



Rating Rationale

Artilla Hotels Pvt Ltd

24 Aug 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 8.00 Crores of Artilla Hotels Pvt Ltd.

Particulars

| Facility | Amount (₹ Crs) | Tenure | Rating* |
|--------------|-------------------|------------------------------|--------------------------------------------------------------------------------------|
| Fund based | 8.00 | Long Term | BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable. |
| Total | 8.00 | INR Eight 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 principally relied upon the Artilla Hotels Pvt Ltd's (AHPL) audited financial results upto FY17, provisional financials of FY18, projected financials till FY 22 as well as publicly available information and the information/clarifications provided by the company.

The rating draws strength from company's extensive experience of the promoters, no cost overrun and timely execution till dates as well as positive outlook of tourism in Ahmedabad. However, the rating is constrained by risk exposed to project implementation given nascent stage of operations and competition faced from other players in the market.

Going forward, the ability of the company to achieve the projections and execute the project without any time and cost overrun will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

- 1. Extensive experience of promoters:** Mr. Jigar Patel is the managing director of the company and has an extensive experience of 15 years in the construction business.

- 2. Positive outlook of tourism in ahmedabad:** Ahmedabad has been declared as India's first world heritage city in 2017 by UNESCO. This could have a positive impact on the tourism of Ahmedabad.



3. No cost over run as informed by the bankers.

- **Credit Risks:**

- 1. Risk exposed to project implementation given nascent stage of operations:** AHPL faces inherent risk attached to a greenfield project and ability of the company to implement its project without any cost overrun.
- 2. Competition from other players in the market:** The company faces intense competition from high rated hotels as well as other low budget hotels present in the city. This could have an adverse effect on the variability of operating profit margins.
- 3. Projections not achieved :** The company is however operating with basic incomes and has booked a revenue of Rs 0.14crs in FY17 and has booked Rs 0.40 crs in FY18(Pr) as against 1.82crs projected
- 4. Low Networth clubbed with low debt protection matrix.**

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 **Artilla Hotels Pvt Ltd** 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

Artilla Hotels Pvt Ltd (AHPL) is private limited company established in the year 2016 in Ahmedabad, Gujarat. The company has acquired an immovable property at Ellisbridge Ahmedabad; to run an hotel in Ahmedabad area. AHPL acquired a running hotel from Satya Sankalp Villa and has undertaken renovation of the entire hotel. The hotel consists of 2 Banquet Halls, 40 rooms(Including Deluxe{35} and Suite{5}) and all day dining restaurant with 30 chairs capacity. The cost of the project for the same is Rs.13.46 Crs which will be financed through term loan, unsecured loans and share capital.



Company Financial Performance

The company proposes to commence operation in Financial year 2019 and projects operating income of Rs 3.99 crs in FY19 with a PAT of Rs 0.70 crs. The company has booked a revenue of Rs 0.04 crs in FY18 provisionals . AHPL has a moderate network of Rs 3.08crs as on 31st March 2018.

Rating History for the last three years

| S.No | Instrument /Facility | Current Rating | | | Rating History | | |
|------|----------------------|----------------|----------------|-----------------------------------------------------------------------------|----------------|------|------|
| | | Type | Amount (₹ Crs) | Rating | 2017 | 2016 | 2015 |
| 1 | Fund Based | Long Term | 8.00 | BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable | - | - | - |
| | Total | | 8.00 | ₹ Eight Crores Only | | | |

Status of non-cooperation with previous CRA (if applicable)-Reason and comments

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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