

Press Release

NAVEEN HOTELS PRIVATE LIMITED (ERSTWHILE NAVEEN HOTELS LIM

August 28, 2025

Rating Assigned and Withdrawn



Product	Quantum (Rs. Cr)	Long Term Rating	Short T
Bank Loan Ratings	58.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	10.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	58.00	-	-
Total Withdrawn Quantum (Rs. Cr)	10.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE Double B Plus**) to the Rs.58.00 Cr. bank facilities of Naveen Hotels Private Limited (NHPL). The Outlook is ‘**Stable**’

Acuite has also withdrawn its long-term rating on Rs.10.00 Cr. bank facilities of Naveen Hotels Private Limited without assigning any rating as the instrument is fully repaid. The rating is being withdrawn on account of request received from the Company and No Dues Certificate received from the banker.

The rating withdrawal is in accordance with Acuite’s policy on withdrawal of rating as applicable to the respective facility / instrument.

Rationale for rating

The company has provided information, leading to transition from Issuer Not Co-operating (INC since 2023) to a regular issuer. The rating upgrade reflects the improvement in operations, long track record of operations, presence of long-term lease agreement with ‘Taj group’, providing assured revenue. The rating also factors in the experience of promoters in the hospitality industry of around 5 decades and favourable hotel locations. These strengths are however, partly offset by the moderately intensive working capital management of the company and highly competitive hotel industry.

About the Company

NHPL was incorporated in September 1975, by Mr. R N Shetty. The Company was formed with the main object to run Hotel, Lodging, Restaurant, Bars, Holiday Resort and Transportation. Naveen Hotels Ltd. is a group concern of R N Shetty Group of Companies. Directors of NHPL are Ms. Anisha Puneeth Punja, Mr. Shobha Jeevan Shetty, Mr. Satish Rama Shetty, Mr. Naveen Rama Shetty, Mr. Nagaraj Hiriyantha Shetty, Mr. Sandip Malli Kaidale, Mr. Sunil Rama Shetty, Mr. Billadi Sudesh Kumar Hegde, Mr. Abhayanand Raghu Shetty, Ms. Anvita Satish Shetty. Naveen Hotels Limited had constructed a 5-star hotel in the garden city of Bangalore in the year 1982 having 166 rooms, Bauquet hall and all other luxury amenities and the same was leased to Taj Group on long term lease basis which is known as Vivanta by Taj. In the year 2006. The company had constructed another 5-star hotel having 324 rooms with other luxury amenities and handed over the property to run on joint collaboration basis with Indian Hotels Co. Ltd., for a long term lease basis at Yeshwanthpur. The said hotels are known as Vivanta by Taj, Yeshwanthpur. The company also have its own hotels in Hubli and Murudeshwar region.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profile of Naveen Hotels Private Limited (NHPL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established presence in hospitality industry

Company was incorporated in the year 1961 by Dr. R N Shetty as a contracting firm. Today RNS Group has diversified its interests into construction, properties, automobiles, manufacture, power, hospitality and education. The promoters of the company have more than 35 years of experience in hospitality industry. Naveen Hotels Limited had constructed a 5 -star hotel in the garden city of Bangalore in the year 1982 having 166 rooms, Bauquet hall and all other luxury amenities. Management has established relations with Taj group by giving two of its luxury hotel buildings on long term lease for Taj Group. This will benefit the company due to its brand name, expertise and professional management. Acuite believes the company will continue to benefit from its established presence in Karnataka region, decent brand recognition and the promoter's extensive experience in the hospitality industry.

Improvement in scale of operations

The company has reported stable growth in revenue over the past three years with Rs.67.38 Cr. in FY2025 (Est.) against Rs.64.79 Cr. in FY2024 and Rs.57.48 Cr. in FY2023. This revenue growth is due to increased room occupancy and stable rental income from Taj Hotels India Limited backed by presence of long-term lease agreements. Further, the operating profit margin remained in the healthy range at 39.34 percent in FY2025 (Est.) against 31.35 percent in FY2024 and 43.36 percent in FY2023. The dip in profitability during FY2024 was due to additional property tax of past 6 years was collected during the year. The PAT margin is estimated to be at 16.15 percent in FY2025(Est.) against 10.71 percent in FY2024 and 22.13 percent in FY2022. Additionally, the company has reported the revenue in Q1FY26 approximately at Rs. 16.43 Cr. and estimated to close the year with the revenue range of Rs.65-70 Cr.

Going forward the company's revenue is expected to improve further on account presence of long-term lease agreement and stable occupancy in hotel segment.

