

## Rating Report

### Brickwork Ratings assigns 'BWR B' Outlook (Stable) for the Bank Loan Facilities amounting to Rs. 8.00 Crores of M/s Abika Hotels

Brickwork Ratings has assigned **Ratings**<sup>1</sup> for the bank loan facilities of INR 8.00 Cr (Rupees Eight Crores) of Abika Hotel as follows:

| Bank Facilities         | Tenure    | Amount<br>₹ Crs              | Rating   |
|-------------------------|-----------|------------------------------|--|
| <b>Fund Based Limit</b> |           |                              |  |
| Term Loan               | Long Term | 8.00                         | <b>BWRB</b><br>(Pronounced as BWRB)<br>(Outlook: Stable) |
| <b>Total Fund Based</b> |           | <b>8.00 INR Eight Crores</b> |  |

<sup>1</sup>For definitions of the ratings assigned please refer to our website [www.brickworkratings.com](http://www.brickworkratings.com)

BWR has essentially relied upon the audited financial results of FY16 and projected Financial up to FY18, publicly available information and clarification provided by the Company's management.

The rating factors the location advantage .However ,the rating is constrained by Lack of experience of partners in hospitality business and intense competition and seasonal nature of industry.

### Background

M/s Abika Hotels was established in August,2015 as a partnership firm by Mr.Ashok Jhalani ,Mr Umesh Jhalani,and Mr Mahesh Jhalani with an objective to establish a three star hotel at Ujjain (Madhya Pradesh).

### Project Details

The partners of the firm are experinced in different fields and now moving towards hospitality industry.

The cost of the project is Rs.14 cr, this is expected to be funded by Rs 3.35 cr of promoters' contribution , unsecured loan of Rs 2.65 cr and Rs 8 cr term loan from Madhya Pradesh Financial Corporation, which has been sanctioned.

Presently, the hotel building is under construction and 85% construction is done. The regular hotel business is expected to start from April, 2017.

### Management Profile

The firm comprises of five partners. The key partners are Mr. Bharat Jhalani and Mr. Aditya Jhalani.

### Financial Performance

The firm is yet to commence its business. As of September, 2016 the firm has incurred Rs 12.05cr on the project, which is funded out of Rs.2.35 as capital, Rs.2.40 from unsecured loan, and Rs 7.30cr as term loan from Madhya Pradesh Financial Corporation.

### Rating Outlook

The rating outlook is expected to be stable based on current status of project. The rating derives strength from location advantage present in Ujjain.

Going forward, lack of prior experience, ability of the firm to timely complete the project without any further cost and time overrun and to achieve the projected occupancy level and Average Room Rent (ARR) for the hotel in the highly competitive industry would be the key rating sensitivities.

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### Profit and Loss A/c

| Crores   | 31/Mar/2018 | 31/Mar/2019 | 31/Mar/2020 |
|--|-------------|-------------|-------------|
| Result Type  | Projected   | Projected   | Projected   |
| Gross Sales  | 7.43        | 7.89        | 8.35        |
| <b>Net Sales</b>                                   | <b>7.43</b> | <b>7.89</b> | <b>8.35</b> |
| <b>Total Operating Income</b>                      | <b>7.43</b> | <b>7.89</b> | <b>8.35</b> |
| Raw Material Consumed                              | 1.00        | 1.06        | 1.12        |
| Power and Fuel Expenses                            | 0.29        | 0.30        | 0.30        |
| Employee Cost                                      | 0.72        | 0.79        | 0.87        |
| Manufacturing Expenses                             | 0.04        | 0.05        | 0.05        |
| Cost of Goods Sold                                 | 2.04        | 2.20        | 2.34        |
| Selling, General and other Administrative expenses | 0.58        | 0.64        | 0.68        |
| <b>Operating Expenses</b>                          | <b>2.62</b> | <b>2.84</b> | <b>3.02</b> |
| <b>OPBDIT</b>                                      | <b>4.81</b> | <b>5.06</b> | <b>5.33</b> |
| Depreciation/Amortization/Impairment               | 2.04        | 1.80        | 1.59        |
| OPBIT  | 2.77        | 3.26        | 3.74        |
| Interest and Finance Charges                       | 1.43        | 1.31        | 1.15        |
| <b>OPBT</b>  | <b>1.34</b> | <b>1.95</b> | <b>2.59</b> |
| <b>PBT</b>   | <b>1.34</b> | <b>1.95</b> | <b>2.59</b> |
| Provision for Taxes                                | 0.44        | 0.63        | 0.84        |
| PAT(Continuing Operations)                         | 0.91        | 1.32        | 1.75        |
| <b>PAT</b>   | <b>0.91</b> | <b>1.32</b> | <b>1.75</b> |

(As per BWR calculations)

