

June 11, 2015

| Facilities   | Amount<br>(Rs. Crore) | Rating                    |
|--------------|-----------------------|---------------------------|
| Term Loan I  | 21.81                 | SMERA B/Stable (Assigned) |
| Term Loan II | 7.39                  | SMERA B/Stable (Assigned) |

SMERA has assigned a rating of '**SMERA B**' (read as **SMERA B**) to the Rs.29.20 crore bank facilities of Ishwar Resort Hotels Private Limited (IRHPL). The outlook is '**Stable**'. The rating is constrained by the hotel's weak occupancy resulting in low profitability and intense competition in the hotel industry. The aforementioned weaknesses are partially offset by the firm's experienced management and locational advantage.

IRHPL incorporated in 2011 is a Rajasthan-based company engaged in the hotel business. The company constructed a resort-cum-hotel in Sawai Madhopur, Rajasthan at a cost of Rs.49.65 crore, funded through promoter's funds of Rs.20.45 crore and term loan of Rs.29.20 crore. The commercial operations of the resort, with 34 villas and 80 deluxe rooms commenced in April 2015. The principal repayment of the term loan is due from April 2016 onwards. However, since stabilization of operations takes two to three years, offtake risk is a factor as the company may not be able to achieve the expected revenues due to intense competition.

IRHPL benefits from its experienced management. The promoters Mr. Shri Chand Sigar and Mr. Mohammad Zakir Zuberi have over two decades of experience in this line of business having successfully implemented two hotel projects viz. Hotel Apno Rajasthan and Holiday Resorts. Also, the proximity of the hotel to Ranthambore National Park is expected to increase the inflow of tourists.

#### **Outlook:Stable**

SMERA believes that IRHPL will continue to benefit over the medium term from the promoters extensive experience in this line of business. The outlook may be revised to 'Positive' in case the company is able to generate healthy cash flows from operations. The outlook may be revised to 'Negative' in case of failure in generating cash flows due to presence of established competitors in the region.



SMERA RATINGS LIMITED

## Ishwar Resort Hotels Private Limited (IRHPL)

*Rating  
Rationale*

### About the Company

IRHPL incorporated in 2011 is a Rajasthan-based company engaged in the hotel business. The company constructed a resort-cum-hotel in Sawai Madhopur, Rajasthan. The commercial operations of the resort commenced in April 2015.

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