

April 18, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan	9.00	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B** (read as **SMERA B**) to the above mentioned Rs. 9.00 crore bank facility of Nakshatra Regency Private Limited (NRPL). The outlook is '**Stable**'. The rating is constrained by the nascent stage and modest scale of operations, low occupancy rate and high repayment obligation in the medium term. The rating also factors in vulnerability to cyclicalities associated with the hotel industry. However, the rating derives support from its experienced management.

### Rating Sensitivity Factors

- Sustainable and Substantial growth & improvement in revenues & profitability
- Ability to generate occupancy levels
- Ability to generate cash flows to service debt obligations

### Outlook – Stable

SMERA believes that the company would benefit over the medium term from its promoter's extensive experience. The outlook may be revised to 'Positive' if the company generates healthy cash flows from operations. Conversely, the outlook may be revised to 'Negative' in case the company fails to generate the required cash flow to service its debt obligations.

### About The Company

NRPL, incorporated in 2011, is a Bellary-based company promoted by Dr. K. L Govinda Reddy, Mr. K. L Virupaksha Reddy, Mr. A. Lakshmi Reddy and Ms Anitha Gaddami. The company has set up a luxury hotel of six floors with 75 lodging rooms, a conference hall, two restaurants and various other facilities. The commercial operations commenced in July, 2015.

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