



Rating Rationale

Arundwati Hotels and Resorts Pvt. Ltd.

15 March 2018

Brickwork Ratings downgrades the long term rating for the Bank Loan Facilities of Rs. 11.78 Crs of Arundwati Hotels and Resorts Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based					
Term Loan	11.79	9.78	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR D (Pronounced as BWR D) (Downgraded)
Cash Credit	0.00	2.00			
Total	11.79	Rs. 11.78 Crores (Rupees Eleven Crores and Seventy Eight Lakhs Only)			

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

Rating: Downgraded

Brickwork Ratings downgraded the long term rating from 'BWR BB-' to 'BWR D' for the bank loan facilities aggregating Rs. 11.78 Crores of Arundwati Hotels and Resorts Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, two years of business operations of the hotel and improvement in revenue of the hotel in FY17, managed by the company. However the rating is constrained by Net loss in FY17, irregularities in servicing its debt obligations, inadequate debt coverage ratios and intense competition in the industry. Going forward, ability of the company to scale up its operation by improving the occupancy level in the hotel managed by the company and to



generate sufficient cash accruals to meet its debt obligations on time in an intensely competitive industry will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of Arundwati Hotels and Resorts Pvt. Ltd. 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.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

Key Rating Drivers

Credit Strengths

- **Improvement in Total Operating Income** : The Total Operating Income of the firm has increased from Rs. 4.63 Crores in FY16 to Rs. 7.25 Crores in FY17.
- **Year on Year Infusion of Capital** : The company is into continuous infusion of additional capital into the business.

Credit Weaknesses

- **Net Loss in FY17**: The company has reported a net loss of Rs. 1.71 Crores in FY16.
- **Delays in Payment of Debt Obligations**: The company is not regular in payment of its debt obligation with frequent delays in payments.
- **Inadequate Debt Coverage Ratios** : The company has inadequate debt coverage ratios with ISCR of 0.79 times and DSCR of 0.41 times in FY17.

About the Company

Arundwati Hotels and Resorts Private Limited was incorporated in 2011 with registered office in Raipur, Chhattisgarh. The company has three directors namely Mr. Saradeep Singh Saluja, Mr. Satish Kumar Agrawal and Mr. Rajeev Kumar Gupta. The company is running a hotel namely "Hotel Trinity Grand" at Raigarh, Chhattisgarh which is operational since September 2015.

Company's Financial Performance

The company has registered a total operating income of ₹ 7.25 Cr in FY17 as against Rs. 4.63 Cr in FY16. The company has reported net loss of ₹ 1.71 Cr in FY17 as against net profit of Rs. 0.01 Cr in FY16. Tangible net worth of the company stood at ₹ 12.00 Cr as on March 31, 2017.

Parameters	31-Mar-2016	31-Mar-2017
	(Audited)	(Audited)
Total Operating Income (Rs. Crores)	4.63	7.25
EBIDTA (Rs. Crores)	0.64	1.28
PAT (Rs. Crores)	0.01	-1.71
Tangible Net Worth (Rs. Crores)	8.06	12.00
Total Debt : TNW (Times)	1.25	1.85
Current Ratio (Times)	0.90	0.92

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	April 26, 2016	January 7, 2015	2014
1	Term Loan	Long Term	9.78	BWR D (Pronounced as BWR D)	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	Nil
2	Cash Credit		2.00				
Total		Rs. 11.78 Crores (Rupees Eleven Crores and Seventy Eight Lakhs Only)					

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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For print and digital media

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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