



SMERA RATINGS LIMITED

Seven Leisure Private Limited (SLPL)

Rating Rationale

December 17, 2014

Facilities	Amount (Rs. Crore)	Rating
Term Loan	48.00	SMERA BB/Stable (Reaffirmed)
Term Loan	37.50	SMERA BB/Stable (Reaffirmed)
Term Loan	20.50	SMERA BB/Stable (Reaffirmed)
Term Loan	30.00	SMERA BB/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs.136.00 crore bank facilities of Seven Leisure Private Limited (SLPL). The outlook is '**Stable**'. The rating continues to draw comfort from the company's experienced management. The rating is supported by healthy growth in membership base of the club operated by SLPL. The rating is also supported by the company's association with Starwood Hotels & Resorts. However, the rating is constrained by the company's exposure to project execution risk.

Update

SLPL's capital work-in-progress stood at Rs.123.09 crore (provisional) as on October 31, 2014 as against total project cost of Rs.235.00 crore. The company has mainly funded the project expenditure through membership advances. SMERA believes SLPL will continue to face project execution challenges considering the pending execution of a substantial portion (~45 per cent) of the ongoing project. SLPL's club has 3,984 registered members as on September 30, 2014. The total membership fees received by the company stood at Rs.73.24 crore (provisional) as on October 31, 2014, as compared with Rs.59.80 crore as on March 31, 2014. SLPL has also received term loan disbursement of Rs.44.49 crore out of the total sanctioned limit of Rs.136.00 crore. SLPL has bought in equity of ~Rs 13.00 crore in FY2014, company's current net worth stood at Rs.21.75 crore (provisional) as on October 31, 2014.

The average membership fee received by the company (in FY2013-14) was ~Rs.2.8 lakh, marginally lower against our estimates. SLPL has signed a contract with Starwood Hotels & Resorts to operate a five-star hotel under the brand name of 'Le Méridien'. The aforementioned hotel has 200 rooms, four restaurants and one convention centre with banquets and various recreational facilities.

Outlook: Stable

SLPL's rating has a stable outlook. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in membership base and subscription fees. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in membership base or subscription fees.

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About the company

SLPL is a special purpose vehicle of West Wing Infrastructures Private Limited (WWIPL) which was incorporated in 2009. WWIPL and SLPL are promoted by Mr. D. S. Prajapati, Mr. Kalpesh Prajapati and Mr. Ashokbhai Prajapati. SLPL's management has around two decades of experience in various businesses such as construction, commodities trading and import-export.

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