

July 25,2015

Facilities	Amount(Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>3.06</b>	<b>SMERA B-/Stable (Assigned)</b>
<b>Term Loan</b>	<b>35.94</b>	<b>SMERA B-/Stable (Assigned)</b>

SMERA has assigned a long-term rating of '**SMERA B-**' (read as **SMERAB minus**) to the Rs.39.00crore bank facilities of Jagmohan Lal Gupta Estates Private Limited (JLGEPL). The outlook is '**Stable**'. The rating is constrained by company's negative net worth due to accumulated losses, below average financial risk profile marked by low Interest Coverage ratio (ICR) and moderate scale of operations. The rating is further constrain by stretched liquidity as net cash accrual is at par with the high debt obligation and vulnerability to cyclical in the hospitality industry. However the weaknesses are partially offset by the company's association with Radisson International.

### **Outlook: Stable**

SMERA believes the outlook will remain stable over the medium term owing to the tie up with Radisson International. The outlook may be revised to 'Positive' in case there is improvement in net cash accrual and liquidity position of the company. The outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile of the company.

### **About the Company**

JLGEPL, incorporated in 1981, is a Ranchi-based company promoted by Mr. Dilip Kumar Gupta, Ms. Nandani Gupta and Mr. Aditya Gupta engaged in liquor business. Later in the year 2011, the company has set up a 5 star hotel in collaboration with Radisson International under the brand "Radission Blu"

JLGEPL reported a net loss of Rs.1.73 crore on operating income of Rs.20.26 crore for FY2013-14, as compared with net loss of Rs.8.11. crore on operating income of Rs.18.23 crore in FY2012-13. The company's net worth stood negative at Rs.5.22 crore as on March 31, 2014, as compared with Rs.5.37 crore a year earlier.

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