# TGB Banquets and Hotels Limited

April 01, 2021

**Ratings**

| Facilities | Amount (Rs. crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term Bank Facilities | 11.00 (Rupees Eleven Crore Only) | **CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)** | **Rating continues to remain under ISSUER NOT COOPERATING category; and revised from CARE BB-; Stable; (Double B Minus; Outlook: Stable); ISSUER NOT COOPERATING** |

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE had, vide press release dated February 19, 2021, placed the rating of TGB Banquets and Hotels Limited (TGB) under the 'Issuer Non-cooperating' category as the company had not provided requisite information and surveillance fees for monitoring the ratings. Further, TGB has not submitted monthly No Default Statement (NDS) for the month of January, February and March 2021 and continues to be non-cooperative. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which, however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

*The revision in rating assigned to the bank facilities of TGB takes into account delays in its debt servicing obligations as informed by its lender.*

**Key Rating Weakness**

***Delays in debt servicing***

As per interaction with the lender of TGB, the lender has informed that the company had availed moratorium for the period March-August 2020 for interest on working capital limit and the accumulated interest of this period was converted into Funded Interest Term Loan (FITL) of Rs.0.52 crore which was required to be paid in full on or before March 31, 2021. However, the same remained unpaid as on March 31, 2021. Further, the banker has informed that there are instances of overdrawal in its cash credit account for a period of 8-10 days mainly due to non-payment of interest charged at the end of the month.

**Analytical Approach:** Standalone

**Applicable Criteria:**

Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Financial Ratios – Non Financial Sector
Rating Methodology - Hotel Industry
Liquidity Analysis of Non-Financial Sector Entities

**About the Company**

Ahmedabad based TGB (renamed on April 19, 2013) was incorporated in 1999 as Bhagwati Banquets & Hotels Ltd by Mr. Narendra Somani. TGB commenced its operations in June 2002 with a three-star hotel property located in Ahmedabad, Gujarat. Presently, TGB owns a hotel property at Ahmedabad. TGB also provides outside catering service and manages properties such as Karnavati club, Agrasen Foundation and Patang (a revolving restaurant) in Ahmedabad on management contract basis.

| Brief Standalone Financials of TGB | 2019 (A) | FY20 (A) |
|---|---:|---:|
| Total Operating Income | 81.12 | 33.98 |
| PBILDT | (33.87) | (14.27) |
| PAT | (54.25) | 0.86 |
| Overall Gearing (x) | 0.11 | 0.12 |
| PBILDT / Interest (x) | -ve | -ve |

*A: Audited*

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

During 9MFY21 (UA), TGB incurred net loss of Rs.7.55 crore on a total operating income (TOI) of Rs.10.30 crore as against TOI of Rs.25.31 crore and PAT of Rs.1.27 crore in 9MFY20 (UA).

**Status of non-cooperation with previous CRA:** Not Applicable
**Any other information:** Not Applicable
**Rating History for last three years:** Please refer Annexure-2
**Complexity level of various instruments rated for this Company :** Please refer Annexure-3
**Annexure-1: Details of Instruments/Facilities**

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|---|---|---|---|---|---|
| Fund-based - LT-Cash Credit | - | - | - | 7.00 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - LT-Bank Guarantees | - | - | - | 4.00 | CARE D; ISSUER NOT COOPERATING* |

**Issuer did not cooperate; Based on best available information*

**Annexure-2: Rating History of last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 |
| 1. | Fund-based - LT-Cash Credit | LT | 7.00 | CARE D; ISSUER NOT COOPERATING* | 1)CARE BB-; Stable; ISSUER NOT COOPERATING* (19-Feb-21) | 1)CARE BB; Stable (11-Dec-19) | 1)CARE BB; Stable (13-Dec-18) | 1)CARE BB; Stable (03-Nov-17) 2)CARE B+; Stable (07-Apr-17) |
| 2. | Non-fund-based - LT-Bank Guarantees | LT | 4.00 | CARE D; ISSUER NOT COOPERATING* | 1)CARE BB-; Stable; ISSUER NOT COOPERATING* (19-Feb-21) | 1)CARE BB; Stable (11-Dec-19) | 1)CARE BB; Stable (13-Dec-18) | 1)CARE BB; Stable (03-Nov-17) 2)CARE B+; Stable (07-Apr-17) |
| 3. | Fund-based - LT-Term Loan | LT | - | - | - | - | - | 1)Withdrawn (03-Nov-17) 2)CARE B+; Stable (07-Apr-17) |

**Issuer did not cooperate; Based on best available information*

**Annexure-3: Complexity level of various instruments rated for this Company**

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1. | Fund-based - LT-Cash Credit | Simple |
| 2. | Non-fund-based - LT-Bank Guarantees | Simple |

***Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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**About CARE Ratings:**
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.



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