



SMERA RATINGS LIMITED

Ishaan Hospitality Private Limited (IHPL)

**Rating
Rationale****January 02, 2015**

Facility	Amount (Rs. Crore)	Rating
Term Loan	5.00	SMERA B+/ Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA single B plus**) to the Rs.5.00 crore bank facility of Ishaan Hospitality Private Limited (IHPL). The outlook is '**Stable**'. The rating is constrained by the company's nascent stage of operations in an intensely competitive segment of the hospitality industry. The rating is also constrained by the company's weak financial profile. However, the rating is supported by the company's experienced management. The rating draws comfort from the proximity of the company's hotel to tourist destinations in Chandigarh.

IHPL, incorporated in 2013, is a Chandigarh-based company engaged operating a three-star hotel named 'The First Hotel'. IHPL commenced commercial operations in February 2014. The company's weak financial risk profile is marked by high gearing (total debt to tangible networth ratio) of 1.89 times as on March 31, 2014. IHPL operates in an intensely competitive segment of the hospitality industry.

IHPL benefits from its experienced management. Mr. Deepak Narang, director of IHPL, has around ten years of experience in the hospitality industry. IHPL's hotel is proximity to several tourist destinations.

Outlook: Stable

SMERA believes IHPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected revenues and net cash accruals, or in case of deterioration in the company's financial risk profile and liquidity position.

About the company

IHPL, established in 2013, is a Chandigarh-based company promoted by Mr. Deepak Narang. IHPL has developed a three-star hotel in Sector 34, Chandigarh. The commercial operations of the hotel started in February 2014.

IHPL's net worth stood at Rs.5.03 crore as on March 31, 2014.

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