

Press Release

WAI INFRA PRIVATE LIMITED

March 27, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 30.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) to the Rs. 30.00 crore bank facilities of WAI INFRA PRIVATE LIMITED (WIPL). The outlook is '**Stable**'.

WIPL, incorporated in 2010 by Mr. Taluk Sonam and Mrs. Devi Miji, is currently operating a 3-star hotel in Itanagar (Arunachal Pradesh) under the name 'Waii International Hotel'. The hotel commenced operations from September 2017. The hotel consists of 61 rooms which includes four presidential suits, three each elite suits and executive suits and fifty-one luxury rooms. The hotel is expected to have peak season occupancy in the range of 55-60 percent.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the WIPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The Directors, Mr. Taluk Sonam and Mrs. Devi Miji have been associated with civil construction and hotel industry respectively for more than a decade. The company also proposes to set up a sports academy in Arunachal Pradesh. Acuité believes that experience of the promoters and assistance in the form of subsidies from the government for new initiatives within the state will help the company in implementation of the projects.

- **Location advantage**

The proximity of the hotel at Itanagar is also known for its wildlife, forests, waterfalls, adventure sports and rich tribal & cultural heritage which attracts tourist to visit this place for a short vacation.

Weaknesses

- **Nascent stage of operations**

The operations commenced in September 2017 and the hotel is not yet fully operational, hence is at a nascent stage.

- **Project execution risk**

The proposed project for construction of sports academy is scheduled to be completed by FY2021 at an estimated fund outlay of ~Rs. 63 crores. The said project cost is to be funded by way of Rs. 30.00 crores from bank loans and the balance from own sources. Since the project is still at the initial phase it is exposed to significant execution risk. Acuité believes that the timely completion of the project at the envisaged cost would be a key monitorable.

Outlook: Stable

Acuité believes that the outlook on WIPL will remain 'Stable' over the medium term. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations. The outlook may be revised to 'Negative' in case of failure in generating expected revenues due to presence of established competitors in the region or delays in completion of proposed project thereby pressuring the cashflows of the company.

Liquidity Position

The current liquidity position of the company is under pressures on account of newly commenced hotel operations and the same is expected to continue in the near to medium term till the company is able to generate adequate cashflows from its hotel business and successfully complete its upcoming project for construction of sports academy.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	2.15	0.00	0.00
EBITDA	Rs. Cr.	-0.03	0.00	0.00
PAT	Rs. Cr.	-3.70	-0.50	0.00
EBITDA Margin	(%)	-1.20	83.83	0.00
PAT Margin	(%)	-172.17	-16997.59	0.00
ROCE	(%)	-26.83	-0.08	0.00
Total Debt/Tangible Net Worth	Times	-86.43	8.40	1.76
PBDIT/Interest	Times	-0.23	0.00	0.00
Total Debt/PBDIT	Times	-534.89	9881.35	0.00
Gross Current Assets (Days)	Days	101	106250	0

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

None

Any other information

None

Applicable Criteria

- Service sector entities- <https://www.acuite.in/view-rating-criteria-8.htm>
- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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. Cr.)	Ratings/Outlook
Proposed	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE B+ / Stable

Contacts

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About Acuité Ratings & Research:

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