

## Landmark Leisures & Hotels Private Limited

April 17, 2025

| Facilities/Instruments    | Amount (₹ crore) | Rating <sup>1</sup> | Rating Action |
|---------------------------|------------------|---------------------|---------------|
| Long Term Bank Facilities | 25.00            | CARE B+; Stable     | Assigned      |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Landmark Leisures & Hotel Private Limited (LLHPL) remains constrained by modest scale of operations, leveraged capital structure, moderate debt coverage indicators, geographical concentration and presence in a highly fragmented and competitive industry. However, ratings continue to derive strength from experienced promoter and long-standing track record of the company and healthy profitability.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in scale of operation beyond Rs.25 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of 50% on a sustained basis.
- Improvement in the capital structure as marked by overall gearing ratio / Total debt to PBILDT of below 2.5x on a sustained basis.

#### Negative factors

- Decline in scale of operations with TOI below Rs. 12 crore and/or decline in PBILDT margin below 30%.
- Any un envisaged debt funded capex leading to further deterioration in capital structure and debt coverage indicators

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings believes that the company will continue to benefit from its experienced promoters along with favourable demand outlook.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Modest scale of operations

Total Operating Income (TOI) remained modest and fluctuating over the past five years ended FY24 (FY refers to the period from April 01 to March 31). TOI of the company remained at Rs.13.98 crore in FY24, compared to Rs.14.55 crore in FY23. TOI further declined to Rs. 13.21 crore in FY25 (UA). Being a hospitality company room rent contributed around 42.85% to the TOI during FY24 (FY23:47.22%) whereas revenue from food sales, income from banquet, trading of liquor accounted for around 57.15% of the TOI in FY24 (FY23: 52.78% of TOI).

##### Leveraged capital structure and moderate debt coverage indicators

The capital structure of the company stood highly leveraged marked by an overall gearing of 96.01x as on March 31, 2024, as against 746.18x as on March 31, 2023. Reduction in total debt from Rs. 44.97 crore as on March 31, 2023 to Rs.42.18 crore and accretion of profits to net worth base have led to change in overall gearing. Total debt comprises of term loans, working capital borrowings and unsecured loans from promoter. Total Outside Liabilities /Tangible Net worth stood high at 99.04x as on March 31, 2024 (Previous Year:777.48x as on March 31, 2023).

The company's coverage indicators stood moderate marked by total debt to gross cash accruals (TD/GCA) of 12.42x during FY24 (11.78x in FY23), on account of reduction in profitability in FY24 as compared to FY23 resulting in reduced GCA. Furthermore, the interest coverage ratio stood stable at 1.91x during FY24 (PY:1.91x), on account of proportionate reduction in PBILDT and finance cost.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Geographical concentration

The company derives its revenues from properties in single region i.e., Malad, Mumbai. This exposes LLHPL to significant geographical concentration risk as the fortunes shall be linked to general economic trends in the geographical area where it is which may affect operational and financial performance of the properties. However, these can be mitigated to some extent by diversifying the service offerings into different market segments such as Leisure, Business, and Wedding customers.

### Presence in a highly fragmented and competitive industry

The Indian hospitality industry is highly fragmented, with numerous organized and unorganized players across various regions. The cyclical nature of the hotel industry and increasing competition from established and new hotels, due to low entry barriers, may impact company's performance. Despite this, the demand for hotel rooms is expected to grow steadily in the medium term due to increased commercial and tourism activity and economic growth. However, the presence of many luxury hotels nearby can pressure occupancy rates and average room rates (ARR).

### Key strengths

#### Experienced Promoters

Landmark Leisures & Hotels Private Limited (LLHPL) was founded on August 10, 2010, by Mr. Prabhakar K. Shetty, a hospitality professional with 36 years of industry experience. Under his leadership, LLHPL has established its presence in Mumbai's western suburbs. He is actively involved in overseeing the company's operations and strategic direction. Mrs. Geetha P. Shetty, with 34 years of experience in hospitality management, plays a key role in operational and administrative functions. Ms. Sheetal P. Shetty, a Hotel Management graduate with eight years of experience, contributes to the day-to-day operations and development of new initiatives.

Together, the promoter family has driven LLHPL's growth, establishing and managing hotel and banquet properties, including Landmark Residency and Hotel Sheetal Residency in Malad. Their combined expertise continues to shape the company's hospitality offerings across several well-known dining and event venues in Mumbai.

#### Healthy profitability

LLHPL's operating profitability exhibited a volatile trend with a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin within the range of 47-55% in the past three years ended FY24. It stood healthy at 50.94% during FY24, largely in line with previous year on account of stable input costs. Profit after Tax (PAT) margin stood modest on account of sizeable interest and depreciation costs. Return on capital employed (ROCE) stood moderate at 12.15% during FY24 (PY: 14.07%).

#### Liquidity: Stretched

Liquidity profile of the company stood stretched marked by weak current ratio, low quick ratio, high utilisation of its working capital borrowings, moderate cash accruals against high debt repayments resulting in reliance on promoters' funds for debt repayment. While the current ratio was at 0.09x, its quick ratio remained low at 0.06x as on March 31, 2024. Its average bank limits utilisation stood high at 90.05% during last 12 months ended March 2025. While cash-flow from operations was positive at Rs.7.12 crore in FY24, unencumbered cash and bank balance was around Rs.0.13 crore as on March 31, 2024.

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

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

### About the company and industry

#### Industry classification

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

Landmark Leisures & Hotels Private Limited (LLHPL) was founded by Mr. Prabhakar Shetty on August 10, 2010. The company is a prominent player in the hospitality sector, operating two A-grade hotels under the brand names Landmark Residency and Hotel Sheetal Residency, both located in Malad, Mumbai. These hotels have a combined inventory of 45 rooms.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | March 31, 2025 (UA) |
|----------------------------|--------------------|--------------------|---------------------|
| Total operating income     | 14.55              | 13.98              | 13.21               |
| PBILDT                     | 7.98               | 7.12               | NA                  |
| PAT                        | 0.94               | 0.38               | NA                  |
| Overall gearing (times)    | 746.18             | 96.01              | NA                  |
| Interest coverage (times)  | 1.91               | 1.91               | NA                  |

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Nil

**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 |
|------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Term Loan-Long Term    |      | -                             | -               | December-2036              | 25.00                       | CARE B+; Stable                    |

#### 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 2025-2026 | 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 |
| 1       | Term Loan-Long Term                    | LT              | 25.00                        | CARE B+; Stable |   |   |   |   |

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       | Term Loan-Long Term    | 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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| <b>Media Contact</b><br><br>Mradul Mishra<br>Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3596<br>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a><br><br><b>Relationship Contact</b><br><br>Ankur Sachdeva<br>Senior Director<br><b>CARE Ratings Limited</b><br>Phone: 912267543444<br>E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a> | <b>Analytical Contacts</b><br><br>Akhil Goyal<br>Director<br><b>CARE Ratings Limited</b><br>Phone: 022-67543590<br>E-mail: <a href="mailto:akhil.goyal@careedge.in">akhil.goyal@careedge.in</a><br><br>Darshan Shah<br>Assistant Director<br><b>CARE Ratings Limited</b><br>Phone: 022-67543408<br>E-mail: <a href="mailto:Darshan.shah@careedge.in">Darshan.shah@careedge.in</a><br><br>Vatsalkumar Jain<br>Analyst<br><b>CARE Ratings Limited</b><br>E-mail: <a href="mailto:Vatsal.Jain@careedge.in">Vatsal.Jain@careedge.in</a> |
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### About us:

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### Disclaimer:

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