

No. CARE/DRO/RL/2022-23/1133

Shri Mr. Vishal Saxena
Director
Sir Bio Tech India Limited
Khasra No 92, Danio Ka Danda
Kuthal Gate Dehradun
Dehradun
Uttarakhand 248001

May 10, 2022

Confidential

Dear Sir,

Credit rating for bank facilities

Please refer to your request for rating the bank facilities of your Company

2. The following ratings have been assigned by our Rating Committee:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	90.00	CARE B; Stable (Single B; Outlook: Stable)	Assigned
Total Facilities	90.00 (Rs. Ninety Crore Only)		

3. Refer **Annexure 1** for details of rated facilities.
4. The above rating is normally valid for a period of one year from the date of our initial communication of rating to you (that is May 09, 2022).
5. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by May 10, 2022, we will proceed on the basis that you have no any comments to offer.
6. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by

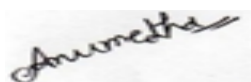
¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.
CARE Ratings Limited

"ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.

8. Our ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
9. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
10. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
11. CARE Ratings Ltd. ratings are **not** recommendations to sanction, renew, disburse or recall any bank facilities.
12. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,



Anumedha Kulshrestha

Analyst

Anumedha.K@careedge.in



Shivam Tandon

Lead Analyst

shivam.tandon@careedge.in

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi – 110 055
Phone: +91-11-4533 3200

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in

Annexure 1
Details of Rated Facilities

1. Long Term Facilities

1.A. Term Loans

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Debt Repayment Terms
1.	State Bank of India	36.73	Repayable in equal instalments maturing on April, 2028
2.	Union Bank of India	35.17	Repayable in equal instalments maturing on April, 2028
3.	Punjab National Bank	18.10	Repayable in equal instalments maturing on April, 2028
	Total	90.00	

Total Long Term Facilities: Rs.90.00 crore

Total Facilities (1.A): Rs.90.00 crore

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi – 110 055
Phone: +91-11-4533 3200

CIN-L67190MH1993PLC071691

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in



Annexure - 2
Press Release
Sir Bio Tech India Limited

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ²	Rating Action
Long Term Bank Facilities	90.00	CARE B; Stable (Single B; Outlook: Stable)	Assigned
Total Bank Facilities	90.00 (Rs. Ninety Crore Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating profile of Sir Bio Tech India Limited (SBTIL) is primarily constrained on account of small scale of operations, Moderate capital structure and debt service coverage indicators, Cyclical and seasonal nature of hospitality industry, Elongated operating cycle and Presence in a highly fragmented and competitive industry. The credit profile however, derives comfort from experienced promoters coupled with long track record of operations, Improved profitability margins and association with renowned groups in hospitality domain.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action

- Improvement in scale of operations to around Rs.60.00 crore and above over the medium term on sustained basis.
- Improvement in debt equity ratio below 0.30.

Negative Factors- Factors that could lead to negative rating action

- Deterioration in the capital structure as marked by overall gearing ratio of above 2.00x.
- Deterioration in the profitability margins as marked by PBILDT margin and PAT margin below 8.00% and 3.00% respectively.
- Deterioration in the debt coverage indicators as marked by interest coverage ratio below 2.00x.

Detailed description of the key rating drivers

Key Rating Weaknesses

Small Scale of operations: SBTIL's scale of operations stood small as marked by total operating income of Rs.36.88 crore and gross cash accruals of Rs.2.35 crore respectively, during FY21 (FY refers to the period April 1 to March 31) as against Rs.8.15 crore and Rs. (10.93) crore respectively, during FY20. Nevertheless, the scale remains small; it limits the company's financial flexibility in times of stress and deprives it of scale benefits. Further, the company has achieved total operating income of Rs.25.98 crore and registered a PAT of Rs.1.75 crore and GCA of Rs.3.42 crore during FY22 (refers to the period from April 1, 2021 to March 31, 2022; based on provisional results).

