

## Press Release

### Kanha Hotels And Spa Private Limited

July 31, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 85.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 85.00 crore bank facilities of Kanha Hotels And Spa Private Limited (KHSPL). The outlook is '**Stable**'.

Kanha Hotels and Spa Pvt. Ltd., a Jaipur-based company was incorporated in 1989. The promoter, Mr. Natwarlal Sharda and his family took over the company in 2017. The company has hotels under the brand name 'Kanha' in various locations of Jaipur. The company has undertaken a new project to set up a six-floor leisure hotel at Jaipur. The company plans to set up the hotel with 231 guest rooms, a banquet hall (having capacity to accommodate around 1000 guests), a conference room, bar and lounge and a multi-cuisine restaurant (having 290 covers).

### Key Rating Drivers

#### Strengths

- **Experienced management**

The management of the Kanha Hotels and Spa Pvt. Ltd has gained experience of over a decade in the area of hospitality management.

- **Geographical locational advantage**

KHSPL is situated in Jaipur city which has royal legacy of forts and palaces which attracts tourist to visit this place for a short vacation. Also, Jaipur city is famous for destination weddings.

#### Weaknesses

- **Project implementation risk**

The total project cost for construction of hotel stood at Rs.130.81 crore. The facility will be used for land, building, furniture and fixtures, crockery and cutlery, linen and blankets, preliminary and pre-operative expense. The project cost will be funded through Promoter's capital of Rs.38.13 crore, unsecured loan of Rs.12.68 crore and bank borrowing of Rs.80.00 crore. The project is at an advanced stage of execution as Rs.7.80 crore has been incurred as on March, 2018 towards the total project cost of Rs.130.81 crore which has been funded through Promoter's capital and unsecured loans from relatives. The project is expected to be completed by December, 2019. Hence, the project is exposed to significant implementation risk in case of any time or cost overruns.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Kanha Hotels and Spa Private Limited to arrive at the rating.

### Outlook: Stable

Acuite believes that the outlook on KHSPL will remain 'Stable' over the medium term from the experienced management. The outlook may be revised to 'Positive' in case the company completes the project on time and generates healthy cash flows from operations. The outlook may be revised to 'Negative' in case of delay in project completion and failure in generating cash flows due to presence of established competitors in the region.

## About the Rated Entity - Key Financials

Not Applicable

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

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Service Sector - <https://www.acuite.in/view-rating-criteria-8.htm>

## Note on complexity levels of the rated instrument

<https://www.acuite.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
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	85.00	ACUITE B / Stable

## Contacts

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## About Acuité Ratings & Research:

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