

Press Release

Crescent Spa and Resorts Indore Private Limited

November 19, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 14.50 Cr.
Long Term Rating	ACUITE BB+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BB+**' (**read as ACUITE BB plus**) on the Rs. 14.50 crore bank facilities of Crescent Spa and Resorts Indore Private Limited (Crescent Indore). The outlook is '**Stable**'.

Crescent Indore (part of the Crescent Rai Group), was incorporated in 2010 by Mr. Akhilesh Rai, Mr. Anshay Rai and Mrs. Namita Rai, the Directors. The company operates a water park and resort at Nemawar Road on the outskirts of Indore.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of Crescent Spa and Resort (Indore) Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management and strong group presence**

Incorporated in 2010, Crescent Indore is a part of the Madhya Pradesh based Crescent-Rai group having presence in hospitality and entertainment businesses. Crescent Rai group is a well-known name in Indore, engaged in diversified range of businesses such as liquor, construction, hospitality and entertainment. Crescent Indore is managed by its directors who possess experience of over a decade in the hospitality business.

- **Healthy profitability margins**

The profitability margins of Crescent Indore are healthy. The EBITDA margin remained stable at 45.28 percent for FY2018 (Provisional) as against 45.39 percent for FY2017. The PAT margin increased to 15.12 percent in FY2018 (Provisional) as against 11.72 percent in FY2017. The PAT margin increased on account of decrease in interest cost in FY2018 (Provisional).

- **Moderate financial risk profile**

The financial risk profile is moderate marked by moderate net worth and debt protection measures and low gearing. The net worth is moderate at Rs.13.53 crore as on 31 March, 2018 (Provisional) as against Rs.11.18 crore as on 31 March, 2017. The gearing of Crescent Indore has further improved to 1.37 times as on March 31, 2018 (Provisional) as compared to 1.79 times in the previous year. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.74 times as on 31 March, 2018 (Provisional) as against 2.14 times as on 31 March, 2017.

Interest Coverage Ratio (ICR) has improved to 3.68 times in FY2018 (Provisional) and 3.04 times in FY2017. Net Cash Accruals/Total Debt (NCA/TD) ratio stood at 0.21 times as on 31 March, 2018 (Provisional) as against 0.13 times as on 31 March, 2017. Debt Service Coverage Ratio (DSCR) has improved to 1.64 times for FY2018 (Provisional) from 1.30 times in FY2017. Acuité believes that the financial risk profile of Crescent Indore will continue to remain moderate over the medium term on account of its improving scale of operations and conservative financial policy.

Weaknesses

- **Small scale of operations with limited track record**

Crescent Indore has small scale of operations where operating income stood at Rs.15.79 crore for FY2018 (Provisional) as against Rs.12.38 crore for FY2017. However, the scale of operations is expected to grow on account of income from room rent, banquets and restaurant's business carried out at the resort.

Outlook: Stable

Acuité believes that Crescent Indore will maintain a 'Stable' business risk profile in the medium term considering the increasing footfalls at the Water Park and resort. The outlook may be revised to 'Positive' in case the company achieves higher than expected revenue with sustained profitability. Conversely, the outlook may be revised to 'Negative' if Crescent Indore is unable to achieve expected revenue growth or its financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	15.79	12.38	7.46
EBITDA	Rs. Cr.	7.15	5.62	3.91
PAT	Rs. Cr.	2.39	1.45	1.02
EBITDA Margin (%)	(%)	45.28	45.39	52.37
PAT Margin (%)	(%)	15.12	11.72	13.71
ROCE (%)	(%)	16.93	13.85	11.19
Total Debt/Tangible Net Worth	Times	1.37	1.79	2.18
PBDIT/Interest	Times	3.68	3.04	3.45
Total Debt/PBDIT	Times	2.56	3.49	5.31
Gross Current Assets (Days)	Days	24	29	92

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

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
09-Oct-2017	Term Loan	Long Term	14.50	ACUITE BB+ / Stable (Upgraded from ACUITE BB)
08-Aug-2016	Term Loan	Long Term	14.50	ACUITE BB / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	9.47	ACUITE BB+ / Stable (Reaffirmed)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	5.03	ACUITE BB+ / Stable (Reaffirmed)

Contacts

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About Acuité Ratings & Research:

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