



**Press Release**  
**ZON HOTELS PRIVATE LIMITED (ERSTWHILE SHREM RESORT PRIVATE LIMITED)**  
**January 27, 2025**  
**Rating Reaffirmed and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	98.45	ACUITE BBB   Reaffirmed & Withdrawn	-
Bank Loan Ratings	43.55	Not Applicable   Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	142.00	-	-

**Rating Rationale**

Acuite has reaffirmed and withdrawn the long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Bo**)n the Rs. 98.45 Cr. bank facilities of Zon Hotels Private Limited (Erstwhile Shrem Resort Private Limited) (ZHPL). The rating is being withdrawn on account of request received from the company and No Objection Certificate received from the banker.

Acuite has also withdrawn the long-term rating on the Rs. 43.55 Cr. of proposed bank facilities of Zon Hotels Private Limited (Erstwhile Shrem Resort Private Limited) (ZHPL). The same is withdrawn at the request of the company, without assigning any rating as it is a proposed facility.

This withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

**Rationale for Rating**

The rating reaffirmation is driven by the stable operating and financial performance and adequate liquidity position of ZHPL. The rating also factors in presence of reputed brand name of “Novotel”, which helps to attract customers. These strengths are partially offset by the improving but average financial risk profile of the company and susceptibility to high competition in the industry.

**About the Company**

ZHPL was incorporated as Shrem Resort Private Limited in 2010. Subsequently, in 2019 it was acquired by the current promoters, Mr Sandip Gupta and Mr Randip Gupta and name was changed to ZHPL. ZHPL owns two hotels in North Goa - Novotel Goa Candolim and Novotel Goa Resorts & Spa, both operating under the brand ‘Novotel’ with Accor Group being the operating and managing partner.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone financial and business risk profile of Zon Hotels Private Limited to arrive at the rating.

## **Key Rating Drivers**

### **Strengths**

**Presence of long-term management contract along with association with reputed brand**

The business risk profile is supported by presence of a long-term management and operation contract with Accor India; a multinational hospitality company that owns, manages, and franchises hotels, resorts and vacation properties. Accor India takes care of the marketing and sales strategies along with the day-to-day management of operations in the hotel. The hotel management agreement with Accor India was signed in 2012 and is for a period of 25 years. Further, the business remains supported by the extension of 'Novotel' brand. This has added benefit to the operations of the hotel properties and led to improved occupancy levels and average room rent (ARR) levels in the past few years.

### **Stable operating performance**

The operating income of the company improved to Rs. 101.62 Cr. in FY24 as against Rs.92.65 Cr. in FY23. The company has been able to maintain their operating margins in the range of 32 - 34 percent in the past two years and are expected to remain on similar levels in the near term. These improvements are driven by improving occupancy and ARR levels at both the hotels of the company. For Novotel Goa Resort & Spa, the occupancy levels improved to 86.35 percent in FY24 from 76.59 percent in FY23. The ARR stood at Rs. 9,623/day in FY24 as against Rs. 9,411/day in FY23. Further, The Novotel Hotel, Candolim recorded an average occupancy level of 84.76 percent in FY24 against 84.67 percent in FY23. The ARR improved to Rs. 9,198/day in FY24 from Rs. 8,813/day in FY23.

### **Favourable and strategic location**

Goa remains one of the most highly visited tourist and leisure spot in India. The hotels are both located on one of the bustling areas, near the Candolim beach at Goa, close to each other and in proximity of most touristy areas in Goa. The hotels attract diverse set of customers ranging from corporate clients, tourists and other customers. The hotels also have tie-ups with online portals such as 'Booking.com', 'MakeMyTrip', 'Expedia.com', among others. The hotels attract diversified set of customers.

Acuite believes that the strategic location of the hotels will help ZHPL to maintain their business profile over the near to medium term.

## **Weaknesses**

### **Average Financial Risk Profile**

The average financial risk profile of ZHPL is depicted by the low but improving network, moderate gearing and average debt protection metrics. The tangible network stood at Rs. 42.99 Cr. on March 31, 2024 as against Rs. 33.35 Cr. on March 31, 2023, which led to improved TOL/TNW levels at 2.92 times on March 31, 2024 as against 4.55 times on March 31, 2023. The gearing also significantly improved at 2.52 times on March 31, 2024 as against 4.00 times on March 31, 2024 on account of repayment of external debt as well as repayment of USL. The Debt-EBITDA stood at 3.11 times on March 31, 2024 as against 4.47 times on March 31, 2023.

The interest coverage ratio (ICR) stood at 3.25 times and the debt service coverage ratio (DSCR) stood at 1.83 times on March 31, 2024. The financial risk profile is expected to improve over the medium term on the back of steady cash accruals.

### **Highly competitive industry**

The Indian subcontinent and the state of Goa has vast opportunities, potential for high growth and has become the focus area of major international chains. Several of these chains have already established and others plans to establish their hotels to take advantage of these opportunities. These entrants are expected to intensify the competitive environment.

### **Rating Sensitivities**

Not Applicable

### **Liquidity Position**

#### **Adequate**

The adequate liquidity position of the company is supported by sufficient generation of net cash accruals (NCAs) of Rs. 24.06 Cr. against its maturing repayment obligations of Rs. 8.29 Cr. in FY2024. The current ratio stood at 0.79 times on March 31, 2024 as against 1.03 times on March 31, 2023. The company had an unencumbered cash and bank balance of Rs. 2.99 Cr. on March 31, 2024. The company also has sanctioned overdraft limits of Rs. 2.00 Cr, which largely remain unutilized.

### **Outlook: Not Applicable**

**Other Factors affecting Rating**  
None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	101.62	92.65
PAT	Rs. Cr.	14.30	3.28
PAT Margin	(%)	14.07	3.54
Total Debt/Tangible Net Worth	Times	2.52	4.00
PBDIT/Interest	Times	3.25	2.04

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

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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. Acuité'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Nov 2024	Term Loan	Long Term	68.45	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	43.55	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	30.00	ACUITE BBB   Stable (Reaffirmed)
24 Aug 2023	Term Loan	Long Term	124.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	18.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
01 Jun 2022	Term Loan	Long Term	142.00	ACUITE BBB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	43.55	Simple	Not Applicable Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	16 Feb 2033	30.00	Simple	ACUITE BBB   Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Jun 2027	68.45	Simple	ACUITE BBB   Reaffirmed & Withdrawn

## Contacts

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### About Acuité Ratings & Research

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