BESTECH INDIA PRIVATE LIMITED

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	340.25 (Reduced from 390.00)	CARE BBB+; Stable	Reaffirmed; Outlook revised from Positive
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the rating of long-term bank facilities of Bestech India Private Limited (BIPL) continues to derive strength from extensive experience and established presence of the promoter in the real estate markets of Gurugram, moderate execution risk, comfortable financial risk profile, and availability of sizeable land bank for future expansion.
However, the rating strengths are partially offset by moderate booking status, low receivable coverage ratio, geographical concentration risk and the inherent cyclicality of the real estate sector.

CARE Ratings Limited (CARE Ratings) has withdrawn the rating assigned to proposed non-fund-based facilities of BIPL with immediate effect at the company's request. The company has not availed the proposed bank facilities rated by CARE Ratings, and there is no outstanding amount as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in the booking status of ongoing project portfolio.
- Improvement in receivable coverage ratio to over 80% on a sustained basis.

Negative factors

- Considerable decline in the operating cash flows of the group on account of lower-than-envisaged sales momentum and collection efficiency.
- Significant increase in debt, leading to deterioration in debt funding of total project cost beyond 40%.
- Significant funding support to group companies leading to deterioration in cash flow position of the company.

Analytical approach: Consolidated

CARE Ratings has taken a consolidated view of BIPL and its subsidiaries, on account of being in similar line of business and operated under a common management. Entities whose financials have been consolidated are listed under Annexure 6.

Outlook: Stable

Revision in outlook from 'Positive' to 'Stable' is attributed to slower-than-anticipated monetisation of unsold inventory. Nevertheless, the company's business and financial risk profile of the company is expected to remain stable, with anticipated improvement in sales momentum leading to comfortable cash flow position to meet its upcoming project and debt obligations.

Detailed description of key rating drivers:

Key strengths

Extensive experience in real estate industry

With over two decades of extensive experience in real estate development, Bestech Group has successfully developed over 160 lakh square feet (lsf) of space across residential, commercial, and retail projects. Due to sizeable execution mainly in and around Gurgaon, the group has an established brand image in the Gurgaon real estate market.

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

Comfortable financial risk profile

The company's external debt has significantly decreased over the years from over ₹600 crore at the end of FY18 to ~₹300 crore as on December 31, 2024. This reduction has brought the overall gearing below unity, indicating a comfortable financial risk profile. The projects currently under execution are estimated to be funded with a moderate level of debt, with external debt constituting below 30% of the total project cost for ongoing and upcoming projects.

Sizeable land bank for future expansion:

The group has sizeable land bank of over 60 acres, with substantial market value. The presence of these land parcels supports the expansion plans of the group and supplements the financial flexibility.

Moderate execution risk

Currently, the company is actively engaged in two retail projects and a plotted development project with total estimated project cost close to ₹480 crore. Till December 2024, the company has already incurred ~47% of the overall cost, indicating a moderate level of execution risk for the ongoing developments. The company's track record of execution of over 160 lsf provides adequate comfort. The company has recently completed two projects - Bestech Altura and Bestech Athena (Office and Retail). There is substantial ready inventory of over ₹2,000 crore, the monetisation of which, significantly reduces the funding risk against balance project cost of ~₹250 crore.

Key weaknesses

Moderate booking status

The company has sold ~49% of the total launched area across its three completed and two ongoing projects, up from 45% considered previously. Amongst these projects, the company has developed a retail project with unsold inventory of over ₹1,400 crore, which is yet to be monetised. Timely monetisation of this remains crucial from credit perspective. Excluding this retail project, booking status stands satisfactory at ~65%, as of December 2024.

Low receivable coverage ratio

Due to moderate booking levels, the committed receivable coverage ratio from sold units stands low at below 20%. As this ratio is low, there is relatively high reliance on fresh sales to fund the future project cost and meet debt commitments. While the unsold inventory provides a healthy cover over the balance cost and debt outstanding, the timely liquidation of such inventory remains monitorable.

