



Press Release
DTU HOTELS PRIVATE LIMITED (ERSTWHILE UPPAL HOTELS PRIVATE LIMITED)
November 06, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	250.00	ACUITE BB+ Reaffirmed Rating Watch with Developing Implications	-
Bank Loan Ratings	25.00	-	ACUITE A4+ Reaffirmed Rating Watch with Developing Implications
Total Outstanding Quantum (Rs. Cr)	275.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating to ‘**ACUITE B B + (read as ACUITE double B plus)**’ and short-term rating to ‘**ACUTE A4+ (read as ACUITE A four plus)**’ for DTU Hotels Private Limited (erstwhile Uppal Hotels Private Limited). The rating has been placed under “**Watch with Developing Implications**”.

Rationale for Rating

The rating has been reaffirmed and placed under watch with developing implications. Furthermore, the construction of hotel is put on hold and will resume shortly after the change in management takes place. The scope of project has changed. The expected number of rooms has increased with no corresponding cost overrun. The total estimated project cost and means of finance has reduced due to reduced interior charges costs. DS Group has infused unsecured loans of Rs, 100 Cr. and prepaid a part of disbursed amount.

About the Company

DTU Hotels Private Limited (Erstwhile Uppal Hotels Private Limited) is a New Delhi based company incorporated in May 1991. Directors of the company are Mr. Mahinder Kumar Minocha, Mr. Rajiv Goel and Mr. Sanjiv Kumar Jain. The company is engaged in the business of running a 5-star hotel under the name of Uppal’s Orchid. The hotel was demolished in the year 2017 to make way for development of a more updated and larger facility in view of the changes in the building byelaws.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of DTU Hotels Private Limited (erstwhile Uppal Hotels Private Limited) to arrive at this rating.

Key Rating Drivers

Strengths

Change in management

Earlier, DTU Hotels Private Limited were held by Red Fort Realcon LLP and the rest was held by Mr. Manish Uppal and others. Red Fort Realcon LLP is a partnership firm between Dharampal Satyapal Limited (DSL) and

Trident Infrahomes Private Limited (TIHPL). Now, DS group will acquire 100% of DTU Hotels Private Limited. This change of management is expected to be undertaken by end of November 2024 and will remain a key rating sensitivity. DS Group has infused unsecured loans of Rs, 100 Cr. and prepaid a part of disbursed amount.

Change in scope of project and project cost

The project involves total constructed area of 3,06,551 sq. ft. of which 245495 sq. Ft is towards the hotel and the rest has been allocated for the commercial premise. The commercial project is almost completed. However, the

company has not sought any lessees for this project. The completion of the project is expected to be in the near to medium term. Currently, the construction is put on hold and will resume shortly after the change in management takes place.

The scope of project has changed. The expected number of rooms has increased to 200+ rooms from 133 rooms with no corresponding cost overrun. In relation to the hotel under construction, the promoters had signed an agreement with Marriott Group for operation and management of the upcoming hotel under their brand (Ritz Carlton) valid till Dec 2024. The management is in talks with Marriot Group for extension of operational agreement, the same would be decided post take over by DS group.

The total estimated project cost has reduced to Rs. 353 Cr. (earlier Rs 398 Cr.). This has been due to error in accounting. The means of funding has reduced because of interior charges costs earlier overestimated by management.

Weaknesses

Project Risk

The project has is put on halt and the remaining projected is expected to be completed in the near to medium term. The timely completion of the project and its commercial operation remains a risk as the project was delayed and hence, any further delay resulting into cost over-run can negatively impact the company's cashflow.

Rating Sensitivities

- Change in management
- Delay in the project completion resulting into substantial price escalation
- Renewal of contract with Marriott Hotel group

Liquidity Position

Adequate

The total project cost has been reduced to Rs.353 Cr. of which Rs.250 Cr. shall be funded through term loan and balance through promoters contribution and unsecured loans. The means of finance has also been reduced to Rs.223 Cr. which is funded through promoters contribution of Rs.6.08 Cr, term loan of Rs.199.74 Cr. and unsecured loans of Rs.16.70 Cr. DS Group has infused Rs.100 Cr. which was used for prepayment of term loan and is expected to infuse another Rs.100 Cr. to prepay and close the loan with IndusInd Bank.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.04	0.00
PAT	Rs. Cr.	(8.27)	0.62
PAT Margin	(%)	(21763.78)	0.00
Total Debt/Tangible Net Worth	Times	4.06	2.36
PBDIT/Interest	Times	(0.21)	0.00

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Aug 2023	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Term Loan	Long Term	250.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
25 May 2022	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	250.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A4+ Reaffirmed Rating Watch with Developing Implications
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.27	Simple	ACUITE BB+ Reaffirmed Rating Watch with Developing Implications
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	03 Mar 2022	Not avl. / Not appl.	01 Mar 2034	99.73	Simple	ACUITE BB+ Reaffirmed Rating Watch with Developing Implications

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About Acuité Ratings & Research

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