



Press Release
WRITER LIFESTYLE PRIVATE LIMITED
February 20, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.00	ACUITE B Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	35.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE B**' (read as ACUITE B) on the Rs. 35.00 Cr. bank facilities of Writer Lifestyle Private Limited (WLPL). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned reflects the weak financial risk profile of the company as marked by negative net worth and high debt in the form of interest-bearing unsecured loans from promoter. Further, the rating factors in the muted occupancy levels of the company leading to consistently moderate operating income over the recent years. The rating also considers the moderate working capital operations and poor liquidity of the company as reflects by negative net cash accruals from the business. However, the rating favourably factors in the established track record of the operation of the company.

About the Company

Incorporated in 1995, Mumbai based Writer Lifestyle Private Limited (WLPL) is a part of Writer Corporation group, which is into business of construction and renting of premium property and other additional businesses. The Company owns a luxury resort, Hilton Shillim Estate Retreat and Spa, in Lonavala.

Current directors of the company by Mr. Subramaniam Ramachandran Iyer, Mr. Denzil Desouza and Mr. Gavin Charles Desouza.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Writer Lifestyle Private Limited (WLPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations along with strong promoter.

WLPL is fully owned by P. N Writers and Company Private Limited (PNWCPL), a part of the Mumbai based Writer Group, which is into the business of construction and renting of premium properties, Cash Management, Information Management, etc. WLPL owns a luxury resort in the name of Hilton Shillim Estate Retreat and Spa in Lonavala. The company started its operation in the year 2013 by entering into agreement with the Hilton group for managing day to day operation of the property for a period of 20 years.

Acuite believes WLPL will continue to benefit from its established track record of operations

and strong promoter background.

Weaknesses

Muted occupancy levels leading to consist ently moderate operating income

The occupancy levels of the property have remained muted for the company over the years and is not able to gain from travel industry boom. The main reason for this being the location and premiumization of the property. The revenue of the company remained at Rs. 40.16 crores in FY23 as against Rs. 41.83 crores in FY22. The EBITDA margins of the company decreased to 9.27 percent in FY23 as compared to 17.43 percent in FY22, due to increase in administrative expenses. The PAT margins of the firm stood at (84.09) percent in FY23 as against (48.66) percent in FY22.

Acuite believes that the increase in occupancy level and scale of operations is a key rating sensitivity.

Below Average Financial Risk Profile

The financial risk profile of the company stood below average, marked by negative net worth and below average debt protection metrics. The tangible net worth stood at Rs. (198.78) crores as on 31 March 2023 as against Rs. (164.83) crores as on 31 March 2022. The total debt of the company stood at Rs.328.19 crores which includes long-term debt of Rs.73.69 crores and interest-bearing unsecured loans of Rs.240.77 crores as on 31 March 2023. The gearing (debt-equity) stood at (1.65) times as on 31 March 2023 as compared to (1.87) times as on 31 March 2022. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at (2.0) times as on 31 March, 2023 as against (2.23) times as on 31 March, 2022. Debt Service Coverage Ratio (DSCR) stood at (0.04) times in FY2023 as against 0.37 times in FY2022. Interest Coverage Ratio stood at (0.07) times in FY2023 as against (0.38) times in FY2022. Net Cash Accruals to Total Debt (NCA/TD) stood at (0.08) times for FY2023 as against (0.05) times for FY2022.

Acuite believes the financial risk profile of the company is likely to remain below average considering high debt profile of the company.

Moderate Working Capital Management

The working capital management of the company is moderate marked by GCA days of 80 days in FY23 as against 60 days in FY22. The company maintains inventory levels of around 6 days in FY23 as against 5 days for FY22. Subsequently, the debtor's collection period stood at 6 days in FY23 as against 14 days for FY22. Furthermore, the creditor days stood at 892 days in FY23 as against 620 days in FY22.

Acuite expects the working capital management of the operation to stay moderate considering the nature of the operation.

Rating Sensitivities

- Increase in occupancy levels, leading to improvement in operating income.
- Further deterioration in the financial risk profile of the company leading to further deterioration in liquidity.

Liquidity Position

Poor

The company's liquidity position is poor, marked by negative net cash accruals against the maturing debt obligations. The company is not generating any cash and all the debt repayments are being fulfilled from the interest-bearing unsecured loans by the promoters. The working capital management of the company is moderate, marked by GCA days of 80 days in FY2023 as against 60 days in FY2022. The company maintains unencumbered cash and bank balances of Rs.6.29 crore as on March 31, 2023. The current ratio stands at 0.11 times as on March 31, 2023 as against 0.1 times as on 31 March, 2022.

Acuite believes the liquidity of the company may continue to remain poor as long as improvement is seen in the cash accruals from the business.

Outlook: Stable

Acuité believes the outlook on WLPL will continue to remain 'Stable' over the medium term backed by established track record of operations. The outlook may be revised to 'Positive' if the company is able to significantly improve the scale of operations with higher occupancy levels. Conversely, the outlook may be revised to 'Negative' in case of any further addition of

debt for the company leading to further deterioration in the financial risk profile or liquidity of the company.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	40.16	41.83
PAT	Rs. Cr.	(33.77)	(20.36)
PAT Margin	(%)	(84.09)	(48.66)
Total Debt/Tangible Net Worth	Times	(1.65)	(1.87)
PBDIT/Interest	Times	(0.07)	0.38

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Saraswat Bank	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE B Stable Assigned
Saraswat Bank	Not avl. / Not appl.	Funded Interest Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Dec 2025	Simple	1.90	ACUITE B Stable Assigned
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Jun 2025	Simple	18.10	ACUITE B Stable Assigned

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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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