

## Kartikey Resorts and Hospitality Private Limited

	Amount Outstanding	Rating Action
	Rs. Crore	October 2016
Fund Based Limits	12.50	[ICRA]D; revised from [ICRA]B-

ICRA has revised its long term rating on the Rs. 12.50 crore<sup>1</sup> fund based bank facilities of Kartikey Resorts and Hospitality Private Limited (KRHPL)<sup>†</sup> to [ICRA]D (pronounced ICRA D) from [ICRA]B- (pronounced ICRA B minus).

The rating revision is driven by delays in debt servicing by KRHPL on its term loan on account of weak liquidity. The industry in which KRHPL operates is cyclical in nature, remaining vulnerable to general economic slowdown and exogenous shocks. Also, high level of competition in the geography of operations might put pressure on the occupancy levels and the average room rents in the initial period of operations, which might put pressure on the cash flows in the gestation period.

However, the rating draws comfort from the past experience of the promoters in managing hotels and the benefits it will derive due to its tie-up with the Carlson group (Country Inn Resorts).

Going forward, the ability of the resort to achieve moderate occupancy during the initial phase of operations and to generate healthy cash flows remains the key rating sensitivities.

### Company Profile

KRHPL was incorporated in September 2006 and currently runs a 22 room hotel, namely Hotel Rajhans in Manali. KRHPL was also operating a hotel at Kausauli however it's been closed since January 2015. The company is setting up a 4 star hotel project in Mukteshwar, Uttarakhand with an investment of Rs. 20.01 crore.

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<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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