HILL CREST HOTELS AND RESORTS PRIVATE LIMITED

July 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	94.00 (Reduced from 108.00)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in the rating assigned to bank facilities of Hill Crest Hotels and Resorts Private Limited (Hill Crest) derive strength from experienced and qualified promoters and management team, prime location of the property, association with the reputed brand "Radisson", leading to sustained satisfactory operational performance. The rating further derives strength from healthy and improved profitability margins leading to comfortable debt coverage indicators. The rating also factors in the increase in scale of operations and average room rent in FY25 (FY refers to April 01 to March 31).

However, the rating continues to remain constrained considering small but increasing scale of operations with single property concentration risk, improving but moderate capital structure, presence in highly competitive and fragmented industry, which is exposed to economic cycles and seasonal uncertainties.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieve average room rent above ₹16,000 with improvement in occupancy above 75%.
- Improvement in capital structure with overall gearing reaching below 0.75x on a sustained basis.
- Successful completion and stabilisation of the ongoing capex without cost and time overrun.

Negative factors

- Significant decline in occupancy to below 60% and average room rent (ARR) below 15,000 on sustained basis.
- Significant debt funded capital expenditure leading to deterioration in overall gearing exceeding 1.5x on a sustained basis.
- Deterioration in debt coverage indicators with total debt to gross cash accruals (TD/GCA) exceeding 7.5x on a sustained basis

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects CARE Ratings Limited (CareEdge Ratings) expectation of continuance of benefit from its experienced promoters, association with the reputed brand "Radisson", which would enable company to increase its total operating income (TOI) and healthy profitability margins in the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and management team

Hill Crest has an established track record of over a decade in the hospitality industry. Debasish Chakraborty, Managing Director of the company has around three decades of overall experience, of which, over a decade pertaining to the similar line of business. Debashish was the co-founder and promoter of DTDC courier, who exited the business in 2007-08. Post that he set up the current resort business. He is supported by his family, Rinku Chakraborty and Shuhasish Chakroborty as directors having over a decade of experience in the same line of business. Hill Crest has a well-qualified and experienced second line of management for handling resort operations and finance functions.

Association with reputed brand 'Radisson' leading to sustained satisfactory operational performance

Hill Crest has signed up with Radisson Hotels as franchisee contract for trademark, strategic oversight and operational services for 15 years ending in July 2032. Radisson Hotels Group is one of the world's leading brands in the luxury hotel segment. Radisson has a strong worldwide portfolio of over 1400 hotels with presence in over 140 countries operating under seven distinct brands Radisson, Radisson Blu, Radisson Red, and Park Plaza among others. Radisson Hospitality, Inc. is majorly owned by Jin Jiang

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

International Holdings Co., Limited, which is ultimately owned by an entity of the government of the People's Republic of China. Association with Radisson facilitates, the company arranges marketing tie ups and manages operational efficiency, providing stable revenue generation and profitability in the past. The company has achieved satisfactory occupancy level of 65% in FY25 (against 61% in FY24 and 59% in FY23). Revenue per available room (RevPAR) also slightly improved to ₹8,891 in FY25 (against ₹8,819 in FY24 and ₹7,633 in FY23).

Prime location of property
The company currently owns a property at Karjat, Raigad district surrounded by major metropolitan cities including Mumbai and Pune and is popular destination for trekkers and adventure enthusiasts. Karjat is 90 kilometres away from Mumbai and connects Pune and Lonavala station to Mumbai. The resort is near Ulhas valley with river and waterfalls. It is well-connected to Karjat Railway Station (8 Km away) and 39 km away from Mumbai Pune Express highway. The property's prime location provides continuous inquiries across customer segments.

The single property includes villas, banquet halls and other facilities, increasing concentration risk for the company. However, this could be mitigated to some extent by diversified service offerings across market segments including leisure, business and wedding customers among others.

Healthy and improved profit margins leading to comfortable debt coverage indicators
The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin remained healthy and improved considering five-star hospitality nature of operations. PBILDT margin improved to 38.80% in FY25 from 29.85% in FY24, mainly due to proportionate reduction in the costs incurred in the year considering significant increase in scale of operations. The employee cost and sales and promotional expenses were increased in Q4FY24 due to recruitment of new staff for the new facilities commenced from Q2FY25. The profit after tax (PAT) margin also improved to 21.31% in FY25 from 11.80% in FY24, in line with improvement in PBILDT margin. The PBILDT margin expected to sustain around similar level owing to anticipated growth in the scale of operations.

Considering this and reduction in the debt level, debt coverage indicators have also improved and stood comfortable as marked by TD/GCA at 3.46x in FY25 against 7.61x in FY24. Interest coverage ratio remained comfortable and improved to 4.33x in FY25, compared to 3.02x in FY24.

