

Ramay

June 25, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	41.15	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Ramay are constrained by project implementation & post-implementation risk associated with its debt-funded capex and presence in a highly competitive and Cyclical Nature of the Industry. The ratings, however, draw comfort from resourceful partners, Tie-up with the reputed group- Sarovar Portico and location advantage.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Completion and commissioning of the project without any time and cost overrun with timely debt tie-up.

Negative factors 4

- Delay in execution of project milestones.
- Cost over-run by more than 15% from current estimates.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the firm is likely to execute the project on time within the envisaged cost.

Detailed description of the key rating drivers:

Key weaknesses

Project execution risk & post-implementation risk associated with its debt-funded capex –

The firm is developing a project of a hotel with 129 keys consisting of 16 presidential suites, 44 Haveli Deluxe rooms, 46 Super deluxe rooms, & 23 Janki bhawan's type rooms, Restaurant, banquet/ Marriage halls/ conference & community center in Ayodhya. The cost of the upcoming project is envisaged as Rs 60.37 crore which is proposed to be funded through debt of Rs.41.15 crore and remaining through equity/unsecured loan infused by partners i.e. Rs.19.22 crore. Land for the hotel is owned by the promoters and firm has incurred ~Rs.25.19 crore i.e. 41.72% for the construction of building. For the construction of hotel promoters invested Rs.12.04 crore and remaining was funded by UBI bank i.e. Rs.13.15 crore. The date of commencement of commercial operation is October 2025. Successful completion of the project within the time and cost estimates will remain a key monitorable from credit perspective.

Competitive and Cyclical Nature of the Industry-

The risk profile associated with the hotel industry is high given the fact that the industry is highly seasonal as well as cyclical in nature and exhibits high volatility in its revenue and profitability depending on the economic cycle. During the economic boom, the industry is positively impacted, and witnesses higher spending and better margins backed by healthy operational parameters, while in the case of economic downtrends, the industry is adversely impacted and struggles in terms of revenue and profitability. The fact that the industry is characterized by high capital cost, coupled with a long gestation period also puts pressure on its cash flows in times of economic downtrends.

Key strengths

Resourceful Partners:

Ramay is managed by its partners Mr. Rishikesh Upadhyay and Mr. Vishnu Kumar Tiwari. Mr. Rishikesh Upadhyay, has extensive experience in real estate business, besides he is also running an educational trust Named "JAGRITI" which runs several institutes imparting education & having courses like BA, B.Ed., B.Com., BTC, B. Pharma, etc in the name of Shree Paramhans Shikshan

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Prasikshan Mahavidyalaya. He has been also the first MAYOR of the AYODHYA, whose tenure completed in January 2023. He is ably supported by Mr Vishnu Kumar Tiwari and look after the day-to-day operations of the firm. As on June 20, 2024, partners has infused ~Rs.10.57 crore for the construction of hotel.

Location Advantage-

Ramay is proposing to open a four-star hotel with convention facility in Ayodhya. AYODHYA being the world's oldest & heritage city being the Birth Place of RAMA and court's favorable judgment on "Ram Mandir" pending issue, in favor of Ram Janam Bhumi Trust in 2019, the Government of UP & Trust decided to construct the Grand "Ram Mandir" at AYODHYA with completion deadline in October 2025. Hospitality industry is flocking to AYODHYA as religious tourism In India witnesses accelerated growth and, upcoming "RAM TEMPLE adding Vital attraction to historical Place. Over 2 crores people are visiting Ayodhya annually & expected to increase to 4 crores annually by 2031.

The proposed hotel is situated near main Gorakhpur national highway Bye pass Road and in close proximity just 10 kms away from proposed "MARYADA PUROSHOTTAM SHRI RAM INTERNATIONAL AIRPORT", which is adjacent to NH-27 and NH-330 at Nakka, Faizabad in District AYODHYA, the airport is proposed to be commercial in 2024.

Tie-up with the reputed group - Sarovar Portico chain of hotels

The promoter is proposing a hotel at very prime location near to Gorakhpur National Highway Ayodhya among the most popular religious tourism In India witnesses accelerated growth and, upcoming "RAM TEMPLE adding Vital attraction to historical Place.

The firm have tied up arrangement with established group chain of Hotels with Brand Known as "SAROVAR HOTELS & The company is run by the through professionals endowed with a wealth of experience & expertise. With their keen understanding of the hospitality business and technical Know-how that has propelled Sarovar Hotels to the forefront of the hotel industry. The tie up arrangement will be added advantage for the promoters of the group to have the booking automatically & through the other on line booking leading Hotel booking travel companies.

Liquidity: Stretched

The liquidity of the firm is supported by the resourcefulness of partners who have infused a total of ~Rs.11.84 crores as on April 30, 2024. The firm has received the sanction of Rs.41.15 crores from Union Bank of India. The repayment of term loan will start from Jan 2026. The Liquidity profile will be driven by timely commissioning of the project as per the scheduled time and the firm's ability to successfully ramp up its operations.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

[Service Sector Companies](#)

About the firm and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Ramay is a partnership firm, constituted by Mr Rishikesh Upadhyay and Mr VishnuKumar on August 27, 2019 at 24/3/56, Jaisinghpur, Ayodhya, with object to establish Hotels, Banquet Halls. Marriage halls, Convention centers, & conference hall, under name & style of "RAMAY". Ramay is managed by its partners Mr. Rishikesh Upadhyay and Mr. Vishnu Kumar Tiwari. Mr. Rishikesh Upadhyay. The firm is currently under project stage.

Brief Financials: Not material as project stage entity

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan	NA	-	-	January 2036	41.15	CARE BB-; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	41.15	CARE BB-; Stable				

LT: Long term;

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Priti Agarwal Senior Director CARE Ratings Limited Phone: 91-033-40181621 E-mail: priti.agarwal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in	Puneet Kansal Director CARE Ratings Limited Phone: 91-120-4452018 E-mail: puneet.kansal@careedge.in Shabnam Goyal Lead Analyst CARE Ratings Limited E-mail: shabnam.goyal@careedge.in

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