

Rating Rationale

Aashraya Hotels & Estates Pvt. Ltd.

1 Mar 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 7.99 Crores of Aashraya Hotels & Estates Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2018)	Present
Fund based Overdraft Term Loan	3.00 5.86	3.00 4.77 [#]	Long Term	BWR BB (Pronounced as BWR Double BB) Outlook:Stable	BWR BB (Pronounced as BWR Double BB) Outlook:Stable [Reaffirmed]
Non Fund Based Bank Guarantee	0.22	0.22	Short Term	BWR A4 (Pronounced as BWR Single A Four)	BWR A4 (Pronounced as BWR Single A Four) [Reaffirmed]
Total	9.08	7.99	INR Seven Crores and Ninety Nine Lakhs Only		

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

Term Loan outstanding amount as on 14.2.2019

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY18, projected financials upto FY20, publicly available information and the information/clarifications provided by the management.

The rating draws strength from the experience of the promoters, satisfactory coverage ratios, improved profitability margins, established track record and support from Manjeera Group. However, the ratings are constrained by marginally reduced revenue, working capital intensive nature of operations and highly competitive nature of industry.



Description of Key Rating Drivers

- **Credit Strengths:** Promoter's are having more than two decades of experience in hotels & hospitality business, debt coverage ratio is at 1.39X in FY18, net profit margin increased from 7.31% in FY17 to 18.18% in FY18, company is in existence since 1997 and support from parent company 'Manjeera Hotels & Resorts Private Limited' who own Radisson (Five Star Hotel at Gachibowli) & Aditya Park (Three star Business Hotel at Ameerpet)
- **Credit Risks:** Small scale of operations even though established in 1997, marked by reduced revenues in FY18 from Rs.7.22 Crs against revenue of Rs.7.61 Crs in FY17 and revenue is declined by 5% in FY18

Going forward, the ability of the company to increase its scale of operations by improve its occupancy levels, improve its profitability margins, efficiently manage its working capital and timely payment of debt obligations will be the key rating sensitivities.

Analytical Approach

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

Rating Outlook: Stable

BWR believes the **Aashraya Hotels & Estates Pvt. Ltd.** 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

Aashraya Hotels & Estates Pvt Ltd (AHEPL) was incorporated on 6th January 1997 by Manjeera Hotels & Resorts Pvt Ltd and Shri. B Shyamsunder Goud, the company's registered office is located at Ameerpet, Hyderabad, Telangana. The company operates 'Three Star Category Hotel' in Aditya Trade Center, Ameerpet, Hyderabad. The company is a part of hyderabad based 'Manjeera Group'. AHEPL have a room inventory of 92 rooms with categories, namely 4 Junior Suites, 24 Superior Single rooms, and 64 Superior Double rooms. The hotel has two meeting rooms, restaurant, mini bar and cellar parking. Shri G Yoganand , Shri B Shyamsunder, Smt. G Veena and Shri . D Kiran Kumar are the directors of the company



Company Financial Performance

The company has reported a total operating income of Rs.7.22 Crores in FY18 and Rs.7.61 Crores in FY17. Operating and net profit margins reported at 34.385% and 16.18% in FY18 as against 29.98% and 7.31% in FY17. Tangible net-worth stood at Rs. 9.58 Crs in FY18.

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	23.1.2018	2017	27.10.2016
1	Fund Based	Long Term	7.77	BWR BB (Pronounced as BWR Double BB) Outlook:Stable [Reaffirmed]	BWR BB (Pronounced as BWR Double B) Outlook: Stable	Not Rated	BWR BB (Pronounced as BWR Double B) Outlook: Stable
2	Non Fund Based	Short Term	0.22	BWR A4 (Pronounced as BWR Single A Four) [Reaffirmed]	BWR A4 (Pronounced as BWR Single A Four)		BWR A4 (Pronounced as BWR Single A Four)
Total			7.99	₹ Seven Crores and Ninety Nine Lakhs Only			

Status of non-cooperation with previous CRA : Nil ; Any other information: Nil



Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs In Crores	7.22	7.61
EBITDA	Rs In Crores	2.48	2.28
PAT	Rs In Crores	1.17	0.56
Tangible Net worth	Rs In Crores	9.58	8.40
Total Debt/Tangible Net worth	In Times	0.96	1.23
Current Ratio	In Times	2.08	2.03

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)
- [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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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