

### Ishwar Resort Hotels Private Limited: Downgraded

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan I	21.81	SMERA D (Downgraded from SMERA B/Stable)
Term Loan II	7.39	SMERA D (Downgraded from SMERA B/Stable)

SMERA has downgraded the long term rating on the Rs.29.20 crore bank facilities of Ishwar Resort Hotels Private Limited (IRHPL) to '**SMERA D**' (read as **SMERA D**) from 'SMERA B' (read as SMERA B).

The downgrade reflects ongoing delays in servicing and repayment of debt on account of the company's weak liquidity position. The rating is also constrained by the nascent stage of operations of Hotel Vanaya Mahal. However, the rating draws support from the experienced management.

#### Update

The rating takes into account the delay in repayment of principle and interest of the existing term loans. The company has completed construction of 'Hotel Vanaya Mahal' at Rajasthan with 34 villas and 80 deluxe rooms. The commercial operations commenced in October 2015. As per the provisional financials, the company registered revenue of Rs.5.41 crore in FY2015-16 due to low occupancy in the first year of operations. The operating margins as per FY2015-16 (provisional) stood at 82.32 per cent.

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

#### Rating Sensitivity Factors

- Timely repayment of debt
- Scaling up operations while maintaining operating margins

#### About the Company

IRHPL was incorporated in 2011 to construct a resort cum hotel at Sawai Madhopur, Rajasthan. The company is promoted and managed by Mr. Zuberi Khan and Mr. Shri Chand Sigar. The commercial operations commenced in October, 2015.

For FY2015-16, IRHPL reported loss of Rs.1.20 crore on operating income of Rs.5.41 crore.

**Rating History**

Date	Facilities	Amount (Rs. Crore)	Rating		Rating/ Outlook
			Long Term	Short Term	
11 June, 2015	Term Loan I	21.81	SMERA B (Assigned)	-	Stable
	Term Loan II	7.39	SMERA B (Assigned)	-	Stable

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