

MARCH 29, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF ICON HOSPITALITY PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	19.13	CARE D (Single D)	Reaffirmed
Total Facilities	19.13 (Rupees Nineteen crore and Thirteen lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Icon Hospitality Private Limited (IHPL) continue to factor in regular instances of delays in debt servicing on account of stressed liquidity.

Background

IHPL was incorporated in January 28, 2003, and is a 51.07% subsidiary of Royal Orchid Hotels Limited (ROHL). 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 at 20 destinations in India & Africa.

IHPL owns & 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. (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 ROHL (51.00% stake), Mr P. Dayanand Pai (42.50% stake) and Mr Satish Pai (6.50% stake).

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

The company incurred net loss of Rs.6.30 crore in FY15 (refers to the period April 1 to March 31) on a total operating income of Rs.18.27 crore as compared with a net loss of Rs.5.06 crore on a total operating income of Rs.17.38 crore in FY14.

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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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CIN - L67190MH1993PLC071691