

## Chandrawati Hospitality and Tourism: Reaffirmed

Facility	Amount (Rs Crore)	Rating/Outlook
Term Loan	14.00	SMERA B-/Stable (Reaffirmed)

SMERA has reaffirmed the long term rating of **'SMERA B-' (read as SMERA B minus)** on the Rs.14.00 crore bank facility of Chandrawati Hospitality and Tourism (CHT). The outlook is **'Stable'**. The rating reaffirmation reflects delay in commencement of business.

The rating continues to be constrained by delays in project implementation, off-take risk since operations are yet to commence and operating efficiency risk associated with the firm's upcoming hotel. The rating also factors in the exposure to the competitive and fragmented nature of the hotel industry and intense competition from other hotels in the vicinity. However, the rating continues to draw support from the strategic location of the hotel.

### Update

CHT, is setting up a 104 room hotel in Bharatpur, Rajasthan. The commercial operation date (COD) was initially scheduled for July 2015. However, with project delays, the date was extended to June 2017. Around 60 per cent work on the project has been completed and any further delay is expected to impinge upon future cash flows. Further, the rating is also constrained by the firm's exposure to intense market competition. The firm's financial risk profile is marked by high gearing of 2.29 times in FY2016 as compared to 1.42 times in FY2015.

However, the rating draws support from the strategic location of the upcoming hotel at Bharatpur with good tourist inflow throughout the year.

### Outlook- Stable

SMERA believes that the outlook on CHT's rated facility will remain stable over the medium term on account of its strategic location. The outlook may be revised to 'Positive' if the firm completes the project on time and achieves better than expected growth in revenues and occupancy. Conversely, the outlook may be revised to 'Negative' in case of delays in the project resulting in losses and additional debt.

### Rating Sensitivity Factors

- Timely completion of the project.
- Occupancy rate of the hotel going forward
- Generating adequate cash flows while maintaining profitability

### About the Firm

The Rajasthan based –CHT incorporated in 2010 is a partnership firm, promoted by Dr. Jitendra Singh, Mrs. Beena Singh and Miss. Bijil Singh. The operations commenced in July 2015.

For FY2015-16, CHT reported PAT of Rs.0.02 crore on non-operating income of Rs.1.03 crore in FY2016. The firm's networth stands at Rs.5.80 crore as on March 31, 2016 as compared with Rs. 5.77 crore a year earlier.

**Rating History**

Date	Facility	Amount (Rs. Crore)	Rating		Rating/Outlook
			Long Term	Short Term	
27 July, 2015	Term Loan	14.00	SMERA B- (Assigned)	-	Stable

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