



Press Release

SR Jungle Resort (SRJR)

May 27, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (INR Crore)	Rating Assigned
1	Term Loan	18.71	IVR BB-/ Stable Outlook; (IVR Double B Minus with Stable Outlook)
2	Working capital(OD)	3.00	IVR A4 (IVR A Four)
Total		21.71	

Details of facilities are in Annexure 1

Rating Rationale

The rating derives strength from experienced promoters & management team, significant growth in operations, location advantage & strong gearing ratio. The rating however is constrained by initial stage and small scale of operations and highly competitive industry.

Key Rating Sensitivities:

Upward Factors

- Increase in operating income along with improvement in EBITDA Margin.

Downward Factors

- Any decline in scale of operation & profitability

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Promoters & Management

S R Jungle Resort (SRJR) was established in 2017. The firm is into the business of management of hotels with experienced partners namely Mr. Santhosh & Mrs. S. Motchapriya. The partners are having experience in the field of resort and various other type of business for the past one decade. Both partners are having equal share in the firm.



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Significant growth in operations & EBITDA margin

FY20 was the first full year of operation for Phase 1. Revenue grew by around 93% Y-O-Y to Rs. 10.52 crore in FY20 provisional. EBITDA margin improved to 35.57% in FY20 from 8.08% in FY19.

Location Advantage:

SRJR enjoys preference over other hotels as it is being located in the outskirts of city preferred as a idle place for holiday, corporate meetings & conferences. SRJR is spread over 8 acres on the Western Ghats situated about 40 km from the Coimbatore International Airport and 28 km from the Coimbatore Railway Station.

Strong gearing ratio

The overall gearing ratio of the Company is comfortable & stands at 0.45x in FY20 (Provisional) & 0.09x in FY19. The Total outside liabilities to Tangible Net Worth of the Company stood at 0.46 in PFY20 & 0.09x in FY19.

Key Rating Weaknesses

Initial stage and small scale of operations

The commercial operations of the Company are still at an initial stage with Phase I of SRJR which was started from May 2018 & construction of Phase II was also completed in February 2020. Thus, the EBITDA Margin is stood at 35.57% in FY20 (Provisional) & 8.08% in FY19. PAT & PBT Margins both stood at 2.33% in FY20 (Provisional) and 1.89% FY19.

Highly competitive industry

Entity faces tough competition from well established brands and upcoming hotels located in Coimbatore, Tamil Nadu, which could impact its occupancy level and pricing flexibility in near future. However, the SRJR enjoys preference over other hotels being located outskirts of city.



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Analytical Approach & Applicable Criteria:

Standalone

Rating methodology for service companies

Financial ratios and Interpretation (Non-Financial Sector)

Liquidity: Adequate

The company is earning GCA Rs.0.31crore during FY19 and Rs.2.17 crore in FY20 provisional, the same is expected to increase gradually with increase in scale of operation and level of margin as FY19 being the first full year of operation for phase I. Total debt to GCA stood at 13.08 times in FY19 which further improves to 10.07 times in FY20 Provisional.

About the firm

S R Jungle Resort (SRJR) was established in 2017at Anaikatti, Coimbatore as a Partnership concern, Commercial operations of phase 1 commenced from May 2018. Phase II expected to operational from 2QFY21. The resort is having in total 78 rooms (Including Phase I & Phase II) along with other amenities such as swimming pools, Board meeting rooms, Multi cuisine restaurants, indoor halls, open auditorium etc.

Financials (Standalone)

(INR Crore)

For the year ended / As on	31-Mar-19 (A)	31-Mar-20 (P)
Total Operating Income	5.44	10.52
EBITDA	0.44	3.74
PAT	0.10	0.25
Total Debt	4.02	21.84
Tangible Net worth	45.51	48.03
EBIDTA Margin (%)	8.08	35.57
PAT Margin (%)	1.89	2.33
Overall Gearing ratio (x)	0.09	0.45

* Classification as per Infomerics' standards

Details of Non Cooperation with any other CRA: N.A.



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9.1 Any other information: N.A,

Rating History for last three years:

Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
	Type	Amount outstanding (INR. Crore)	Rating	Rating assigned in 2019-20	Rating assigned in 2018-19	Rating assigned in 2017-18
Long Term Facilities	Term Loan	18.71	IVR BB-/Stable Outlook	--	--	--
Short Term Facilities	Working capital(OD)	3.00	IVR A4	--	--	--
	Total	21.71				

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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Annexure 1: Details of Facilities

S. no	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR crore)	Rating Assigned/ Outlook
1	Long Term Bank Facilities – Term Loan	--	--	Upto Oct 2027	18.71	IVR BB-/ Stable Outlook
2	Short Term Bank Facilities -	--	--	Revolving	3.00	IVR A4
Total					21.71	