

IHHR Hospitality (Himachal) Private Limited

August 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	66.00	CARE BB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of IHHR Hospitality (Himachal) Private Limited (IHHR Himachal), formerly known as Sedar Himalayan Paradise Private Limited, are constrained by the modest scale of operations of the company coupled with subdued profitability of the company. The ratings are further constrained due to leveraged capital structure of the company and weak debt coverage indicators. However, the ratings derive strength from the strong parentage of the company of IHHR Hospitality Private Limited (IHPL), demonstrating significant financial support. The ratings also draw strength from the tie up with international hotel brands for branding, marketing and operating properties along with promoter group's extensive experience in hospitality space.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in operational performance as reflected by a TOI of more than Rs. 40 crores and PBILDT margin of more than 25% on a sustained basis
- Improvement in the capital structure of the company as reflected by an overall gearing of less than 1.50x on a sustained basis.

Negative factors

- Any change in shareholding or reduction of IHHR Hospitality Private Limited's shareholding from current level or weakening of financial and credit risk profile of IHHR Himachal.
- Deterioration in the operational performance of the company as reflected by TOI of less than Rs. 30 crores along with continued cash losses on a sustained basis

Analytical approach: Standalone, factoring in linkages from the Parent, IHHR Hospitality Private Limited

Outlook: Stable

CARE Ratings believes that the entity shall benefit from the strong parentage of the company coupled with the favourable location of the Resort.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

Total Operating Income (TOI) grew at a compounded annual growth rate (CAGR) of 77.57% in last 5 years ended FY25. TOI grew by ~3% to Rs.31.82 crore in FY25 over FY24 on account of improved demand from customers. Scale of operations remained modest owing to modest occupancy levels. This, in turn, leads to lower absorption of fixed costs and results in subdued profitability. Further, competition in the industry will continue to restrict future growth prospects. IHHR Himachal's ability to improve its operational performance marked by increase its scale driven by better occupancy levels and improved profitability margins will remain a key monitorable.

Vulnerability of revenues to inherent industry cyclicity, economic cycles and exogenous events

Operational performance of the property remains vulnerable to seasonal industry, general economic cycles and exogenous factors (geo-political crisis, terrorist attacks, disease outbreaks, etc.). Nonetheless, the risk to revenue is partially mitigated by IHHR Himachal's property being located in prominent tourist hub, which allows it to withstand any demand vulnerability related to a particular micro-market.

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

Leveraged capital structure and Weak debt coverage indicators

Capital structure of the company remained leveraged with overall gearing of -2.49x as on March 31, 2025 (-3.09x as on FY24) with high reliance on external debt. Debt coverage indicators remained weak marked by interest coverage and TDGCA of 0.60x and -14.99 respectively in FY25. However, the company continues to receive consistent support from its parent and group entities, enabling it to manage its funding requirements more effectively.

Key strengths

Experienced Promoters and strong parentage of IHHR Hospitality Private Limited

as the parent of IHHR Himachal is IHHR Hospitality Private Limited and holds 52.34% shares of the company. IHPL is the flagship entity of the group and owns various luxurious hotels across geographies in India. The hotels owned by the group are managed by Hyatt Hotels Corp. under its premium and luxury brands, including 'Hyatt', 'Hyatt Regency' and 'Hyatt Centric'. CARE Ratings expects the company to benefit from the promoters' long-standing experience and proven track record in the hospitality sector.

Favourable location backed by strong catchment area with limited property and geography concentration risk

IHHR Hospitality (Himachal) Private Limited benefits from a favourable location with a strong catchment area and a tourist attraction. This indicates that the company is strategically positioned to attract a substantial customer base from the northern region of India. The limited property and geography concentration risk further enhance its stability, as it reduces the potential impact of localized economic or environmental changes.

Tie-up with Hyatt

IHHR Hospitality (Himachal) Private Limited entered into technical, operating, marketing and royalty agreement with HYATT vide which the hotel project was run under the premium banner of "HYATT". Hyatt is one of the world's leading lodging companies with worldwide presence. CARE expects company to benefit operationally from its association with a renowned hospitality brand 'Hyatt'.

Liquidity: Stretched

Liquidity remains stretched, as the company has been reporting net losses. However, the Cash flow from operations was positive albeit low at Rs. 5.21 crore in the last fiscal year and the unencumbered cash and bank balance was around Rs. 3.44 crore as of March 31, 2025. Further, As of March 31, 2025, the current ratio stood at 0.74x, while the quick ratio stood at 0.70x. Owing to subdued profitability, the company primarily relies on financial support from its parent entity to effectively manage its operations and meet funding requirements.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Notching by Factoring Linkages in Ratings](#)

About the company and industry

Industry classification

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

Dharmshala (Himachal Pradesh) based IHHR Hospitality (Himachal) Private Limited was incorporated in 2008 managed by Mr. Prakash Lal Kapur, Mr. Rajesh Rohitbhai Mehta and Mr. Sanjiv Trehon. IHHR Himachal runs a luxury resort in Dharamshala under the brand name of Hyatt.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	30.93	31.82	16.79
PBILDT	8.14	7.63	NA
PAT	-17.89	-13.56	NA
Overall gearing (times)	-3.09	2.49	NA
Interest coverage (times)	0.56	0.60	NA

A: Audited UA: Unaudited NA: Not Available; 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

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	December 2036	66.00	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 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-Term Loan	LT	66.00	CARE BB+; Stable				

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 for clarifications.

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