

June 8, 2010

CARE ASSIGNS 'CARE BB+' RATING TO THE BANK FACILITIES OF AMAN HOSPITALITY PVT. LTD.

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Fund based Long-term Bank Facilities	485.00	'CARE BB+' (Double B Plus)	Assigned
Fund based proposed Long-term Bank Facilities	95.00	'CARE BB+' (Double B Plus)	Assigned
Non fund based Long-term Bank Facilities	60.00	'CARE BB+' (Double B Plus)	Assigned
Total Facilities	640.00		

Rating Rationale

The rating is constrained by risk associated with residual project implementation, past project delays, high financial leverage, large room inventory and its likely impact on breakeven period, high competition and cyclicity risk associated with the hospitality sector.

The rating takes comfort from the promoter's experience in construction and real estate sector and tie-up with 'Taj group' for operation and marketing of the hotel. Going forward, timely execution of project work within the envisaged cost, achievement of the envisaged occupancy levels and Average Room Rent (ARR) shall be the key rating sensitivities.

Company Profile

Incorporated in 1992, Aman Hospitality Private Limited (AHPL) is part of Ambience group, founded and promoted by Mr. Raj Singh Gehlot, who has been into real estate development for over two decades.

Presently, AHPL is developing a five star hotel at Shahadra, in East Delhi which is being developed on "twin hotel complex theme", comprising 201 keys "5 Star Deluxe Hotel" and 305 keys "5 Star Hotel" along with a shopping arcade. The total developable area of the hotel is planned to be around ~1 mn sq ft and the project cost is estimated at Rs.866.9 crore. The project cost is planned to be funded through the debt of Rs.580.0 crore, equity contribution of Rs.153.0 crore and unsecured loan of Rs.133.9 crore (from promoters and promoter group). The company has entered into an O&M agreement with the Indian Hotels Company Limited (IHCL) under which the hotel shall be managed by the IHCL and will be marketed under the brand the "Taj".

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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

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