

Rating Rationale

Aashraya Hotels & Estates Pvt. Ltd.(Earlier Logged in as Aasharya Hotels & Estates Pvt. Ltd.)

14 May 2020

Brickwork Ratings revises/reaffirms the ratings for the Bank Loan Facilities of ₹. 7.99 Crores of Aashraya Hotels & Estates Pvt. Ltd.(Earlier Logged in as Aasharya Hotels & Estates Pvt. Ltd.).

Particulars

Facility	Previous Limits ₹ Crores	Present Limits ₹ Crores	Tenure	Rating History (Mar, 2019)	Review Ratings*
Fund Based	7.77	6.32	Long Term	BWR BB/ Stable	BWR BB Outlook: Stable [Reaffirmed]
Non-Fund Based	0.22	0.22	Short Term	BWR A4	BWR A4 [Reaffirmed]
Total	7.99	6.54	INR Six Crores and Fifty Four Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Complete details of Bank facilities is provided in Annexure-I

*On 20.03.2020 The rating moved to Rating not reviewed category.

RATING ACTION / OUTLOOK

The rating draws strength from the experience of the promoters, satisfactory coverage ratios, improved revenue, established track record and support from Manjeera Group. However, the ratings are constrained by marginally reduced margins, working capital intensive nature of operations and highly competitive nature of industry.

BWR believes the **Aashraya Hotels & Estates Pvt. Ltd.**'s 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 outlook may be revised to 'Positive' if the entity records significantly better-than-expected revenue and profitability and improved working capital



management, resulting in better debt coverage metrics and liquidity profile. The outlook may be revised to 'Negative' if the company reports significantly lower than expected performance, resulting in lower than estimated coverage indicators, and a weaker liquidity position.

Key Rating Drivers

BWR has essentially relied upon audited financial upto FY19, Projected financial FY20 and FY21, and information / clarification given by the Firm's management.

- **Credit Strengths:**

Promoters are having more than two decades of experience in hotels & hospitality business, low gearing level indicated by 0.75x in FY19, In FY19 revenue increased to Rs. 7.50 Crs against Rs. 7.17 Crs in FY18, company is in existence since 1997 and support from parent company 'Manjeera Hotels & Resorts Private Limited' who own Radisson (Five Star Hotel at Gachibowli) & Aditya Park (Three star Business Hotel at Ameerpet)

- **Credit Risks:**

Small scale of operations even though established in 1997, reduced operating profit margin & net profit margin in FY19 from 29.65% & 12.88% against 34.38% & 16.18% in FY18 and highly dependent on working capital limits, due to the nature of business operations.

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 Sensitivities

The ability of the company to increase its scale of operations by improving its profitability margins and efficiently managing its working capital will be the key rating sensitivities.

Positive: The rating may be upgraded if the firm is able to improve its revenue & margins.



Negative:The rating may be downgraded if the firm achieves lower revenue than projected financials.

Liquidity Position: Moderate

Current ratio of the firm is 2.16 times in FY19 and working capital facilities were utilised on an average 90% over the last one year , which gives a moderate cushion on its liquidity, however the promoters are capable of influencing capital as when required.

About the Company

Aashraya Hotels & Estates Pvt Ltd (AHEPL) was incorporated on 6th January 1997 by Manjeera Hotels & Resorts Pvt Ltd and Shri. B Shyamsunder Goud, the company's registered office is located at Ameerpet, Hyderabad, Telangana. The company operates 'Three Star Category Hotel' in Aditya Trade Center, Ameerpet, Hyderabad. The company is a part of hyderabad based 'Manjeera Group'. AHEPL have a room inventory of 92 rooms with categories, namely 4 Junior Suites, 24 Superior Single rooms, and 64 Superior Double rooms. The hotel has two meeting rooms, restaurant, mini bar and cellar parking. Shri G Yoganand , Shri B Shyamsunder, Smt. G Veena and Shri . D Kiran Kumar are the directors of the company

Company Financial Performance

The company has reported a total operating income of Rs.7.22 Crores in FY18 and Rs.7.56 Crores in FY19. Operating and net profit margins reported at 29.65% and 12.88% in FY18 as against 34.385% and 16.18% in FY19. Tangible net-worth stood at Rs. 10.55 Crs in FY19.

Key Financial Indicators

Key Parameters	Units	2019	2018
Result Type		Audited	Audited
Operating Revenue	In ₹ Crs	7.50	7.22
EBITDA	In ₹ Crs	2.24	2.48
PAT	In ₹ Crs	0.97	1.17
Tangible Net worth	In ₹ Crs	10.55	9.58

Total Debt/Tangible Net worth	Times	0.75	0.96
Current Ratio	Times	2.16	2.08

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facility	Current Rating (2020)			Rating History		
	Type	Amount (₹ Crs)	Rating	01.03.2019	23.01.2018	2017
Fund Based	Long Term	6.32	BWR BB Outlook: Stable [Reaffirmed]	BWR BB/ Stable	BWR BB/ Stable	---
Non Fund Based	Short Term	0.22	BWR A4 [Reaffirmed]	BWR A4	BWR A4	---
Total		6.54	INR Six Crores and Fifty Four Lakhs Only			

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY: Nil

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

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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ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1.	Oriental Bank of Commerce Now merged in PNB, Ameerpet Branch, Hyderabad, Telangana	Cash Credit	3.00	-	3.00
2		Term Loan	3.22	-	3.22
3		Bank Guarantee	-	0.22	0.22
TOTAL					6.54

INR Six Crores and Fifty Four Lakhs Only .