



Rating Rationale

Arundwati Hotels and Resorts Pvt. Ltd.

9 Oct 2018

Brickwork Ratings reaffirms the long term rating for the Bank Loan Facilities of Rs. 20.44 Crs of Arundwati Hotels and Resorts Pvt. Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous (Mar, 2018)	Present
Fund Based					
Cash Credit	2.00	2.00	Long Term	BWRD (Pronounced as BWR D)	BWRD (Pronounced as BWR D) (Reaffirmed)
Term Loan	9.78	18.44			
Total	11.78	20.44	INR Twenty Crores and Forty Four Lakhs Only		

Annexure I shows details of bank loan facilities

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

Rating: Long Term Rating Reaffirmed

Brickwork Ratings reaffirmed the long term rating of 'BWR D' to the bank loan facilities aggregating Rs. 20.44 Crores of Arundwati Hotels and Resorts Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, existence of the company for 7 years with 3 years of business history, experience of promoters in hospitality industry and modest scale of operations. However the rating is constrained by decline in operating income in FY18, net loss for the last two years, inadequate debt protection metrics and delays in payment of debt obligations. Going forward, ability of the company to scale up its operations, to generate sufficient cash accruals to meet its debt obligations while maintaining its gearing in an intensely competitive industry will remain the key rating sensitivities.



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

- **Experienced Promoters:** The Promoters of the company are having 3 years of experience in managing the business operations of the company.
- **Capital Infusion in FY18:** The company has infused additional capital of Rs. 0.61 Crores in FY18.

Credit Weaknesses

- **Decline in Operating Income :** The total operating income of the company was Rs. 7.25 Crores in FY17. On provisional basis the company has achieved operating income of Rs. 5.62 Crores in FY18.
- **Net Loss in Last Two Years :** The company has reported net loss of Rs.1.71 Crores in FY17. Provisionally the company has reported net loss of Rs. 1.78 Crores in FY18.
- **Inadequate Debt Protection Metrics:** The company has inadequate debt protection metrics with ISCR of 0.79 times and DSCR of 0.41 times in FY17.
- **Delays in payment of Debt Obligations :** The company is not regular in payment of its debt obligations with reported delays in repayment of interest and installment of its bank term loans.

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. Sarandeep 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. The company is generating its revenue from the hotel business.

Company's Financial Performance:

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

Provisionally, the company has achieved income of Rs.5.62 Cr with net loss of Rs. 1.78 Cr during April 1, 2017 to March 31, 2018.

Parameters	Units	31-Mar-2016	31-Mar-2017	31-Mar-2018
		(Audited)	(Audited)	(Provisional)
Total Operating Income	Rs. Crores	4.63	7.25	5.62
EBIDTA	Rs. Crores	1.64	1.36	0.87
PAT	Rs. Crores	0.01	-1.71	-1.78
Tangible Net Worth (TNW)	Rs. Crores	8.06	12.00	12.94
Total Debt : TNW	Times	1.25	1.85	1.59
DSCR	Times	0.73	0.41	0.21
ISCR	Times	1.94	0.79	0.58
Current Ratio	Times	0.90	0.92	0.49

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	Mar 15, 2018	Apr 26, 2016	Jan 7, 2015
1	Cash Credit	Long Term	2.00	BWR D (Pronounced as BWR D) (Reaffirmed)	BWR D (Pronounced as BWR D) (Downgraded)	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable (Upgraded)	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable (Assigned)
2	Term Loan		18.44				
Total			20.44	INR Twenty Crores and Forty Four Lakhs Only			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)



For any other criteria obtain hyperlinks from website

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Annexure I : Details of the bank facilities rated

Facilities	Bank Name	Sanctioned Limit	Amount Rated (O/S)
		Rs. Crs	Rs. Crs
Cash Credit	Union Bank of India	2.00	2.00
Term Loan 1		7.13	4.97
Term Loan 2		2.87	1.99
Term Loan 3		5.00	5.03
Term Loan	Allahabad Bank	5.00	5.03
Term Loan	United Bank of India	2.00	1.42
TOTAL		24.00	20.44

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

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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 ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 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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