

**August 26, 2015**

Facility	Amount (Rs. Crore)	Rating
Term Loan	9.60	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (read as **SMERA single B**) to the Rs.9.60 crore bank facilities of Fairlie Hotels & Resorts Private Limited (FHRPL). The outlook is '**Stable**'. The rating draws comfort from the firm's healthy booking in FY2015 and bookings in hand as on July 2015 and healthy liquidity position. The ratings are constrained by the firm's small-scale of operations in an intensely competitive segment of the resort 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 Company

Incorporated in 2008, FHRPL operates a three-star hotel, Country Inn & Suites, in Chattarpur, New Delhi, under the Country Inn brand managed by Carlson, its O&M partner. The hotel has 37 rooms, including executive rooms. Facilities offered by the hotel include restaurants, coffee shop, banquet halls, and conference centres. The hotel is developed on a farm house (owned by the promoters), with two lawns that are primarily used for functions. It commenced operations in April 2011.

For FY2013-14, FHRPL reported net loss of Rs.1.00 crore on net sales of Rs.10.70 crore, as compared with net loss of Rs.0.72 crore on net sales of Rs.10.49 crore for FY 2012-13. The company's net worth stood at Rs.10.78 crore as on March 31, 2014, as compared with Rs.10.56 crore a year earlier.

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SMERA RATINGS LIMITED

Fairlie Hotels & Resorts Private Limited (FHRPL)

*Rating
Rationale*

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