

### Brilliant Hotels Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan-I	30.00	SMERA BBB-/Stable (Assigned)
Term Loan-II	23.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA BBB- (read as SMERA triple B minus)**' on the abovementioned bank facility of Brilliant Hotels Private Limited (BHPL). The outlook is '**Stable**'.

The rating is supported by the company's prudent financial risk profile marked by moderate net profit margins, coverage indicators and comfortable gearing (Debt-Equity). The ratings are further supported by the company's experienced management and long track record in the hospitality industry. However, the rating is constrained by the company's exposure to intense market competition and susceptibility of revenues to flow of orders from the private and government sectors. SMERA also notes that the company has modest scale of revenues.

BHPL (the erstwhile Hotel Galaxy Private Limited) was incorporated in 1985. The company operates Brilliant Convention Centre in Indore, Madhya Pradesh that hosts various events and exhibitions. BHPL also provides other allied services such as catering, decoration and marketing for the events and also has a hotel with 108 rooms and a rooftop restaurant, Patio.

The company registered revenue of Rs.33.98 crore in FY2015-16 as against Rs.23.10 crore a year earlier. The net profit margin was moderate at 17.68 per cent in FY2015-16 (refers to financial year, April 01 to March 31). The company reported profit after tax of Rs.6.01 crore in FY2015-16 as against net loss of Rs.3.30 crore in FY2014-15. The gearing stood comfortable at 1.22 times in FY2015-16, an improvement from 1.63 times in FY2014-15. The comfortable debt protection metrics is reflected in the interest coverage ratio of 2.53 times as on March 31, 2016 as compared to 2.12 times in FY2014-15. BHPL's DSCR stands at 1.48 times in FY2015-16 as compared to 0.66 times a year earlier.

BHPL benefits from its experienced management and locational advantage. Mr. Sanjay Choudhary, Director has around four decades of experience in the hospitality industry derived from group companies like Brilliant Estate Limited, Brilliant Retail Private Limited, Navkar Ventures to name a few. However, the rating is constrained by the intense competition from other established hotels such as Hotel Radisson Blu, Hotel Sayaji to name a few.

#### Outlook: Stable

SMERA believes BHPL will maintain a 'Stable' outlook over the medium term owing to its experienced management and prudent financial risk profile. The outlook may be revised to 'Positive' in case the company registers strong growth in scale of operations and sustained improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure or any large debt funded capex.

**Rating Sensitivity Factors**

- Sustainable improvement in operating income and profitability profile
- Level of economic activity in and around Indore
- Emergence of new players

**About the Company**

BHPL, (formally known as Brilliant Hotels and Infrastructures Private Limited) was incorporated in 1985 as Hotel Galaxy Private Limited. The company was subsequently acquired by the Brilliant Group in 2006. Mr. Dhruvraj Choudhary, Director and Mr. Sanjay Choudhary, of BHPL, possess around four decades of experience in the company's line of business. The company has a large convention centre for organising national and international events, marriages, exhibitions among others.

For FY2015-16, BHPL reported profit after tax (PAT) of Rs.6.01 crore on operating income of Rs.33.98 crore as compared with net loss of Rs.3.30 crore on operating income of Rs.23.10 crore for FY2014-15. The company's net worth stands at Rs.43.54 crore as on March 31, 2016 as compared with Rs.28.54 crore a year earlier. The total Networth of Rs.43.54 crore in FY2015-16 includes quasi equity of Rs.9.00 crore.

**Contacts:**

<b>Analytical</b>	<b>Business Development</b>
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

**ABOUT SMERA**

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