

Mahamaya Infrastructure Private Limited
April 6, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	70.00	CARE B+; Stable (Single B Plus; Outlook: Stable)	Revised from CARE BB; Stable (Double B; Outlook: Stable)
Total Facilities	70.00 (Rs. Seventy crore)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities of Mahamaya Infrastructure Private Limited (MIPL) is on account of cost overruns due to delays in the launch of the project by the company, thereby impacting the financial profile of the company. The rating continues to take into account the implementation risk associated with the resort project, promoters' inexperience in the hotel industry, intense competition in the Shimla hospitality market and inherent risk associated with the hotel industry.

The rating however continues to derive strength from the tie up with Indian Hotels Company Limited (IHCL) for management and operations of the hotel, resourceful promoters, favourable location, advance stage of project completion and experienced consultants and technicians associated with the project.

The ability of the company to implement the project without any further cost and time overrun and generate envisaged revenue remains the key rating sensitivities.

Detailed description of the key rating drivers**Key Rating Weaknesses****Delays in project completion**

MIPL is engaged in setting up a resort cum hotel at Theog, Shimla, Himachal Pradesh. The project was initially envisaged to be completed by July 2015. However, it got delayed partly on account of the delay in financial tie-up and partly due to occurrence of natural calamities (landslides) in the project area. Further, due to availability of additional patch of land after the landslide; the scope of the project was also changed with increase in the construction area and increase in number of rooms/suites/villas, factoring all the above reasons the COD was revised to December-2016. However, due to heavy snowfall in the winter season in the project area, the project got further delayed, further, availability of construction workforce was also got affected due to demonetization which happened in the month of Nov'2016. The COD of the project has been revised again due to upgradation of the project from "Taj- Gateway resorts" to "Taj- Luxury resorts" at the end of Q1FY19. The constant delays in the launch of the project by the company have resulted in increased costs associated to the time overrun and delays in the revenue generation. The total cost initially estimated to be Rs.74.88 crore was revised to Rs.115.59 crore in March 2017. The estimates were further revised to RS.125 crore in March 2018, on account of delay in launch and changes in specifications of the project. The ability of the company to timely launch the project and deliver within envisaged costs will thus, remain imperative.

Favorable location but intense competition

MIPL is setting up a resort cum hotel on land measuring 5.0 acres located along National Highway No.22 in Theog town in Shimla district of Himachal Pradesh. Shimla is one of the premier hill station and largest leisure destination (by volume of domestic tourist arrival) of North India. The site is connected to Shimla through NH 22, which provides connectivity from Shimla to tourist towns of Mashobra, Kufri, Narkanda and Kumarsain. Though the project location is favorable, the resort is expected to face intense competition owing to the presence of several hotel properties in and around Shimla area. Apart from that the area faces severe snow fall during the months of December and January, during which tourist arrivals declines considerably.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Key Rating Strengths**Tie up with Indian Hotels Company Limited (Taj Hotels, IHCL)**

MIPL has entered into management and operational contract with The Indian Hotels Company Limited (IHCL, rated CARE AA+/CARE A1+, reaffirmed in October 2017), vide which the hotel cum resort project will run under the premium banner for 25 financial years.

Resourceful and experienced promoters

MIPL has been promoted by Mr. Amandeep Singh Bami and Mr. Karun Dube. Mr. Amardeep Singh is having extensive experience in infrastructure development and has delivered few projects. Mr. Singh also has experience in hospitality industry through the franchisee of “Nirula” food chain. Mr. Karun Dube is having diversified experience in International trading, project management and sports. He was associated with Steel Authority of India for two decades and has played Cricket at Ranji Trophy level for Delhi & Assam.

Financial resources in place and advance stage of project completion

MIPL is developing a 5 Star Resort cum Hotel at Theog, Shimla having 99 guest rooms (combination of rooms, suites and villas), two restaurants (with outdoor seating option) and a bar & lobby lounge. In addition to that the resort will also have indoor meeting space, a business center, a spa cum fitness center, retail shops, an activity center and an indoor heated swimming pool. The total cost of the project is revised and now estimated to be Rs.125 crore. The company has got the sanction entire loan of Rs.61 crore from its bankers. Further, as on March 20, 2017 the company has incurred Rs.110 crore on the project which is about 88% of the total estimated project cost. Despite, advanced stages of execution the company has not been able to launch the project leading to delays in revenue realizations from the project.

Professional and renowned architects and consultants

Apart from entering into operation and management contract with IHCL, MIPL has signed reputed technicians and consultants for the designing and development of the hotel property.

Analytical approach: Standalone

Applicable Criteria

CARE's Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Financial Ratios – Non Financial Sector

About the Company

Incorporated in October 2007, Mahamaya Infrastructure Private Limited (MIPL) has been promoted by Mr. Amandeep Singh Bami and Mr. Karun Dube. MIPL is setting up a resort cum hotel at Theog, Shimla (Himachal Pradesh). MIPL has signed a Management and Operational contract with The Indian Hotels Company Limited (Taj Hotels) for a period of 25 years.

The company is in process of construction of 99 suites and villas. The resort has been upgraded to the luxury brand of Taj resorts with facilities such as most famous brand of Taj Spas, The Jiva, The gym and the salon. MIPL is expecting to soft launch the project in April 2018, with commercials operation date scheduled towards the end of Q1FY19.

Since, the company is still under project stage, there is no revenue being generated under the company. Hence, the financials do not present a fair view.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	14%	FY 2028	61.00	CARE B+; Stable
Non-fund-based - LT-Bank Guarantees	-	-	-	9.00	CARE B+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	61.00	CARE B+; Stable	-	1)CARE BB; Stable (17-Apr-17)	1)CARE BB (22-Jun-16)	-
2.	Non-fund-based - LT-Bank Guarantees	LT	9.00	CARE B+; Stable	-	1)CARE BB; Stable (17-Apr-17)	-	-

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