

Press Release

BPTP Limited

June 07, 2022

Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	263.20	-	ACUITE A2+ Upgraded
Bank Loan Ratings	648.39	ACUITE BBB+ Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	911.59	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to '**ACUITE BBB+**' (read as **ACUITE Triple B 'Plus'**) from '**ACUITE BBB**' (read as ACUITE Triple B) and short-term rating to '**ACUITE A2+**' (read as **ACUITE A Two 'Plus'**) from '**ACUITE A2**' (read as ACUITE A Two) on the Rs.911.59 Cr bank facilities of B P T P Limited (BPTP). The outlook is '**Stable**'.

The rating upgrade takes into account its substantial yet sustainable improvement in the sales and collections from its on-going projects leading to improved cashflows. The rating upgrade also accounts for the improved liquidity marked by significant reduction debt leading to lower principal obligations in the forthcoming years.

The rating continues to reflect its extensive experience of the promoters in the real estate sector and established regional brand presence, demonstrated track record of project execution with record sales and collections in FY2022, improving market position, healthy business risk profile reflected through diversified cash flow streams and large unencumbered land bank. These rating strengths are partly offset by high geographical concentration risk, inherent cyclicity of the real estate sector and high outstanding liabilities (except debt).

About the Company

B P T P Limited (BPTP) was incorporated in 2003 by Mr. Kabul Chawla in Faridabad (Haryana). BPTP (Business park town planners) is one of the largest real estate developer in terms of units delivered in the National Capital Region (NCR) and is engaged in development of real estate with presence in verticals like Residential, Commercial projects ranging from Integrated Township, Group Housing, Low Rise plotted development, Villas, Retail, Office Space, Cyber Parks and plotted land.

Please refer the section named 'Any Other information' for List of on-going projects (Residential and Commercial)

Analytical Approach

Acuité has considered the consolidated business and financial risk profile of BPTP to arrive at the rating.

Key Rating Drivers

Strengths

Promoter's industry experience and established regional brand presence

BPTP was incorporated in 2003 with the main objective of developing real estate in verticals of Residential, Commercial projects ranging from Integrated Township, Group Housing, Retail, Office Space and Cyber Parks by Mr. Kabul Chawla, who has more than 2 decades of experience in the real estate industry. Mr. Kabul Chawla is a first generation entrepreneur and started his own business of development of real estate in the year 1994. Since inception, the company has acquired more than 2,500 acres of land bank primarily in Faridabad, Gurgaon and Noida. Nearly entire land bank of the company falls in approved Zones (Residential, Commercial, IT, SEZ) which strengthens the company to keep supply of realty inventory extant as per demand in the market. Since inception, on a consolidated basis, BPTP has developed/under development more than 50 million square feet of saleable area (Group Housing apartments, Low Rise, plotted development, Villas, plots, Commercial Spaces etc.) in NCR, primarily in Faridabad and Gurgaon. The Company has achieved sales value of more than Rs.12,000 Cr over the years and has delivered more than 18,000 units; of which more than 8,500 units have been delivered over last 5 years which is one of the highest in NCR region. BPTP has a diversified portfolio of contemporary commercial, residential, and retail developments, wherein each project is defined by its unique architecture, design, aesthetics and infrastructure. BPTP has not only offers viable realty with its mega township Parklands in Faridabad but has also forayed in luxury housing with various projects across the NCR. Acuité believes that promoters' extensive industry experience and leveraging of its brand equity will lead to lower implementation and demand risk associated with on-going and upcoming projects over the medium term.

