

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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