

Press Release

Sahara Hospitality Limited

29 March, 2018

Rating Assigned



| | |
|-------------------------------------|----------------|
| Total Bank Facilities Rated* | Rs. 560.00 Cr. |
| Long Term Rating | SMERA D |
| Short Term Rating | SMERA D |

** Refer Annexure for details*

Rating Rationale

SMERA has assigned long term and short term rating of '**SMERA D' (read as SMERA D)** on the Rs. 560.00 crore bank facilities of Sahara Hospitality Limited.

Sahara Hospitality Limited (SHL), is a Mumbai-based company incorporated in 1989. The company runs a hotel named 'Sahara Star' with 348 guest rooms, 25 luxury suites, eight restaurants, seven banquet halls, preview theatre and other facilities. The project was completed in three phases and all are currently operational. The company has leased out a part of the hotel.

Key rating drivers

Strengths

Established track record of operations, brand name

The company was incorporated in 1989 and Phase 1 of the project is operational since 2006. Further, considering that Sahara is a known brand, the company benefits from a competitive edge it enjoys over other hotels in the vicinity.

Weaknesses

Delays in debt servicing

There are ongoing delays of more than 60 days in servicing of debt obligation on account of mismatch of cash flows.

Weak financial risk profile

The financial risk profile is weak marked by tangible networth of Rs.36.54 crore as on 31, March, 2017 as against Rs. 140.98 crore as on 31, March 2016. The gearing remained high at 36.66 times as on 31 March, 2017 and 8.96 times in the previous year. The total debt of Rs. 1339.48 crore as on 31 March, 2017 comprises mainly term loan of Rs. 1317.31 crore and working capital funds of Rs. 22.17 crore. The Interest Coverage Ratio (ICR) stood at 0.29 times in FY2017 over 0.23 times in FY2016. The DSCR stood at 0.40 times as on 31 March, 2017 as against 0.16 times in the previous year. The TOL/TNW has been around 39.87 times and NCA/TD at (0.04) times for FY2017.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of Sahara Hospitality Limited to arrive at the rating.

About the Rated Entity - Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 211.59 | 195.02 | 162.94 |
| EBITDA | Rs. Cr. | 35.32 | 46.61 | 37.92 |
| PAT | Rs. Cr. | (104.30) | (100.16) | 4.27 |
| EBITDA Margin | (%) | 16.69 | 23.90 | 23.27 |
| PAT Margin | (%) | (49.29) | (51.36) | 2.62 |
| ROCE | (%) | (1.03) | 0.64 | 1.66 |
| Total Debt/Tangible Net Worth | Times | 36.66 | 8.96 | 2.97 |
| PBDIT/Interest | Times | 0.29 | 0.23 | 6.08 |
| Total Debt/PBDIT | Times | 34.43 | 26.02 | 26.89 |
| Gross Current Assets (Days) | Days | 58 | 64 | 69 |

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

CARE, vide release dated January 22, 2018 has declared SHL as non-co-operative on account of lack of adequate information required for monitoring of ratings.

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Service Entities - <https://www.smera.in/criteria-service.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|-----------------|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 85.00 | SMERA D |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 43.78 | SMERA D |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|--------|---------|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 50.77 | SMERA D |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 70.68 | SMERA D |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 35.32 | SMERA D |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 8.00 | SMERA D |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 19.46 | SMERA D |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 113.95 | SMERA D |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 6.67 | SMERA D |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 79.87 | SMERA D |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 6.00 | SMERA D |
| Proposed Bank Facility | Not Applicable | Not Applicable | Not Applicable | 20.50 | SMERA D |
| Bank guarantee/Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 20.00 | SMERA D |

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ABOUT SMERA

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