

April 02, 2024

Laila Hotels and Resorts Pvt. Ltd.: Ratings Moved to Non-Cooperating category, Ratings downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loans	38.47	38.47	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and Rating moved to 'Issuer Not Cooperating' Category.
Long-term – Unallocated	21.53	21.53	[ICRA]B+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and Rating moved to 'Issuer Not Cooperating' Category.
Total	60.00	60.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has downgraded and moved the bank loan ratings for **Laila Hotels and Resorts Pvt. Ltd.** to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]B+(Stable); ISSUER NOT COOPERATING"

The rating downgrade is because of lack of adequate information regarding **Laila Hotels and Resorts Pvt. Ltd.** performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with **Laila Hotels and Resorts Pvt. Ltd.**, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities : [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology - Hotels Policy in respect of Non-cooperation by a rated entity
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of LHRPL.

About the company

Incorporated in 2001, LHRPL has set up a 122-room four-star hotel in Vijayawada, Andhra Pradesh, under the Lemon Tree Premier brand. In the same premises, the company has constructed a shopping mall and multiplex. LHRPL has completely leased out the shopping mall to Future Market Networks Limited (FMNL) and the multiplex is leased to INOX Leisure Ltd. LHRPL is promoted by Mr. G. Ganga Raju and family and is a part of the Laila Group of Companies, which is involved in diverse businesses such as sugar, paper, nutraceuticals and education. As of December 31, 2022, the hotel and Innox have been occupied, while the shopping mall is expected to be occupied by new vendors in FY2024.

Key financial indicators (audited)

	FY2022	FY2023
Operating income (Rs. crore)	19.2	40.4
PAT (Rs. crore)	-2.6	7.6
OPBDIT/OI (%)	22.2%	44.3%
PAT/OI (%)	-13.7%	18.7%
Total outside liabilities/Tangible net worth (times)	14.3	7.9
Total debt/OPBDIT (times)	29.0	6.5
Interest coverage (times)	2.0	5.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Note: Amount in Rs. crore; All calculations are as per ICRA Research; Source: Company data, ICRA Research

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount o/s as of Mar 31, 2022 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				Apr 02, 2024	-	Jan 31, 2023	Oct 07, 2021
1 Term loans	Long term	38.47	36.77	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	-	[ICRA]BB(Stable)	[ICRA]BB(Negative)
2 Unallocated	Long term	21.53	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	-	[ICRA]BB(Stable)	[ICRA]BB(Negative)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term – fund-based – Term loans	Simple
Long-term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan – 1	FY2020	NA	FY2028	19.57	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Term loan – 2	FY2020	NA	FY2027	5.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Term loan – 3	FY2020	NA	FY2027	5.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	ECLGS loan	FY2022	NA	FY2029	8.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	ECLGS loan	FY2021	NA	FY2025	0.90	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Unallocated	NA	NA	NA	21.53	[ICRA]B+(Stable); ISSUER NOT COOPERATING

Source: LHRPL

Annexure-II: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

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Branches



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