

October 03, 2017

## Maberest Hotels Private Limited

### Summary of rated instruments

Instrument <sup>^</sup>	Rated Amount (in crore)	Rating Action
Fund Based Limit	9.50	[ICRA]BB-(Stable) ISSUER NOT COOPERATING*; Rating moved to the 'Issue Not Cooperating' Category
Non Fund Based Limit	0.50	[ICRA]A4 ISSUER NOT COOPERATING*; Rating moved to the 'Issue Not Cooperating' Category
<b>Total</b>	<b>10.00</b>	

<sup>^</sup>Instrument Details captured under Annexure-1

\* Issuer did not co-operate; based on best available information.

### Rating action

ICRA has moved the ratings for the Rs. 10.00 crore bank facilities of Maberest Hotels Private Limited (MHPL or 'The Company') to the 'Issuer Not Cooperating' category. The rating is now denoted as "[ICRA] BB-(Stable)/ [ICRA]A4 ISSUER NOT COOPERATING"

### Rationale

The rating is based on limited or no updated information on the entity's performance since the time it was last rated in April, 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity's credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with MHPL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

### Key rating drivers

#### Credit strengths

- **Long standing experience of the promoters in the hospitality industry**– Incorporated in 1972, MHPL owns and operates the 103 room business hotel "Hotel Fidalgo" at Panjim in Goa. The promoter, Mr. Jayant Shetty who purchased this property as an asset buyout in the year 2002-03 from the earlier promoters, has an extensive experience in the hospitality and the real estate industry. During FY 2016, MHPL also started operations of new discotheque "Nyex beach club" at Anjuna, Goa.

### Credit weaknesses

- **Intense competition from branded 4/5-star properties in Panjim; however strategic price point positioning helps sustain performance**– The Panjim hotel market witnesses demand primarily from business travelers, conferences and walk-ins. Leisure travelers are few since they prefer to stay near the beaches either in north or south Goa. Panjim currently has four properties in the 4/5-star category which cater to the above segments all of which are in the vicinity and are about 2-3 km apart. Vivanta and Marriott are upper upscale/5-star properties with well established brands with the former being opened five years ago and the latter about 12-13 years old. Hotel Fidalgo is an old 4-star unbranded properties and faces competition from these branded properties catering to the same segment.
- **Small scale of operations with concentration on a single hotel property in Goa** - The scale of operations of the company remains small with dependence on the 103 room business hotel “Hotel Fidalgo” at Panjim, Goa. The revenues of the company remained stagnant during the period FY 2013- FY 2015 at ~Rs 22.00 crore mainly on account of sluggish demand from the business travellers.
- **Vulnerability to general industry risks - cyclical, general economic slowdown and exogenous shocks**

### Analytical approach:

For arriving at the ratings, ICRA has applied its rating methodologies as indicated below

### Links to applicable Criteria

[Corporate Credit Rating Methodology](#)

[Rating Methodology for Entities in the Hotel Industry](#)

### About the company:

Maberest Hotels Private Limited (MHPL), incorporated on 29th May 1972, owns and operates the 103 room business hotel “Hotel Fidalgo” at Panjim in Goa. The company is promoted by Mr. Jayant Shetty and is closely held. The property was running under the name “Hotel Fidalgo” under a different management till 1998-99 when it was closed down and put up for sale. Mr. Jayant Shetty then purchased it as an asset buyout in 2002-03. Post his purchase, Mr. Shetty refurbished the hotel, added new restaurants and started the hotel again in phases (October 2005 and October 2006) under the same name “Hotel Fidalgo”. During FY 2016, MHPL also started operations of new discotheque “Nyex beach club” at Anjuna, Goa.

**Key Financial Indicators: (Audited)**

	<b>FY2014</b>	<b>FY2015</b>
Operating income (Crores)	21.9	22.3
PAT (Crores)	0.8	0.9
OPBDIT/ OI (%)	16.0%	14.7%
RoCE (%)	12.3%	10.1%
Total Debt/ TNW (times)	1.4	1.7
Total Debt/ OPBDIT (times)	5.7	8.1
Interest coverage (times)	2.9	4.4
NWC/ OI (%)	3%	-2%

*OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation;*

*ROCE: PBIT/Avg(Total Debt + Tangible Net Worth + Deferred Tax Liability - Capital Work-in Progress); NWC: Net Working Capital*

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:**
**Table:**

S.No	Instrument	Current Rating (FY2018)*			Chronology of Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crores)	Date & Rating	Date & Rating in FY2017	Date & Rating in FY2016	Date & Rating in FY2015
				<b>October 2017</b>	<b>April 2016</b>	-	-
1	Cash Credit	Long Term	6.00	[ICRA]BB-(Stable) ISSUER NOT COOPERATING*	[ICRA]BB-(Stable)	-	-
2	Term Loan	Long Term	3.50	[ICRA]BB-(Stable) ISSUER NOT COOPERATING*	[ICRA]BB-(Stable)	-	-
3	Bank Guarantee	Short Term	0.50	[ICRA]A4 ISSUER NOT COOPERATING*	[ICRA]A4	-	-

\* Issuer did not co-operate; based on best available information

**Complexity level of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

**Annexure-1  
Instrument Details**

<b>Instrument</b>	<b>Date of Issuance/ Sanction</b>	<b>Coupon rate</b>	<b>Maturity Date</b>	<b>Size of the issue (Rs. crore)</b>	<b>Current Rating and Outlook*</b>
Cash Credit	-	-	-	6.00	[ICRA]BB-(Stable) ISSUER NOT COOPERATING*
Term Loan	FY2016	12.55%	FY2026	3.50	
Bank Guarantee	-	-	-	0.90	[ICRA]A4 ISSUER NOT COOPERATING*

Source: Maberest Hotels Private Limited; \* Issuer did not co-operate; based on best available information; NA: Not available

## Contact Details

### Analyst Contacts

**Subrata Ray**

+91 22 6114 3408

[subrata@icraindia.com](mailto:subrata@icraindia.com)

**Tushar Bharambe**

+91 22 6169 3350

[tushar.bharambe@icraindia.com](mailto:tushar.bharambe@icraindia.com)

**Poorva Ravindra Shelke**

+91 22 6114 3411

[poorva.shelke@icraindia.com](mailto:poorva.shelke@icraindia.com)

**Suprio Banerjee**

+91 22 6114 3443

[supriob@icraindia.com](mailto:supriob@icraindia.com)

### Relationship Contact

**Jayanta Chatterjee**

+91 80 4332 6401

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

About ICRA Limited:

**ICRA Limited** was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500