



Press Release
Jalan Intercontinental Hotels Private Limited
March 29, 2024
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	112.00	ACUITE BBB+ Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	112.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to **'ACUITE BBB+' (read as ACUITE triple B plus)** from **'ACUITE BBB' (read as ACUITE triple B)** on Rs. 112.00 Cr. bank facilities of Jalan Intercontinental Hotels Private Limited. The outlook remains **'Stable'**.

Rationale for the rating

The rating upgrade of the group takes into account the stable business risk profile of the company as reflected from its diversified business interests thus ensuring steady cash accruals and stabilization in their hotel business. It also factors improvement in its scale of operations as reflected from revenues of Rs. 1399.58 Cr. as on March 31, 2023 a growth of almost 54% on a y-o-y basis. Although the operating profits have dipped marginally due to increase in the share of trading business but still remains comfortable and the business generates sufficient cash accruals. The rating also factors in its long track record of operations, experienced management and improving working capital cycle due to efficient collection mechanism and reduction in inventory holdings. These strengths are partially offset by average financial risk profile and the fragmented steel industry.

About Company

Incorporated in 1998, Jalan Intercontinental Hotels Private Limited is a Kolkata based company engaged in running a 5 star hotel, "Taj Vivanta". In November 2018, the company was taken over through competitive bidding from National Company Law Tribunal by the Shri Ram Ozone group.

About the Group

Incorporated in 2005, Shri Ram Residency Private Limited is part of the Shri Ram group and is engaged in developing of commercial and residential properties in Dhanbad. The company has already completed two projects Ozone Plaza (Commercial) and Blue Diamond (Residential). At present the company has an ongoing project 'Maemco (Ozone Town)'.

Incorporated in 1998, Shri Ram Multicom Private Ltd (SRMPL) is the flagship company of the group. SRMPL has developed and set up a budget category hotel named Fairfield Hotel along with retail mall/spaces, a brand owned by Marriott at Newtown, Rajarhat, Kolkata. SRMPL has an agreement of 25 years with Marriott for the same. Additionally, SRMPL operates a commercial building in Dhanbad and is engaged as a forwarding agent for ACC Limited and IOCL.

Shri Ram Mall Private Limited was incorporated in 2006 engaged into construction of malls. Currently, the company is operating a mall in Dhanbad namely Ozone Galleria. In Dhanbad, this is the only mall, which started operations in FY 2008. The mall has an area of 3.5 lakh

square feet and has anchor shops such as Big Bazaar, Pantaloons, Reliance trend, Reliance FP, Reliance digital etc. In addition to this it has a multiplex with 4 screens. Currently, the mall

has approximately 95 per cent occupancy.

Incorporated in 2012, Shri Ram Ozone Retail Private Limited (SRORPL) is a franchisee and an authorized dealer of Tanishq Jewellery (Gems & Jewellery division of Titan Industries Ltd) and is engaged in retailing of gold & platinum Jewellery studded with precious and semi-precious gems, bullions and gold watch studded with precious stones. The company has 3 showrooms, 2 in Kolkata (commission income model) and 1 in Ranchi (purchase and sell model) and 2 Mia by Tanishq outlets, 1 in Kolkata and 1 in Ranchi.

Established in 2003, Shri Ram Precisions (SRP) is a franchisee and an authorized dealer of Tanishq Jewellery (Gems & Jewellery division of Titan Industries Ltd) and is engaged in retailing of gold & platinum Jewellery studded with precious and semi-precious gems, bullions and gold watch studded with precious stones. The company has 1 showroom in Dhanbad.

Incorporated in 2010, Ozone Logistics Private Limited is part of the Shri Ram group and is engaged in wholesale trading of TMT and other iron and steel items. The company is the sole distributor of Electrosteel Steels Limited and Jindal Steel and Power Limited in Jharkhand and West Bengal. Further, the company is also the distributor of the TMT bar of Jindal Steel and Power Limited in the few districts of Jharkhand and West Bengal. The company has a total of 4 warehouses across all the locations.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has combined and consolidated the financial and business risk profiles of Shri Ram Multicom Private Limited with its subsidiaries, Shri Ram Mall Private Limited, Shri Ram Residency Private Limited, Shri Ram Ozone Retail Private Limited, Shri Ram Precision, Ozone Logistics Private Limited and Jalan Intercontinental Hotels Private Limited. This is on account of common promoters, holding-subsidiary relationship and corporate guarantee provided by Shri Ram Multicom Private Limited, the flagship company to its subsidiaries. The group is herein referred to as the Shri Ram Ozone group.