Demonstrated track record; Record sales and collections in FY2022 with higher focus on plotted sales

BPTP has successfully completed 15 projects (excluding plotted) (12 - low rise and group housing projects and 3 - commercial projects) in the past covering a cumulative area of ~110.03.12 lakh square feet with a project cost of approx. Rs.2,003 Cr by constructing 6,992 units until December 31, 2021. Only 3 percent (191) of units are yet to be booked out of 6,992 units of the completed projects. These mainly pertains to the towers/phases which were launched at the last leg of the projects. Entire construction cost has been incurred except a minimal amount which will be incurred before a unit is delivered to customer for finishing purpose. In receivable terms, 3 percent of the total sales value is to be received from unsold inventory. However, the project cost has already been recovered. Almost 99 percent of construction is incurred as on December 31, 2021 which depicts steady demand for the unsold inventory of the completed projects as well. The successful completion and receipt of customer advances with moderate reliance on debt in past projects shows management's conviction in continuously executing larger scale projects. Additionally, it has 15 on-going residential projects with saleable area of ~128.19 lakh sq ft across Faridabad and Gurugram which comprises of low rise and group housing projects along with a commercial real estate project in Noida and plotted land developments across NCR (in which majority of units have already been delivered). The project cost of the on-going projects is Rs.2,133 Cr for constructing 8,523 units. BPTP is on the edge of closing majority of its on-going projects as approx. 85 percent of units are booked against 87 percent of construction cost incurred as on December 31, 2021. Around 93 percent of units have been booked and 91 percent of area sold as on December 31, 2021 vis-à-vis 85 percent units booked as on December 31, 2020. BPTP has receipt of occupancy certificates for majority of its projects.

BPTP has been witnessing higher demand of the plotted land which is evident from the facts of sales and collections over the last 3 years ending FY2022. Plotted land sales contributed

around Rs.557 Cr (48 percent) of the total sales of Rs.1,156 Cr whereas collections were Rs.551 Cr (61 percent) of total collections of Rs.902 Cr in FY2022. The plotted land sales grew by 76 percent in FY2022 from Rs.316 Cr in FY2021 vis-a-vis collections being Rs.242 Cr in FY2020 and Rs.212 Cr in FY2021 (dipped on account of Covid-19). BPTP management continues to see traction in the plotted land sales over the near to medium term for which it has planned to develop and launch around 1.7 lakh square yards of plots and 21.2 lakh square yards for low/high rise/ group housing. Acuité believes that BPTP's demonstrated execution capabilities and entrenched brand equity in the NCR market will continue to help in recording improved sales and collections.

Strong enterprise value backed by huge unencumbered land bank; diversified streams of cash inflows

BPTP has diverse streams of cash inflows with presence in residential, commercial, plotted land developments and outright land sale. These are further fragmented into retail, office spaces, shops, group housing, low rises, townships and others. With presence in variegated real estate segments, BPTP can hinge on multiple sources of cash inflows. Besides, BPTP at present reigns on a strong enterprise value of approx. Rs.12,000 Cr; backed majorly by its huge unencumbered land bank acquired at competitive price a decade ago. Acuité believes that strong enterprise value will assist the company in generating smoother cash inflows and diversified revenue streams will aid the company to overcome segmental concentration risks over the medium term.

Moderate project risk associated with on-going projects (except commercial projects); adequate sources of cash inflow over the medium term

BPTP is presently developing 15 residential/commercial projects across Faridabad and Gurugram, 1 commercial project in Noida along with plotted developments). These projects in Faridabad and Gurugram have been funded through a fair mix of debt, equity and customer advances. Regardless, the reliance on debt has been moderate ($\leq 50-60$ percent of the aggregate project cost). Entire debt had been drawn down and equity had been infused long back as the projects are in the last leg of completion. Healthy bookings vis-a-vis construction indicates moderate implementation and demand risk with low funding risk for the residential projects. Moreover, there is a significant reduction of fund based debt wherein majority of the term loans have been repaid as per the repayment schedule; majority of it being the bullet repayment of Rs.270 Cr against the Noida commercial asset – Capital City in September 2021. In fact, BPTP's term loans remain prepaid by a year almost through its healthy customer advances which get adjusted through prescribed sweep ratio (around 30 percent). Management has indicated Acuité that the reliance on long term debt is expected to lower in the near to medium term as it has been generating ample of cashflows to take up upcoming construction.

