

Press Release

RG Royal Hotel & Convention (RG Royal)

23 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.10.00 Cr
Long Term Rating	SMERA B-/Stable (Suspension Revoked; Rating Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has revoked the suspension of rating on the above mentioned bank facility of RG Royal Hotel & Convention (RG Royal) and assigned rating of '**SMERA B-**' (**read as SMERA B minus**). The outlook is '**Stable**'.

SMERA had on 22 April, 2016 suspended the rating for lack of necessary information from RG Royal. The company has now shared the requisite information, enabling SMERA to assign a rating to the bank facility.

RG Royal is a proprietorship concern established in 2013 by Mr Ravish Gowda. The firm has constructed a three-star hotel (with 66 rooms) in Mahalakshmiapuram, Bangalore.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The proprietor has over a decades experience in running hotels in Dubai.

Weaknesses:

Nascent stage of operations: While the firm was established in 2013, operations commenced only in 2016.

Intense market competition: The company is exposed to intense market competition with several hotels in the vicinity.

Applicable Criteria

- Application of financial ratio and adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default recognition: <https://www.smerra.in/criteria-default.htm>
- Services Sector: <https://www.smerra.in/criteria-services.htm>

Outlook: Stable

SMERA believes that RG Royal will maintain a 'Stable' outlook in the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if it scales up operations. Conversely, the outlook may be revised to 'Negative' in case the financial risk profile deteriorates owing to higher-than-expected increase in working capital requirements.

About the Rated Entity

RG Royal Hotel & Convention (RG Royal) is a proprietorship concern promoted by Mr. Ravish Gowda. The proprietor has over a decade's experience in running hotels in Dubai. Plans are on to set up a three star hotel at Mahalakshmiapuram, Bangalore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	10.00	SMERA B-/Stable (Assigned)	22 April, 2016	SMERA C (Suspended)	30 June, 2015	SMERA C (Assigned)	-	-

*Annexure – Details of instruments rated:

Name of the Facility	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	NA	NA	March, 2020	10.00	SMERA B-/Stable (Assigned)

Note on complexity levels of the rated instrument: <https://www.smerra.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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