



## Rating Rationale

ACCIL Corporation Private Limited

30 March 2019

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹ 328.05 Crores of ACCIL Corporation Private Limited ('ACPL' or 'the Company').

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2018)	Present
Fund based Term Loans	306.31	328.05	Long Term	<b>BWR B</b> - (Pronounced as Single B Minus) <b>Outlook: Stable</b>	<b>BWR D</b> (Pronounced as BWR Single D) <b>(Downgrade)</b>
<b>Total</b>	<b>306.31</b>	<b>328.05</b>	<b>INR Three Hundred and Twenty Eight Crores and Five Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Downgraded

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

BWR has essentially relied upon the Company's audited financials up to FY18, publicly available information, lenders feedback and clarification provided by the Company's management.

The downgrade reflects recent instances of delay in servicing of interest and installments due on term loan accounts. The Company's bank facilities were declared Non Performing Asset (NPA) in March 2016 which got restructured by 3 out of 5 lenders and thus were classified as standard assets in their books from April 2017. However, the remaining two lenders are yet to sanction the restructuring proposal.

However, the Company has shown consistent improvement in its revenues owing to improvement in the hotel occupancy levels over the past three years. BWR also take note of strategic location of the hotel which is operating under the 'Holiday Inn' brand.



## Description of Key Rating Drivers

### Credit Weaknesses:

Below average financial risk profile: Despite improvement in its operating performance, financial risk profile remains below average driven by high debt and accumulated losses reported over the past three years. However, funds were invested by M/s Perfect Engineering FZE (Dubai based firm) as private equity in May 2017 which has already been utilized in making payment of interest/installment to its 3 out of 5 lenders.

Delay in restructuring its existing limits: 2 out of its 5 existing lenders are yet to consider their restructuring proposal. Further out of the total lenders, one of them also approached National Company Law Tribunal (NCLT) for its resolution.

Stretched liquidity position of the Company: Company continues to report inadequate level of cash surplus in order to service its interest cost and term loan installments every month. Promoters created Debt Service Reserve Account (DSRA) which was entirely utilized to honour the repayment obligation over past one year.

Stretched liquidity position of the Group: ACPL belongs to promoters who have also promoted other companies in the group viz, Asian Colour Coated Ispat Ltd., ACCIL Auto Steel P. Ltd. and AGR Steel Strips P. Ltd. which are under financial stress. Thus, there is a limited flexibility in terms of further infusion of funds in order to service ACPL's outstanding debt obligations.

### Credit Strength:

Strategic location of the hotel: The Company has set up a 5-star deluxe hotel, located in the heart of Jaipur city, The hotel is operated under the 'Holiday Inn' brand. It has entered into a management agreement with InterContinental Hotel Group (Asia Pacific) Pte. Ltd (IHG) for the management of the hotel for a period of 10 years.

Improvement in Operational performance: Despite persisting liquidity issues, the Company has shown marginal improvement in performance. Overall occupancy levels improved from 80.40% to 83.20% during FY18. This resulted increase in its total turnover with improvement in its EBITDA levels during FY18.

### Liquidity position

Company's promoters raised funds through private equity which were utilized for the purpose of servicing its interest obligation and term loan installment since past one year. Liquidity remains weak as reflected in servicing interest due on term loan. The term loan installments were due in Feb 2019 which has not been paid. BWR expects its liquidity position to deteriorate due to high debt burden coupled with further no support from its promoters by a way of further infusion of funds.



## 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).

## About the Company

ACPL was originally incorporated as Benzer Agencies Limited in 1991 and later acquired by Mr. Pradeep Aggarwal & Mr. Vikas Aggarwal (Promoters of ACCIL Group), for developing a 5-star deluxe hotel project at Jaipur, Rajasthan. The hotel became fully operational since June 2014.

ACPL has entered into a management agreement with InterContinental Hotels Group (Asia Pacific) Pte Ltd (IHG) for the management of the hotel for a period of 10 years from the date that the hotel first commences business under “Holiday Inn” brand.

## Company Financial Performance

ACPL has reported a total revenue of Rs. 39.31 Cr in FY18 as against Rs. 33.60 Cr in FY17. It has reported a net loss of Rs. 64.29 Cr in F18 as against Rs. 34.94 Cr in FY17. As on 31st March 2019, it has reported a tangible net worth of Rs. 63.23 Cr against Rs. 124.56 Cr as on 31 March 2017.

## Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	30 Jan 2018	2017	2016
1.	Fund Based Tem Loans	Long Term	328.05	BWR D (BWR Single D)	BWR B - (BWR Single B Minus) (Outlook Stable)	N.A.	N.A.
	<b>Total</b>		<b>328.05</b>	<b>INR Three Hundred and Twenty Eight Crores and Five Lakhs Only</b>			

Status of non-cooperation with previous CRA (if applicable)- N.A.  
Any other information: Nil

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs. Cr	39.31	33.60
EBITDA	Rs. Cr	11.65	8.36
PAT	Rs. Cr	-64.29	-34.94
Tangible Net worth	Rs. Cr	63.23	124.56
Total Debt/Tangible Net worth	Times	4.91	2.23
ISCR	Times	0.41	0.22

**Annexure I - Details of bank loan facilities/instruments**

ISIN	Instrument/Facility	Date of Sanction/Renewal	Coupon Rate	Maturity Date	Amt. in Rs. Cr	Current Rating & Outlook
-	Fund Based Term Loans	2017	-	-	328.05	BWR D

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)



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

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



## **DISCLAIMER**

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