

Rating Rationale

Brickwork Ratings assigns ‘BWR-KA-B+’ for the Tourism Product Rating of Hotel Sandesh Private Limited, Unit: Hotel Sandesh The Prince, Mysuru.

Brickwork Ratings India Pvt Ltd (BWR) has assigned “**BWR-KA- B+**”^{##} (Pronounced BWR Karnataka B Plus) tourism product rating to **Hotel Sandesh Private Limited, Unit: Hotel Sandesh The Prince, Mysuru**, which indicates that the hotel delivers **Adequate quality of facility**. The rating assigned is valid for three years and is subject to an annual surveillance.

ORGANISATION BACKGROUND

Hotel Sandesh Private Limited (HSPL), Mysuru was established by Mr. S Nagaraju and his family in 1996. HSPL is engaged in the hospitality business and operates under the name Hotel Sandesh The Prince, positioned as a mid-market/upscale hotel in Mysuru, Karnataka. The Hotel, operational since 2002, is located at a vantage location in Mysuru and has 108 rooms of various categories. The hotel offers modern rooms, various amenities and services suited to business and leisure travellers. Mr. S Nagaraju is the sitting MLC (Janata Dal (Secular) for Chamarajanagar, Heggadadevana kote and Mysuru. Mr. N Sandesh – son of Mr. S Nagaraju is actively involved in managing the operations of Hotel Sandesh The Prince.

COMPANY PROFILE:

Hotel Sandesh Private Limited (HSPL) operates a hotel under the name ‘Hotel Sandesh The Prince’ at Mysuru. HSPL is promoted by Mr. S Nagaraju and family. The full service hotel, conveniently located in Nazarbad Road, Mysuru, Karnataka attracts tourists and pilgrims round the year. The hotel constructed on approx. 2 acres of land owned by Mr S Nagaraju is spread across G+ 4 floors. The Hotel is operational since 2002 and has an occupancy rate of ~75%.

Operations, Facilities and Services:

Hotel Sandesh The Prince has 108 rooms comprising of 90 Executive Rooms, 8 Premier Rooms, 6 Executive Suites and 4 Prince Club Suites. The exterior and interior infrastructure of the hotel is well maintained. All the floors can be accessed through Capsule elevators. The rooms are equipped with televisions, tea/coffee maker, mini bar, wifi connectivity, hair dryer and in-room safe locker. The hotel also provides Jacuzzi in Premier Suites. The Hotel provides 24 Hours Room Service. Sandesh The Prince has 5 food and beverage outlets offering fine dining options viz., The Castle - multi cuisine restaurant, The Road – themed pub, Sandy’s – coffee shop, Khedda – Cocktail Lounge and The Sizzler – poolside barbeque restaurant. The hotel’s restaurants and the pub are popular in the city.

KA stands for Karnataka

**Please refer to www.brickworkratings.com for definition of the Rating & Rating Scale. The Rating assigned is not a credit rating.*

The hotel has two Banquet/ Conference halls viz., The Mahal and The Park View which can accommodate upto 450 guests. The hotel also has a Board Room which can accommodate 20 guests called “The Senator”. Recreational amenities at the hotel include an outdoor swimming pool, massage parlour, children play area, fitness centre and spa – beauty zone. The swimming pool is well laid out and spacious. The pool area is also used by the hotel to organize banquets/social gatherings. Spa & beauty salon services include ayurvedic and swedish massages, facials, body scrubs and body treatments. The gymnasium in the premises is well equipped and has a steam room. General upkeep of the facilities are good. Other services like currency exchange, business centre, laundry service, travel desk and doctor on call are also provided.

The hotel is in a central location in Mysuru and provides good parking space which can accommodate around 70 vehicles. Welcome drink is served at the time of arrival. The hotel has customer friendly Check in Check out Policy and Procedures. Various hotel security measures are in place like metal detectors at the entrance, installation of surveillance cameras and inspection of the customers and luggage at the entrances as a proactive security precaution. Fire safety measures are adequate in the hotel. Electronic key card for guest room and guest area are other security measures.

The contemporary, well designed facilities and customer friendly services attract tourists and foreign visitors contribute around 40% to the hotel’s revenue. The hotel’s website is fairly informative and web based bookings can be made.

The hotel undertakes renovations and repairs periodically, apart from need based requirements. The Company is currently undertaking renovation of the rooms in all the floors.