Competition and geographical concentration risk

The company's projects are mainly positioned in and around Gurugram, which exposes it to geographical concentration risk. Any downturn in the micro markets may impact the company's revenue, going forward. The company is also exposed to competition from existing/upcoming projects which may build negative pressure on selling prices and enhance marketing risk. Nevertheless, The group's strong track record of development and established market position in this region provides adequate comfort.

Inherent cyclical nature of the real estate sector

The group is exposed to the cyclicality associated with the real estate sector, which has direct linkage with the general macroeconomic scenario, interest rates, and level of disposable income. In case of the real estate companies, the profitability depends highly on property markets. A high-interest rate scenario could discourage consumers from borrowing to finance real estate purchases and might depress the real estate market.

Liquidity: Adequate

As on December 31, 2024, the company has free liquid funds of close to ₹75 crore against the debt obligations (including interest cost) of close to ₹110 crore in the next four quarters. The company also has receivables from sold inventory close to ₹70 crore. This apart, the company has completed unsold inventory of over ₹2,000 crore. With the expectation of substantial sales of completed inventory, cash flow from operations is expected to remain comfortable to service its upcoming debt obligations. The company also derives comfort from presence of strong promoters. The group has demonstrated track record of support with infusion of over ₹500 crore (in the form of equity and unsecured loans), hence, such funding support from the group, as and when required, lends adequate comfort.

Assumptions/Covenants – Not applicable

Environment, social, and governance (ESG) risks – Not applicable

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Withdrawal Policy
Rating methodology for Real estate sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

BIPL, the flagship company of the Bestech Group, was incorporated in 2001 and is engaged in the real estate business. Founded in 1992 by Dharmendra Bhandari and Sunil Satija, the Bestech group started as a construction contractor and later forayed in the real estate business. The group has developed over 160 lsf of space across residential and commercial projects in Gurgaon, Mohali and Dharuhera. Currently, BIPL is actively engaged in two retail projects and a plotted development project, with total area of over 10 lsf. Additionally, The group has presence in the hospitality segment, managing a portfolio of five hotels under the Radisson Blu (Nagpur and Indore), Radisson Red (Mohali and Indore) and Radisson (Noida) brands.

BIPL Consolidated

Brief financials (₹ crore)	FY23 (A)	FY24 (A)
Total operating income	996.17	344.82
/PBILDT	82.02	54.81
PAT	46.78	23.22
Overall gearing (times)	0.65	0.67
Interest coverage (times)	2.75	1.49

A: Audited; Note: these are latest available financial results

BIPL Standalone

Brief financials (₹ crore)	FY23 (A)	FY24 (A)
Total operating income	985.04	343.28
PBILDT	84.87	65.06
PAT	42.79	23.58
Overall gearing (times)	0.59	0.61
Interest coverage (times)	3.26	1.99

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: ICRA has continued the rating assigned to bank facilities of BIPL into Issuer Not Cooperating category vide its press release dated February 16, 2024, on account of its inability to carry out a review in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	30.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	September 2029	240.25	CARE BBB+; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	70.00	CARE BBB+; Stable
Non-fund-based-Long Term		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	240.25	CARE BBB+; Stable	-	1)CARE BBB+; Positive (26-Dec-23)	-	-
2	Fund-based - LT-Bank Overdraft	LT	30.00	CARE BBB+; Stable	-	1)CARE BBB+; Positive (26-Dec-23)	-	-
3	Non-fund-based - LT-Bank Guarantee	LT	70.00	CARE BBB+; Stable	-	1)CARE BBB+; Positive (26-Dec-23)	-	-
4	Non-fund-based-Long Term	LT	-	-	-	1)CARE BBB+; Positive (26-Dec-23)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Non-fund-based-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Babylon Homes Private Limited	Full	Subsidiary
2	Globus Projects Private Limited	Full	Subsidiary
3	Babylon Real Estate Developers Private Limited	Full	Subsidiary

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

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About us:
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