

Mahalaxmi Castles and Villas Private Limited

July 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	43.50 (Enhanced from 42.00)	CARE BB-; Stable	Rating removed from ISSUER NOT COOPERATING category and reaffirmed
Short Term Bank Facilities	3.50	CARE A4	Assigned
Long Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The short-term rating assigned to the bank facilities of Mahalaxmi Castles and Villas Private Limited (MCVPL) factors in small scale of operations, single property risk and project implementation risk. Further, the ratings continue to remain constrained on account of significant term loan obligations in the near to medium term and competitive and cyclical nature of industry. These rating weaknesses are partially offset by experienced promoters, location advantage and multiple banquet halls under single property.

CARE has withdrawn long term rating assigned to the cash credit facility of the company on receipt of no dues certificate from the respective lender.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Completion of the project within the cost estimated of Rs 28.34 crores.
- Improvement in the scale of operations as marked by total operating income of above Rs 20.00 crore on sustained basis.

Negative factors

- Increase in the overall cost of the project beyond 28.34 crores.
- Decrease in scale of operations as marked by total operating income below Rs.10.00 crore on sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall continue to benefit from experience of its promoter group as well as location advantage of the resort.

Detailed description of the key rating drivers:

Key weaknesses

Small Scale of Operations

The scale of operations of the company remained small but are increasing from covid years on account of increasing vaccination and less restrictions. In FY24 (refers to the period from April 01, 2023 to March 31, 2024) (provisional), the company's revenue increase to Rs 15.24 crores (PY: Rs 13.60 crores) marking y-o-y (year on year) growth of 12%. The company is expecting increase in revenue in the coming years on account of expansion of the resort.

Single Property Risk

The company has only one property from where they get their income from, a significant change in the competition environment or any accidents can cause losses to the company. In 2020 there was a fire breakout in the resort because of which the company has suffered losses. However, because of the insurance cover, they were able to get a claim of 7.81 crore.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Project execution risk

The company has currently 79 rooms but in wedding season they have higher demands for rooms. Hence, the company has considered construction of total 148 rooms so that they can accommodate all the guest in their resort only. Currently, there's one 2 storey building with basement now the company will be constructing 2 floors on the new building in the open space available for constructing 74 rooms, one gym and one kid play area. The total cost of the project is Rs 28.34 crores, funded through 18 crores of term loan (sanctioned by Union Bank of India) and Rs 7.33 crores through realisation of loans and advances and remaining through internal accruals. The construction of the project has started in November 2023 and is expected to be completed by March 2026. The company has incurred total cost of Rs 11 crores funded through Rs 6.60 crores of term loan and remaining through realisation of loans and advances, and promoters' funds till July 17, 2024.

Key strengths

Experienced Management

The company is managed by three directors. Mr Suresh Bansal is the Managing Director, who is a graduate and has vast experience in diversified businesses. He started his business career in year 1970 in Jind (Haryana) in FMCG Business and is one of the renowned businessmen of Jind and surrounding area of Haryana. Mr Suresh Chand Bansal (Director) also has an experience in running of 5 Star hotel (Park Plaza –Maya Puri Delhi). He left the hotel Park Plaza in 2013 and started the construction of Palm Green resort.

Mr Amit Bansal, Director, is commerce graduate from Delhi University is actively engaged in the business of Mahalaxmi Castles and Villas Private Limited. He is into the hospitality business since 2010 and is looking in to marketing and other business developments activities of the company. Smt. Payal Bansal is graduate from Delhi university and is wife of Sh. Amit Bansal and having shareholding 7.07 % of the company. She is also one of the directors of the company is looking into administrative functions of the company. She is also managing human resource department of the company.

Location Advantage

The resort is located in the NH-1 G.T. Karnal Road, making it a good place for Delhiites for both corporate purpose and social occasions. The resort has a capacity to accommodate 3,000 people and has parking facility for almost 500 vehicles.

Multiple Banquet Halls under single property

Although the company has only one property, they have multiple banquet halls under the property. The Resort is having four Banquet Halls and two open lawns on an area spreading 30,000sq. ft to 55,000sq.ft. which can facilitate accommodation of 3,000 at max on indoor and outdoor facilities.

Liquidity: Stretched

The company's liquidity remains stretched on account of higher gross loan repayment of Rs 5.09 crores as against projected GCA of Rs 4.50 crores for FY25. The company has cash and bank balance of Rs 5.30 crores available as on March 31, 2024 (Prov.) which will be used for repayment of the loan and as per the management the shortfall will be funded through infusion of funds by promoters in form of unsecured loans as seen in the past years. The working capital utilisation also remained high at 90% for trailing 12 months ended June 30, 2024, as confirmed by the banker.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

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About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Mahalaxmi Castles and Villas Private Limited was incorporated in May 18th, 2005 having its Registered office situated at Palm Green, New Delhi. The company was incorporated by Mr Shashi Chawla, Mrs. Mona Chawla & Mr. Sushil kumar Aggarwal. In 2007, they sold their equity to Mr Rattan Lal Jain, Mr. Laxmi Chand Aggarwal and Mrs Swati Gupta. In 2013-14 Mr. Suresh Chand Bansal and his family took over the full control of the company and got all the equity transferred in their family member/group concern name. The company is engaged in the resort business with the name "Palm Green". The company constructed the present infrastructure comprising 79 rooms. The different categories of rooms like Single, Double, Family, Suite and Presidential Suite. The resort has leisure facilities provided on the resort hotel property, including outdoor pool, walking and running track, etc. The Resort is having four Banquet Halls and two open lawns on an area spreading 30000sq.ft to 55000sq.ft. which can facilitates accommodation of 3,000 at max on indoor and outdoor facilities.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	13.60	15.24
PBILDT	5.47	6.19
PAT	0.86	1.01
Overall gearing (times)	1.04	1.48
Interest coverage (times)	1.86	1.61

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	19-09-2032	43.50	CARE BB-; Stable
Fund-based - ST-Bank Overdraft	-	-	-	-	3.50	CARE A4

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (22-Mar-24)	1)CARE BB-; Stable (29-Mar-23)	-
2	Fund-based - LT-Term Loan	LT	43.50	CARE BB-; Stable	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (22-Mar-24)	1)CARE BB-; Stable (29-Mar-23)	-
3	Fund-based - ST-Bank Overdraft	ST	3.50	CARE A4	-	-	-	-

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

LT: Long term; ST: Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Bank Overdraft	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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