

December 12, 2019

DHS Hotels Private Limited: Rating downgraded and moved to Non-Cooperating category

Summary of Rated Instrument:

Instruments	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based/ CC	2.30	2.30	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and moved 'Issuer Not Cooperating' category
Long Term - Fund Based TL	18.12	18.12	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and moved 'Issuer Not Cooperating' category
Long Term - Non Fund Based	0.26	0.26	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and moved 'Issuer Not Cooperating' category
Long Term – Unallocated	9.32	9.32	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and moved 'Issuer Not Cooperating' category
Total	30.00	30.00	

*Issuer did not co-operate; based on best available information

Rationale

The rating downgrade is because of lack of adequate information regarding DHS Hotels Private 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 the rated entity". 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 DHS Hotels Private Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation / Standalone	Standalone

About the company:

Incorporated in 2010, DHS Hotels Private Limited (DHSHP) is promoted by Mr. Venkata Rao Vadlamudi & others. The company runs a 138-room five-star hotel (with restaurant, convention centre and banquet hall facility) in Tirupati (Andhra Pradesh), a city which draws millions of tourists and devotees annually from all over the world. The company has a brand and management collaboration with ITC Hotels Limited for its brand 'Fortune Select'. The hotel's commercial operations started in the January 2013

The previous detailed rating rationale is available on the following link: [Click here](#)

Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	22.9	24.9
PAT (Rs. crore)	2.4	3.1
OPBDIT/ OI (%)	39.2%	37.2%
RoCE (%)	14.7%	16.0%
Total Outside Liabilities/Tangible Net Worth (times)	2.0	1.3
Total Debt/OPBDIT (times)	3.0	2.3
Interest Coverage (times)	2.5	3.0
DSCR	1.3	0.9

Source: MCA

Rating history for past three years

All figures in Rs. Crore

SNo	Name of Instrument	Type	Current Rating (FY2020)			Chronology of Rating History for the Past 3 years			
			Rated amount	Amount outstanding	Month-year & Rating	Month- year and Rating in			
						(Rs. crore)	FY2019	FY2018	FY2017
			December 12, 2019	September 04, 2018	-		March 14, 2017	April 07, 2016	
1	Fund Based-CC	Long-term	2.30	-	[ICRA]B+(Stable); ISSUER NOT COOPERATING*	[ICRA]BB (Stable)	-	[ICRA]BB- (Stable)	[ICRA]B+ (Stable)
2	Fund Based TL	Long-term	18.12	-	[ICRA]B+(Stable); ISSUER NOT COOPERATING*	[ICRA]BB (Stable)	-	[ICRA]BB- (Stable)	[ICRA]B+ (Stable)
3	Non-Fund Based	Long-term	0.26	-	[ICRA]B+(Stable); ISSUER NOT COOPERATING*	[ICRA]BB (Stable)	-	[ICRA]BB- (Stable)	[ICRA]B+ (Stable)
4	Unallocated	Long-term	9.32	-	[ICRA]B+(Stable); ISSUER NOT COOPERATING*	[ICRA]BB (Stable)	-	[ICRA]BB- (Stable)	[ICRA]B+ (Stable)

*Issuer did not co-operate; based on best available information

Analyst Contacts

Mr. K Ravichandran

+91 44 4596 4301
ravichandran@icraindia.com

R Srinivasan

+91-44-4596 4315
r.srinivasan@icraindia.com

Prateek Pasari

+91-40-4067 6517
Prateek.pasari@icraindia.com

Nithya Debbadi

+91-40-4067 6515
Nithya.debbadi@icraindia.com

Relationship Contact

Jayanta Chatterjee

+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

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For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

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