

A.S.K. Brothers Limited

Instrument	Amount Rated (Rs. crore)	Rating Action
Term Loan	42.00 (enhanced from 0.00)	[ICRA]BBB- (Negative) (Re-affirmed; outlook changed)
Unallocated – Long- term	0.00 (revised from 42.00)	

ICRA has re-affirmed its long-term rating of [ICRA]BBB- (pronounced ICRA triple B minus) to the Rs. 42 crore[^] fund based bank lines of A.S.K. Brothers Ltd. (ASKBL)[†]. The outlook on the long-term rating has been changed to 'Negative' from 'Stable'.

The revision in outlook factors in the non-infusion of equity capital by the promoters during FY2016 along with the ongoing delay in commencement of the hotel. ICRA notes the increase in the cost of the project on account of the widening of the scope of work in addition to increase in other overheads and contingencies. Consequently, there has been an increase in the quantum of debt and the ability of the company to service its debt obligations remains dependent upon achieving healthy occupancy and Average Room Rates (ARR) levels, given the intensely competitive scenario in the Bangalore hotel industry. The rating continues to be exposed to execution risks as the property is yet to become operational.

The rating continues to be supported by the long experience of the promoters in the hotel industry in addition to the favourable location of the hotel in proximity to major landmarks such as the Vidhana Soudha and MG Road. The rating continues to derive comfort from the presence of a contract with the 'Carlson Hotels' group as a result of which this property would be branded as part of the Radisson Group of hotels. The same is expected to push up occupancies, ARR and Food & Beverages (F&B) revenues, going forward.

Company Profile

ASKBL was incorporated in 1984 by the Atria Group. The company had established a business hotel, 'The Atria Hotel', in Bangalore in 1993. The hotel is located on Palace Road, near the Vidhana Soudha, and is easily accessible from MG Road. The hotel consisted of 160 rooms, eight suites, seven banquet/conference halls over 12,000 sq. ft., three restaurants and a bar. The company entered into a management agreement with Carlson Hotels (South Asia) Private Limited (CHPL) in November 2013 and renovated the hotel. Once the construction is complete, CHPL would operate the hotel as "Radisson Blu Bangalore Atria Point", and the expected COD is November 2016. Following the renovation, the hotel would comprise 167 rooms and six banquet halls, along with the restaurants and bar.

Recent Results

In 2015-16 (provisional), ASKBL reported a net loss of Rs. 0.54 crore on an operating income of Rs. 7.17 crore, as against a net loss of Rs. 0.33 crore on an operating income of Rs. 17.60 crore in the previous year.

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[^] 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA Rating Publications.



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