

August 07, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	10.00	SMERA BB/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.10.00 crore bank facilities of Highway Comfort Inn (HCI). The outlook is '**Stable**'. The rating draws comfort from the firm's healthy booking in FY2015 and bookings in hand as on July 2015, healthy liquidity position and experienced management. The ratings are constrained by the firm's small-scale of operations in an intensely competitive segment of the motel industry.

**Outlook: Stable**

The outlook of the firm is stable on account of the resourceful management and large area to let out when compared with other properties in the vicinity. The outlook may be revised to 'Negative' if the firm is unable to generate enough net cash accrual compared to the repayment of the term loan. Conversely, the outlook may be revised to positive if the firm generates larger than expected cash flows or repay its debt prematurely.

**Rating Sensitivity Factors**

- Deterioration in working capital management
- Any future capital expenditure and its funding pattern
- Decline in bookings

**About the Firm**

HCI, established in 2014, is a Karnal-based firm promoted by Mr. Sushil Jain, Mr. Navneet Gupta and Mr. Manoj Gupta. The firm currently operates a motel by the name 'The Eden' on a 14.5 acre land on the Delhi-Chandigarh highway, at Karnal, Haryana that consists of two banquet halls, of around 15,000 square feet each (with a capacity for hosting more than 1000 people), 22 rooms, a large car park (capacity for around 700 cars) and large gardens.

For FY2014-15 (provisional), HCI reported profit after tax (PAT) of Rs.0.05 crore on operating income of Rs.3.40 crore. The firm's net worth stood at Rs.7.81 crore as on March 31, 2015.

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SMERA RATINGS LIMITED

## Highway Comfort Inn (HCI)

*Rating  
Rationale*

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