

Rating Report

Brickwork Ratings assigns ‘BWR BB-’ rating for the long term Bank loan and ‘BWR A4’ rating for the short term credit facilities aggregating ₹ 964.78 Cr of Aman Hospitality Pvt Ltd, New Delhi.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of Aman Hospitality Pvt Ltd (AHPL or ‘the company’), New Delhi.

Facility	Amount (₹ Cr)	Tenure	Rating
Term Loan (Fund Based)	764.68	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable
Funded Interest Term Loan (Fund Based)	140.10		
Bank Guarantee (Non-Fund Based)	60.00	Short Term	BWR A4 (Pronounced BWR A Four)
Total	₹ 964.78	INR Nine Hundred Sixty Four Crores and Seventy Eight Lakhs only	

BWR has principally relied upon the audited financial results up to FY14 and projected financials up to FY16 of Aman Hospitality Pvt Ltd (AHPL), publicly available information and information/clarifications provided by the company.

The ratings factor the experience of the promoters, established brand name “The Kempinski”, professional management of the hotel, implementation of the restructuring package and unsecured loans infused by the promoters to improve liquidity. The ratings are, however, constrained by high gearing levels with weak debt protection indicators, EBITDA and Net Losses reported by the Company, weak liquidity position, competition and seasonality associated with the sector.

Background:

AHPL belongs to the Delhi based Ambience Group which has its operations in real estate construction and development.

Incorporated in 1992 at New Delhi, Aman Hospitality Pvt Ltd (AHPL) is operating a five star deluxe hotel under ‘The Kempinski’ brand name at Shahdara, New Delhi. The hotel is a 480 room five star property spread over an area of 20000 Sq. Mtrs. It has the largest convention/banqueting facility in NCR. The hotel also provides additional services such as restaurants, spa & health club, meeting room, conference room, bar and swimming pool etc.

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

AHPL is wholly owned by Ambience Hotels & Resorts Pvt Ltd and the Gehlot family. Its Board of Directors include Mr. Raj Singh Gehlot, Mr. Mohan Singh Gehlot and Mr. Sumit Choudhary. All the directors are well qualified and experienced in the Real Estate sector. The Board and the Management is assisted by a team of well qualified professionals from the Industry.

The hotel is being managed and operated by the well-known Kempinski group, since December, 2012 and is operated under the Kempinski Brand which is the oldest hotel group of Europe and is known for its up-market and efficiency in hotel operations. The hotel has been developed to provide luxurious experience to the guests with latest equipments, interiors & furnishings, amenities and services.

All the revenue from the hotel comes to AHPL and it pays management, royalty and marketing fee to the Kempinski Group. The hotel started commercial operations from December 25, 2012 and the occupancy of the hotel has been improving and in the range of 35%-50% over the last two years.

Profile of Ambience Group:

Ambience Group was founded by Mr. Raj Singh Gehlot, a Professional Chartered Accountant, in 1986 to undertake construction and development of premium residential apartments in South Delhi. Later on it also started undertaking development of commercial complexes in these colonies. In 1992 it decided to foray into development of township and construction of multi storeyed complexes and for that purpose acquired 132 acres on Delhi -Haryana boarder. In 2003, it decided to enter into modern retail mall development under the brand name “Ambience Mall”. The Group has completed more than 325 such residential and commercial projects covering an area of 12.50 million Sq. Ft. and over 4 million Sq. Ft. of area is presently under construction apart from a township project on 315 acres of land.

Financial Highlights:

AHPL recorded Net Revenue of Rs. 58.51 Cr for FY14 as against Rs. 16.39 Cr for FY13. FY14 was the first full year of operations. The company reported EBITDA Loss and Net Loss of Rs. 5.27 Cr and Rs. 117.19 Cr respectively for FY14 mainly on account of high interest and finance charges. While Food & Beverages accounted for substantial expenses, it also earned the highest share in total revenue and reported income of Rs. 33.01 Crs in FY14 against Rs. 10.55 Crs in FY13. Revenue from Room occupancy improved from Rs. 5.39 Crs in FY13 to Rs. 23.95 Crs in FY14. Tangible Net Worth (TNW) stood at Rs. 154.58 Cr as on March 31, 2014 with an Overall Gearing of 6.83 times. After adjusting for unsecured loans from promoters which would remain with the Company till the Term loan dues are fully repaid, Gearing reduced to 2.03 times as on March 31, 2014.

Further, the company on a provisional basis reported a revenue of Rs. 95.00 Crs in FY15 in line with the projections submitted to the banks as part of the restructuring proposal.

On account of the ongoing liquidity issues within the company, the accounts of the company

were restructured in November 2014. As part of the restructuring package, the TL repayment was deferred till March 2016, FITL was created with the cut-off date of April 2014 and up to March 2016. It is required to be fully repaid by March 2022 and applicable ROI was also reduced to 10.75%.

