

August 4, 2010

CARE ASSIGNS 'CARE BBB+' RATING TO THE BANK FACILITIES OF PAN INDIA PARYATAN PVT LTD.**Ratings**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	100.57	'CARE BBB+' (Triple B Plus)	Assigned
Total Facilities	100.57		

Rating Rationale

The rating derives strength from the strong promoter group, support from group companies, the well-established and successful track record of Essel World and Water Kingdome (EWWK), with a stable tourist inflow and high PBILDT margins. Further, the rating also factors the low operating cycle mainly due to cash sales, a low gearing, moderate interest coverage and an upfront infusion of the entire equity contribution along with the entire debt tie-up for the resort project.

However, the rating is constrained by the resort project-implementation risk, growing alternate avenues of entertainment, the seasonality of revenue and lien of EWWK's assets for Essel Infraprojects Ltd.'s (EIL, a group company) loans.

The ability of the company to maintain a tourist inflow and healthy PBILDT margins for EWWK along with the timely completion of the resort project without any time/cost overrun are the key rating sensitivities.

Company Profile

Pan India Paryatan Private Limited (PIPPL) incorporated in August 24, 2007 is a part of Essel Group. PIPPL operates Essel World (being operational for more than two decades) and Water Kingdome (for more than a decade) with a stable tourist inflow of around 11 lakhs yearly over the past few years. PIPPL proposes to develop a luxury resort adjacent to EWWK of around 220 rooms, at the cost of Rs.96.76 crore (to be funded by a debt equity ratio of 3:1). The promoters have already infused the entire equity contribution of Rs.24 crore as on March 31, 2010 and PIPPL has got sanctions for a debt tie-up. In FY09, the company posted a total income of Rs.41.06 crore and a PAT of Rs.1.63 crore.

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

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