

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.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

### Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal Vice President – SME Sales Tel: +91-22-6714 1177 Cell: +91 9930074009 Email: <a href="mailto:virendra.goyal@smera.in">virendra.goyal@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.