

Press Release

Jagat Hotels

May 14, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.50 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as SMERA B) on the Rs.8.50 crore bank facilities of Jagat Hotels. The outlook is '**Stable**'.

Jagat Hotels was established in 2017 as a proprietorship concern by Mr. B. S. Shaktawat in Udaipur, Rajasthan. The firm is setting up a hotel consisting of 45 rooms which includes three suites, three service apartments, restaurant and other facilities. The total cost of the project is Rs.13.22 crore and commercial operations are expected to start from September, 2019.

Key Rating Drivers

Strengths

- **Experienced Management**

The promoter, Mr. B.S Shaktawat has more than three decades of experience in the hospitality and real estate sectors. Through another hotel named Royal Heritage Villa which is also situated in Udaipur.

Weaknesses

- **Project implementation risk**

The project is scheduled to be completed in September 2019 at an estimated fund outlay of Rs. 13.22 crores. The said project cost is to be funded from Rs. 8.50 crores from bank loans and the balance from own sources. Since the project completion till now has been around 5 per cent, the said project is exposed to significant execution risk. SMERA believes that the timely completion of the project at the envisaged cost would be a key monitorable.

- **Intense Competition**

The firm will face intense competition from number of large organized and unorganized hotels present in Udaipur region.

Analytical Approach

SMERA has considered the standalone financials and business risk profile of Jagat Hotels to arrive at this rating.

Outlook: Stable

SMERA believes that Jagat Hotels will maintain a stable outlook in the medium term owing to the extensive experience of the promoters. The outlook may be revised to 'Positive' in case the firm generates healthy cash flows from operations while achieving a healthy financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.00	0.00	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

*Note: The firm is yet to start its operations from FY2020

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto 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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA B/ Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA B/ Stable

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