

Press Release

S Nand Kumar And Company Private Limited

July 20, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs.12.00 crore bank facilities of S Nand Kumar And Company Private Limited. The outlook is '**Stable**'.

The Jaipur based, S. Nand Kumar and Company Private Limited was incorporated in 1985. The company was initially engaged in trading of gems and stones. Since 2015, the company is engaged in the construction of a hotel under the franchise of 'The Park Hotel' belonging to the Apeejay Surrendra Group. The group is managed by Priya Pual with headquarter at Kolkata (West Bengal). The construction is completed and interior designing is under process. The hotel is located at Narsinghpura (Jaipur).

Key Rating Drivers

Strengths

- **Experienced promoters**

The promoter of Apeejay Surrendra Park Hotel Limited (ASPHL), Ms. Priya Paul, has an experience of more than 25 years in the hospitality industry. The first hotel was established in 1967 at Kolkata. At present, it has 14 hotels comprising a total of 1,527 rooms spread across attractive locations in key geographies in India. ASPHL is a medium sized but well established player in the Indian Hotel industry.

- **Strong brand value:**

The hotel will be operated and managed by Apeejay Surrendra Park Hotel Limited under the brand name of 'The Park'. The established presence of 'The Park' partially offsets the risk associated with Greenfield project.

- **Moderate financial risk profile:**

The financial risk profile of the company is moderate marked by net worth of Rs.19.30 crore as on March 31, 2018. The debt to equity stood comfortable at 0.31 times for FY17-18. Total debt of Rs.6.00 crore consist of unsecured loan from promoters/related parties of Rs.0.59 crore and loan from NBFC of Rs.5.41 crore. The gearing is expected to increase to ~0.95 times after taking term loan of Rs.12.00 crore. Interest coverage stood at 7.94 times for FY17-18. DSCR stood at 2.03 times for FY 17-18.

Weaknesses

- **Project off-take risk**

The hotel was expected to commence operations before November, 2018. However, the project was postponed due to delay in government approvals. Timely completion of the project will be crucial in gauging the creditability of the company. The hotel is now expected to commence from January 30, 2019.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of S. Nand Kumar and Company Private Limited to arrive at the rating.

Outlook: Stable

Acuité believes that S. Nand Kumar and Company Private Limited will maintain a 'Stable' outlook in the medium term owing to the extensive experience of the promoters. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while achieving a healthy financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.09	-0.04	-0.15
PAT	Rs. Cr.	1.16	0.99	0.92
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	7.82	7.43	7.91
Total Debt/Tangible Net Worth	Times	0.31	0.15	0.02
PBDIT/Interest	Times	7.94	28.59	0.00
Total Debt/PBDIT	Times	3.12	1.74	0.23
Gross Current Assets (Days)	Days	0	0	0

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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	12.00	ACUITE B / Stable (Assigned)

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About Acuité Ratings & Research:

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