

### Samode Haveli: Assigned

Name of the Instrument	Amount (Rs Crore)	Rating/Outlook
Cash Credit (Proposed)	4.00	SMERA BBB-/Stable (Assigned)
Term Loan	1.01	SMERA BBB-/Stable (Assigned)
Term Loan (Proposed)	10.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) to the Rs.15.01 crore bank facilities of Samode Haveli. The outlook is '**Stable**'.

The rating draws support from the firm's long track record of operations, strong occupancy resulting in healthy profitability, locational advantage and above average financial risk profile. However, the rating is constrained by modest scale of operations and risks related to geographic concentration and project execution.

Samode Haveli (part of the Samode Group), a premium heritage property at Jaipur is one of the 13 palaces converted into a hotel. Located at close proximity to the airport (17 kms) and the railway station (6 kms), the hotel enjoys occupancy of around 90 per cent during peak season (Oct-April) and 45 per cent at other times. As a result, the EBITDA margins stand strong at 35.21 per cent for FY2014-15. The hotel has registered CAGR of 12 per cent since FY2013. The operating revenues stood at Rs.14.28 crore in FY2014-15 as compared to Rs.12.44 crore in FY2013-14. For FY2015-16 (provisional), the revenue figures were Rs.17.50 crore with a net profit of Rs.2.80 crore.

The debt protection metrics of the firm are healthy with interest coverage ratio of 3.57 times in FY2015. Besides, the gearing has been low at 0.94 times as on March 31, 2015.

The Samode Group has been in the hotel business for the last four decades and has four properties at Jaipur. With no expansion to other locations so far, the firm is exposed to geographic concentration risk. However, plans are on to construct 13 deluxe rooms on its existing property at a cost of Rs.12.50 crore to be funded by a term loan of Rs.10 crore and promoter's contribution of Rs. 2.50 crore. The project is expected to be completed by October 2017. While cost or time overrun may result in significant risk, the firm has till date executed its projects before time.

#### Rating Sensitivity Factors

- Scaling up operations while maintaining profit margins
- Timely execution of the current project

#### Outlook-Stable

SMERA believes Samode Haveli will maintain a stable business risk profile in the medium term considering the moderate occupancy and experienced management. The outlook may be revised to 'Positive' in case it achieves higher than expected revenue with sustainable profitability. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates further.

## About the Firm

Samode Haveli, part of the Samode Group of hotels, was established in 1988 at Gangapole, Rajasthan. The firm is headed by partners, Raghvendra Singh, Yadvendra Singh and Priti Singh. The hotel is located at close proximity to the airport (17 kms) and the railway station (6 kms) and offers several amenities including a bar, pool, library among others. The firm reported sales of Rs.14.28 crore for FY2014-15 and profit after tax (PAT) of Rs.2.10 crore.

## About The Samode Group

The Samode Group has four units of which three are in Jaipur and one at Bhandavgarh. The units include Samode Palace-Jaipur, Samode Haveli-Jaipur, Samode Baugh-Jaipur, Samode Safari Lodge-Bandhavgarh.

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