

## Amaltas Palace Private Limited

April 02, 2025

| Facilities/Instruments    | Amount (₹ crore) | Rating <sup>1</sup> | Rating Action |
|---------------------------|------------------|---------------------|---------------|
| Long Term Bank Facilities | 95.00            | CARE BB-; Stable    | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Rating assigned to the bank facilities of Amaltas Palace Private Limited (APPL) continue to remain constrained on account of project implementation and stabilization risk associated with on-going debt funded capex and its stretched liquidity profile. Ratings, also factor its presence in the competitive industry, and vulnerability to macro-economic factors and season uncertainty. Ratings, however, continue to derive strength from experienced promoter and long-term agreement with Indian Hotels Company Limited (IHCL; CARE AA+; Stable/CARE A1+).

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive Factors

- Stabilization of operations with commencement of hotel within envisaged cost and time parameters

#### Negative Factors

- Any major time or cost overrun resulting into tightening of liquidity for timely repayment of debt obligation.
- Withdrawal of support from promoters/ promoters' group

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CARE Ratings) expectations that the company will continue to benefit from the experience of promoters and its tie-up with IHCL.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Project implementation and stabilization risk associated with on-going debt-funded capex

APPL is constructing hotel with 168 guest rooms, 1 restaurant and 3 Banquets along with space for other recreational activities like Spa, GYM, swimming pool, etc in Indore, Madhya Pradesh.

Total cost of project is envisaged to Rs.152 crore with project gearing of 1.67x. As on December 31, 2024, APPL has incurred total cost of Rs.76.85 crore (~51% completion), which was funded through term loan of Rs.52.06 crore of term loan and balance through promoter's contribution in terms of equity (Rs.11.64 crore) and unsecured loans (Rs.13.15 crore).

Earlier hotel operations were envisaged to commence from April 2025; however, the same is delayed and now envisaged from July 2025. The delay in the commencement of the operation was due to demise of a senior official who was overseeing the project as well as additional time was required to finalize agreement with IHCL. APPL's 's ability to complete the project within the envisaged time and cost parameter and realise the envisaged returns there on shall remain crucial from the credit perspective

##### Macro-economic factors and seasonal uncertainty along with presence in the competition industry

The company is exposed to changes in macro-economic factors, industrial growth, and tourist arrival growth in India, international and domestic demand supply scenarios, competition in the industry, government policies and regulations and other socio-economic factors which leads to inherent cyclical in the hospitality industry. These risks can impact the occupancy rate of the company and thereby its profitability.

Furthermore, hospitality industry is highly competitive with presence of many organised and unorganised players in the market and online aggregators. APPL faces competition with presence of the several high rated hotels and resorts having long track record of operations at Indore, Madhya Pradesh.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

## Key strengths

### Experienced promoters

ARPL is promoted by Mr. Suresh Bhadauria and Mr. Sanjeet Sengar. Key promoter, Mr. Suresh Bhadauria holds over three decades of experience in various industries through his association ranging from medical institutes, hotels & resorts, education institutes, aviation services and mining among others.

### Association with renowned brand Vivanta

APPL has entered into a Hotel Management Agreement (HMA) and Technical services & development Assistance Agreement (TSDAA) with IHCL for operating hotel under the brand name of "Vivanta" for 30 years. The same shall be effective from the date of commencement of the commercial operation (DCCO). Association with reputed brand is expected to benefit AAPL for quick stabilization of operations.

### Liquidity: Stretched

The liquidity of APPL remains stretched since the project is yet to commence the operation. Out of the envisaged promoter's contribution and unsecured loan (USL) of Rs.57.00 crore, the promoters have infused Rs.11.64 crores and Rs.13.15 crores respectively as on December 31, 2024.

Going forward, it remains crucial for the company to commence its operations timely and generate revenue as envisaged. Earlier the debt repayment was to commence from April 2025 however, since the same was linked to the DCCO, it will now commence from July 2026 onwards.

## Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

[Service Sector Companies](#)

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector            | Industry         | Basic industry   |
|-------------------------|-------------------|------------------|------------------|
| Consumer Discretionary  | Consumer Services | Leisure Services | Hotels & Resorts |

Amaltas Palace Private Limited (APPL), part of Amaltas group was incorporated in June 2023 by Mr. Suresh Bhadauria and Mr. Sanjeet Sengar. APPL is constructing hotel with 168 guest rooms, 1 restaurant and 3 Banquets along with space for other recreational activities like Spa, GYM, swimming pool, etc in Indore, Madhya Pradesh. The hotel will be operated under the brand name of "Vivanta". Operations are expected to commence from July 2025.

**Brief financials:** Not Applicable for project phase entities.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument    | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Term Loan | -    | -                             | -               | 30-04-2034                 | 95.00                       | CARE BB-; Stable                   |

**Annexure-2: Rating history for last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |                  | Rating History                              |   |   |   |
|---------|--|-----------------|------------------------------|------------------|---|---|---|---|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating           | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 |
| 1       | Fund-based - LT-Term Loan              | LT              | 95.00                        | CARE BB-; Stable | -   | 1)CARE BB-; Stable (12-Feb-24)              | -   | -   |

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument    | Complexity Level |
|---------|---------------------------|------------------|
| 1       | Fund-based - LT-Term Loan | Simple           |

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

### Contact us

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### About us:

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### Disclaimer:

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