

Yuvaan Developers Private Limited

February 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	110.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Yuvaan Developers Private Limited (YDPL) takes into consideration early stage of project implementation, long gestation period, moderate capital structure, high competition & inherent cyclicity risk associated with the hospitality sector.

The rating however derives strength from experienced & resourceful promoters, association with InterContinental Hotels Group (India) Private Limited, achievement of financial closure, favourable location and the firm's eligibility to various subsidies.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Completion of the project without any significant cost or time overrun.

Negative factors

- Any significant delay in execution of the project resulting in major time or cost overrun.

Analytical approach: Standalone

Outlook: Stable

The stable outlook on the long term rating of YDPL is based on the expected timely completion of the project and stabilisation of operations post project completion and being in association with an established brand.

Detailed description of key rating drivers:

Key weaknesses

Early stage of project implementation: YDPL is implementing a Upper Mid-Scale Holiday Inn 5 star hotel of 187 rooms (182 standard luxury rooms and 5 luxury suites) along with a dining restaurant, bar, a banquet hall, meeting and conference rooms, and other facilities include a spa or a wellness center, gym and a swimming pool at Borjhar, Guwahati (near to airport) at an estimated cost of Rs. 184.37 Crores, financed through a mix of Rs. 110.00 crore in debt and Rs. 74.27 crore in form of promoter's infusion (project debt-equity ratio of 1.48:1). The hotel is expected to start its commercial operations from January 2028. Financial closure has already happened with SBI. The company has entered into Management Agreement with InterContinental Hotels Group (India) Private Limited (IHG) for the latter's 'Holiday Inn' Brand for a period of 25 years with option to renew it twice for a period of 5 years each.

The project is in early stage of development with Rs.3.04 crore cost incurred till Jan 7, 2025 funded mostly through promoter contribution.

High competition & inherent cyclicity risk associated with the hospitality sector: The Holiday inn will face competition from other luxury segment hotels in Guwahati like Raddison Blue, Novotel, Vivanta, Kiranshree Grand and Hyatt Regency. Due to increased competition, there may be pressure on ARR and RevPAR which may impact profitability margins. The hospitality industry is further exposed to inherent cyclicity & seasonality risk. However, with significant brand name under the InterContinental Hotels Group (IHG) and Guwahati being a commercial and tourist destination, the risk can be partially offset.

Capital-intensive and long gestation period: The hotel industry is capital-intensive and typically involves a long gestation period. A new hotel usually takes around three to four years to break even at an operational level. This period is necessary for the establishment of the hotel, achieving an optimal occupancy rate, and attaining financial stability. During this initial phase, the promoter must continue to support the operations until these key parameters reach the desired thresholds. Additionally, the hospitality sector requires significant maintenance capital expenditures, as regular updates to furniture and adaptation to changing trends are essential.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Moderate capital structure and long gestation period: The company's capital structure is expected to remain moderate, with the total project cost being Rs.184.367 crores, financed through a mix of Rs. 110.00 crore in debt and Rs. 74.27 crore from the promoter's infusion (project debt-equity ratio of 1.48:1). Initially, the overall gearing is expected to moderate due to long gestation period, primarily driven by anticipated losses. However, over time, the overall gearing is expected to improve as the company gradually repays its debts and accrues profits to its reserves.

Key strengths

Experienced & resourceful promoters: Although the promoters don't have any previous experience in hotel industry, they have a long experience of operating in various industries including cement, steel manufacturing, construction, real estate, kraft papers, steel trading, vehicle dealership, etc in North East India. The promoters are resourceful & have a net worth of Rs.229 crore as on Mar 31, 2023.

Association with InterContinental Hotels Group (India) Private Limited: IHG is one of the world's leading hotel groups, with a strong global presence and a well-established brand portfolio, including brands like InterContinental, Holiday Inn, etc. The Holiday inn hotel will be under a significant brand name of InterContinental Hotels Group (IHG) which can help them in attracting more guests who are familiar with IHG's global standards and services. Hotels associated with IHG also gain vast marketing reach through its website, third-party booking platforms and travel agent relationships.

Achievement of financial closure: The company has achieved the financial closure for Rs.110.00 crore. The company has got sanction for term loans of Rs.110.00 crore from State bank Of India.

Eligible for government subsidy: The project is eligible for various subsidies and incentives under 1) Uttar Poorva Transformative Industrialisation Scheme, 2024 and 2) Incentives under Industrial and Investment Policy of Assam, 2019. Under these schemes, the company is eligible for various subsidies including interest subvention, SGST reimbursement, power subsidy & Capital investment incentive.

Favourable location: Guwahati plays a pivotal role as a commercial hub in the North East region and serves as the gateway to the Northeastern states of India. The city hosts various industries such as tea and petroleum and is a frequent host of numerous business events and trade fairs throughout the year. The major tourist spots of Guwahati are Kamakhya Temple, River Cruise on the river Brahmaputra, Shankardev Kalakshetra, Umananda Temple, Chandubi Lake, Sonapur, Madan Kamdev, Chandrapur and Pobitora Wildlife Sanctuary, etc.

Furthermore, Guwahati is also a centre for education and a commercial hub for the Northeast. As a result, many Corporate Houses, Colleges & Universities hosts different events throughout the year, which are attended by thousands of delegates coming from all over the world. This makes it an ideal location for a hotel given the huge footfall of business travellers and tourist alike. The hotel will be 5-Star upper mid-scale hotel and will have the largest banquet hall in the North East Region.

Liquidity: Stretched

Liquidity position of the company is expected to remain stretched in near future as financing of project cost is contingent upon fund infusion from promoters. Any delay in infusion of funds from promoters may lead to delay in completion of project.

The promoters have already infused around Rs.3.01 crores in the form of contribution. Liquidity position derives some comfort out of bank loan which has been sanctioned. Going forward, it remains crucial for the company to commence its operations on time (i.e., Jan 2028) and generate revenue as envisaged to meet its debt repayment obligations.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Project stage companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Yuvaan Developers Private Limited (hereinafter called 'YDPL'), formerly known as Oswal Estate Developers Private Limited, was incorporated in August 21, 2014 by Mr. Ranjit Kumar Malu and Mr. Shanti Lal Kundaua. The same was taken over by the current promoter, Mr. Kailash Chandra of Lohia Group (KCL Group).

YDPL is setting up a Upper Mid-Scale Holiday Inn 5 star hotel of 187 rooms (182 standard luxury rooms and 5 luxury suites) along with a dining restaurant, bar, a banquet hall, meeting and conference rooms, and other facilities include a spa or a wellness center, a fitness center (or gym) and a swimming pool at Borjhar, Guwahati at an estimated cost of Rs. 184.37 Crores. The hotel is expected to start its commercial operations from January 2028.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.05	0.05
PBILDT	0.03	0.02
PAT	0.03	-0.51
Overall gearing (times)	0.02	0.08
Interest coverage (times)	186.24	0.00

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2037	110.00	CARE BB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	110.00	CARE BB; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Arindam Saha Director CARE Ratings Limited Phone: +91-033- 40181631 E-mail: arindam.saha@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Punit Singhania Associate Director CARE Ratings Limited Phone: +91-033-40181647 E-mail: punit.singhaniania@careedge.in
	Souptik Pal Rating Analyst CARE Ratings Limited E-mail: Souptik.pal@careedge.in

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