Key Rating Drivers

Strengths

Long track record of operations and experienced management

The group has a long track record of over two decades in varied business like distribution of TMT bars, dealership of jewellery, real estate/commercial estate, and logistics business. The group has an established presence in Jharkhand and West Bengal. Initially, the group started with clearing & forwarding business and development of residential and commercial projects. The group is managed by Mr. Pradeep Kumar Sonthalia, who possesses vast experience of over two decades in the industry. Currently, his son Mr. Nityanand Sonthalia is actively involved in the day to day operations of the group. Acuité believes the group's established market presence and vast experience of the promoters in diverse industry would continue to support the group's business risk profile going forward.

Diversified business with major contribution from distribution of TMT bars

The group has presence in diverse sectors like real estate development, steel trading, jewellery, hospitality and logistics. However, major revenues of the group are generated from distribution of TMT bars, manufactured by Electrosteel Steels Limited and Jindal Steel and Power Limited. The group's TMT bars trading division is operated under Ozone Logistics Private Limited. In FY23, TMT bars trading division contributed to around 66 per cent of the total

revenues of the group.

Moreover, the group also derives healthy revenues from the jewellery business. The group operates four showrooms, two in Kolkata and one each in Ranchi and Dhanbad and is an authorized dealer of Tanishq Jewellery. Apart from this, the group has leased out commercial properties in Dhanbad which provide stable cash flows. The leased out properties have had healthy occupancy over the years, along with modest growth in rentals. Also, the group has leased out its retail space in its newly developed hotel, Fairfield by Marriott to reputed retailers which provides stable rentals. The group is also operating Taj-Vivanta at Kolkata which is in the vicinity of airport and hospital area. Acuité believes that though the debt levels of the group remains significantly high, the stable cash flows from its leased out properties and steel trading activities (contributing to around 66 percent of the group's revenues) will help the group to sustain steady cash accruals and maintain its business risk profile over the medium term.

Improvement in working capital management

The working capital management of the group has improved and is moderate marked by Gross Current Assets (GCA) of 111 days on 31st March 2023 as compared to 131 days on 31st March 2022 and 133 days as on March 31, 2021. The moderate level of GCA days is on account of moderate inventory levels during the same period. The inventory holding stood at 58 days on 31st March 2023 as compared to 81 days as on 31st March 2022. Also, the debtor period stood comfortable at 7 days on 31st March 2023. The group almost has a cash and carry model of business. Acuité believes that the working capital operations of the group will remain at same level as evident from efficient collection mechanism and moderate inventory levels over the medium term.

Weaknesses

Average financial risk profile

The group's average financial risk profile is marked by healthy networth, moderate gearing and debt protection metrics. The tangible net worth of the group increased to Rs.318.87 Cr. as on March 31, 2023 from Rs.271.44 Cr. as on March 31, 2022 due to steady accretion of reserves. Gearing of the group stood moderate and steady at 1.95 times as on March 31, 2023 as against 1.92 times as on March 31, 2022. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood high at 2.13 times as on March 31, 2023 as against 2.09 times as on March 31, 2022. The moderate debt protection metrics of the group is marked by Interest Coverage Ratio at 2.69 times as on March 31, 2023 and Debt Service Coverage Ratio at 1.39 times as on March 31, 2023. Net Cash Accruals/Total Debt (NCA/TD) stood healthy at 0.11 times as on March 31, 2023. Acuité believes that the financial risk profile of the group is expected to improve in the absence of any significant debt funded capex plans over the medium term and moderate debt protection metrics.

Intense competition and inherent cyclical nature of the steel industry

The downstream steel industry remains heavily fragmented and unorganised. The company is exposed to intense competitive pressures from large number of organised and unorganised players along with its exposure to inherent cyclical nature of the steel industry. Additionally, prices of raw materials and products are highly volatile in nature.

ESG Factors Relevant for Rating

Environment: This industry has lower environmental risk. key material issues such as green supply chain and green products can influence environmental scores. Additionally, GHG emissions, energy efficiency, environmental management, waste management and green products are significant environmental issues in the wholesale trade industry.

