

Press Release

Baheti Hotels And Leisure Private Limited

July 30, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 6.00 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.6.00 crore bank facilities of Baheti Hotels And Leisure Private Limited. The outlook is '**Stable**'.

Baheti group is into Real Estate business for the past 25 years. In 2010, Baheti Hotels and Leisure Private Limited (BHLPL) was incorporated. The construction of Kasturi Orchid was completed and the hotel commenced its business from January 2015. Located on the outskirts of Jodhpur, the hotel is spread across 453000 sq. ft. of land.

Key Rating Drivers

Strengths

- **Experienced management**

BHLPL is promoted by Mr. Shyam Baheti and family who has been in the business for more than 25 years.

- **Location advantage**

Kasturi Orchid, an exquisite luxury weddings and events venue located in Jodhpur is approximately 8 kms from the Airport. The hotel has full occupancy during the peak wedding seasons and operates at almost 60 percent capacity for the balance six months.

Weaknesses

- **Small scale of operations**

The scale of operations is reflected in the revenue trend of the company with operating income of Rs.3.54 crore in FY2018 (Provisional) against Rs.1.45 crore in FY2017. The hotel started with its restaurant and catering business from August 2017. Acuité believes that scaling up of operations will be a key rating sensitivity.

- **Average financial risk profile**

The financial risk profile is average marked by net worth of Rs.3.13 crore as on 31 March, 2018 (Provisional) as compared to Rs 3.35 crore as on 31 March, 2017. The adjusted gearing (debt-equity) stood at 2.05 times as on 31 March, 2018 (Provisional) as compared to 2.16 times as on 31 March, 2017. The total debt mainly includes long term loans of Rs.5.24 crore and interest bearing unsecured loans from directors and relatives of Rs.7.64 crore as on 31 March, 2018 (Provisional). Interest Coverage Ratio (ICR) stood at 1.58 times in FY2018 (Provisional) against 0.50 times in FY2017. Debt Service Coverage Ratio (DSCR) stood at 1.40 times in FY2018 (Provisional) and (0.10) times in FY2017. Total outstanding Liabilities to Total Net Worth (TOL/TNW) increased to 5.56 times as on 31 March, 2018 (Provisional) from 4.72 times in the previous year.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of BHLPL to arrive at the rating.

Outlook: Stable

Acuité believes that BHLPL will maintain a 'Stable' outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company achieves higher than expected revenue and sustains profitability. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates further.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	3.54	1.45	0.73
EBITDA	Rs. Cr.	1.91	0.70	0.45
PAT	Rs. Cr.	-0.21	-2.20	-0.18
EBITDA Margin	(%)	53.85	48.18	61.52
PAT Margin	(%)	-6.00	-151.90	-24.70
ROCE	(%)	6.64	0.22	2.37
Total Debt/Tangible Net Worth	Times	4.49	4.09	4.90
PBDIT/Interest	Times	1.58	0.50	1.81
Total Debt/PBDIT	Times	7.37	19.44	31.05
Gross Current Assets (Days)	Days	156	150	321

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. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	4.75	ACUITE B / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.25	ACUITE B / Stable

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About Acuité Ratings & Research:

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