

Rating Rationale

Brickwork Ratings assigns BWR BBB (Stable) for the long-term bank loan facilities amounting to ₹ 400Cr of Asian Hotel (North) Limited

Brickwork Ratings assigns the following **Ratings¹** for the Bank Loan Facilities of **Asian Hotel (North) Limited** (AHL or the Company)

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based: Term Loan Cash Credit	350.00 50.00	Long Term	BWR BBB (Pronounced BWR Triple B) (Outlook – Stable)
Total	400.00	INR Four Hundred Crores Only	

BWR has essentially relied upon the audited financial results of up to FY16, projections up to FY19, publicly available information and clarifications provided by Company.

The ratings have, inter alia, factored the established track record of the promoter in the industry, prime location of the property, long term strategic tie up with the Hyatt group; a leading brand in hospitality industry. The rating also factors in lower and elongated repayment obligation on account of refinancing of its debt. The rating is however constrained on account of challenging operating environment, vulnerability of profitability due to seasonality impact and exposure to foreign exchange risk.

The rating is also constrained because of large exposure to group entity.

Background

Asian Hotel (North) Limited (AHL)] is promoted by Jatia, Gupta and Saraf families in 1980. AHL is currently engaged in the engaged in the business of operating a hotel property under the brand, Hyatt Regency, a five-star hotel, with 507 rooms and five restaurants located at Bhikaji Cama Place, New Delhi.

Over the years, the three promoter groups of AHL acquired independent interests in the hospitality industry. In order to reduce the possibility of any conflict of interests among the promoter groups, it was decided to de-merger AHL into three separate undertakings; each undertaking having one hotel property. As per the de-merger scheme, the Hyatt Regency Mumbai property was transferred and vested in Asian Hotel (West) Limited, the Hyatt Regency Kolkata property was transferred and vested in Asian Hotels (East) Limited while the Hyatt Regency Delhi property was retained in AHL – now known as Asian Hotels (North) Limited. Currently, the promoter shareholding is with Jatia family. AHNL operates Hyatt Regency, New Delhi, a five-star hotel, with 507 rooms and five restaurants located at Bhikaji Cama Place, New Delhi.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

AHNL has also developed a new commercial tower “New Towers” at its existing hotel complex. It consists of commercial space & service apartment, which is operational from October 2014. The total salable area is 134426sq.ft of which company has successfully sold 61237sq.ft. With increasing debt on its book and refinance obligation; AHNL refinanced all its rupee term loan and ECB with 15 years of repayment schedule resulting in low and elongated repayment obligation.

Financials Performance

Company reported total operating income of Rs240.66Cr in FY16 and loss of Rs18.60Cr v/s Operating Income Rs232.49Cr in FY15 and loss of Rs50.91Cr in FY15.

Rating Outlook:

The ability of the company to improve ARR and occupancy level leading to improved overall operating performance and successful sales of balance commercial and operational space is the key rating sensitivity.

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