Social: The industry is primarily exposed to social issues such as, community support & development, employee safety, employment quality, product quality and human rights. Additionally, key material issues such as product responsibility, product safety, responsible procurement and employee development have a significant impact on the social scores for this industry.

Governance: Corporate governance is a key risk for this industry. This industry is exposed to key issues such as anti-competitive behaviour, business ethics, management compensation, board independence and corrupt practices. Moreover, board diversity & compensation, audit committee functioning, anti-takeover mechanism, financial audit & control and shareholders' rights are the key material issues for this industry.

Rating Sensitivities

- Improvement in revenue growth and margins
- Deterioration in the group's financial risk profile
- Increase in occupancy levels and ARR of the hotel properties

Liquidity Position

Adequate

The group's liquidity is adequate marked by steady net cash accruals of Rs.67.26 Cr. as on March 31, 2023 as against long term debt repayment of Rs.35.58 Cr. over the same period. The cash and bank balances of the group stood at Rs.129.12 Cr. as on March 31, 2023 as compared to Rs.34.54 Cr. as on March 31, 2022. The current ratio improved and remain comfortable at 2.03 times as on March 31, 2023 as compared to 1.69 times as on March 31, 2022. The net cash accruals is expected to improve against its maturing debt obligations in the range of Rs. 40-50 crore. The fund based limit utilization remains at 62.5% over the eight months ended November, 2023. The working capital management of the group is moderate marked by Gross Current Assets (GCA) of 111 days on 31st March 2023 as compared to 131 days on 31st March 2022. Acuité believes that going forward the group will maintain adequate liquidity position due to steady accruals.

Outlook: Stable

Acuité believes that the outlook on Shri Ram Ozone Group will remain 'Stable' over the medium term on account of the long track record of operations, experienced management, sound business position and moderate working capital management. The outlook may be revised to 'Positive' in case of significant growth in revenue while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the Group's revenues or profit margins, or in case of deterioration in the group's financial risk profile or further elongation in its working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	1399.58	909.10
PAT	Rs. Cr.	47.43	22.32
PAT Margin	(%)	3.39	2.46
Total Debt/Tangible Net Worth	Times	1.95	1.92
PBDIT/Interest	Times	2.69	2.17

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 May 2023	Term Loan	Long Term	75.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Term Loan	Long Term	0.04	ACUITE BBB Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	15.98	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	11.96	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	4.02	ACUITE BBB Stable (Reaffirmed)
15 Jul 2022	Term Loan	Long Term	75.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	0.04	ACUITE BBB Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	15.98	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	11.96	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	4.02	ACUITE BBB Stable (Reaffirmed)
22 Feb 2022	Term Loan	Long Term	75.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	0.04	ACUITE BBB Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	15.98	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	11.96	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	4.02	ACUITE BBB Stable (Assigned)
28 Jan 2022	Secured Overdraft	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	12.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	75.00	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.04	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2033	Simple	75.00	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2027	Simple	15.98	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2026	Simple	11.96	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2026	Simple	4.02	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

1. Shri Ram Multicom Private Limited (Holding Company)
2. Ozone Logistics Private Limited (Subsidiary)
3. Shri Ram Ozone Retail Private Limited (Subsidiary)
4. Sonotel Hospitality Private Limited (Subsidiary)
5. Airan Entertainments Private Limited (Subsidiary)
6. Shri Ram Residency Private Limited (subsidiary)
7. Johal Automobiles Private Limited (Subsidiary)
8. Jalan Intercontinental Hotels Private Limited (Subsidiary)

9. Baliey Realty LLP(Subsidiary)
10. Shri Ram Ozone Distribution Private Limited (Subsidiary)
11. Kashish Distributors Private Limited(Subsidiary)
12. Shri Ram Mall Private Limited (Subsidiary)
13. Sonotel Hotels & Resorts Private Limited (Subsidiary)
14. Shri Ram Ozone Townships Private Limited (Subsidiary)
15. Galleria Estates Private Limited(Subsidiary)
16. Shri Ram Precisions(Subsidiary)
17. Shri Ram Ozone Realty LLP(Subsidiary)
18. Ozone Industries Private Limited(Subsidiary)
19. Bailey properties Private Limited (Associate)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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