

Rating Rationale

Artilla Hotels Pvt Ltd

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 7.48 Crores of Artilla Hotels Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Aug, 2018)	Present
Fund based	8.00	7.48	Long Term	BWR B+ Outlook: Stable	BWR B Downgraded Outlook: Stable
Total	8.00	7.48	INR Seven Crores Forty Eight 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

RATING ACTION / OUTLOOK: Stable

BWR has essentially relied upon the audited financial results up to FY19, projections provided by the company and information/clarification provided by the company's management .

The rating downgradation is as a result of shortfall in revenue against the projections due to the delay in project execution for renovation of the hotel and the company is currently making losses, However the rating draws strength from strong experience of promoter and no cost over run observed in execution of the project.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. BWR believes Artilla Hotel Pvt Ltd's business risk profile will be maintained over the medium term.

Going forward, the ability of the company to achieve the projected revenue with recovery from losses and achieving stability of operations would be key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced promoters:** Mr. Jigar Patel is the managing director of the company and has extensive experience of 15 years in the construction business.
- **No cost overrun and time over run** as informed by the bankers.



Credit risks:

- **Risk exposure to achieve stable operations/steady revenues after renovation:** AHPL faces inherent risk attached to commercial operation stabilisation, as stability of operations is yet to be achieved.
- **Competition from other players in the market:** The company faces intense competition from high rated established hotels as well as other low budget hotels present in the vicinity. This could have an adverse effect on the variability of operating profit margins.
- **Projections not achieved :** The company is currently making losses after renovation and the revenues as anticipated are not achieved.
- **Low Networth along with low debt protection metrics.**

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:

Going forward, the ability of the company to achieve its projected revenues and profitability and achieve stability of operations while improving its capital structure would be the key rating sensitivities.

Positive: The rating may be positively revised if there is substantial growth in revenue and company recovers from losses.

Negative: The rating may be adversely affected if the projections are not achieved and the company remains in losses.

Liquidity Position- Comfortable

Current ratio at 1.51 times in FY19 shows adequate liquidity position,.

About the Company

Artilla Hotels Pvt Ltd (AHPL) is a private limited company established in the year 2016 in Ahmedabad, Gujarat. The company has renovated the hotel near Ellisbridge, Ahmedabad. AHPL proposes to offer various amenities such as 40 occupancy rooms, a multi cuisine restaurant and 2 Banquet halls.

Key Financial Indicators:

Key Parameters	Units	2019	2018
Result Type		Audited	Audited
Total Operating Income	₹ Cr	0.00	0.40
EBITDA	₹ Cr	-0.07	0.10
PAT	₹ Cr	-0.88	-0.07
Tangible Net worth	₹ Cr	3.17	3.71
Total Debt/Tangible Net worth	Times	2.58	1.91
Current Ratio	Times	1.51	5.36

Key Covenants of the facilities rated: N.A

Status of non-cooperation with previous CRA (if applicable)-N.A

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	26 Aug 2019	24 Aug, 2018	11, Oct 2017
1	Fund Based	Long Term	7.48	BWR B Downgraded Outlook: Stable	Rating Not Reviewed	BWR B+ Outlook: Stable	Not Rated
	Total		7.48	INR Seven Crores Forty Eight Lakhs Only			

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website



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M/s Artilla Hotels Pvt Ltd
Annexure I
Details of Bank Facilities Rated by BWR

SI No.	Name of the Bank	Type of Facilities	Long Term (₹ Crs)	Short Term (₹ Crs)	Total (₹ Crs)
1.	Central Bank of India	Term Loan	7.48	-	7.48
	Total		7.48	7.48	7.48

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