

December 10, 2015

CARE ASSIGNS 'CARE B' RATINGS TO THE BANK FACILITIES OF UJJWAL LUXURY HOTELS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	14	CARE B (Single B)	Assigned
Total Facilities	14 (Rupees Fourteen crore only)		

Rating Rationale

The rating assigned to the bank facilities of Ujjwal Luxury Hotels Private Limited (ULHPL) is primarily constrained on account of stabilization risk associated with its recently completed debt-funded project for construction of hotel and its presence in the highly fragmented and competitive hotel industry.

The rating, however, continues to derive strength from technical as well managerial assistance under 'Hyphen' brand provided by Supertech Hotels Private Limited (SHPL) and location advantage being present in Jaipur city which is tourist hub for domestic and foreign visitors.

Ability to achieve the projected Occupancy Ratio (OR) and Average Room Rent (ARR) for the hotel in a highly competitive industry is the key rating sensitivity.

Background

ULHPL was incorporated in June, 2011 as a private limited company by Mr Bhagirath Poonia and Mr Daya Ram Poonia with an objective to establish a three star hotel at Jaipur (Rajasthan). ULHPL has completed construction work on the hotel in the middle of November 2015 and has started its operations from the first week of December 2015. The company has incurred total cost of Rs.22.87 crore towards the project which was funded through term loan of Rs.14 crore, unsecured loans from promoters & relatives of Rs.6.37 crore and share capital of Rs.2.50 crore.

ULHPL has signed an agreement with SHPL for "Hyphen" brand as well as for management of the hotel in January 8, 2013 for the next five years. The hotel will have a facility of total 75 deluxe rooms along with one restaurant cum bar and one banquet hall with capacity of 400 persons.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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