

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' rating for the Credit Facilities aggregating ₹ 5.00 Crs of M/s Hotel Himalaya.

Brickwork Ratings has assigned the following **Ratings**¹ to the Credit Facilities of Rs. 5.00 Crs of M/s Hotel Himalaya (HH or the 'Firm'):

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based Term Loan	5.00	Long Term	BWR BB- (Pronounced BWR Double B minus) Outlook: Stable
Total	5.00	(INR Five Crores only)	

BWR has principally relied upon the projected financials from FY17 to FY23, publicly available information and information/clarification provided by the Firm.

The rating draws comfort from the experience of the promoter in the hotel business, low project implementation risk as civil construction work has been completed as per the schedule and major cost of the project has already been incurred. The rating also takes into account the favourable location of the hotel, being halting place for travelers and tourists to Bhutan due to its proximity to National Highway. The rating is, however, constrained by small scale of operations, capital intensive operations and seasonal nature of the industry.

Background

Hotel Himalaya is a proprietorship concern established by Mr. Chikaru Brahma in the year 2002. Presently, the Firm is running a hotel at Chapaguri, near National Highway 31(A) and offering only food facilities. In view of good demand for lodging, the promoter has decided to deconstruct the present structure of the hotel and build a G+5 building with modern amenities, covering total area of 2087 square meters. The civil construction work of the hotel has already been completed and interior works are under process.

The proposed hotel consists of 15 single bedded rooms (AC), 12 double bedded rooms (AC), 3 Suite room, restaurant, and a conference cum banquet hall. The hotel is expected to be operational from January 2017.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management

Mr. Chikaru Brahma, proprietor of the Firm, has good business experience. Apart from Hotel business, he is also engaged in various other businesses viz. civil contract works, Fishery, poultry farm, stone crusher unit etc.

Financial Performance

As per the projected financials of FY17, net revenue from operations would be Rs. 1.26 Crores considering 3 months of operations. During FY18, the hotel is expected to become fully operational, projecting revenue of Rs. 4.79 Crores.

Rating Outlook

The Firm's ability to timely complete the project without cost overrun, achieve the envisaged revenue and occupancy levels and efficient management of working capital shall remain the key rating sensitivities.

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