

## Brickwork Ratings reaffirms “BWR BB/A4” for the Bank Loan Facilities of Aashraya Hotels & Estates Private Limited aggregating ₹ 10.52 Crore

Brickwork Ratings (BWR) has reaffirmed the Ratings\* for the bank loan facilities of **Aashraya Hotels & Estates Private Limited** ('AHEPL' or 'the company') as follows:

Bank Facilities	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Rating*	Present Rating*
<b>Fund Based:</b> Over Draft Term Loan	3.00 8.00	3.00 7.03	Long Term	<b>BWR BB</b> (Pronounced as BWR Double B) <b>Outlook: Stable</b>	<b>BWR BB</b> (Pronounced as BWR Double B) <b>Outlook: Stable</b> <b>Reaffirmed</b>
<b>Non Fund Based:</b> Bank Guarantee	0.49	0.49	Short Term	<b>BWR A4</b> (Pronounced as BWR A Four)	<b>BWR A4</b> (Pronounced as BWR A Four) <b>Reaffirmed</b>
<b>Total</b>	<b>11.49</b>	<b>10.52</b>	<b>(INR Ten Crore Fifty Two Lakh Only)</b>		

\* Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definitions of the Ratings

BWR has essentially relied upon the company's audited financial results upto FY16, publicly available information and the information/clarifications provided by the company's management.

The rating reaffirmation takes into consideration the experience of the management in the hospitality segment, established business operations, locational advantage and implicit support from Hyderabad based Manjeera Group. However, the rating continues to be constrained by the susceptibility of AHEPL's revenue to intense competition, cyclicality inherent in the hospitality sector and working capital intensive operations.

### **Background:**

Aashraya Hotels & Estates Private Limited (AHEPL), Hyderabad, Telangana was incorporated in 1997 by M/s Manjeera Hotels & Resorts Private Limited and Shri. B Shyam Sunder Goud. The company operates a 'Three Star Category Hotel' in Aditya Trade Center, Ameerpet, Hyderabad. The hotel has 92 rooms comprising 4 Junior Suites, 24 Superior Single rooms and 64 Superior Double rooms and has an occupancy of around 79% for FY16. The hotel also has two meeting rooms, restaurant, cellar parking and a mini bar. Business clientele and tourists contribute 80% to 85% of the total revenue and the balance is from hospitality services.

### **Management:**

Shri. G Yoganand is the Managing Director and the directors are Shri. D Kiran Kumar, Shri. B Shyamsunder and Smt. G Veena.

### **Financial Performance:**

AHEPL's total revenue increased from ₹ 6.69 crore in FY15 to ₹ 7.11 crore in FY16. Profit after Tax was ₹ 0.54 crore for FY16 as against ₹ 0.61 crore for FY15. Tangible net worth stood at ₹ 7.84 crore as on 31<sup>st</sup> March 2016. On a provisional basis, AHEPL has achieved total revenue of around ₹ 3.90 crore for H1FY17.

### **Credit Risk Analysis:**

- The company is managed by experienced promoters who bring the required amount of experience and understanding of the business.
- The company's profitability can be improved by increase in occupancy rate coupled with increase in revenue per room.
- Interest Service Coverage Ratio of 1.63 times and Debt Service Coverage Ratio of 1.37 times for FY16, indicating adequate revenue generation by the company to service debt obligation.
- The company has moderate Gearing of 1.46 times and leveraged by 1.69 times as on 31<sup>st</sup> March 2016. Infusion of additional capital will lower the Leverage Ratios of the company.
- Working capital requirement is on the higher side and efficient management of working capital is necessary for smooth operations.

### **Rating Outlook:**

The rating outlook is expected to remain stable for the current year. Going forward, the ability of the company to improve its occupancy levels and ARR, increase revenue and profitability, extend its geographical reach, strengthen its financial profile and manage its working capital efficiently would be the key rating sensitivities.

<b>Analysts Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<a href="tel:1-860-425-2742">1-860-425-2742</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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**AASHRAYA HOTELS ESTATES PRIVATE LIMITED**