The loan facilities are Standard assets with the lending Banks as confirmed by them.

Key Rating Determinants:

Unsecured Loans Infused by the Promoters: The promoters have infused unsecured loans amounting to Rs. 245 Crs as on March 31, 2014 which will remain invested in the company till the bank borrowings are repaid in full. After considering the unsecured loans as quasi equity, the net worth of the company improved to Rs. 399.16 Crs and Gearing reduces to 2.03 times as on March 31, 2014.

Profitability & Liquidity Indicators: The Company reported losses at both EBITDA and PAT levels which also impacted the liquidity position of the company. Further, the company reported a very weak current ratio of 0.24 times as on March 31, 2014.

Weak Debt Protection Indicators: The debt coverage indicators for the company were also weak on account of losses suffered by the company. It reported an Interest Service Coverage Ratio (ISCR) of (0.05) times and Debt Coverage Service Ratio (DSCR) of 0.14 times as on March 31, 2014.

Rating Outlook:

The Hotel's performance is expected to stabilize with improvement in occupancy rate and improvement in earnings. During the year ahead, the ability of the company to improve its capital structure, earnings, profitability and meet its debt obligations promptly shall remain key rating monitorables.

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Aman Hospitality Pvt Ltd., New Delhi
Annexure I – Profit & Loss Account Summary

P&L Account (Rs. Crores)	FY12 (A)	FY13 (A)	FY14 (A)
Net Sales	0.00	15.94	56.96
Other Operating Income	0.00	0.44	1.55
Total Operating Income	0.00	16.39	58.51
Operating Expenses	0.03	19.20	63.78
OPBDIT	-0.03	-2.81	-5.27
Depreciation/Amortization/Impairment	0.00	0.07	24.61
Interest and Finance Charges	0.00	1.54	115.78
Non-Operating Income(Expenses)	0.00	0.19	-0.25
PBT	-0.03	-4.23	-145.91
Provision for Taxes	-0.01	-19.51	-28.72
PAT	-0.02	15.28	-117.19

Aman Hospitality Pvt Ltd., New Delhi

Annexure II – Balance Sheet Details

LIABILITIES (Rs. Crores)	FY12 (A)	FY13 (A)	FY14 (A)
EQUITY AND RESERVES	255.02	270.58	154.58
Share capital	2.31	2.31	2.31
Reserves and Surplus	252.71	268.28	152.27
Non-current liabilities	979.04	862.78	911.81
Long-Term Borrowings	771.15	761.68	667.23
Unsecured Loans from Shareholders	207.89	101.10	244.58
Current liabilities	30.60	144.28	214.83
Short-Term Borrowings	0.00	35.38	34.90
Current Portion Of Long Term Debt	11.48	47.21	109.02
Trade Payables	17.98	37.83	43.95
Other Current Liabilities	0.00	21.00	25.31
Short-Term Provisions	1.14	2.86	1.64
Total Liabilities	1264.66	1277.64	1281.22
ASSETS			
Non-current assets	1259.22	1224.39	1228.61
Net Fixed assets	0.00	1204.72	1180.22
Capital Work-In-Progress	1259.06	0.00	0.00
Non-Current Investments	0.14	0.14	0.14
Deferred Tax Assets (Net)	0.01	19.52	48.25
Current assets	5.44	53.25	52.61
Current Investments	3.57	6.87	6.51
Inventories	0.00	30.45	30.79
Trade Receivables < Six Months	0.00	4.47	6.10
Cash and Cash Equivalents	0.31	1.26	1.54
Other Current Assets	1.56	10.21	7.67
Total Assets	1264.66	1277.64	1281.22

Aman Hospitality Pvt Ltd., New Delhi
Annexure III – Key Financial Ratios

Key Ratios	Unit	FY12 (A)	FY13 (A)	FY14 (A)
Total Debt	Crores	990.52	945.38	1055.74
Tangible Net Worth	Crores	255.02	270.58	154.58
Total Debt/TNW	Times	3.88	3.49	6.83
Long Term Debt/TNW	Times	3.84	3.19	5.90
TOL/TNW	Times	3.14	3.35	5.71
ISCR	Times	NA	-1.82	-0.05
DSCR	Times	NA	1.30	0.14
Net Cash Accruals/Total Debt	Times	0.00	0.00	-0.11
Net Cash Accruals/Long Term Debt	Times	0.00	0.00	-0.13
Net Profit Margin	%	NA	93.27	-200.29
Operating Profit Margin	%	NA	-17.14	-9.00
ROCE	%	0.00	-0.24	-2.53
Current Ratio	Times	0.18	0.37	0.24
Net Cash Flow from Operating Activities (as reported)	Crores	11.62	-14.97	4.35
Net Cash flow from Investing Activities (as reported)	Crores	-328.67	54.27	-0.10
Net Cash Flow from Financing Activities (as reported)	Crores	319.48	-35.04	-4.33