

Press Release

Crescent Spa and Resorts Indore Private Limited

October 23, 2019



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 14.50 Cr.
Long Term Rating	ACUITE BB+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn long-term rating of '**ACUITE BB+** (read as **ACUITE double B plus**) on the Rs. 14.50 crore bank facilities of CRESCENT SPA AND RESORT INDORE PRIVATE LIMITED (Crescent Indore). The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating.

The withdrawal is on account of client's request and receipt of NOC from the banker.

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.

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.

- **Moderate financial risk profile**

Crescent's financial risk profile is moderate, marked by a moderate networth, low gearing and above average debt protection metrics. Crescent's networth is moderate around Rs.21.40 crores as on March 31, 2019. The networth levels have seen significant improvement over the last three years through FY 2019 on account of healthy accretion to reserves during the same period.

The company has followed a moderately aggressive financial policy in the past, the same is reflected through its peak gearing levels of ~1.79 times as on March 31, 2017. The leverage levels however have improved to around 0.75 times as on March 31, 2019. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.93 times as on 31 March, 2019 as against 1.74 times as on 31 March, 2018. Interest Coverage Ratio (ICR) has improved to 8.04 times in FY2019 and 3.68 times in FY2018. Net Cash Accruals/Total Debt (NCA/TD) ratio stood at 0.49 times as on 31 March, 2019 as against 0.21 times as on 31 March, 2018. Debt Service Coverage Ratio (DSCR) also has improved to 2.45 times for FY2019 from 1.64 times in FY2018.

Weaknesses

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

Crescent Indore has small scale of operations where operating income stood at Rs. 18.5 crore for FY2019 (Provisional) as compared to Rs.15.40 crore for FY2018. 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.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	18.49	15.40	12.38
EBITDA	Rs. Cr.	8.96	6.82	5.62
PAT	Rs. Cr.	7.87	2.39	1.45
EBITDA Margin	(%)	48.46	44.29	45.39
PAT Margin	(%)	42.58	15.52	11.72
ROCE	(%)	24.27	16.94	13.85
Total Debt/Tangible Net Worth	Times	0.75	1.37	1.79
PBDIT/Interest	Times	8.04	3.68	3.04
Total Debt/PBDIT	Times	1.79	2.56	3.49
Gross Current Assets (Days)	Days	20	43	29

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/view-rating-criteria-17.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 (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19-Nov-2018	Term Loan	Long Term	9.47	ACUITE BB+ / Stable (Reaffirmed)
	Proposed Term Loan	Long Term	5.03	ACUITE BB+ / Stable (Reaffirmed)
09-Oct-2017	Term Loan	Long Term	14.50	ACUITE BB+ / Stable (Upgraded)
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+ (Withdrawn)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	5.03	ACUITE BB+ (Withdrawn)

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About Acuité Ratings & Research:

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