

APRIL 12, 2016

## CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ASIAN HOTELS (NORTH) LIMITED

### Ratings

| Facilities                 | Amount<br>(Rs. crore)                                                  | Ratings <sup>1</sup>          | Remarks           |
|----------------------------|------------------------------------------------------------------------|-------------------------------|-------------------|
| Long-term Bank Facilities  | 250.00                                                                 | CARE BBB-<br>(Triple B Minus) | <b>Reaffirmed</b> |
| Short-term Bank Facilities | 5.00                                                                   | CARE A3<br>(A Three)          | <b>Reaffirmed</b> |
| <b>Total</b>               | <b>255.00</b><br><b>(Rupees Two Hundred Fifty<br/>Five crore only)</b> |                               |                   |

### Rating Rationale

The ratings assigned to the bank facilities of Asian Hotels (North) Limited (AHNL) derive strength from experienced promoters with long track record of operations, favourable location of the hotel, long-term marketing tie-up with Hyatt International and restructuring and refinancing of entire debt outstanding leading to elongated debt repayment schedule. The ratings, however, are constrained by subdued operating and financial performance in FY15 (refers to the period April 1 to March 31), challenging environment in the hospitality sector, exposure to foreign currency risk and large exposure to group entities, which were primarily funded through debt.

Going forward, the ability of the company to safeguard against adverse forex movement, maintaining profitable hotel operations and timeliness and adequacy of receipts from sale of commercial/residential space would remain the key rating sensitivities.

### Background

AHNL [erstwhile Asian Hotels Limited (AHL)] is engaged, in the business of operating a hotel property under the brand, Hyatt Regency, in New Delhi since 1983. AHL was promoted by the Gupta, Jatia and Saraf families in 1980, and the company commenced operations with the commencement of Hyatt Regency hotel in Delhi in 1983. Currently, the promoter shareholding is with the Jatia family.

AHNL operates Hyatt Regency, New Delhi, a five-star hotel, with 507 rooms and 15 service apartments and five restaurants located at Bhikaji Cama Place, New Delhi. The company also has about 80% stake in Leading Hotels Ltd (Leading) that is developing a Villa-cum-Hotel Complex in Goa.

In FY15, the company reported total operating income of Rs.232.49 crore and loss of Rs.48.02 crore at PAT level as against a total operating income of Rs.227.76 crore and loss of Rs.23.58 crore at PAT level in FY14. The company has achieved sales of Rs.177.71 crore in 9MFY16 with PBILDT of Rs.47.77 crore and net loss of Rs.0.03 crore.

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<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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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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