BPTP on an average received customer advances in the range of Rs.70-80 Cr or even higher on a monthly basis. It has received collections of Rs.135 Cr in the month of March 2022 followed by almost Rs.200 Cr in April/May of 2022. Acuité believes that the project status of the above-stated projects exhibits an assured source of cash inflow for the medium term. Additionally, with decent portion of construction and bookings in place, the company has moderate project risk associated with on-going plotted development projects.

Weaknesses

High geographical concentration risk in revenue profile and customer related risk associated with on-going projects

BPTP's on-going projects are in NCR majorly in Faridabad, Gurugram and Noida; it has no plans to diversify in the medium term. Acuité believes that BPTP would remain geographically concentrated until the start-up and successful completion of any project and receipt of healthy customer advances through the sale of entire units in any other region in future. Furthermore, BPTP would continue to remain exposed to intense competition from larger players in NCR like Residential/Group Housing (DLF), Emaar Properties, Omaxe Limited, M3M India, ATS Infrastructure Limited (ATS) amongst others. Moreover, BPTP holds high customer

related risks w.r.t. its on-going projects due to delay in receipt of occupancy certificates for the projects which were launched long back and w.r.t. delay in construction activities in few projects. This risk emanated from the past events to give an exit to the PE investors.

Reduction in other liabilities (except for debt) to remain key monitorable

BPTP's trade payables and other current liabilities and provisions were at Rs.2,415.34 Cr and 1,549.17 Cr (includes majorly customer advances) as on March 31, 2021. The reduction in such liabilities would remain key monitorable over the medium term.

Inherent cyclicality in Real Estate Sector

The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region-specific presence. The risks associated with the real estate industry are cyclical in nature of business with drop in property prices and interest rate risk, among others, which could affect the operations.

ESG Factors Relevant for Rating

The infrastructure development industry has a significant social impact since it is a labour intensive business. Further, community support and development, employee safety and human rights are material factors from the social perspective. Governance issues that assume relevance include board and management compensation, shareholders rights and board diversity. Factors such as business ethics, management compensation and board diversity hold primary importance apart from audit control with regards to governance. As regards the environmental factors, the costs incurred by the industry for material inputs are very high, therefore, material efficiency is also a significant issue, similarly establishing a green supply chain is crucial as well. Further, overall environmental management practices including water efficiency and waste are important for the companies in the industry.

BPTP (Business Park Town Planners) is one of the largest real estate developers in terms of units delivered in the National Capital Region (NCR) and is engaged in development of a diverse range of real estate assets. The business is primarily managed by the promoter, but BPTP has two independent directors and 3 non-independent directors in the board. It has constituted a CSR Committee and has formulated a CSR policy in line with the guidelines in the Companies Act 2013. Under its Corporate Social Responsibility (CSR) activity, BPTP has undertaken rural development projects together with implementing agencies. BPTP's majority of projects are pre-certified under the IGBC Green Homes rating of Silver/Gold/Green by Indian Green Building Council (IGBC) which demonstrates an intent to design and build sustainable structures in accordance with IGBC Criteria. The company's ability to adhere to the regulatory aspects in its existing business in a consistent manner and to resolve the past tax claims will be an important element for its ESG assessment going forward.

Rating Sensitivities

- Timely completion of construction or timely realization of customer advances pending from sold inventory
- Timely sale of the unsold inventory and realization of its customer advances
- Sharp decline in cash flow, by slackened salability of project or further delays in project execution leading to high customer risk and cash flow mismatch
- Weakening of the financial risk profile and liquidity due to higher-than-expected borrowing

Material covenants

None

Liquidity: Adequate

BPTP's liquidity is marked by a secured payment mechanism with Escrow account in all projects, presence of waterfall mechanism (few projects), Debt service coverage account (DSRA) for 1-3 months of interest and principal, term loan covered up to next 1 year through

receipt of customer advances as per the prescribed sweep ratio (30 percent); albeit constrained by moderate DSCR expected until FY2025. Moderate metrics on construction, customer advances and sales against majority of debt availed is expected to lead to DSCR of ~2 times in base case scenario and 1.5 times in stress case scenario. BPTP is mainly dependent on customer advances for its project funding and debt repayment. BPTP has quasi equity of Rs.171.35 Cr bought in by promoters as on March 31, 2021 which is expected to remain in the business over the medium term.

