

TGB Banquets and Hotels Limited

March 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	5.28	CARE B+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Long-term rating assigned to bank facilities of TGB Banquets and Hotels Limited (TGB) continues to remain constrained considering its stretched liquidity, thin profitability reported in FY25 (refers to April 01 to March 31), high exposure in the form of loans and advances, and its presence in a competitive and cyclical hospitality.

However, the rating derives strength from established track record of operations of TGB in hospitality industry, moderate scale of operations, comfortable leverage and moderate debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Improvement in liquidity of the company in the form of realisation of long overdue loans and advances extended to other companies and realisation of long pending other current assets.
- Significant improvement in scale of operations beyond ₹50 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10%.

Negative factors:

- Adverse outcome from long pending statutory liabilities in litigation impacting the liquidity of the company.
- Sizable erosion in net worth base due to loss incurred arising from write-offs.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Rating Limited's (CareEdge Ratings) expectations that TGB shall sustain its operating performance due to established presence and favourable demand outlook.

Detailed description of key rating drivers:

Key strengths

Large size exposure to other companies

TGB extended unsecured loan to group companies, related entities and third parties to support their operations. Outstanding of these loans & advances stood at ₹68.38 crore against net worth of ₹76.09 crore as on March 31, 2025 (PY: ₹74.14 crore). Thus, recovery of these loans & advances shall be a key rating monitorable.

Presence in a competitive and cyclical hospitality industry

The Indian hotel industry is highly fragmented in nature with presence of large number of organised and unorganised players spread across regions. Cyclical nature of the hotel industry and increasing competition from already established hotels has impacted operating performance of industry players. One of the biggest challenges hoteliers will face in upcoming years is sustaining growth as online private accommodation aggregators flood the marketplace with new inventory. The market for banqueting and outdoor catering has also attracted many organised players, which led to increase in competition and pricing pressure in that segment as well.

Key weaknesses

Established track record of operations in hospitality industry

TGB's overall operations are managed by Narendra Somani and Hemant Somani and Devanand Somani. Narendra Somani, Chairman & Managing Director, has an experience of over two decades in the hospitality industry. Over the years, the company

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

derives its major revenue from F&B and banquet segment with the prime revenue generating segment of TGB is banquet services consisting of managing events, weddings, exhibitions, and parties.

Moderate scale of operations with thin profitability in FY25

The company's total operating income (TOI) remained largely stable at ₹38.06 crore in FY25 against ₹36.33 crore in FY24. In FY25, the company registered an operating profit of ₹7.42 crore with a PBILDT margin of 19.49%, compared to an operating loss in FY24, which was primarily due to a one-time custom duty payment of ₹4.71 crore under the Amnesty Scheme in the last quarter of FY24. This duty pertained to non-fulfilment of advance authorization benefits claimed for the Surat hotel, which is currently non-operational.

Per provisional financials for 9MFY26 (refers to April 01 to March 31), TGB reported TOI of ₹28.05 crore with a PBILDT margin of 18.71%, (9MFY25: TOI of ₹25.90 crore and a PBILDT margin of 20.36%).

Comfortable leverage with moderate debt coverage indicators

The company's overall gearing remained comfortable at 0.21x as on FY25 end (0.10x as on FY24 end). However, of the net worth of ₹76.09 crore (PY: ₹74.14 crore), TGB has extended unsecured loans to group companies, related entities and third parties worth ₹68.38 crore (PY: ₹71.65 crore) recovery, of which shall remain key rating monitorable.

Debt coverage indicators continue to remain moderate marked by PBILDT interest coverage at 4.09x (FY24: -0.23x) and total debt to gross cash accruals (TD/GCA) at 2.22x (FY24: 4.76x).

Liquidity: Stretched

TGB's liquidity position continued to remain stretched marked by almost full utilisation of working capital limits for 12 months ended January 2026. The company had sizable exposure of ₹68.38 crore towards group companies, related entities and third parties and further extension of support towards these companies may impact liquidity. The company reported positive cash flow from operations (CFO) of Rs.5.39 crore in FY25 (FY24: Rs.6.82 crore). However, the CFO moderated in FY25 primarily due to elongation in inventory holding period.

The company had cash and bank balance of ₹2.20 crore as on March 31, 2025 (PY: ₹0.29 crore). TGB had debtors of over six months of ₹5.67 crore as on March 31, 2025, from banqueting and catering business. Operating cycle remained elongated at 60 days in FY25 (FY24: 49 days).

Assumptions/Covenants – Not applicable

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 and resorts

Ahmedabad-based TGB was incorporated in 1999 as Bhagwati Banquets & Hotels Limited by Narendra Somani. TGB commenced its operations in June 2002 with a three-star hotel property in Ahmedabad, Gujarat. Currently, TGB operates a hotel property at Ahmedabad. TGB also provides outside catering service and operates restaurants and food courts.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	36.33	38.06	28.05
PBILDT*	-0.42	7.42	5.25

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Profit after tax (PAT)	-3.56	1.94	1.05
Overall gearing (x)	0.10	0.21	NA
Interest coverage (x)	-0.23	4.09	4.73

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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-Cash Credit	-	-	-	-	5.15	CARE B+; Stable
Non-fund-based - LT-Bank Guarantee	-	-	-	-	0.13	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	Fund-based - LT-Cash Credit	LT	5.15	CARE B+; Stable	-	1)CARE B+; Stable (03-Mar-25)	1)CARE B+; Stable (07-Mar-24) 2)CARE B+; Stable (03-Apr-23)	-
2	Non-fund-based - LT-Bank Guarantee	LT	0.13	CARE B+; Stable	-	1)CARE B+; Stable (03-Mar-25)	1)CARE B+; Stable (07-Mar-24) 2)CARE B+; Stable (03-Apr-23)	-

LT: Long 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-Cash Credit	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple

Note on complexity levels of rated instruments: CareEdge 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.

Annexure-5: Lender details

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

Contact us

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