, which provides considerable development potential in medium term. ICRA's ratings also factor in company's ability to mobilize funds from diversified sources, including from large and reputed institutional investors/lenders, thus mitigating refinancing risks to some extent.

The ratings are, however, constrained by weak sales (19% as on March 31, 2016) and limited advance build-up in its ongoing commercial projects. This has resulted in higher exposure to marketing and funding risks in its commercial segment. The ratings also factor in lower sales velocity in FY2015 and FY2016 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 just-launched and upcoming large residential project launches in Gurgaon (Haryana). The ratings are also constrained by significant increase in leverage in last three years to fund the construction expenses and development charges payable to authorities. Further, significant portion of this debt is coming up for repayment between FY2018 and FY2020, which can put pressure on cash flows in absence of adequate ramp-up in operational cashflows.

Going forward, movement of sales and collections in BIPL's ongoing & upcoming commercial and residential projects, the extent of land acquisition expenditure and extent of support required for group's other ventures mainly hospitality will be 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 14 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 more than 11 million sq.ft. of residential and commercial projects in Gurgaon, Mohali & Dharuhera which include – Bestech Chambers, Bestech Central Square, Park View City – I & II, Park View Residency, Park View Spa, Park View Spa Next, Bestech Center Point, and Park View Ananda, Park View Residences, Park View Delight, Bestech City, Orient Bestech Business Tower, Bestech Business Tower

<sup>1</sup> For complete rating definition please refer to ICRA website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications

<sup>2</sup> 100 lakh = 1 crore = 10 million

**Recent Results**

BIPL recorded operating income of Rs. 437 crore and net profit of Rs. 12 crore in FY2016, as against operating income of Rs. 303 crore and net profit of Rs. 18 crore in FY2015.

**September 2016**

*For further details please contact:*

**Analyst Contacts:**

**Mr. Rohit Inamdar** (Tel. No. +91-124-4545847)  
rohit.inamdar@icraindia.com

**Kapil Banga** (Tel. No. +91-124-4545391)  
kapil.banga@icraindia.com

**Relationship Contacts:**

**Mr. L. Shivakumar**, (Tel. No. +91 22 6114 3406)  
shivakumar@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

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

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

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

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

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

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500