



**Press Release**  
**AURANGABAD GYMKHANA CLUB PRIVATE LIMITED**  
**April 03, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.45	ACUITE B   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	11.45	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its 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 outlook is '**Stable**'.

**Rationale for Rating Reaffirmation**

The rating reaffirmation reflects the long-standing experience of the management in hospitality industry, modest scale of operations of AGPL. The revenue improved by ~3 percent in FY2024, however, operating profit margin decline due to higher maintenance and renovation expenses. The rating is constrained on account of below average financial risk profile marked by high gearing, modest network and below average debt protection metrics. Further, the rating is constrained by stretched liquidity position of the company with insufficient net cash accruals to its maturing debt obligations and fully utilized working capital limits. Going ahead, company's ability to improve its revenue, financial risk profile and liquidity will remain key monitorable.

**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

**Unsupported Rating**

Not applicable

**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 over 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.

Acuité 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.

## Weaknesses

### Modest scale of operations and decline in profitability:

The company has recorded an operating income of Rs.6.10 Cr. in FY2024, which remained stable as compared to Rs.5.93 Cr. in FY2023. During FY2024, the company generated Rs.2.2 Cr. revenue from food and beverages and remaining through rental income from banquet halls and open lawns. However, the operating profit margins declined to 29.10 percent during FY2024 from 40.06 percent in FY2023, due to increase in maintenance cost and renovation expenses. The company became net profitable in FY2024 due to addition of other income of Rs.2.98 Cr, in the form of interest income on loans given to the associate concern. In 10MFY25, the company registered revenue of Rs.5.79 Cr. Further, the hotel remains exposed to competition from other players in vicinity such as Vivanta Taj, Rama International, Vits, etc. Acuite believes that the company's revenue will remain at similar levels over the medium term.

### Below Average Financial Risk Profile

The financial risk profile of the company is below average marked by modest net worth, high gearing, and debt protection metrics. The tangible net worth stood at Rs.7.67 Cr. as on March 31, 2024 as against Rs.7.89 Cr. as on March 31, 2023. The decline of networth is on account of tax adjustments and MAT credit written off of Rs.0.47 Cr. pertaining to earlier years. The total debt of the company stood at Rs.31.79 Cr. which includes Rs.13.21 Cr. off long-term debt, Rs.3.56 Cr. unsecured loans and Rs.11.40 Cr. short-term debt. The gearing (debt equity) stood at 4.14 times as on March 31, 2024 as against 3.80 times as on March 31, 2023. Further, debt protection metrics remained below average with debt service coverage ratio (DSCR) and Interest coverage ratio (ICR) of 0.61 times and 1.24 times respectively for FY2024. Acuite believes that the company's ability to improve its net worth along with debt protection metrics will remain key sensitivity.

### Moderately intensive nature of working capital operations:

The working capital operations of the company remained moderately intensive as observed from the gross current asset (GCA) days of 192 days in FY2024 as against 117 days in FY2023. The GCA days are driven by high other current assets. The debtor days, which stood at 26 days in FY2024 as against 11 days in FY2023. The inventory days stood at 4 days in FY2024 against 5 days in FY2023. Further the fund based working capital limits were almost fully utilized at an average of 99 percent over the past 12 months ending February 2025.

## Rating Sensitivities

- Improvement in scale of operations while maintaining profitability margins and capital structure.
- Improvement in financial risk profile and liquidity.

### Liquidity position: Stretched

The company's liquidity position is stretched marked by insufficient net cash accruals (NCA's) to its maturing debt repayment obligations. NCA stood at Rs.0.66 Cr. against maturing repayment obligation of Rs.3.61 Cr. Going ahead, cash accruals are expected in the range between Rs.0.90 Cr - Rs.1.20 Cr. during FY2025-FY2027 against repayment obligation of Rs.3.61 Cr -Rs.2.81 Cr. during the same period. Further, the fund based working capital limits were utilized at an average of ~99 percent over the past 12 months ending February 2025. The current Ratio stood poor at 0.20 times in FY2024 against 0.12 times in FY2023. Acuite believes that the liquidity of the firm is likely to remain stretched over the medium term.

### Outlook: Stable

### Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	6.10	5.93
PAT	Rs. Cr.	0.25	1.18
PAT Margin	(%)	4.15	19.92
Total Debt/Tangible Net Worth	Times	4.14	3.80
PBDIT/Interest	Times	1.24	1.42

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

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**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, Acuité 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Jan 2024	Secured Overdraft	Long Term	11.45	ACUITE B   Stable (Reaffirmed)
05 Oct 2023	Secured Overdraft	Long Term	11.45	ACUITE B (Reaffirmed & Issuer not co-operating*)
07 Jul 2022	Secured Overdraft	Long Term	11.45	ACUITE B   Stable (Reaffirmed)
13 Apr 2022	Secured Overdraft	Long Term	11.45	ACUITE B (Reaffirmed & Issuer not co-operating*)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.45	Simple	ACUTE B   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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