

February 10, 2025

Manglam Spa Resort Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	45.00	45.00	[ICRA]BB (Stable); Reaffirmed
Total	45.00	45.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for the bank facilities of Manglam Spa Resort Private Limited (MSRPL) factors in the advantageous location of the property and tie-up with Marriott International Inc (Marriott), which provides brand visibility in terms of service and the quality offerings associated with the Westin brand of Marriott. MSRPL is owned by the family members of the Manglam Group, an established player in the real estate sector based out of Jaipur, Rajasthan. The project is favourably funded by external debt to equity (including unsecured loans) mix of 0.52:1. The promoters have infused Rs. 84.4 crore (94% of the contribution) in the form of equity and unsecured loans as of December 2024 for project execution and payment of interest during construction. The project is in advanced stage of construction with 95% of the budgeted costs incurred as of December 2024 and commercial operations date (COD) expected in Q1 FY2026.

The rating is, however, constrained by the elevated market risk till its performance stabilises post commencement of operations. The project witnessed delays in completion and commencement of commercial operations due to design and specification changes by Marriott. Timely infusion of equity/unsecured loans by the promoter to support the remaining project cost and interest payment till commencement and stabilisation of operations remains a key monitorable. Moreover, its presence in a single location (i.e., Jaipur) exposes it to adversities in its region of operations and competition from other existing and upcoming properties. Further, the rating considers the cyclical nature of the hospitality industry, with revenue generation exposed to seasonality, exogeneous shocks and to the overall macro-economic performance.

Key rating drivers and their description

Credit strengths

Favourable location of project; tie-up with reputed brand – The asset is situated in the outskirts of Jaipur with proximity to Jaipur railway station, Jaipur International Airport, the main city and major tourist attractions offering location-specific advantage. The resort is well connected to National Highway-248 linking Delhi and Jaipur. Depending on the location of the hotel, it expects a steady influx of tourists for weekend staycations, destination weddings, seminars and conferences, wellness and family retreats. MSRPL has entered into an agreement with Marriott International Inc (Marriott) for the operations and management of the resort, which provides brand visibility in terms of service and the quality offerings associated with the Westin brand of Marriott.

Project in advanced stages of construction; favourable funding mix – The project is in the advanced stage of construction with 95% of the budgeted costs incurred as of December 2024. It is likely to achieve COD in Q1 FY2026. The project cost is favourably funded by external debt to equity (including unsecured loans) mix of 0.52:1. The promoters have infused 94% of the total contribution amounting to Rs. 84.4 crore in the form of equity and unsecured loans as of December 2024.

Long and established track record of group in real estate business in Rajasthan – MSRPL is owned by the family members of the Manglam Group based out of Jaipur, Rajasthan, which is into real estate business and have been operating for more than three decades. Further, the Group has an established presence in the Jaipur real estate market and the promoters have the ability to infuse funds to support the entity for interest payment till commencement and stabilisation of operations as and when required.

Credit challenges

Exposure to project stabilisation and market risks – The project is exposed to elevated market risk till its performance stabilises post commencement of operations. The project witnessed delays in completion and commencement of commercial operations due to design and specification changes by Marriott. However, it is expected to be operational in Q1 FY2026. The risk is further aggravated by the intense competition in the area, given the numerous established hotels and serviced apartments in the vicinity. Nevertheless, the demand outlook remains favourable, given the advantageous location and brand visibility from its tie-up with Marriott.

Exposure to asset concentration risk – The company owns a single nature and single location asset located in Jaipur, Rajasthan. Dependence on a single property exposes it to adversities in its region of operations. MSRPL will also face stiff competition from other existing and upcoming properties in the vicinity.

Cyclical industry – The company’s operations is exposed to the inherent cyclicity in the hospitality sector with revenue generation vulnerable to seasonality, exogeneous shocks, discretionary nature of spending and to the overall macro-economic performance.

Liquidity position: Stretched

The company’s liquidity position remains stretched, and the entity needs to service the interest on a monthly basis which is expected to be met through the timely infusions of unsecured loans from the promoters. It has principal repayment obligations of Rs. 0.5 crore in FY2026 which is expected to be adequately met through cash flow from operations.

Rating sensitivities

Positive factors – The rating could be upgraded in case of a sustained improvement in operational metrics and profitability indicators once operations are commenced and adequate deleveraging leading to material improvement in debt protection metrics.

Negative factors – Negative pressure on the rating could arise in case of delay in scheduled commercial operations or delay in ramp up of operations adversely impacting the debt protection metrics and liquidity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Hotels
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Manglam Spa Resort Private Limited (MSRPL), incorporated in 1998, is currently owned by the family members of the promoters of the Jaipur-based Manglam Group, which is into real estate business. At present, the company is developing a premium hotel and resort comprising 135 rooms in Jaipur, Rajasthan. The asset has an operations and management tie-up with the Marriott International Inc, a well-known international hospitality group. As a result, the assets benefit from the Group's global branding, marketing and advertising networks. The 135-room hotel will be branded as Westin and is expected to be operational by Q1 FY2026.

Key financial indicators (audited)

MSRPL Standalone	FY2023	FY2024
Operating Income	-	0.0
PAT	0.0	-0.1
OPBDIT/OI	-	-
PAT/OI	-	-
Total outside liabilities/Tangible net worth (times)	4.2	6.5
Total debt/OPBDIT (times)	-2,084.7	-1,288.4
Interest coverage (times)	-0.7	-21.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	February 10, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	45.0	[ICRA]BB (Stable)	Feb 6, 2024	[ICRA]BB (Stable)	Jan 5, 2023	[ICRA]BB (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	March 2022	10.25%	FY2034	45	[ICRA]BB (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis-Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 20 6606 9912

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Sweta Shroff

+91 124 454 5307

sweta.shroff@icraindia.com

Shruti Aggarwal

+91 124 454 5845

shruti.aggarwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



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