

SEPTEMBER 11, 2015

## CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF GREEN WOODS PALACES AND RESORTS PRIVATE LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	225.00	<b>CARE BBB- (Triple B Minus)</b>	<b>Reaffirmed</b>
Short term Bank Facilities	3.50	<b>CARE A3 (A Three)</b>	<b>Reaffirmed</b>
<b>Total Facilities</b>	<b>228.50</b> <b>(Rupees Two Hundred Twenty Eight crore and Fifty lakhs only)</b>		

**Rating Rationale**

The ratings assigned to the bank facilities of Green Woods Palaces & Resorts Private Ltd continue to factor in the experienced & strong promoter group, tie-up with TAJ GVK for operating the hotel, achievement of financial closure, strategic and prime location of the property at Mumbai airport and established marketing and selling arrangements. The ratings also factor in the revised schedule of commercial operations date, project being structurally complete albeit delay in project completion on account of delay in receipt of approvals.

The ratings are, however, constrained by high project gearing, project execution risk with pending final approval from the Bureau of Civil Aviation Security of India (BCAS) for commencement of operations, competition from the existing and upcoming hotels in the vicinity of Mumbai airport, the inherent cyclical nature of the hospitality industry.

The ability of the company to complete the project as per revised schedule without cost or time overrun, and to achieve the envisaged Average Room Rate (ARR) and occupancy rate are the key rating sensitivities.

**Background**

Greenwoods Palaces & Resorts Pvt. Limited (Green Woods) is a consortium, jointly set up by Greenridge Hotels & Resorts Private Limited (Greenridge) and TAJ GVK Hotels & Resorts Limited as per the joint undertaking given in favor of Mumbai International Airport Limited (MIAL) a part of the GVK Group. The estimated project cost, beyond the civil structure expenses and high side equipment (which is borne by MIAL) is Rs.300 crore. Out of the total project cost of Rs.300 crore, Rs.225 crore is proposed to be financed through debt and the balance equity contribution of Rs.75 crore, which is to be brought in by Greenridge and TAJ GVK in the ratio of 51:49.

The project commenced during April 2012 and the company has incurred Rs.272 crore as on May 31, 2015 (Rs.121.62 crore as on June 30, 2014) funded by equity of Rs.75.01 crore and debt of Rs.188 crore and balance Rs.8.99 crore is current liabilities. The project is expected to achieve COD (Commercial Operation Date) in October 2015 which was earlier scheduled in December 2014 at the time of last review. Delay in project completion was primarily on account of delay in getting approvals including approval from the Bureau of Civil Aviation Security (BCAS) which is currently awaited in order to commence commercial operations. The project is structurally complete and is expected to be opened for commercial sales from October 2015 upon receipt of BCAS approval.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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