

## Rating Rationale

### Brickwork Ratings upgrades the long term rating from 'BWR B+' to 'BWR BB-' for Bank Loan facilities aggregating to ₹ 11.79 Cr of Arundwati Hotels & Resorts Private Limited.

Brickwork Ratings (BWR) has upgraded the **Ratings<sup>1</sup>** for Bank Loan facilities of Arundwati Hotels & Resorts Private Limited (AHRPL or 'the Company') *as follows:*

Facility	Amount in Cr		Tenure	Present Rating	Previous Rating
	Previous Limits	Present Limits			
Fund Based					
Term Loan-1*	12.00	<b>9.83</b>	<b>Long Term</b>	<b>BWR BB- (Pronounced BWR Double B minus) Outlook: Stable Upgraded</b>	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Jan 2015)
Term Loan-2#	-	<b>1.96</b>			
Total	12.00	<b>11.79</b>	<b>INR Eleven Crores and Seventy Nine Lakhs only</b>		

\* Term Loan-1 is from Union Bank of India and outstanding as on 20.03.2016.

#Term Loan-2 is from United Bank of India and outstanding as on 18.03.2016.

BWR has principally relied upon the audited financial results up to FY15, Projections for FY16 and FY17, publicly available information and information/clarification provided by the Company.

The rating draws comfort from the successful completion of the hotel project, month on month improvement in occupancy levels, tie up with corporate clients and improvement in gearing levels with the infusion of capital. The Rating also factors the fact that the hotel has received good initial response and surpassed the revenue projections for FY16. The Rating is, however, constrained by the fact that the commercial operations of the hotel project are yet to stabilize, capital intensive and seasonal nature of the hospitality industry and the highly tax laden structure inherent in the business.

### Company Profile:

Arundwati Hotels & Resorts Private Limited (AHRPL) was incorporated in 2011 by Mr. Sarandeep Singh Saluja, Mr. Satish Kumar Agrawal and Mr. Rajeev Kumar Gupta who also act as the directors.

The Company has successfully completed the hotel construction project under the name 'Hotel Trinity Grand' at Raigarh, Chhattisgarh and it has become fully operational since September 2015.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The 3-star equivalent deluxe hotel is located near Gajanandpuram Colony, Kotra Road. The hotel is built in the style of a business cum leisure resort, an 8 storeyed structure spread over 2 acres with a sprawling lawn and will be fully equipped with banquet halls, part halls, restaurant cum coffee shop, bar/discotheque, party terrace and terrace garden, terrace swimming pool and a health club. The hotel has 40 rooms which include Suites, Club rooms, Standard rooms and Superior rooms.

### Financial Performance:

According to the audited financials of FY15, there were no sales recorded by the Company due to delay in the commencement of commercial operations of the hotel. The hotel commercial operations started since September'15.

Further, as per provisional information provided by the Company's management, the Company has achieved revenue of Rs 5.31 Crores in the seven months of operations in FY16 (from Sep'15 to Mar'16).

### Rating Outlook:

The outlook for AHRPL is expected to be stable in the near term. Going forward, the ability of the Company to improve its scale of operations & revenue, occupancy levels and profitability, maintaining a comfortable capital structure will be the key rating sensitivities.

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