

APRIL 19, 2016

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF SAMHI HOTELS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	63.28	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)
Total Bank Facilities	63.28 (Rupees Sixty Three crore and Twenty Eight lacs only)		

Rating Rationale

The revision in the rating assigned to bank facilities of SAMHI Hotels Private Limited (SHPL) factors in the equity infusion by Goldman Sachs in December 2015, further strengthening the company's solvency and liquidity profile, stabilization of the operations of SHPL's Bangalore hotel and comfortable gearing levels. The rating also continues to factor in the promoters' experience in hospitality space, professional and qualified management team, strategic equity holding from established investment firms and tie-up with international hotel brands for branding, marketing and operating properties. The rating is, however, constrained by the project risk for residual inventory under development, large exposure to group companies, highly competitive industry along with subdued sector scenario.

Going forward, the profitable scale-up of operations by achieving the envisaged occupancy levels and average room rents (ARRs), extent of support to be provided to group companies and the completion of group's ongoing projects within envisaged cost and timeline shall remain the key rating sensitivities.

Background

Incorporated on December 28, 2010, SHPL is a hotel investment and development company. SHPL was founded by Mr Steve Rushmore, Mr Ashish Jakhanwala and Mr Manav Thadani with focus on ownership of internationally branded hotels in mid-scale & economy segment, across key cities in the Indian sub-continent.

SHPL owns a four star hotel property under the brand name 'Fairfield by Marriott' (148 key) located at Rajajinagar, Bengaluru. The hotel started commercial operations in October 2013, ahead of its envisaged COD (i.e. April 2014). SHPL also has plans to develop a hotel property in Chennai under the brand 'Fairfield by Marriott'.

In FY15 (refers to the period April 01 to March 31), SHPL had achieved total operating income of Rs.45.81 crore (PY: Rs.26.03 crore) and incurred loss of Rs.2.24 crore (PY: Rs.0.47 crore). During 9MFY16 (unaudited; refers to period from April 01 to December 31), SHPL earned PBILDT of Rs.10.88 crore on total income of Rs.42.42 crore.

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

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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