## Balance Sheet

| Crores   | 31/Mar/2016 | 30/Sep/2016 | 31/Mar/2018  | 31/Mar/2019  | 31/Mar/2020  |
|--|-------------|-------------|--------------|--------------|--------------|
| Result Type  | Audited     | Provisional | Projected    | Projected    | Projected    |
| <b>Liabilities</b>   |             |             |              |              |              |
| <b>EQUITY AND RESERVES</b>                                       | <b>1.62</b> | <b>2.84</b> | <b>5.93</b>  | <b>7.25</b>  | <b>9.00</b>  |
| Share capital  | 1.62        | 2.84        | 5.02         | 5.02         | 5.02         |
| Reserves and Surplus   | 0.00        | 0.00        | 0.91         | 2.22         | 3.98         |
| <b>Non-current liabilities</b>                                   | <b>6.03</b> | <b>7.04</b> | <b>10.20</b> | <b>8.81</b>  | <b>7.24</b>  |
| Long-Term Borrowings   | 6.03        | 7.04        | 10.20        | 8.81         | 7.24         |
| Current liabilities  | 0.00        | 0.01        | 2.77         | 3.13         | 3.51         |
| Short-Term Borrowings  | 0.00        | 0.00        | 1.09         | 1.09         | 1.09         |
| Current Portion Of Long Term Debt                                | 0.00        | 0.00        | 1.24         | 1.39         | 1.57         |
| Trade Payables   | 0.00        | 0.00        | 0.01         | 0.01         | 0.01         |
| Short-Term Provisions  | 0.00        | 0.01        | 0.44         | 0.63         | 0.84         |
| <b>Total Liabilities</b>   | <b>7.65</b> | <b>9.89</b> | <b>18.90</b> | <b>19.18</b> | <b>19.75</b> |
| <b>ASSETS</b>  |             |             |              |              |              |
| <b>Non-current assets</b>  | <b>7.08</b> | <b>8.50</b> | <b>18.63</b> | <b>18.83</b> | <b>19.25</b> |
| Net Fixed assets   | 0.00        | 0.00        | 15.88        | 14.08        | 12.50        |
| Capital Work-In-Progress   | 7.08        | 8.50        | 0.00         | 0.00         | 0.00         |
| Long Term Loans and Advances                                     | 0.00        | 0.00        | 2.75         | 4.75         | 6.75         |
| <b>Current assets</b>  | <b>0.57</b> | <b>1.39</b> | <b>0.27</b>  | <b>0.35</b>  | <b>0.50</b>  |
| Inventories  | 0.00        | 0.00        | 0.08         | 0.08         | 0.08         |
| Trade Receivables < Six Months                                   | 0.00        | 0.00        | 0.04         | 0.04         | 0.04         |
| Cash and Cash Equivalents  | 0.07        | 0.09        | 0.14         | 0.22         | 0.38         |
| Short-Term Loans and Advances                                    | 0.00        | 0.01        | 0.00         | 0.00         | 0.00         |
| Miscellaneous Expenditure To the Extent Not Written off(Current) | 0.50        | 1.30        | 0.00         | 0.00         | 0.00         |

(As per BWR calculations)

## Key Ratios

| Crores                                      | 31/Mar/2016 | 30/Sep/2016 | 31/Mar/2018 | 31/Mar/2019 |
|---|-------------|-------------|-------------|-------------|
| Result Type                                 | Audited     | Provisional | Projected   | Projected   |
| Long Term Borrowings                        | 6.03        | 7.04        | 10.20       | 8.81        |
| Short Term Borrowings                       | 0.00        | 0.00        | 1.09        | 1.09        |
| Current Portion Of Long Term Debt           | 0.00        | 0.00        | 1.24        | 1.39        |
| Total Debt                                  | 6.03        | 7.04        | 12.52       | 11.29       |
| Total Debt ( Analyzed)                      | 6.03        | 7.04        | 11.98       | 10.74       |
| Tangible Net Worth                          | 1.13        | 1.54        | 5.93        | 7.25        |
| Tangible Net Worth (Analyzed)               | 1.13        | 1.54        | 6.48        | 7.79        |
| Capital Employed                            | 7.16        | 8.58        | 18.45       | 18.54       |
| Total Debt/TNW                              | 5.35        | 4.58        | 2.11        | 1.56        |
| Total Debt/TNW(Analyzed)                    | 5.35        | 4.58        | 1.85        | 1.38        |
| Long Term Debt/TNW                          | 5.35        | 4.58        | 1.72        | 1.21        |
| TOL/TNW                                     | 5.35        | 4.59        | 2.00        | 1.50        |
| ISCR  | 0.00        | 0.00        | 3.37        | 3.87        |
| ISCR(Analyzed)                              | 0.00        | 0.00        | 3.37        | 3.87        |
| DSCR  | 0.00        | 0.00        | 1.80        | 1.74        |
| DSCR(Analyzed)                              | 0.00        | -0.23       | 1.80        | 1.74        |
| Net Cash Accruals/Total Debt                | 0.00        | 0.00        | 0.24        | 0.28        |
| Net Cash Accruals/Long Term Debt            | 0.00        | 0.00        | 0.29        | 0.35        |
| Net Cash Accruals/Long Term Debt( Analyzed) | 0.00        | 0.00        | 0.29        | 0.35        |
| Net Profit Margin                           | 0.00        | 0.00        | 12.20       | 16.70       |
| Operating Profit Margin                     | 0.00        | 0.00        | 64.72       | 64.07       |
| ROCE  | 0.00        | 0.00        | 20.47       | 17.61       |
| Current Ratio                               | 543.67      | 96.67       | 0.10        | 0.11        |
| Current Ratio(Analyzed)                     | 543.67      | 96.67       | 0.16        | 0.17        |
| Days Receivables                            | 0           | 0           | 1           | 2           |
| Days Inventory                              | 0           | 0           | 7           | 14          |
| Days Payable                                | 0           | 0           | 1           | 3           |
| Conversion Cycle                            | 0           | 0           | 7           | 13          |

**(As per BWR calculation)**