



Press Release

Aurangabad Gymkhana Club Private Limited

October 05, 2023

Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.45	ACUITE B Reaffirmed Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	11.45	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs.11.45 crore bank facilities of Aurangabad Gymkhana Club Private Limited (AGPL). The rating is being flagged as "**Issuer Not Cooperating**" in line with existing SEBI regulations and Policy in respect of 'What Constitutes Non-Cooperation' of Acuite.

Rationale for Reaffirmation

The rating reaffirmation considers improvement in revenues of the company, albeit its modest scale and improvement in working capital cycle and experienced management. AGPL has recorded a revenue of Rs.7.16 Cr in FY 2023(Prov) as against Rs 3.31 Cr in FY 2022. However, these strengths are offset by average financial risk profile and modest scale of operations.

About the Company

Incorporated in 1995, AGPL is an Aurangabad-based company which is promoted by Mr. Surendra Surana and family. AGPL started its operations from 2005 which is engaged running a club cum hotel. The hotel offers 110 rooms, four banquet halls, a club house and other amenities. The promoter also promotes the Surana Group which includes construction business namely Surana Constructions Chembur, Surana Constructions Wadala, Surana Infrastructure Private Limited among others and runs The Class Restaurant and Hotel Carnival to name a few. Further, AGPL has favourable location at Aurangabad which is located close to Aurangabad airport with easy access to railway and bus stations.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of AGPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced Management

AGPL is promoted by Mr. Surendra Surana who possesses experience of two decades in hospitality industry. Mr. Surana also promotes the Surana Group which includes construction business, namely, Surana Constructions Chembur, Surana Constructions Wadala, Surana Infrastructure Private Limited among others and runs 'The Class Restaurant' and 'Hotel Carnival' to name a few. Further, AGPL has favourable location at Aurangabad which is located close to Aurangabad airport with easy access to railway and bus stations. Acuite believes that the company will continue to benefit through the promoter's industry experience

and favourable location which will help the firm to maintain long standing relations with its customers and suppliers.

Improved working capital management

The working capital management of the company improved marked by GCA days of 76 days in FY2023 (Prov) as against 625 days in FY2022. The GCA days were led by high other current assets previously. The debtor days stood at 22 days in FY2023 (Prov) as against 10 days in FY2022. However, the inventory days stood at 3 days in FY2023 (Prov) as against 05 days in FY2022.

Weaknesses

Modest scale of operations, albeit improvement recorded in FY2023(Prov) -

AGPL has recorded a revenue of Rs.7.16 Cr in FY 2023(Prov) as against Rs 3.31 Cr in FY 2022, however the overall scale of operations continues to remain modest. The operating margin of the company improved to 45.47 percent in FY2023 (Prov) as against 15.47 percent in FY2022. Also, PAT margin stood at 66.73 percent in FY2023 (Prov) as against (4.13) percent in FY2022.

Average Financial Risk Profile

The financial risk profile of the company stood average marked by moderate net worth, high gearing and moderate debt protection metrics. The tangible net worth stood at Rs.12.00 crore as on 31 March 2023 (Prov) as against Rs.6.71 crore as on 31 March 2022. The improvement is on account of accretion of profits to reserves. The total debt of the company stood at Rs.28.83 crore which includes Rs.12.20 crore of long-term debt, Rs.11.42 crore of short-term debt, Rs.5.21 crore of unsecured loans. The gearing (debt-equity) stood at 2.40 times as on 31 March 2023 (Prov) as compared to 5.01 times as on 31 March 2022. The interest coverage stood at 3.97 times in FY2023 (Prov.) as against 1.09 times in FY2022.

Rating Sensitivities

Improvement in scale of operations while maintaining profitability margins and capital structure.

Improvement in financial risk profile and liquidity.

All Covenants

Not Applicable

Liquidity Position

Stretched

The company's liquidity position is stretched on account of average cash accruals to its maturing debt repayment obligations. NCA stood at Rs.4.78 Cr against maturing repayment obligation of Rs.3.24 Cr. Further, the average bank limit utilization for the past 11 months ending July 2023 is ~ 90 percent. Current Ratio stood poor at 0.13 times in FY2023(Prov) against 0.36 times in FY2022.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	7.16	3.31
PAT	Rs. Cr.	4.78	(0.14)
PAT Margin	(%)	66.73	(4.13)
Total Debt/Tangible Net Worth	Times	2.40	5.01
PBDIT/Interest	Times	3.97	1.09

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

Crisil vide its press release dated 19th Apr 2023, had rated the company to CRISIL B/Stable; Issuer Not Cooperating.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Jul 2022	Secured Overdraft	Long Term	11.45	ACUITE B Stable (Reaffirmed)
13 Apr 2022	Secured Overdraft	Long Term	11.45	ACUITE B (Issuer not co-operating*)
11 Jan 2021	Secured Overdraft	Long Term	11.45	ACUITE B (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	11.45	ACUITE B Reaffirmed Issuer not co- operating*

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About Acuité Ratings & Research

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