

## Rating Rationale

**Brickwork Ratings assigns rating of 'BWR B+' for the Bank Loan facilities aggregating to ₹ 7.35 Cr of Jagrut Hotels Private Limited.**

Brickwork Ratings has assigned the following **Ratings<sup>1</sup>** for the Bank Loan facilities availed by Jagrut Hotels Private Limited (*The Company or JHPL*).

| Facility     | Tenure    | Limits<br>(₹ Cr) | Rating  |
|--------------|-----------|------------------|---|
| Term Loan*   | Long term | 7.35             | <b>BWR B+</b><br><b>(Pronounced BWR Single B Plus)</b><br><b>(Outlook-Stable)</b> |
| <b>Total</b> |           | <b>7.35</b>      | <b>INR Seven Crores &amp; Thirty Five Lakhs only</b>                              |

\*Company has availed Rs2.64 Cr out of sanction amount of Rs7.35 Cr as on 27-5-2016

BWR has essentially relied upon the projected financials of FY17, FY18 & FY19 of Jagrut Hotels Private Limited, publicly available information and information/clarification provided by the Company's management.

The rating, inter alia, has factored experienced and resourceful promoters, favourable location of the hotel and company has signed a LOI with ginger hotels which will provide an edge over its competitors in terms of ARR. However the rating is constrained by lack of prior experience of partners in the hospitality business, project stabilization risk, high competition and seasonality associated with hotel industry

### Background:

Jagrut Hotels Private Limited (JHPL) was set up as private limited company in the year 2012 by Mr Satish Vyas and Mr Ritesh Vyas, based out of Aurangabad, Maharashtra. JHPL is currently setting up a greenfield hotel at Aurangabad, Maharashtra which is spread over 24,000 square feet of land and shall comprises of 64 guest rooms, 2 dining restaurants (with one being rooftop restaurant), café and a banquet hall with a capacity to accommodate 500 people. The company has completed the construction work and it has signed a LOI with Ginger Hotels (A TATA Enterprise).

### Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to timely complete the project without any further cost and time overrun and

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

achieve the projected Occupancy & ARR levels, while maintaining the profit margins would be the key rating sensitivities

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