



**Rating Rationale**

**Kamat Yatriniwas Pvt. Ltd.**

**8Feb2019**

**Brickwork Ratings revises and reaffirms the ratings for the Bank Loan Facilities of ₹. 15.82 Crores of Kamat Yatriniwas Pvt. Ltd. (KYPL or The Company)**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*		
	Previous	Present		Previous (Aug, 2017)	Previous (Nov, 2018)	Present
<b>Fund based</b>	<b>13.02</b>	<b>15.72</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced as BWR Double B minus) <b>Outlook: Stable</b>	<b>Issuer Non Co-operation BWR BB-</b> (Pronounced as BWR Double B minus) <b>Outlook: Stable</b>	<b>BWR BB+</b> (Pronounced as BWR Double B plus) <b>Outlook : Stable</b> (Upgraded)
<b>Non Fund Based</b>	<b>0.10</b>	<b>0.10</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced as BWR A Four)	<b>Issuer Non Co operation BWR A4.</b> (Pronounced as BWR A Four)	<b>BWR A4</b> (Pronounced as BWR A Four) (Reaffirmed)
<b>Total</b>	<b>13.12</b>	<b>15.82</b>	<b>INR Fifteen Crores and Eighty Two Lakhs Only</b>			

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings Rating Not Reviewed on 5.11.2018 Complete details of Bank facilities is provided in Annexure-I

**Ratings: Long term rating upgraded and short term rating reaffirmed**

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financial results of the company upto FY18, projected financials up to FY21 and publicly available information and information/clarifications provided by the management.

The ratings continues to factor the strength from the industry experience of the promoters and management team in the hospitality industry, long operational track record in the vegetarian food services



business in South India, established brand name of “Kamat Yatriniwas” and expansion plans at key locations which are expected to drive future revenue growth, Improved profit margins and satisfactory interest coverage indicator. The rating continues to be constrained by the average financial profile of the company marked by marginal decline in revenue, negative debt coverage indicator, high gearing levels, small net worth and strained liquidity position, execution and stabilization risk of the ongoing hotel projects and susceptibility to cyclical and intense competition in the hotel industry

Going forward, the Company's ability to increase its scale of operations, improve its profitability, strengthen its capital structure, timely repayment of debt obligation and manage its working capital efficiently will be the key rating sensitivities.

### **Description of Key Rating Drivers**

#### **Credit Strengths:**

- **Promoters Experience and Management Team** - The promoters of the Company Mr. Narayana A Kamat, Mrs. Yamuna A Kamat are the promoters of the company have business experience of more than a decade and Management team Mr. K Suresha and Mr. Akashrai Kamat have vast experience in the same line of business.
- **Operational track record and Brand Name-** The company was established in the year 1989 by Late Mr. Seshgiri Panduranga Kamat as brand name of “Kamat Yatriniwas” in the vegetarian food services business in South India. The company is official authorised caterer for events and trade fairs held at Bangalore International Exhibition Centre (BIEC), the largest MICE venue in South India, where the company caters to large events with high revenue potential throughout the year.
- **Expansion plans at key locations which are expected to drive future revenue growth** - As reported the company proposes to open 4 new Drive-in Restaurant, three more new Units in Reliance Plaza outlets on license agreement, Installation of KIOSKS in all highway outlets and addition of 6-8 institutional catering outlets in major cities/industrial towns and expects regular growth of Operating Income with an annual growth of around 10%-15%.
- **Moderate interest coverage ratio and Improved profit margins** - Interest coverage ratio stood at 2.00 times in FY18 and net & operating profit margins improved from negative 0.09 % & 9.10% in FY17 to 0.09% & 10.15% in FY18.

#### **Credit Risks:**

- **Marginally decreased revenue and Inadequate debt coverage ratio** - Revenues decreased from Rs. 71.82 Crs in FY17 to Rs. 64.15 Crs in FY18, Debt service coverage ratio stood at 0.97 times in FY18.
- **High gearing and low net worth-** Gearing stood at 6.30 times in FY18 and tangible net worth of the company stood at Rs. 3.72 Crs in FY18.



- **Strained liquidity position** - As the current ratio of the company stood at 0.77 times in FY18.

