



Rating Rationale

Pooja Finance Limited

5 December, 2017

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of Rs.23.00 Cr of Pooja Finance Limited ('PFL' or the 'Company'):

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating [^]	
	Previous	Present		Previous	Present
Fund Based Term Loan Term Loan(Proposed)	15.00	19.00 4.00	Long Term	BWR BB Outlook: Stable	BWR BB- (BWR Double B Minus) Outlook:Stable (Downgraded)
Total	15.00	Rs. 23.00 Crores (Rupees Twenty Three Crores Only.)			

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating takes into account the business experience of the promoters, locational advantage as the hotel is near to the airport, wide range of facilities and services that is offered by the Hotel and at very affordable rates to meet customer expectations and demand. The rating, however, is constrained by competitive nature of business, competition from the other hotels in the vicinity, seasonality associated with the nature of business, weak financial profile (Sales, debt protection metrics, PAT, net worth) and difficulty to achieve its projection. Going forward, the Company's ability to improve its scale of operations, net worth, profitability and reduce the operating cost shall remain the key rating sensitivities.

Key Rating drivers



Credit strengths

- The proprietor holds good experience in the industry and have been in the same line of business through other associate concern .
- Locational advantage as the Hotel is located near LGBI airport in Guwahati, Assam which is considered as the gateway to the North-East. Moreover, this will be the only 5 star Hotel in the area.
- Wide range of facilities and services will be offered by the Hotel and at very affordable rates to meet customer expectations and demand.

Credit Weaknesses

- The Company has achieved revenue of Rs. 0.35 Crs till November 2017 due to which it seems difficult to achieve the projections of Rs. 10.99 Crs in FY 18.
- Being highly competitive nature of industry it has competition from other hotels in the vicinity which are accommodating at much competitive prices.
- The Seasonality associated with the nature of business is the inherent risk involved with the Hotel/Hospitality Industry.
- Only preliminary NOC is acquired , all the necessary certificates required like FSSAI, Star rating, fire license, certificate from pollution control board is yet to acquire and is under process.

Rating Outlook: Stable

BWR believes the **Pooja Finance Limited** business risk profile 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.

About the Company

Incorporated in year 1992 , Pooja Finance Limited (PFL) is Guwahati based company.Previously the Company was engaged in hire purchase business which was gradually discontinued and it stepped into hospitality industry to set up 5 star hotel cum resort in Guwahati, Assam. The Project cost initially was estimated at Rs. 34.96 Crs but with some modification in the project it rose to Rs. 44.28 Crs later, which was proposed to finance 48% through promoters contribution and 52%through debt. The Hotel was named as ‘ **Kiranshree Grand** ’ located at Dharapur which is near to LGBI Airport, Guwahati. The rates for the rooms will be based on demand and supply basis and will keep fluctuating. However the base rate of the club room is around Rs.6000+ Taxes,Royal Club at Rs.9000+Taxes, Grand Suite at Rs.25000+ Taxes, Presidential Suite at Rs. 35000+ Taxes.The Project was scheduled to complete by 30th September, 2016 but due to delay it got started in March 2017. Smoking lounge, Club, Theatre room , Yoga room, Spa



room and other interior and site development is still under process for which additional limit of Rs. 4.00 Crs has been proposed to NedFi. Total Number of employees currently is around 140 , PFL are planning to hire more employees according to their requirement. Mr. Ghewar Chand Sipani, Mr. Dilip Kumar Sipani and Mr. Anurag Sipani are the Directors of the Company who manage the entire business operation and management. They hold good experience in Hospitality industry through their group concern which is in the same line of business.

Company Financial Performance

	FY 17	FY 16
Net Sales/ Revenues (Rs. Cr)	0.01	0.00
EBIDTA (Rs. Cr)	-0.02	-0.04
PAT (Rs. Cr)	-0.20	-0.04
Tangible Networth (Rs. Cr)	19.69	17.66
Total Debt : TWN (Times)	0.81	0.00
Current Ratio (Times)	9.37	3.33

The business came into operation in March 2017. As FY 18 is the first year of operation the business is yet to stabilize .

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History	
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	November 2015*
1	Fund Based	Long Term	23.00	BWR BB-(Stable) (Downgraded)	-	BWR BB(Stable)
	Total		23.00	(Twenty Three Crores Only)		

*Rated amount was Rs. 15.00 Crores



Status of non-cooperation with previous CRA- Not applicable

Hyperlink/Reference to applicable Criteria

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

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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.

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