

HMP Hotels Private Limited

June 10, 2021

Rating	Amount (Rs. crore)	Rating ¹	Rating Action
Facilities			
Long-term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) and Withdrawn
Total Facilities	0.00 (Rs. Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has reviewed and reaffirmed the rating assigned to the bank facilities of HMP Hotels Private Limited (HMP) to CARE D; Issuer not cooperating [Single D; Issuer not cooperating] and has simultaneously withdrawn it, with immediate effect. Further, as per banker the account was restructured. The ratings factors in the constraints relating to cyclical and seasonal nature of hospitality industry and presence in a highly fragmented and competitive industry. The rating, however, continues to take comfort from experienced promoters, and strategic location.

The rating withdrawal is at the request of HMP Hotels Private Limited and 'No Objection Certificate' received from the bank that have extended the facilities rated by CARE.

Detailed description of the key rating drivers

Key Rating Weaknesses

Cyclical and seasonal nature of hospitality industry

The hotel industry is highly seasonal in nature with non-festive and non-holiday months face a slack in demand. On the other hand, the industry is also cyclical in nature wherein the customers & corporates don't tend to spend more on hotel stays in case of economic slowdown. Thus, the ability of the company to achieve the projected occupancy level along with projected ARR amidst seasonal & cyclical scenario would be critical from the credit perspective.

Presence in a highly fragmented and competitive industry

The Indian hospitality industry is highly fragmented in nature with the presence of large number of organized and unorganized players spread across various regions. Cyclical nature of the hotel industry and increasing competition from already established and upcoming hotels due to low entry barriers may impact the performance of MNR. Though the demand for hotel rooms is expected to steadily grow in the medium term on account of anticipated increased commercial and tourism activity and growth of the economy, however, presence of many luxury hotels in the vicinity can exert pressure on occupancy and ARR of the hotel in the medium-term.

Key Rating Strengths

Experienced promoters in the industry

HMP is currently being managed by Mr. Kamaljit Singh Hayre, Mr. Jaspal Nagga and Mr. Harmesh Dhiman. All the directors have industry experience ranging from 12years- 14 years, respectively, gained through their association with HMP and other group concerns i.e., Nakodar Hotels Private Limited (NHPL) and Hayre Regency Private Limited (HRPL), engaged in hospitality business as well. The promoters have adequate acumen about various aspects of business which is likely to benefit HMP in the long run. Moreover, the promoters are supported by a team of experienced and qualified management having varied experience in the field of technical, finance and marketing aspects of business.

Strategic location

Nawanshahr is the homeland of India's famous freedom fighter Bhagat Singh. It's at 53 km distance from Ludhiana and 59 km from Jalandhar. The major tourist attractions in the city of Nawanshahr are the Ropar lake, Shaheed-E-Azam museum and shopping arcades such as Shivala Banna Mall. The hotel is also well connected to other tourist destinations in the town and many gurudwaras & temples which are close by from the hotel.

Analytical approach: Standalone

Applicable Criteria

[Policy on Withdrawal of ratings](#)

[Financial ratios – Non-Financial Sector](#)

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

*Issuer did not cooperate; Based on best available information

[CARE's policy on default recognition](#)
[Liquidity analysis of non financial sector entities](#)
[CARE's methodology for hotel industry](#)

About the company

HMP Hotels Private Limited (HMP) was incorporated as a private limited company in August, 2007 but started its commercial operations in September, 2017. The company is currently being promoted and managed by Mr. Kamaljit Singh Hayre, Mr. Jaspal Nagga, Mr. Harmesh Dhiman. The company is running hotel under the name of "Best Western Nawanshahr" in Nawanshahr, Punjab on ~2900 square yards of land with 40,000 square feet of built up area. HMP has a franchise agreement with Best Western International Inc. for its Best Western brand. The hotel comprises of total 19 rooms (Standard and Deluxe), along with 3 banquet halls, 1 conference rooms, 1 bar, 1 restaurant and parking area for 20-25 cars. The company has entered into marketing arrangements with online tours and travels portals like Go Ibibo, Make My Trip, Booking.com, Clear trip and also has tie-ups with local tourist guides for potential customers. Besides HMP, the company has one group concern namely, Nakodar Hotels Private Limited (NHPL) and Hayre Regency Private Limited (HRPL). NHPL and HRPL both are private limited companies engaged in similar nature of business since 2014 and 2005 respectively.

Covenants of rated instrument / facility: Not Applicable

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	1.97	2.35
PBILDT	-0.15	0.05
PAT	-1.62	-1.21
Overall gearing (times)	-4.72	-3.09
Interest coverage (times)	-0.21	0.07

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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	-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (28-Aug-20)	1)CARE D; ISSUER NOT COOPERATING* (07-Jun-19)	1)CARE D (25-Mar-19)
2.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (28-Aug-20)	1)CARE D; ISSUER NOT COOPERATING* (07-Jun-19)	1)CARE D (25-Mar-19)

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

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.

Contact us
Media Contact

Mr. Mradul Mishra
 Contact no.: +91-22-6837 4424
 Email ID: mradul.mishra@careratings.com

Analyst Contact

Mr. Sajan Goyal
 Contact no.: +91- 11-4533 3233
 Email ID: sajan.goyal@careratings.com

Relationship Contact

Ms. Swati Agrawal
 Contact no.: +91-11-4533 3200
 Email ID: swati.agrawal@careratings.com

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