



Rating Rationale

Amaya Hotels

20 May 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6.00 Crores of Amaya Hotels.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	6.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Total	6.00	INR Six Crores Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials of FY18, provisional financials of FY19, projected financials of FY20 & FY21, publicly available information and information / clarification provided by the firm's management.

The rating derives comfort from the relevant experience of the partners in the hotel & hospitality sector and also from the credentials of the key person in the firm, Mr. Siddhaant Gupta. The rating also factors the array of services provided by the hotel being managed by the firm.

The rating is however, constrained by the limited scale of operations in the medium term and the fragmented nature of hotel & hospitality industry.

Going forward, the ability of the firm to increase its operating income in the medium term and generation of adequate cash flows for timely servicing of debt obligations will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Well experienced management:** The promoters and the management have prior experience in running a hotel successfully in Bareilly and the key person Mr. Siddhaant Gupta also holds a degree in Hotel Management and had worked previously in the hotel industry before entering into the family hotel business.
- **An array of services offered:** In addition to the staying facility at the hotel, Pinaki Hotel also offers a restaurant, a meeting room and a banquet hall facility which could be used for various occasions.

Credit Risks:

- **Highly fragmented and competitive industry:** The hotel industry in India is highly fragmented and extremely competitive due to the presence of numerous unorganized players.
- **Seasonal nature of demand:** The demand in the hotel industry in India is seasonal in nature and the marriage season is a high demand and premium earning season for the hotels especially in tier II & III cities like Bareilly.

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 **Amaya Hotels** 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

Amaya Hotels is a partnership firm based out of Bareilly, Uttar Pradesh and was established in the year 2017. The firm took over a hotel named SKN Clarks Inn from S.K.N. Hospitality in 2017 and renamed it as Pinaki Hotel which is situated in Lohiya Vihar, CB Ganj area of Bareilly.. The hotel is promoted by Mr. Sanjay Gupta and other close family members and they have experience of running a hotel by the name of Amaya Hotel since year 2013. Pinaki Hotel is being managed by Mr. Sanjay Gupta's younger son Mr. Siddhaant Gupta who has an experience of almost a decade in the hospitality industry. The hotel was operationalized in the financial year 2017-18. Pinaki Hotel has a total of 29 well-furnished Rooms, a Restaurant, a Meeting Room and a Banquet Hall which can cater to around 150-200 guests. The hotel has



an average occupancy rate of around 60%-70% and average revenue per room is between Rs. 1200 - 1500.

Company's Financial Performance

Operations of the hotel started in FY18. The hotel had a moderate operating income in FY19 and a moderate networth as well. The firm's debt coverage ratios were weak as reflected in a below benchmark DSCR of 0.54 times for FY19 as per provisional figures.

Key Financial Indicators

Key Parameters	Units	2019	2018
Result Type		Provisional	Audited
Operating Revenue	₹ Cr	1.41	0.50
EBITDA	₹ Cr	0.73	0.25
PAT	₹ Cr	0.12	0.04
Tangible Net worth (Analyzed)	₹ Cr	3.43	2.79
Total Debt/Tangible Net worth (Analyzed)	Times	1.79	2.46
Current Ratio	Times	0.21	0.30

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
I	Fund Based	Long Term	6.00	BWR B+ (Pronounced as BWR Single B Plus)	NA		
	Total		6.00	₹ Six Crores Only			

Status of non-cooperation with previous CRA: NA



Hyperlink/Reference to applicable Criteria

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

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



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