**ANNEXURE I: PROFIT & LOSS ACCOUNT**

<b>Crores</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Gross Sales	6.16	6.40	6.69	7.11
<b>Net Sales</b>	<b>6.16</b>	<b>6.40</b>	<b>6.69</b>	<b>7.11</b>
Other Operating Income	0.12	0.08	0.04	0.08
<b>Total Operating Income</b>	<b>6.28</b>	<b>6.48</b>	<b>6.73</b>	<b>7.20</b>
<b>Operating Expenses</b>	<b>3.80</b>	<b>4.20</b>	<b>4.15</b>	<b>4.72</b>
<b>OPBDIT</b>	<b>2.48</b>	<b>2.28</b>	<b>2.58</b>	<b>2.47</b>
Depreciation/Amortization	0.94	0.94	0.82	0.92
<b>OPBIT</b>	<b>1.54</b>	<b>1.34</b>	<b>1.75</b>	<b>1.55</b>
Interest and Finance Charges	1.33	1.08	0.82	1.51
<b>OPBT</b>	<b>0.21</b>	<b>0.27</b>	<b>0.93</b>	<b>0.04</b>
Non-Operating Income	0.02	0.02	0.02	0.73
<b>Profit Before Tax</b>	<b>0.23</b>	<b>0.29</b>	<b>0.95</b>	<b>0.77</b>
Provision for Taxes	-0.40	0.39	0.34	0.23
<b>Profit After Tax</b>	<b>0.63</b>	<b>-0.10</b>	<b>0.61</b>	<b>0.54</b>

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**ANNEXURE II: BALANCE SHEET**

<b>Crores (₹ )</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>LIABILITIES</b>				
<b>Equity &amp; Reserves</b>	<b>6.81</b>	<b>6.70</b>	<b>7.31</b>	<b>7.85</b>
Share capital	5.50	5.50	5.50	5.50
Reserves and Surplus	1.31	1.20	1.81	2.35
<b>Non-current liabilities</b>	<b>7.20</b>	<b>6.41</b>	<b>5.46</b>	<b>9.26</b>
Long-Term Borrowings	7.13	5.89	4.63	8.43
Deferred tax Liabilities (Net)	0.00	0.43	0.72	0.72
Long-Term Provisions	0.07	0.09	0.11	0.11
<b>Current liabilities</b>	<b>0.79</b>	<b>0.82</b>	<b>1.75</b>	<b>3.95</b>
Short-Term Borrowings	0.24	0.14	0.27	3.01
Trade Payables	0.33	0.34	0.66	0.63
Other Current Liabilities	0.11	0.22	0.64	0.14
Short-Term Provisions	0.11	0.12	0.18	0.17
<b>Total Liabilities</b>	<b>14.79</b>	<b>13.93</b>	<b>14.53</b>	<b>21.07</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>13.90</b>	<b>13.03</b>	<b>13.44</b>	<b>13.20</b>
Net Fixed assets	13.07	12.16	12.42	12.26
Net Intangible assets	0.05	0.04	0.03	0.02
Non-Current Investments	0.10	0.10	0.10	0.10
Long Term Loans and Advances	0.61	0.64	0.80	0.73
Other Non-Current Assets	0.08	0.09	0.10	0.09
<b>Current assets</b>	<b>0.89</b>	<b>0.90</b>	<b>1.09</b>	<b>7.87</b>
Inventories	0.04	0.04	0.03	0.04
Trade Receivables > Six Months	0.08	0.07	0.12	0.26
Trade Receivables < Six Months	0.35	0.43	0.71	0.70
Cash and Cash Equivalents	0.15	0.15	0.13	0.24
Short-Term Loans and Advances	0.13	0.12	0.01	6.28
Other Current Assets	0.14	0.08	0.09	0.34
<b>Total Assets</b>	<b>14.79</b>	<b>13.93</b>	<b>14.53</b>	<b>21.07</b>

**AASHRAYA HOTELS ESTATES PRIVATE LIMITED**

**ANNEXURE III: RATIOS**

		<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
Total Debt	<b>Crores</b>	7.37	6.02	4.91	11.44
Tangible Net Worth	<b>Crores</b>	6.76	6.67	7.29	7.84
Total Debt/ Tangible Net Worth	<b>Times</b>	1.09	0.90	0.67	1.46
Total Liabilities/ Tangible Net Worth	<b>Times</b>	0.88	0.75	0.69	1.69
Interest Service Coverage Ratio	<b>Times</b>	1.86	2.12	3.13	1.63
Debt Service Coverage Ratio	<b>Times</b>	2.15	0.91	1.36	1.37
Net Cash Accruals/Total Debt	<b>Times</b>	0.17	0.21	0.35	0.13
Net Profit Margin	<b>%</b>	10.01	-1.58	9.09	7.50
Operating Profit Margin	<b>%</b>	39.48	35.20	38.29	34.36
Return on Capital Employed	<b>%</b>	10.66	9.85	13.48	9.44
Current Ratio	<b>Times</b>	1.13	1.11	0.62	1.99
Days Receivables	<b>Days</b>	25	27	36	46
Days Inventory	<b>Days</b>	4	4	4	3
Days Payable	<b>Days</b>	194	214	355	433