



Press Release
Bahdl Hospitality Limited
October 25, 2023
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.90	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	9.10	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	110.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 100.90 Cr bank facilities and has withdrawn rating on Rs.9.10 Cr bank facilities of BAHDL Hospitality Limited (BHL).

The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating. The rating is being withdrawn on account of request received from the company and NOC received from the banker.

Rationale for Reaffirmation

The company has recorded a revenue of Rs.37.04 Cr in FY2023 in its first year of operation after the completion of renovation. With expected improvement in revenues, the losses are expected to come down over the medium term. The rating also considers the long experience of the Ambuja-Neotia group in the hospitality segment, favourable location of the hotel and the tie-up with Indian Hotels Company Ltd (IHCL) to operate under the brand of 'Taj'. The group has been infusing capital in BHL in the form of unsecured loan and equity to provide support and the same is expected to continue over the medium. These strengths are however, partly offset by below average financial risk profile of the company and cyclical nature of hotel industry.

About the Company

Incorporated in 2009, BAHDL Hospitality Limited (BHL) is a part of Ambuja Neotia Group and manages a 5-star deluxe hotel in Netown, Kolkata. Earlier, the hotel started operation in 2010 with 147 rooms of various categories including luxury suites and all modern amenities. The hotel was subsequently closed for renovation in FY2021 and FY2022. Further, the hotel was partially operational in May 2022 and June 2022 and fully operational from July 2022 under the new name of "TAJ City Center New Town". BHL has entered into a hotel operating agreement with India Hotel Company Limited for the management of the luxury hotel under the brand "Taj".

Standalone (Unsupported) Rating

ACUITE BB

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of BHL to arrive

at the rating. While arriving at the rating of BHL, Acuité has taken into account a strong level of support from the Ambuja-Neotia group given that Ambuja Neotia Holdings Pvt Ltd (ANHPL) has a 54 per cent stake in BHL, indirectly.

Key Rating Drivers

Strengths

Established presence in hospitality industry

The Ambuja-Neotia group has three-decade long experience in the hospitality industry. Moreover, the management is highly experienced and involved in the day-to-day operations of the company. Acuité draws comfort from the experience and expertise of the group as well as the management of BHL.

Healthy traction in the ARR and occupancy levels along with tie-up with TIHCL.

The hotel 'TAJ City Center New Town' was under renovation and non-operational during FY2021 and FY2022. However, the hotel has become fully operational from May 2022. The occupancy levels for H1FY2024 stood at 88% compared to 59% for FY2023.

The ARR however, moderated in H1FY2024 to Rs.6275 per day against Rs.6748 per day in FY2023.

Moreover, to operate the boutique hotel, the company has a 30-year arrangement with The Indian Hotels Company Limited (TIHCL). As per the agreement, TIHCL will be receiving 7-9 per cent of the revenue generated by BHL.

Acuité expects the occupancy levels and ARR of the hotel to improve in the medium term.

Financial flexibility of the Ambuja-Neotia group

The Ambuja-Neotia Group has been promoted by the Neotia Family, which has been an integral part of the business community in Kolkata for nearly 125 years. The group through its various Joint Venture Companies and Special Purpose Vehicles (SPVs) has been engaged in development of Real Estate properties, both housing and commercial complexes and in the Hospitality business. The group has executed more than 25 million square feet of development comprising of residential, commercial and hospitality projects through its various joint ventures and subsidiary companies over a period of the last 20 years and has established its brand which is widely recognized in the region. The group has also ventured into the states of Sikkim, Bihar and Chhattisgarh for undertaking various types of real estate and hospitality projects. The group has strong financial risk profile with a willingness to support their businesses, demonstrated from the continuous infusion of unsecured loans and equity funds into BHL.

Acuité believes that BHL, being a strategically important entity for the group shall continue to benefit from the financial, operational and management support from the Ambuja-Neotia Group as and when required. The parent company Ambuja Neotia Holdings Pvt Ltd (ANHPL) holds upto 54 per cent indirectly in BHL which imparts further comfort to the rating. Any changes in the ownership pattern of BHL or any event that impinges the group's overall credit profile shall remain a key rating sensitivity.

Weaknesses

Below average financial risk profile

The company's below average financial risk profile is marked by eroded net worth due to continuous losses and below average debt protection metrics. The financial risk profile is expected to improve over the medium term, however, remain below average on account of expected stable growth in revenues and further equity infusion by the promoters.

Highly competitive industry

The Indian subcontinent with vast opportunities and potential for high growth has become the focus area of major international chains. Several of these chains have established and others have their plans to establish hotels to take advantage of these opportunities. These entrants are expected to intensify the competitive environment. Acuité believes the success of the company will be dependent upon its ability to compete in areas such as room rates, quality of accommodation, service level and convenience of location and the quality and scope of other amenities, including food and beverage facilities.

Rating Sensitivities

- Improvement in the operations while increasing momentum in occupancy levels and ARR

- of the hotel.
- Any withdrawal of support from the group.
- Any further deterioration of its financial risk profile and liquidity position.

All Covenants

Not Applicable

Liquidity Position

Stretched

The group has provided fund to the company from time to time as required, which provides financial flexibility to the company. The cash and bank balances of the company stood at Rs.1.76 Cr in FY2023. The current ratio stood weak at 0.57 times as on 31st March 2023.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	37.04	0.95
PAT	Rs. Cr.	(24.81)	(25.87)
PAT Margin	(%)	(66.99)	(2736.00)
Total Debt/Tangible Net Worth	Times	(3.36)	(4.93)
PBDIT/Interest	Times	0.13	(0.72)

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>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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
15 Mar 2023	Proposed Bank Facility	Long Term	9.10	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	90.90	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
06 Jan 2022	Proposed Bank Facility	Long Term	2.34	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	97.66	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	10.00	ACUITE BBB- Stable (Assigned)

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 Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	9.10	Not Applicable Withdrawn
Yes Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BBB- Reaffirmed & Withdrawn
Yes Bank Ltd	Not Applicable	Term Loan	21 Mar 2018	Not available	31 May 2033	Simple	90.90	ACUITE BBB- Reaffirmed & Withdrawn

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in
Pradeep Singh Senior Analyst-Rating Operations Tel: 022-49294065 pradeep.singh@acuite.in	

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.