### **Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### **Rating Outlook: *Stable***

BWR believes the **Kamat Yatriniwas Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Kamat Yatriniwas Private Limited (KYPL) was established at Bengaluru by Late Shri Seshagiri Panduranga Kamat in 1989. KYPL is engaged in the hospitality business and operates under the brand 'Kamat Yatriniwas'. The company's day-to-day operations are managed by Mr. Narayan A Kamat, Managing Director, Ms. Yamuna A Kamat, Chairperson.

The Company operates various Hotels, Restaurants, Wayside Driving Facilities and Industrial/Institutional Catering services spread across Karnataka and Hyderabad. The Company has promoted 15 plus Kamat Upachar Restaurants as Highways Food Service chain of restaurants developed by oil companies like IOCL, BPCL, HPCL, Reliance etc. The Company runs 3 hotels under the brand Kamat Yatriniwas in Bangalore, Kudalasangama and Dharwad and operates various food plazas and city restaurants like Kamat Madhuvan, Kamat Bugle rock, Kamat Cafe, Kamat Swaad, Kamat Lokaruchi, Kamat Restaurant at central locations across Karnataka and Hyderabad.

The company is an officially authorised caterer for events and trade fairs held at Bangalore International Exhibition Centre (BIEC), the largest MICE venue in South India, where it cater to large events with high revenue potential throughout the year. Reportedly the company has entered into PAN INDIA agreement with Indian Oil Corporation Ltd for running Drive-in Highway Restaurant facilities provided by them under a revenue sharing agreement on long term lease agreements.

As reported the company proposes to install KIOSKS at all the 15 + growing Highway Outlets in stages within period of 2 years, a dedicated Point of sale counters for Pre-packed/bottled Sweets, Pickle, Snacks etc., produced by the company food processing Unit at all Highway Restaurants. KIOSK will work like Single Window modernized store which is expected to attract good number of customers/guests who visit Highway Units and for higher sales per footfall. As the company has entered catering contracts with institutions in FY 2018-19, has seen potential in catering opportunities and is targeting to add 6 to 8 contracts in Institutional /Industrial catering in Major cities/Industrial town where its existing branch unit is operating. The company also proposes to undertake growth by investing in high deliverable projects



such as setting -up Central Kitchens in Electronic City Bangalore, Sarjapur Bangalore , bottling & packing unit for existing processed food range in a phased.

### Company Financial Performance

As per FY18 audited financials the Company has reported revenue of Rs.64.15 Crs and PAT of Rs. 0.06 Cr.

### Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	19.11.2018	5.11.2018	4.8.2017
	<b>Fund Based</b>	Long Term	15.72	<b>BWR BB+</b> (Pronounced as BWR Double B plus) (Upgraded)	<b>Issuer Did Not Co Operate BWR BB-</b> (Pronounced as BWR Double B minus)	<b>Rating Not Reviewed</b>	<b>BWR BB-</b> (Pronounced as BWR Double B minus)
	<b>Non Fund Based</b>	Short Term	0.10	<b>BWR A4</b> (Pronounced as BWR A Four) (Reaffirmed)	<b>Issuer Did Not Co Operate BWR A4</b> (Pronounced as BWR A Four)	<b>Rating Not Reviewed</b>	<b>BWR A4</b> (Pronounced as BWR A Four)
	<b>Total</b>		<b>15.82</b>	<b>₹ Fifteen Crores and Eighty Two Lakhs Only</b>			

Status of non-cooperation with previous CRA - Nil

Any other information - Nil

### Key Financial Indicators

Key Parameters	Units	2016	2017	2018	2019	2020	2021
Result Type		Audited	Audited	Audited	Projections	Projections	Projections
Operating Revenue	₹ in Crs	79.85	76.27	68.16	60.47	71.92	79.42
EBITDA	₹ in Crs	6.28	7.04	6.53	6.51	8.74	10.36
PAT	₹ in Crs	0.68	0.44	(0.07)	0.06	1.81	3.08
Tangible Net worth	₹ in Crs	3.28	3.73	3.66	3.72	5.53	8.61



Total Debt/Tangible Net worth	Times	6.71	4.44	4.77	6.30	4.05	2.37
Current Ratio	Times	0.55	0.45	0.54	0.77	0.86	1.06

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

#### **DISCLAIMER**

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