

Rating Rationale

Brickwork Ratings reaffirms “BWR BB/A4” for the Bank Loan Facilities of Aashraya Hotels & Estates Private Limited aggregating ₹ 10.52 Cr

Brickwork Ratings (BWR) has reaffirmed the **Ratings¹** for the bank loan facilities of Aashraya Hotels & Estates Private Limited ('AHEPL' or 'the company') as follows:

Bank Facilities	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Rating*	Present Rating*
Fund Based: Over Draft Term Loan	3.00 8.00	3.00 7.03	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable Reaffirmed
Non Fund Based: Bank Guarantee	0.49	0.49	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) Reaffirmed
Total	11.49	10.52	(INR Ten Crore Fifty Two Lakh Only)		

BWR has essentially relied upon the company's audited financial results upto FY16, publicly available information and the information/clarifications provided by the company's management.

The rating reaffirmation takes into consideration the experience of the management in the hospitality segment, established business operations, locational advantage and implicit support from Hyderabad based Manjeera Group. However, the rating continues to be constrained by the susceptibility of AHEPL's revenue to intense competition, cyclicity inherent in the hospitality sector and working capital intensive operations.

Background:

Aashraya Hotels & Estates Private Limited (AHEPL), Hyderabad, Telangana was incorporated in 1997 by M/s Manjeera Hotels & Resorts Private Limited and Shri. B Shyam Sunder Goud. The company operates a 'Three Star Category Hotel' in Aditya Trade Center, Ameerpet, Hyderabad. The hotel has 92 rooms comprising 4 Junior Suites, 24 Superior Single rooms and 64 Superior Double rooms and has an occupancy of around 79% for FY16. The hotel also has two meeting rooms, restaurant, cellar parking and a mini bar. Business clientele and tourists contribute 80% to 85% of the total revenue and the balance is from hospitality services.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management:

Shri. G Yoganand is the Managing Director and the directors are Shri. D Kiran Kumar, Shri. B Shyamsunder and Smt. G Veena.

Financial Performance:

AHEPL's total revenue increased from ₹ 6.69 crore in FY15 to ₹ 7.11 crore in FY16. Profit after Tax was ₹ 0.54 crore for FY16 as against ₹ 0.61 crore for FY15. Tangible net worth stood at ₹ 7.84 crore as on 31th March 2016. On a provisional basis, AHEPL has achieved total revenue of around ₹3.90 crore for H1FY17.

Rating Outlook:

The rating outlook is expected to remain stable for the current year. Going forward, the ability of the company to improve its occupancy levels and ARR, increase revenue and profitability, extend its geographical reach, strengthen its financial profile and manage its working capital efficiently would be the key rating sensitivities.

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