

Press Release

Aseem Hospitality Private Limited

12 November, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.50 Cr.
Long Term Rating	ACUITE B/Stable (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) on the Rs. 8.50 crore bank facilities of Aseem Hospitality Private Limited (AHPL). The outlook is '**Stable**'.

Naraspura (Karnataka) based, AHPL was incorporated in 2003 by Mr. Neeraj Chhabra and Mr. Aseem Chhabra. The company will be engaged in providing service apartments catering mainly to office employees. The capacity of the service apartment project named Windmill will be 720 beds. The project has been planned taking into consideration various industrial belts around like the automotive sector where there is presence of manufacturing facilities of Honda, Scania, Mahindra Aerospace to name a few.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of AHPL to arrive at the rating.

Key Rating Drivers:

Strengths

- **Experienced management**

The promoter of the company Mr. Neeraj Chhabra has over a decade of experience in the hospitality sector with his association with The Elite Hospitality.

Weaknesses

- **Project implementation risk**

Since operations are expected to commence April 2019, onwards the company is exposed to project implementation and off take risk. The current phase involves completion of the building which will be financed partly through the promoter's funds and term loan. The total cost of project is Rs.19.79 crore which will include promoter's contribution of Rs.3.50 crore as equity, Rs.6.79 crore as unsecured loans and Rs.9.50 crore of term loans. Presently, the term loan has been sanctioned and is yet to be fully disbursed.

Outlook: Stable

Acuité believes the outlook on AHPL will remain 'Stable' over the medium term backed by the experience of its management. The outlook maybe revised to 'Positive' in case of timely completion of the project without significant cost or time overrun. Conversely, the outlook maybe revised to 'Negative' in case of inordinate delays in the completion of the project.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	-22.29	0.00	0.00
PAT Margin	(%)	-23.64	0.00	0.00
ROCE	(%)	-0.02	-0.18	-0.29
Total Debt/Tangible Net Worth	Times	2574.74	3691.18	436.61
PBDIT/Interest	Times	-16.46	-23.35	-195.66
Total Debt/PBDIT	Times	-5618.80	-609.60	-700.10
Gross Current Assets (Days)	Days	33741	0	0

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	8.50	ACUITE B / Stable

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About Acuité Ratings & Research:

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