

Rating Rationale

Brickwork Ratings assigns 'BWR B+' for the Bank Loan Facilities aggregating ₹ 10.04 Cr of Amrapali Hospitality Services Pvt Ltd

Brickwork Ratings (BWR) has assigned the following **Rating¹** for Bank Loan Facilities of Amrapali Hospitality Services Pvt Ltd (*AHSPL* or '*the Company*').

Facility	Amount (₹ Cr)	Tenure	Rating
Term Loan O/S (Fund Based)	10.04	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook - Stable
Total	10.04	INR Ten Crores and Four Lakhs only	

BWR has principally relied upon the audited financial results up to FY13 and provisional financial results for FY14 of Amrapali Hospitality Services Pvt Ltd (AHSPL), publicly available information and information/clarifications provided by the Company.

The ratings draw strength from the experienced management, strong parentage of Amrapali Group, strategic location of the hotel and established brand name of '*Clarks Inn*'. The rating is, however, constrained by overall weak financial and operational performance of the hotel, heavy operating and net losses, intense competition from other hotels in the city and seasonality associated with the sector.

Background:

Amrapali Hospitality Services Pvt Ltd (AHSPL) was incorporated in 2008 by the Amrapali Group with an objective to build and manage a three star hotel in Deoghar, Jharkhand. Deoghar has high religious significance being home to Baidyanath Temple, one of the 12 Jyotirlingams and 51 Shaktipeeths. The Company has entered into an agreement with UP Hotels Ltd to operate the hotel with their brand name '*Clarks Inn*'. As per the agreement, UP Hotels Ltd will provide managerial assistance to AHSPL and the Company will pay them a management fee.

The hotel started commercial operations towards the end of March 2013 under the name of *Amrapali Clarks Inn*. The hotel consists of 69 rooms (48 Deluxe Rooms, 16 Premium Rooms and 5 Suites) and a multi cuisine restaurant with 72 covers. The hotel has 81 trained staff members.

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

AHSPL belongs to the Amrapali Group established in 2002. The group, a real estate player of standing, has so far completed 45 projects in more than 22 cities in India, including projects of Group Housing, Commercial Complexes, IT Parks, Townships and Multiplex Malls etc.

Management:

The Board of Directors consists of Mr. Anil Kumar Sharma, Mr. Shivpriya, and Mr. Suvash Chandra Kumar. All the directors are well qualified and experienced in the Real Estate segment. The directors are also assisted by a team of well qualified professionals to manage different aspects of the hotel. Also, AHSPL is provided managerial assistance by UP Hotels Ltd as part of the agreement.

Financial Highlights:

FY14 was the first year of operations for AHSPL. According to the provisional financial statements for FY14, the Company has reported a Net Revenue of Rs.2.19 Cr and has reported Operating and Net Losses. The operations are expected to stabilise over the current financial year.

Rating Outlook:

The outlook is expected to be stable for the current year. The ability of the Company to improve operational efficiency and occupancy levels resulting in an increase in the scale of operations, reflected by improved financials, shall remain the key monitorables.

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