

Press Release

Sundale International Hotel Private Limited

03 May, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	SMERA B/ Outlook: Stable (Assigned)

* Refer Annexure for details

Rating Rationale

SMERA has assigned a long term rating of '**SMERA B' (read as SMERA B)** on the Rs.12.00 crore bank facilities of Sundale International Hotel Private Limited (SIH). The outlook is 'Stable'.

Incorporated in 2018, Sundale International Hotel Private Limited (SIH) is a Kollam, Kerala based private limited company engaged in providing hospitality services. SIH is promoted by Directors Mr. KB Sajeev and Mrs. Maya. The hotel will have 34 rooms including 28 deluxe double rooms and 6 suite rooms. The food and beverage outlet comprising of two restaurants out of which one is roof top. The hotel will have banqueting facilities catering 700 pax & conference hall with capacity of 50 pax and 1000 pax roof top area which can hold wedding parties.

Key Rating Drivers

Strengths

Location Advantage

Company is setting up its hotel in Kollam (Quilon) – Kerala. Kollam which is considered a twin city of Trivandrum, is considered one of the best tropical beach location in the state thereby it has witnessed an increase in the inflow of both domestic and foreign tourists year on year.

Weaknesses

Exposure to Financing Risk

Total project cost is Rs.38.3 crore where HSI has applied for bank facilities of 12 crore which are yet to be sanctioned. Hence the firm is exposed to financing risk for the project they have already started.

Competitive and fragmented industry

The company operates in a competitive industry as there are many organized and un-organized players in the hotels and hospitality industry.

Timely commissioning of project

SIH is expected to complete its project by September, 2018 and the operation will start from October, 2018. If the company does not commence on projected time frame, it would affect the cash flow of the firm by which servicing of interest on term loans and principal repayments, would be affected.

Outlook: Stable

SMERA believes that SIH will maintain 'Stable' outlook in the medium term owing to the location advantage. The outlook may be revised to 'Positive' in case of early completion of Project there by generating healthy cash flows from operations. Conversely, the outlook may be revised to 'Negative' in case of time or cost overrun of project.

About the Rated Entity - Key Financials

Not Applicable

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities in Service Sector: <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Up to last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	12.00	SMERA B/Stable

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