MANAGEMENT:

The hotel is operated by Mysuru based Mr. S Nagaraju & family. There are currently four Directors on the Board of Directors of the Company viz. Mr. S Nagaraju - sitting MLC (Janata Dal (Secular) for Chamarajanagar, Heggadadevana kote and Mysuru, his sons Mr. N Sandesh and Mr. N Manjesh and Mrs. Nethravathy(wife of Mr S Nagaraju). All the Directors are experienced in the hospitality sector. The directors are assisted by a team of experienced hospitality professionals like Mr. K Ramesh, General Manager, Mr. M B Krishna Prasad, DGM- Finance, Mr. Shankrappa, Front Office Manager, Mr. Sylesh, Food & Beverages Manager, Mr.Satyanarayan, H R Manager and Mr. Ravikumar, Maintenance Engineer, who take care of different aspects of the operations of the hotel. The Company’s day-to- day operations are managed by Mr. N Sandesh, Director.

GROUP CONCERNS:

Hotel Sandesh, Sandesh Resort & Spa, Nethra Arts & Crafts (Silk) Emporium and Sandesh Combines (film production house) are the associate concerns of the Company.

Hotel Sandesh is a business hotel and is located adjacent to Hotel Sandesh The Prince. Some of the Kannada movies produced by Sandesh Combines are Singaravva, Children's Film -A Aa E Ee, Mannina doni , Munjane Manju, Musuku, Hatavadi, Prince and Mr. Airavata. Singaravva is a National Award winning Film. Nethra Arts & Crafts (Silk) Emporium has set up a store next to Hotel Sandesh The Prince where it sells silk sarees, readymade garments, sandalwood and rose wood carvings and other handicrafts.

FINANCIAL PERFORMANCE

Total Operating Income of the hotel increased from Rs10.52 Cr in FY 13 to Rs.11.44 Cr in FY 14. Room revenues contribute ~63%, Food & Beverage (F&B) contribute 36 % and revenue from banquet rooms, conferences, spa etc. constitutes the remaining 1%. The Company's networth stood at Rs.15.21 Cr as of March 31, 2014. On a provisional basis, the Company has achieved Total Operating Income of Rs12.79 Cr in FY15. HSPL has a total debt of Rs.5.40 Cr as of March 31 2015. Steady contribution of the food and beverage segment and rising average room rates in the past has enabled the hotel to attain satisfactory growth in revenue.

RATING RATIONALE

The tourism product rating assigned positively factors the established operational track record of HSPL, positive brand image of the hotel, experience of the promoters and management in the hospitality industry, growth in revenue mix of the hotel and strategic location in Mysuru with proximity to popular tourist attractions. The rating also takes into consideration the cleanliness levels, quality, condition and value of the facilities and services offered by the hotel to meet customer expectations, strong tourist demand and higher occupancy levels. However, the rating is constrained by the modest scale of operations, competition from established and new hotels coming up in the vicinity, vulnerability to general industry risks including cyclicity, general economic slowdown, high seasonality and labour intensive operations. Further, Hotel Sandesh The Prince does not have a Star Classification presently.

The hospitality industry is seasonal with October - March being the peak period when occupancies improve.

FUTURE GROWTH

The rich cultural and historical heritage of Mysuru attracts tourists throughout the year. Sandesh The Prince enjoys loyal patronage of well-known celebrities and corporates, with its emphasis on guest comfort, quality of service and easy accessibility to historic and tourist attractions in Mysuru. The growth potential appears promising.

Hotel Sandesh Private Limited's ability to maintain quality and service delivery levels at competitive prices, meet guest's demand for value for money, improve its occupancy levels, ARR (average room rate) and overall financial risk profile will be the key rating sensitivities.

Further, adoption of energy saving and efficient technologies, especially in air conditioning, water use and wastewater treatment, enhancement of environmentally friendly measures and improvement in accessibility and services for guests with reduced mobility and special needs would help in establishment of higher hospitality standards.

METHODOLOGY ADOPTED

BWR Tourism Ratings reflects BWR’s current opinion on the quality of the specific Tourism Product or Service in Karnataka. Department of Tourism (DoT), Government of Karnataka has issued Tourism Products Rating Guide – Karnataka 2015 (http://karnatakaturism.org/policy/Tourism_Products_Rating_Guide-Accomodation.pdf), which has defined the Quality Standards which shall be applied by the empanelled Rating Agencies for assessing the quality of tourism products in Karnataka. In addition, BWR has drawn up several qualitative and quantitative parameters, based on its own research and in consultation with various experts in this field and in the “user industries”, to make a comprehensive assessment of the quality of Tourism Products/Services. The DoT parameters constitute 80% weightage of the Rating while BWR parameters constitute 20% weightage. The rating is carried out on a scale of A to E with (+) or (-) modifiers for A through C except D and E, to reflect comparative standing within the category. Rating Parameters are broadly categorized as Infrastructure, Services, Safety and Security, Statutory Compliances, Good Design Practices, Evaluation of business model, Promoters/Management analysis, Location analysis, Scale, diversification and coverage, Brand strength and Networking and Developmental efforts.

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