

JANUARY 30, 2015

CARE ASSIGNS 'CARE D' RATING TO THE BANK FACILITIES OF ICON HOSPITALITY PRIVATE LIMITED

Ratings

| Facilities | Amount (Rs. crore) | Ratings ¹ | Remarks |
|---------------------------|-----------------------|------------------------------|----------|
| Long term Bank Facilities | 19.13 | CARE D (Single D) | Assigned |
| Total Facilities | 19.13 | | |

Rating Rationale

The rating assigned to the bank facilities of Icon Hospitality Private Limited (IHPL) factors in the ongoing delays in the debt-servicing on account of the stressed liquidity position of the company.

Background

IHPL was incorporated in January 28, 2003, and is a 51.07% subsidiary of Royal Orchid Hotels Limited (rated 'CARE BB-' in April 2014). Royal Orchid Hotels Limited (ROHL) was promoted by Mr C K Baljee in January 1986 and on a consolidated basis, has a portfolio of 28 business and leisure hotels in 20 destinations in India & Africa.

IHPL owns and operates the Royal Orchid Central (ROC) hotel in Bangalore. Royal Orchid Central (formerly Central Park) was promoted by Sacred Hospitality co Ltd, a Manipal group company and started its operation in April 1993. In February 2003, ICHPL took over the hotel property on lease agreement from Sacred Hospitality Co Ltd (the Manipal group) for the period of 25 years for the consideration of lease rent. Subsequently, in November 2007, the lease was cancelled and property was purchased by IHPL held by Royal Orchid Hotels Ltd (51% stake), Mr P. Dayanand Pai (42.5% stake) and Mr Satish Pai (6.5% stake).

ROC holds 4-star status, was developed on a land area of 34,906 sqft and is located at a prime location in Bangalore with an inventory of 130 rooms, 3 banquet halls and 2 restaurants.

As per the audited results of FY14 (refers to the period April 1 to March 31), IHPL recorded a loss of Rs 5.1 crore on a total operating income of Rs 17.3 crore).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at 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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