

Press Release

EULOGIA INN LLP

06 April, 2018



Rating Downgraded

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	SMERA D (Downgraded from SMERA B/ Stable)

* Refer Annexure for details

Rating Rationale

SMERA has downgraded a long term rating of '**SMERA D**' (**read as SMERA D**) from '**SMERA B**' (**read as SMERA B**) to Rs. 15.00 crore bank facilities of EULOGIA INN LLP.

Eulogia Inn LLP (EIL), a limited liability partnership firm established in 2014 has set up a luxury hotel in Ahmedabad. The firm was founded by nine partners including Mr. Alpesh Patel, Mr. Kamrali Masi, Mr. Abbasali Yakubbhai Masi with more than 20 years of experience in the hospitality, real estate and construction sectors. The hotel commenced operations in June 2016.

Key Rating Drivers

Strengths

- **Experienced Management**

The rating draws comfort from the experienced management - Mr. Alpesh Patel, Mr. Kamrali Masi and Mr. Abbasali Yakubbhai Masi possess more than two decades of experience in the aforementioned industries.

- **Location Advantage**

The hotel enjoys locational advantage since it is located at a prime business hub - near Gota fly over, on Sarkhej-Gandhinagar Highway, Ahmedabad

Weaknesses

- **Operating level losses and high dependence on promoters fund**

EIL registered operating losses of Rs. 0.71 crore in FY2017 resulting in stretched liquidity. However, the firm has interest commitment charges of around Rs.1.23 crore which are met from continuous infusion of partner's capital.

- **Delays in servicing of debt obligations**

There have been delays in servicing of debt obligations during the last three months for more than 30 days. The liquidity position of the company is stretched evident from negative net cash accruals and high creditor days at 839 in FY2017.

Analytical Approach

SMERA has considered standalone financials of the company

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	4.78	-	-
EBITDA	Rs. Cr.	(0.71)	-	-
PAT	Rs. Cr.	(6.85)	-	-
EBITDA Margin	(%)	(14.95)	-	-
PAT Margin	(%)	(143.30)	-	-
ROCE	(%)	(14.86)	-	-
Total Debt/Tangible Net Worth	Times	0.95	-	-
PBDIT/Interest	Times	(0.33)	-	-
Total Debt/PBDIT	Times	(22.89)	-	-
Gross Current Assets (Days)	Days	300	-	-

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Service sector criteria: <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
10-Feb-2017	Term loan	LT	15.00	SMERA B/Stable (Assigned)

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA D (Downgraded)

Contacts

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