

### Crescent Spa and Resorts Indore Private Limited: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Term Loan	14.50	SMERA BB/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB**' (read as **SMERA double B**) to the above mentioned bank facility of Crescent Spa and Resorts Indore Private Limited (Crescent). The outlook is '**Stable**'. The rating draws support from the company's healthy profitability and comfortable financial risk profile. However, the rating is constrained by the small scale of operations and risks related to geographic concentration.

Crescent (part of the Crescent Rai Group), incorporated in 2010, operates a water park and resort on the outskirts of Indore. The company registered healthy operating margins of 58.47 per cent in FY2015 with substantial increase in footfalls. The gearing has been moderate at 1.87 times as on March 31, 2015 with interest coverage ratio (ICR) of 11.09 times and debt service coverage ratio (DSCR) of 2.65 times in FY2015.

However the rating is constrained by the small scale of operations with revenues of Rs.5.43 crore in FY2014-15 as compared to Rs.3.47 crore in FY2013-14. For FY2015-16 (provisional), the company earned revenues of Rs.7.50 crore. Further, Crescent is exposed to geographic concentration risk with operations restricted to Indore (MP).

#### Rating Sensitivity Factors

- Scaling up operations and profitability
- Increase in footfalls and occupancy levels

#### Outlook-Stable

SMERA believes Crescent will maintain a stable outlook in the medium term owing to the moderate occupancy and experienced management. The outlook may be revised to 'Positive' in case of higher than expected revenue with sustainable profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue or profitability margins due to debt-funded capex or working capital borrowings.

#### About the Company

Crescent, incorporated in 2010 by Mr. Akhilesh Rai, Mr. Anshay Rai and Mrs. Namita Rai, Directors operates a water park and resort at Nemawar Road, Indore.

For FY2014-15, the company reported profit after tax (PAT) of Rs.1.69 crore on operating income of Rs.5.43 crore, as compared with net profit of Rs.0.66 crore on operating income of Rs.3.57 crore in FY2013-14.

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