

Rating Rationale

Brickwork Ratings revises rating for Bank Loan Facility of Mayfair Leisures Limited amounting to ₹63 Cr to 'BWR B-'(BWR B Minus)

Brickwork Ratings¹ (BWR) has revised **Ratings¹** for the bank loan facility of Mayfair Leisures Limited amounting to ₹ 63.00 Cr. to '**BWR B-'(BWR B Minus)**

Facility	Previous Limit (₹ Cr)	Revised Limit (₹ Cr)	Tenure	Previous Rating	Revised Rating
Term Loan (Fund Based)	63.00	63.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable	BWR B- (Pronounced BWR B Minus) Outlook: Stable
Total	63.00	63.00	INR Sixty Three Crores Only		

BWR has principally relied upon present status report, the projections provided by the company and, publicly available information and information/clarification provided by the company management.

The revision in rating factors in, competence of the top management, promoters experience in construction business, and tie up with Marriott which has a strong brand in the hospitality sector. However, the rating is constrained by project implementation risk in terms of likely time and cost overrun; pending part financial closure, promoter's limited exposure to hotel business, weak industry outlook and intense competition in hotel business.

Background

Mayfair Leisure Limited (MLL) was incorporated as a limited company on 9th May, 2012. The company proposes to set up a hotel in Vadodara, Gujarat with a brand name "Mayfair Courtyard". The Hotel is currently under construction and is expected to be operational in March, 2016. MLL has a MOU with Marriott India Private Limited for management and technical expertise.

MLL is a subsidiary of Mayfair Spaces Limited and is promoted by Mr. Rajesh Nimkar and Bhatnagar family (Promoter of Diamond Power Infrastructure Limited).

Project Status

The hotel is under construction. The structure is complete and floor work and electrical work is in under progress. Total cost of the project has been revised to be ₹ 183.00 Crores. Company has already incurred a cost of ₹ 120.91 Crores on the proposed hotel project. Promoters have infused ₹ 63.41 Crores and have utilized ₹ 57.5 Crores out of the ₹ 63 Crores sanctioned by the bank. However the company is yet to tie-up for balance amount of ₹ 22 crore.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating-Outlook:

Projects under construction faces risk of time and cost overrun and uncertainties related to achieving the projected revenue and profitability revenues. The MOU with Marriott India for management expertise mitigates the operation and business risks to some extent. Going forward, the Company's ability to implement the project on time and achieve pending part financial closure, receiving all the approvals in time and achieving the projected revenue and profitability will be the key rating sensitivities.

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