



Press Release
GHK HOSPITALITY AND INFRASTRUCTURES LIMITED
July 05, 2023

Rating Assigned and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	46.00	ACUITE C Assigned Provisional To Final	-
Non Convertible Debentures (NCD)	4.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	46.00	-	-
Total Withdrawn Quantum (Rs. Cr)	4.00	-	-

Rating Rationale

Acuite has converted its provisional long term rating of "**Provisional ACUITE C**" (read as **Provisional ACUITE C**) to final long-term rating of "**ACUITE C**" (read as **ACUITE C**) on the Rs.46 Cr Non-Convertible Debentures of GHK Hospitality and Infrastructures Limited (GHIL).

The conversion of the rating from provisional to final reflects satisfactory completion of the following documentation as required by Acuite:

- 1.Final NCD term sheet
- 2.Debenture trust deed
- 3.Inter-creditor agreement

Further, Acuite has withdrawn its rating on the Rs.4 Cr Non-Convertible Debentures of GHK Hospitality and Infrastructures Limited (GHIL). The withdrawal is on the basis of request received from the Client and in line with Acuite's policy on withdrawal of ratings.

Rationale for Rating Assigned

The rating assigned takes into account instances of delays observed in servicing of term loan obligations by GHIL. As per the credit bureau information reports and term loan account statements, GHIL has delayed in servicing of debt obligations for April and May, 2023.

About the Company

Pune-based GHK Hospitality & Infrastructures Limited (GHIL) (formerly known as St. Larn Hotels Limited) was incorporated in 2007. GHIL is a single hotel company that owns the 5-star hotel named "Welcomhotel" in Ahmedabad. The centrally located business hotel is a 131-key property at Ashram Road which is the commercial business district in Ahmedabad. GHIL is a closely held company, with the members of the Karia family holding 100% of the equity. The company is currently run under the leadership of Mr. Rajesh Gopichand Karia and Mr. Suunil Gopichand Kariyaa.

Analytical Approach

Acuite has taken standalone approach of GHIL to arrive at the rating

Key Rating Drivers Strengths

Experienced Management

The company was incorporated in 2007 and the promoter - directors Mr. Rajesh Gopichand Karia and Mr. Suunil Gopichand Kariyaa have experience of more than 1.5 decades in the hotel industry.

Weaknesses

Weak Financial Risk Profile

The company has a weak financial risk profile marked by a negative net-worth of Rs.(22.78) Cr as on March 31, 2023 as against Rs. (12.78) Cr as on March 31, 2022. The overall gearing stood at (3.50) times as on March 31, 2023 as against (4.59) times as on March 31, 2022. The interest coverage stood at (0.61) times for FY2023 as against (0.08)times for FY2022.

Instance of delays in servicing of debt obligations

There have been numerous instance of delays in servicing of debt obligations incase of term loan facility (LAP) running with Indiabulls Commercial Credit Ltd. As per the credit bureau information reports and term loan account statements, GHIL has also delayed in servicing of debt obligations for April and May, 2023.

Rating Sensitivities

> Timely servicing of debt obligations

Material covenants

None

Liquidity Position

Poor

The liquidity position is poor marked by inadequate net cash accruals against repayment obligations. The company generated net cash accruals of Rs. (8.61) in FY2023 against repayment obligations of Rs. 1.57 Cr during the period.

Outlook : Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	4.16	1.88
PAT	Rs. Cr.	(10.01)	(6.87)
PAT Margin	(%)	(240.48)	(364.87)
Total Debt/Tangible Net Worth	Times	(3.50)	(4.59)
PBDIT/Interest	Times	(0.61)	(0.08)

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. 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
07 Dec 2022	Non Convertible Debentures	Long Term	50.00	ACUITE Provisional C (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	
Not Applicable	INE314Y07014	Non-Convertible Debentures (NCD)	06 Jan 2023	20	06 Jul 2026	Simple	46.00	ACUI Pro
Not Applicable		Non-Convertible Debentures (NCD)	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	Appli

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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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