APRIL 14, 2015

CARE ASSIGNS 'CARE BBB' AND 'CARE A3' RATINGS TO THE BANK FACILITIES OF TECHPARK HOTELS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	154.25	**CARE BBB (Triple B)**	Assigned
Short term Bank Facilities	8.36	**CARE A3 (A Three)**	Assigned
Total Facilities	**162.61**		

Rating Rationale

The ratings assigned to the bank facilities of Techpark Hotels Private Limited (THPL) derive strength from the experienced promoters with demonstrated financial support extended in the past and consistent improvement in operational parameters in FY14 (refers to the period April 1 to March 31) and 10MFY15. The rating further takes into account favorable location of the hotels, strong catchment area and tie-up with Accor Group for branding, marketing and operating the hotels.

The ratings are, however, constrained by initial years of operations, moderate financial risk profile, competition and cyclical nature of the hotel industry.

Going forward, the ability of the company to achieve envisaged occupancy levels and average room rents (ARRs) along with timely financial support from the promoters are the key rating sensitivities.

Background

THPL is a wholly owned subsidiary of Triguna Hospitality Ventures (India) Private Limited (THVPL), which in turn is a 32:32:36 tripartite Joint Venture between Interglobe Enterprises Limited (IGEL) & affiliates, AAPC Singapore Pte Limited (Accor Group) and APHV India Investco Ptc Limited (APHV).

THPL is operating two adjacent hotels (viz. Ibis and Novotel) at Outer Ring road (ORR), Bengaluru, Karnataka. Ibis is an economy segment brand (a 3-star hotel with total room capacity of 311 rooms, started operations in November 2011) while Novotel (a 5-star hotel with total room capacity of 215 rooms, started operations in April 2012) caters to higher-end segment. The two hotels share common premises and resources (including common kitchen, shared manpower amongst others).

In addition to THPL, THVPL is also developing hotels through two other wholly owned subsidiaries viz. Accent Hotels Private Limited (AHPL; started operations in August 2014) and Srilanand Mansion Private Limited (SMPL, yet to start operations).

During FY14, THPL reported a total operational income of Rs.59.89 crore (PY: Rs.35.67 crore) and losses at the PAT of Rs.19.89 crore (PY: losses at the PAT of Rs.39.68 crore).

For 9MFY15 (provisional), the company reported PBILDT of Rs.14.08 crore on total operating income of Rs.48.29 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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