Outlook: Stable

Acuité believes that the BPTP will maintain 'Stable' business risk profile over the medium term on the back of experienced promoters and established brand presence in the real estate industry. The outlook may be revised to 'Positive' in case of higher-than-expected advances from customers or promoter fund support resulting in adequate cash flows. Conversely, the outlook may be revised to 'Negative' in case of any undue delay in completion of the project, or less-than-expected bookings and advance leading to stretch on its liquidity.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	1145.16	1104.83
PAT	Rs. Cr.	(10.58)	114.81
PAT Margin	(%)	(0.92)	10.39
Total Debt/Tangible Net Worth	Times	0.64	0.69
PBDIT/Interest	Times	0.30	2.74

Status of non-cooperation with previous CRA (if applicable)

BPTP's rating was further downgraded and retained as 'ISSUER NON COOPERATING" status with Brickwork Ratings, through its rating rationale dated April 14, 2022. The reason provided by Brickwork Ratings is non-furnishing of information by BPTP.

Any other information

List of On-going projects (Residential and Commercial)

Sr. no.	Project Name	Location	Project Type
1	Park Elite Floors	Faridabad	Residential/Low Rise
2	Park - 81, Parklands	Faridabad	Residential/Low Rise
3	New Elite Floors	Faridabad	Residential/Low Rise
4	Astaire Gardens	Gurugram	Residential/Low Rise
5	Discovery Park	Faridabad	Residential/Group Housing
6	Park Elite Premium	Faridabad	Residential/Group Housing
7	Amstoria	Gurugram	Residential/Low Rise
8	Pedestal@70 A	Gurugram	Residential/Low Rise
9	Visionnaire	Gurugram	Residential/Low Rise
10	Pedestal@70 A-Native	Gurugram	Residential/Low Rise
11	Visionnaire-Native	Gurugram	Residential/Low Rise
12	Villas	Faridabad	Residential/Low Rise
13	The Deck	Faridabad	Residential/Group Housing
14	Park Central	Faridabad	Residential/Group Housing
15	Terra	Gurugram	Residential/Group Housing
16	Capital City	Noida	Commercial

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Apr 2021	Bank Guarantee	Short Term	21.98	ACUITE A2 (Assigned)
	Term Loan	Long Term	55.37	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	17.72	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	23.89	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	283.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	114.19	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	8.48	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	19.05	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	50.00	ACUITE A2 (Assigned)
	Term Loan	Long Term	96.50	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	17.57	ACUITE A2 (Assigned)
	Proposed Bank Facility	Long Term	0.62	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	39.10	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	25.70	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	36.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	50.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	50.00	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	2.42	ACUITE A2 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A2+ Upgraded (from ACUITE A2)
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	18.79	ACUITE A2+ Upgraded (from ACUITE A2)
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A2+ Upgraded (from ACUITE A2)
Bank of Baroda	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A2+ Upgraded (from ACUITE A2)
Punjab National Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	21.98	ACUITE A2+ Upgraded (from ACUITE A2)
Punjab National Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	23.45	ACUITE A2+ Upgraded (from ACUITE A2)
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	26.38	ACUITE A2+ Upgraded (from ACUITE A2)
Bank of Maharashtra	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A2+ Upgraded (from ACUITE A2)
Indian Overseas Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	7.60	ACUITE A2+ Upgraded (from ACUITE

							A2)
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	278.14	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Indusind Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	22.87	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Indusind Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	246.05	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Yes Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	74.99	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Yes Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	26.34	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)

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About Acuité Ratings & Research

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