Key weaknesses

Small but growing scale of operations with single property concentration risk
The company's scale of operations remains small marked by TOI ranging from ₹33.89 crore to ₹116.34 crore in FY22 to FY25. The TOI has significantly increased by 32.84% on y-o-y basis to ₹116.34 crore in FY25, due to commencement of the new facilities from Q2FY25 onwards. This was also attributable due to increased occupancy level and RevPAR in FY25 against FY24. Revenue is expected to increase in future years considering expected higher occupancy, increase in average room rent and successful completion and commencement of new room inventories from June 2024. Of the total revenue, 35% was derived from weddings, 40% from corporate events, and 25% from individual customers.

Moderate yet improving capital structure
The company's capital structure remained moderate despite y-o-y improvement in the same. Overall gearing improved to 1.03x as of March 31, 2025, compared to 1.30x as of March 31, 2024. This improvement is due to repayment of term loan and increased tangible net worth (TNW) led by healthy accretion of profits to reserve. Capital structure and debt coverage indicators are expected to deteriorate slightly with planned debt funded capital expenditure despite scheduled repayment of ongoing term loans in the near-to-medium term.

Project funding, execution and stabilisation risk associated with the ongoing capex
The company is setting up a new hotel with 300 keys near Navi Mumbai Airport. The total cost of the project is estimated to be ₹326 crore, which is expected to be completed by November 2028. Of the total cost of ₹326 crore, ₹225 crore will be funded through term loan which is yet to be tied up. Remaining ₹78 crore will be funded through internal accruals of ₹53 crore and ₹25 crore of unsecured loans from promoters, which will be subordinated to bank finance as discussed with the management. Till March 31, 2025, the company has already incurred ₹25 crore and the same has been funded through internal accruals. Thus, timely tie up for funding, completion of the project and subsequent stabilisation of which with no major cost and time overrun remains key credit monitorable.

Presence in highly competitive and fragmented industry which is exposed to economic cycles and seasonal uncertainties
The Indian hospitality industry is highly fragmented, with the presence of large number of organised and unorganised players spread across regions. Cyclical nature of the hotel industry and increasing competition from already established and upcoming hotels due to low entry barriers may impact Hill Crest's performance. Though, the demand for hotel rooms is expected to steadily grow in the medium term considering anticipated increased commercial and tourism activity and growth of the economy leading to increase in disposable income among others. Given the presence of its existing brand name, 'Radisson', it may be able to fetch projected revenues and profitability and scale up the business.

Liquidity: Adequate

Liquidity remained adequate, marked by moderate cash and liquid investments and adequate GCA expectations against debt repayment obligations of ₹21.10 crore in FY26 and ₹21.29 crore in FY27. Average maximum utilisation of its overdraft facilities was 65.04% for 12 months ended March 2025. Free cash and bank balance stood at ₹5.09 crore as on March 31, 2025, compared to ₹1.78 crore as on March 31, 2024. It also has liquid investments in equity shares of ₹10.59 crore as on March 31, 2025. The current ratio and quick ratio stood low at 0.84x and 0.24x respectively as on March 31, 2025 (compared to 1.04x and 0.16x respectively as on March 31, 2024). Net cash flow from operations stood positive at ₹49.65 crore as on March 31, 2024 (compared to ₹27.88 crore as on March 31, 2024).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Policy on Default Recognition
Liquidity Analysis of Non-financial sector entities
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Hotel Industry
Financial Ratios – Non financial Sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Leisure services	Hotels & resorts

Hill Crest is a private limited company incorporated in 2011, engaged in the hospitality sector and operates a luxurious resort and villas at Karjat, Maharashtra. The property consists of a total of 228 keys including 26 2BHK villas, 10 3-4 BHK villas, 26 row houses, 22 tent houses and 144 rooms. It is also equipped with other facilities including two restaurants, two swimming pools, a kids' area, fun park and a game zone.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	73.10	116.34
PBILDT	21.82	45.14
PAT	8.62	24.80
Overall gearing (times)	1.30	1.03
Interest coverage (times)	3.02	4.33

A: Audited UA: Unaudited; Note: these are latest available financial results

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

CareEdge RATINGS

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		-	-	15/08/2031	94.00	CARE BBB-; 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 2025-2026	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
1	Fund-based - LT-Proposed fund based limits	LT	-	-	-	1)Withdrawn (04-Oct-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (23-Jan-24)	1)CARE B-; Stable; ISSUER NOT CO-OPERATING* (12-Dec-22)
2	Fund-based - LT-Term Loan	LT	94.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (22-Jan-25)	-	-

*Issuer did not cooperate; based on best available information.
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 lender-wise details of bank facilities please click here

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

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About us:
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