Moderate capital structure and debt service coverage indicators: The capital structure of the company remained moderate marked by overall gearing ratio of 0.54x as on March 31, 2021 as against 0.62x as on March 31, 2020. The debt service coverage indicators deteriorated marginally however continues to remain moderate marked by interest coverage of 1.19x and total debt/GCA of 45.38x for FY21 (audited) as against interest coverage of (1.21) x and total debt/GCA of (10.51) x for FY20. However, in FY22 owing to increase in profitability levels and decline in interest cost, interest coverage ratio has improved to 2.28x (provisional).

Cyclical and seasonal nature of hospitality industry: The hotel industry is highly seasonal in nature with non-festive and non-holiday months facing a slack in demand. On the other hand, the industry is also cyclical in nature wherein the customers & corporates do not tend to spend more on hotel stays in case of economic slowdown. Thus, the ability of the

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

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi – 110 055
Phone: +91-11-4533 3200

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in

CIN-L67190MH1993PLC071691



company to achieve the projected occupancy level along with projected Average Room Rent (ARR) amidst seasonal, cyclical scenario and ongoing scenario of COVID-19 pandemic would be critical from the credit perspective.

Presence in a highly fragmented and competitive industry: The Indian hospitality industry is highly fragmented in nature with the presence of large number of organized and unorganized players spread across various regions. Cyclical nature of the hotel industry and increasing competition from already established and upcoming hotels due to low entry barriers may impact the performance of SBTIL. Though, the demand for hotel rooms is expected to steadily grow in the medium term on account of anticipated increased commercial and tourism activity and growth of the economy, however, presence of many luxury hotels in the vicinity can exert pressure on occupancy and ARR of the hotel in the medium-term. However, the company is generating revenue from diversified business, thus, this risk is partially mitigated to a great extent.

Elongated operating cycle: The operations of the company are working capital intensive marked by operating cycle of 588 days for FY21. The elongated operating cycle is on account of high inventory period. SBTIL has high inventory in form of land bank resulting in an average holding period of around 466 days for FY21.

Key Rating Strengths

Experienced promoters coupled with long track record of operations: SBTIL is promoted by Mr. Jai Prakash Agarwal & Mr. Yuvraj Dalmia. Further, the company is managed by professional directors and Company Secretary namely Mr. Vishal Saxena, Mr. Prakash Ganesh Ranade, Mr. Amitabh Agrawal and Mr. Dishank Sardana. Mr. Jai Prakash Agrawal and Mr. Yuvraj Dalmia is the Chairman and Whole Time Director respectively. The promoters are well-qualified and have an experience of around two decades in the hospitality industry. Further, they are assisted by a team of qualified and professionally experienced management team. The promoters are from sound financial background and support the SBTIL if required.

Improved profitability margins: The profitability margins of SBTIL remain negative for the year ending FY20 on account of nascent stage of operations. The PBILDT margin and PAT margins improve to 11.18% and 3.59% in FY21 (audited). Improvement in the PBILDT margin is on account of increase in footfall in the hospitality segment due to relaxation provided by the government post pandemic. The profit margins of the company show further improvement as marked by PBILDT and PAT margin of 28.83% and 6.74% in FY22 (provisional).

Association with renowned groups in hospitality domain: Sir Biotech India Limited (SBTIL) develops hotel premises for prestigious hospitality groups such as Hyatt, ITC Hotels, Radisson and so on. The company also develops shopping malls and rent-out the commercial space to well-known brands such as Pantaloons.

Liquidity: Stretched

The liquidity position of the company remained stretched characterized by tightly matched accruals vis-à-vis repayment obligations. The company has reported gross cash accruals to the extent of Rs.2.35 crore during FY21 and is expected to generate envisage GCA of Rs.3.42 crore for FY23 against repayment obligations of Rs.10.80 crore in same year. However, the promoter will support the repayment through infusion of funds as required. Further, the company has moderate unencumbered cash & bank balances which stood at Rs.1.20 crore as on March 31, 2021. Current ratio and quick ratio remained below unity as marked by 0.99 and 0.37 as on March 31, 2021 (audited).

