

SONIA LODGINGS AND HOSPITALITY PRIVATE LIMITED

September 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	86.00	CARE B+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Sonia Lodgings and Hospitality Private Limited (SLHPL) is constrained by the implementation and stabilization risk associated with its ongoing hotel project, stretched liquidity, and the company's exposure to seasonal demand patterns and broader macro-economic uncertainties.

The ratings, however, derives strength from the promoters' long-standing experienced and demonstrated resourcefulness and resourceful, the operational management contract with Marriott which provides brand and distribution advantages, and the hotel's favorable location in Gwalior.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful implementation of the on-going hotel project within cost and time parameters

Negative factors

- Any significant delay in execution of the on-going hotel project leading to cost overrun and impacting liquidity profile of the company

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that in the medium term, Sonia Lodgings and Hospitality Private Limited (SLHPL) will benefit from successful implementation and stabilization of its hotel project along with favourable long term outlook for the tourism industry.

Detailed description of key rating drivers:

Key weaknesses

Implementation and stabilization risk associated with ongoing capex

SLHPL is implementing a hotel project with an envisaged cost of ₹138.15 crore, to be funded through a term loan of ₹86 crore and promoters' contribution (including unsecured loans) of ₹52.15 crore, translating into a moderate project leverage of 1.65x. As per the CA certificate dated July 17, 2025, the company had incurred ₹90.95 crore (66% of total cost), indicating reasonable progress in project execution. The project, however, remains exposed to risks related to timely completion within budget and successful stabilization post commencement of operations, which is expected to commence commercial operations from October 2025.

Macro-economic factors and seasonal uncertainty

SLHPL remains exposed to changes in macro-economic conditions, tourist inflows, industrial growth, demand-supply dynamics, and government regulations, which make the hospitality industry inherently cyclical. Such factors can directly impact occupancy rates and profitability. Further, the industry is highly competitive, with the presence of both organized and unorganized players as well as pricing pressure from online aggregators, thereby constraining the company's ability to achieve sustainable margins.

Key strengths

Experienced promoters

Promoters of SLHPL have over two decades of experience in the construction industry and the ongoing hotel project is also being executed by the group's construction arm. This provides them with in-house expertise for timely and cost-efficient project execution.

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

Operational Management contract with Marriott

SLHPL has entered into a long-term operational contract with Marriott International for 25 years, with two renewal options of two years each. Association with Marriott, one of the world's leading hospitality players with a global network of over 7,000 hotels across 131 countries and 30 brands, is expected to support SLHPL in terms of branding, marketing, and access to Marriott's strong reservation system and loyal customer base. The tie-up partially mitigates post-implementation operational risks. However, the ability of the property to ramp up occupancy and achieve the envisaged revenue remains dependent on timely project completion and demand conditions in the Gwalior hospitality market.

Favourable location of the hotel

Gwalior is a prominent tourist destination, well known for its historical monuments, cultural heritage, and recognition by UNESCO as a Creative City of Music. The city attracts both domestic and international visitors through landmarks such as the Gwalior Fort, Jai Vilas Palace, Saas Bahu Temple, and Teli Ka Mandir, in addition to annual events like the Tansen Music Festival. Nearby attractions such as the Bateshwar temples and National Chambal Sanctuary further enhance its tourism appeal. SLHPL's upcoming hotel property is strategically located at around 15 km from the railway station and 11 km from the airport, providing convenient connectivity for travellers.

Liquidity: Stretched

Liquidity of SLHPL remains stretched, marked by a moderately leveraged project. While debt repayment is scheduled to begin from January 2026 against the expected project commencement in October 2025, any significant delay in execution could exert pressure on the company's liquidity, given sizeable repayment and interest obligations. Moreover, there have been instances of delay in servicing interest obligations during February and March 2025, reflecting tight cash flow management during the implementation phase. Nevertheless, creation of a Debt Service Reserve Account (DSRA) equivalent to one quarter of debt servicing obligations, prior to commencement of repayments, is expected to provide partial liquidity support.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[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

Brief Financials: Not meaningful as project phase entity.

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
Term Loan-Long Term		-	-	31-05-2033	86.00	CARE B+; 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	Term Loan-Long Term	LT	86.00	CARE B+; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short 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	Term Loan-Long Term	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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