Moderate financial risk profile

The financial risk profile of the company is moderate marked by high networth, low gearing and moderate debt protection metrics. The net worth of the company stood at Rs. 75.68 Cr. as on March 31st, 2024, as against Rs. 71.34 Cr. as on March 31st, 2023, due to accretion of profit to reserve. The total debt of the company stood at Rs.50.62 Cr. as on March 31, 2024, as against Rs. 58.68 Cr. as on March 31, 2023. The gearing of the company stood at 0.67 times as on March 31, 2024, as compared to 0.82 times as on March 31, 2023. The TOL/TNW of the company stood at 1.64 times as on March 31, 2024, as against 1.80 times as on March 31,2023. Further, the debt protection metrics of the company stood reflected by average debt service coverage ratio of 1.12 times for FY2024 as against 1.40 times for FY2023 and moderate interest coverage ratio stood at 4.27 times for FY2024 as against 3.77 times for FY2023.

Acuite believes that the financial risk profile is estimated to remain moderate on account of moderate net worth and presence of long-term debt.

Weaknesses

Moderately intensive nature of working capital management

The working capital management of the company is moderately intensive in nature marked by Gross Current Assets (GCA) of 164 days in FY2024, compared to 188 days in FY2023. The elongation on the GCA days is mainly due to debtor days which include the lease receivables from Taj group of hotels. These lease receivables are received quarterly, resulting in debtor days of 57 days in FY2024 as against 44 days in FY2023. The inventory levels stood at 2 days in FY2024 as compared against 3 days in FY2023. The creditor days stood at 207 days in FY2024 as against 122 days in FY2023. Furthermore, the average utilization for fund-based limits stood at around 92.53% over the last six months ending May 2025.

The working capital operations are estimated to remain moderately intensive in nature for FY2025 owing to the nature of business.

Highly competitive industry

The state of Karnataka has vast opportunities and potential for high growth and has become the focus area of major tourism places. Several companies have their plans to establish hotels to take advantage of these opportunities. This will intensify the competitive environment.

Acuite believes that the company's ability to do well will depend on how well it can compete in areas like pricing, quality of rooms, customer service, location, and the range of amenities, especially food and beverages.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

Presence of Escrow mechanism

The company has availed Lease Rental Discounting (LRD) facilities backed by long-term lease rentals from a reputed counterparty, Taj Hotels. The presence of escrow mechanism, wherein all lease inflows are routed through designated account with defined waterfall arrangements, provides strong comfort on timely debt servicing.

Stress scenario

Acuité believes that, given the presence of DSRA equivalent to 3 months of principal and escrow mechanism, the entity will be able to service its debt on time, even in a stress scenario.

Rating Sensitivities

- Improvement in the scale of operation while maintaining the current profitability levels
- Adequate and timely receipts of rentals along with improved levels of occupancy

Liquidity Position**Adequate**

The company has received Rs.31.30 Cr. lease rental income from two Taj hotels in FY2024 which was sufficient to repay its debt obligations of Rs.10.47 Cr. Additionally, the company also has DSRA cash reserve and escrow mechanism which provides additional security and prioritizes the debt repayment. The bank limit utilisation stood high marked by fund-based limit utilisation of ~92.53 percent for the last six months ended May 2025. The current ratio stood at 0.63 times as on March 31, 2024. Further, the cash and bank balances of the company stood at Rs. 0.52 Cr. as on March 31, 2024.

The liquidity position is estimated to remain adequate for FY2025, with sufficient cash flows towards debt repayment obligations.

Outlook: Stable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	64.79	57.48
PAT	Rs. Cr.	6.94	12.72
PAT Margin	(%)	10.71	22.13
Total Debt/Tangible Net Worth	Times	0.67	0.82
PBDIT/Interest	Times	4.27	3.77

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
30 Dec 2024	Term Loan	Long Term	10.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
03 Oct 2023	Term Loan	Long Term	10.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
07 Jul 2022	Term Loan	Long Term	10.00	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.89	Simple	ACUITE BB+ Stable Assigned
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	02 Sep 2022	10.00	Simple	Not Applicable Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	07 May 2025	Not avl. / Not appl.	07 Feb 2030	14.16	Simple	ACUITE BB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	07 Oct 2024	Not avl. / Not appl.	07 Sep 2032	5.65	Simple	ACUITE BB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	07 Nov 2022	Not avl. / Not appl.	07 Aug 2032	8.17	Simple	ACUITE BB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	07 Nov 2022	Not avl. / Not appl.	07 May 2027	24.13	Simple	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

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