

Maitraya Hospitality LLP (Revised)

January 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	55.37	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Maitraya Hospitality LLP (MHL) to monitor the rating vide e-mail communications/letters dated November 15, 2024, August 07, 2024, July 26, 2024, July 10, 2024 and numerous phone calls. However, despite our repeated requests, it has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on MHL's bank facilities will now be denoted as CARE BB; Stable; ISSUER NOT COOPERATING*

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

The rating takes into account the inherent risks associated with cyclical and competitive hospitality sector, constitution as LLP firm, high geographical concentration risk due to single property located in Vadodara and moderate scale of operations. The rating also takes into account MHL's experienced and resourceful promoters having a long-standing experience in the hospitality sector in USA, location advantage and its association with renowned brand Marriott Hotels India Private Limited 'Marriot'. Rating continues to benefit from comfortable capital structure and operating cycle.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on January 4, 2024, the following were the rating strengths and weaknesses (updated for the information available from the registrar of companies (ROC)):

Key weaknesses

Moderate scale of operations albeit successful scaling up

FY23 being the first full year of operation, MHL's operating income grew significantly to Rs.27.25 crore owing to improved occupancy ratio and average room rate. The OR (Occupancy ratio) has further increased to 71% during 9MFY24 from 68% in FY23. ARR and RevPAR have also improved during 9MFY24 and remained in the range of Rs.6000 to Rs.7000. MHL's operating income grew to Rs. 33.36 crore in FY24. Currently MHL is among the highest paid hotels in Vadodara and most preferred stay location for corporate clients.

Inherent risks associated with cyclical and competitive hospitality sector

MHL like any other hospitality player is exposed to inherent cyclicity and macro-economic factors over and above international and domestic demand supply, competition and other socio-economic factors. These risks can impact the OR and thereby the company's profitability.

Constitution as a LLP firm

MHL, being a LLP firm, is exposed to inherent risk of withdrawal of capital by the partners, which may exert pressure on financial flexibility of the firm. Also, the constitution restricts MHL's overall financial flexibility in terms of limited access to external funds for any future expansion plans.

High Geographical concentration risk due to single property located in Vadodara

MHL is exposed to geographic concentration risk as it operates a single hotel property in Vadodara. There exists stiff competition among premium hotels in Vadodara which are in nearby vicinity and focus majorly on catering to corporate clients

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

Key strengths

Experienced and resourceful promoters having a long-standing experience in hospitality sector in USA

MHL is promoted by experienced and resourceful partners of NewcrestImage, a Texas-based hotel development and management firm established in 1977. NewcrestImage designs, builds, and operates hotels with most of the renowned brands in the hospitality industry. This group currently has a portfolio of 73 hotels having a total room inventory of more than 16000 rooms.

Strategic location of hotel, its association with renowned brand 'Marriot' and increasing footfall because of SOU Tourism

MHL had entered into 10-year Franchise agreement with Marriott, one of the world's leading hotel operators. Marriott's global brand presence and well-established marketing set up is envisaged to help MHL in tie-ups with corporates as well as in attracting tourists through its marketing channel and its loyalty programs. Further, the hotel is located at one of the prime locations of Vadodara and is well connected with major industrial zones. Additionally, footfall is also expected to increase because of Statue of Unity tourism.

Comfortable capital structure

Capital structure of the company remained comfortable, as marked by the overall gearing of 0.85x as on March 31, 2024 (compared to 0.93x times as on March 31, 2023). Also, Total debt to gross cash accruals (TD/GCA) improved to 10.76x in FY24 compared to 48.18x in FY23.

Comfortable operating cycle

The operating cycle of the MHL is comfortable and stood negative on account of low collection period. Furthermore, inventory days remained low due to low shelf life of food and beverage items and fast turnover of the same due to inherent nature of business. Operations are majorly funded through creditors, average creditor period stood at 16 days in FY24. Inventory days remained at 1 day in FY24 & FY23, whereas collection days remained stable at 6 days in FY24 as well as in FY23.

Liquidity: Stretched

The liquidity position remained stretched characterised by tightly marked accruals against repayment obligations and free cash balance of Rs. 0.88 crore as on March 31, 2024 as compared to Rs.1.13 crore as on March 31, 2023. However, in case of any exigency, the promoters are committed to infuse funds for the operational and financial requirements of the company. Further, the current ratio and quick ratio stood at 3.56 times and 3.53 times respectively as on March 31, 2024 (compared to 3.07 times and 3.05 times respectively as on March 31, 2023). The cash flow from operations was at Rs. 7.33 crore in FY24 (compared to Rs. 8.38 in FY23).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Hotel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Vadodara, Gujarat based Maitraya Hospitality LLP (MHL), limited liability partnership firm was established on December 11, 2017. The firm is promoted by Mr. Sanjay Bhikhubhai Patel, Mr. Daxesh Sumanlal Patel and Mr. Yogesh Manubhai Patel. MHL has entered into an agreement for its sole upcoming hotel property with Marriott and which has become operational from December 2021 under the branding of "Courtyard by Marriott Vadodara Sarabhai Campus". The property has 121 rooms ranging from Deluxe category to Executive suits. The hotel also has other facilities including 3 banquet halls, spa, gymnasium, swimming pool, meeting room, a multi cuisine restaurant, coffee shop and basement for parking.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	27.25	33.36
PBILDT	6.81	10.71
PAT	-2.80	-0.55
Overall gearing (times)	0.93	0.85
Interest coverage (times)	1.21	2.08

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Term Loan		-	-	July -2031	43.20	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working capital Term Loan		-	-	Nov 2025	12.17	CARE BB; Stable; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for 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-Term Loan	LT	43.20	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (04-Jan-24)	1)CARE BB; Stable (04-Jan-23)	1)CARE BB; Stable (13-Oct-21)
2	Fund-based - LT-Working capital Term Loan	LT	12.17	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (04-Jan-24)	1)CARE BB; Stable (04-Jan-23)	1)CARE BB; Stable (13-Oct-21)

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working capital Term Loan	Simple

Annexure-5: Lender details

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

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

Contact us

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About us:

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Disclaimer:

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