Analytical approach: Standalone

Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Policy On Curing Period](#)

[Rating Outlook and Credit Watch](#)

[Rating methodology for Real estate sector](#)

[Construction](#)

[Hotel](#)

[Service Sector Companies](#)

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi – 110 055
Phone: +91-11-4533 3200

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in

CIN-L67190MH1993PLC071691



About the Company

Incorporated in 1995, Sir Biotech India Limited (SBTIL) is in the business domain of Development and operations of Five Star Luxury Hotel & Resort Properties. It operates the hotel properties with renowned brand operators in hospitality segment such as Hyatt, ITC Hotels etc. Company has aggressive plans to establish more 5 star luxury hotels at various exotic locations of the country such as Lansdowne, Goa, Port Blair in near future. The company has also developed shopping malls and rented-out the commercial space to well-known brands such as Pantaloons, Reliance Trend, Dominos and other known retail brands in the market. SBTIL is a part of the Raghunath Group of companies which is engaged in the Hospitality, Real Estate Sector [Residential, Commercial and Townships], manufacturing of various FMCG products etc. SBTIL is promoted by Mr. Jai Prakash Agarwal & Mr. Yuvraj Dalmia, duly managed by its professional directors and Company Secretary namely Mr. Vishal Saxena, Mr. Prakash Ganesh Ranade, Mr. Amitabh Agrawal and Mr. Dishank Sardana. The company has offices at Goa, Delhi, Haridwar, Dehradun, Port Blair and Almora. The company has already commenced the operation of its 5-star hotel in Dehradun under the brand name of "Hyatt Regency".

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	12MFY22
Total operating income	8.15	36.88	25.98
PBILDT	-2.70	4.12	7.49
PAT	-8.36	1.32	1.75
Overall gearing (times)	0.62	0.54	NA
Interest coverage (times)	-1.21	1.19	2.28

A: Audited; NA: Not Available; Prov.: Provisional

*refers to the period from April 1, 2021 to March 31, 2022.

Status of non-cooperation with previous CRA: Brickwork has downgraded the rating assigned to the bank facilities of Sir Bio Tech India Limited in issuer not cooperating category wide its press release dated March 04, 2022.

ICRA has downgraded the rating assigned to the bank facilities of Sir Bio Tech India Limited in issuer not cooperating category wide its press release dated July 28, 2021.

India Ratings has downgraded the rating assigned to the bank facilities of Sir Bio Tech India Limited in issuer not cooperating category wide its press release dated July 16, 2021.

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 for this company: Annexure- 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	April, 2028	90.00	CARE B; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi – 110 055
Phone: +91-11-4533 3200

CIN-L67190MH1993PLC071691

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in

1	Fund-based - LT-Term Loan	LT	90.00	CARE B; Stable				
---	---------------------------	----	-------	----------------	--	--	--	--

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple

Annexure 5: Bank Lender Details for this Company

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

Note on complexity levels of the rated instrument: CARE Ratings Ltd. 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.

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi – 110 055
Phone: +91-11-4533 3200

CIN-L67190MH1993PLC071691

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in



Contact us

Media Contact

Name: Mr. Mradul Mishra

Contact no.: +91-22-6754 3573

Email ID: mradul.mishra@careedge.in

Analyst Contact

Name: Mr. Shivam Tandon

Contact no.: +91- 11-4533 3263

Email ID: shivam.tandon@careedge.in

Relationship Contact

Name: Ms. Swati Agrawal

Contact no.: +91-11-4533 3200

Email ID: swati.agrawal@careedge.in

About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careedge.in**

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi – 110 055
Phone: +91-11-4533 3200

CIN-L67190MH1993PLC071691

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456
Email: care@careedge.in • www.careedge.in

