

August 25, 2022

AB Hotels Limited: Rating downgraded based on best available information; Rating Moved to Issuer Not Cooperating category

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based limits – Term Loan	6.21	6.21	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB-(Stable) and rating moved to 'Issuer Not Cooperating' category
Long Term – Fund Based - Working Capital	6.50	6.50	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB-(Stable) and rating moved to 'Issuer Not Cooperating' category
Total	12.71	12.71	

*Issuer did not cooperate; based on best available information.

^Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding **AB Hotels Limited** performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade

As part of its process and in accordance with its rating agreement with **AB Hotels Limited**, ICRA has been trying to seek information from the entity so as to monitor its performance. However, despite multiple requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key Financial Indicator ([click here](#)). ICRA is unable to provide the latest information because of non-cooperation by the entity

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-co-operation by the rated entity
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

Incorporated in the mid-1990s, AB Hotels Limited (ABHL) operates the Radisson Blu Plaza Hotel at Mahipalpur in New Delhi. It is the Radisson Hotel group’s (earlier Carlson Hospitality Group) first hotel property in India and has been in operations since 1996. The hotel includes 261 rooms of five-star deluxe category, a commercial plaza with over 75,000 sq. ft.

of space, seven F&B outlets such as ‘The Great Kebab Factory’ (TGKF), ‘Neung Roi’, ‘NYC’, ‘R-The Lounge’, The Pastry Shop, ‘The Orb’ and ‘Savannah Bar’, banquet and conference facilities. ABHL has a license agreement with Radisson Hotels International Inc. (RHI), as per which it operates under the brand ‘Radisson’. The agreement was first signed in 1994 for a 10-year duration and has been subsequently renewed twice. Most recently, the agreement was renewed in 2014 for a tenure of ten years. The hotel was upgraded to Radisson Plaza in 2004 and it was re-branded to Radisson Blu Plaza in 2010. The hotel is operated on a property which is leased from Airport Authority of India (AAI) for 30 years lease which expires in December 2021. The company is undergoing an arbitration with AAI for the renewal of the lease expiring in December 2021. In FY2020, ABHL generated an operating income of ~Rs. 111.6 crore at marginal growth of 2% over the previous year and an OPBITDA of Rs. 12.8 crore at OPM of 11.5%. As per the provisional figures of FY2021, the company achieved revenues of Rs. 48.7 crore and OPBITDA of Rs. 15.6 crore.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2023)				Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2022 (Rs. crore)	Date rating & in	Date & rating in FY2022	Date & rating in FY2020		Date & rating in FY2019
					Aug 25, 2022	May 31, 2021	Mar 03, 2020	Apr 08, 2019	Nov 02, 2018
1	Term Loans	Long Term	6.21	NA	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)
2	Fund based Working Capital	Long Term	6.50	NA	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB+ (Stable)	-
3	Unallocated	Long Term	0.00	NA	-	-	-	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term Loans	Simple
Fund based Working Capital	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan – I	Jul-2011	12.65%	Mar-2021	0.80	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term Loan – II	Feb-2011	12.30%	Jul-2021	3.20	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Term Loan - III	Mar-2014	12.30%	Oct-2021	2.21	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Cash Credit Facility	NA	NA	-	6.50	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING

Source: Company

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

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