

May 05, 2025

Apeejay Surrendra Park Hotels Limited: Update on material event

Summary of rating(s) outstanding

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long term - Term loan	75.00	75.00	[ICRA]A+ (Stable); Outstanding
Long term - Fund-based working capital	40.00	40.00	[ICRA]A+ (Stable); Outstanding
Short term - Fund-based limit (WCDL) - Interchangeable	(40.00)	(40.00)	[ICRA]A1; Outstanding
Short term - Non-fund based limits**	20.00**	20.00**	[ICRA]A1; Outstanding
Long term/Short term – Unallocated limit	75.00	75.00	[ICRA]A+ (Stable)/[ICRA]A1; Outstanding
Total	210.00	210.00	

*Instrument details are provided in Annexure I; **Bank guarantee; includes Rs. 10 crore sub-limit for letter of credit

Rationale

Material Event

On April 23, 2025, Apeejay Surrendra Park Hotels Limited (ASPHL) announced that it has entered into a binding memorandum of understanding (MoU) for acquisition of a 90% stake in Zillion Hotels and Resorts Private Limited (Zillion), which owns and operates luxury residences, including 62 service residences and food and beverages facilities in Juhu, Mumbai.

Material Event Impact

The total cost of the acquisition has been pegged at Rs. 209.25 crore, out of which Rs. 4 crore has been paid as an advance. The first instalment of Rs. 161 crore is payable within 90 days of signing the MoU (before July 22, 2025), after completion of due diligence, which is ongoing. Zillion's 76% shareholding along with the management control will be transferred to ASPHL after the payment of the first instalment. The second instalment of Rs. 44.25 crore will be payable within 10 months after the first instalment (before May 21, 2026), subject to procurement of licences, consummating the 90% stake acquisition. Zillion's existing outside liabilities or any potential contingent liabilities, if unearthed during the due diligence process, will be adjusted with the consideration payable by ASPHL. ASPHL plans to convert 62 service residencies in the target property into 80 hotel rooms, which is estimated to necessitate a renovation cost of around Rs. 60 crore. ASPHL plans to relaunch the property in July 2026. A significant portion of the cost of acquisition and renovation of the target property, prior to its commercialisation, is likely to be funded through ASPHL's free cash and liquid investments, internal accruals and undrawn term loans, and the balance through fresh borrowings. Nevertheless, the funding structure is yet to be finalised.

While the acquisition of Zillion is expected to strengthen ASPHL's presence in the Mumbai market and the property's room rates are expected to remain healthy, given its attractive location, the incremental debt to fund the acquisition would increase ASPHL's leverage to some extent. However, the company's currently deleveraged capital structure, following repayment of a sizeable debt (~Rs. 550 crore) through the proceeds of the initial public offering in Q4 FY2024, is unlikely to undergo any material deterioration due to the acquisition.

ASPHL's capex in FY2025 is likely to remain lower than ICRA's previous estimates. The cash outlay towards existing projects would remain lower in FY2026, too, due to deferred commencement of some of the projects. Going forward, an increase in

ASPHL's overall room addition plan in Navi Mumbai may lead to some incremental borrowings and debt service obligations. However, its leverage and coverage metrics, though would moderate to some extent, are likely to remain comfortable and commensurate with the current rating level. The company's total debt/OPBDITA is expected to remain below the negative trigger threshold of 1.7 times, in the medium term.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ASPHL. The company has three subsidiaries, which are enlisted in Annexure-II.

About the company

ASPHL is a part of the diversified Apeejay Surrendra Group, based in Kolkata. The company has seven owned luxury boutique hotels with an inventory of 1,101 rooms, located across Bangalore, Chennai, Hyderabad, Kolkata, Navi Mumbai, New Delhi and Vizag. The company has six leased hotels with 284 rooms and has management contracts for 24 operational properties in various locations with a total inventory of 1,149 rooms. The company primarily operates in the luxury and upscale and upper midscale segments. It also operates a few motels. Besides, it runs a chain of bakery and confectionary items, named Flury's, through 101 outlets as of April 2025. ASPHL's equity shares were listed on BSE and NSE in February 2024.

The company has three subsidiaries – Apeejay Hotels & Restaurants Private Limited (AHRPL), Apeeiy North-West Hotels Private Limited (ANWHPL) and Apeejay Charter Private Limited (ACPL). AHRPL operates a hotel with 116 rooms in Kolkata (Zone by The Park – Biswa Bangla) leased by the Government of West Bengal. Ran Baas The Palace, a hotel (leased) in Patiala, with 35 rooms, became operational under ANWHPL in FY2025, while ACPL is involved with hiring of yachts. The subsidiaries have small scale of operations compared to ASPHL.

Key financial indicators (audited)

ASPHL (Consolidated)	FY2023	FY2024	9M FY2024*	9M FY2025*
Operating income	517.5	579.0	435.9	473.2
PAT	48.1	68.8	50.4	57.0
OPBDIT/OI	32.9%	33.3%	34.8%	34.3%
PAT/OI	9.3%	11.9%	11.6%	12.1%
Total outside liabilities/Tangible net worth (times)	1.5	0.2	-	-
Total debt/OPBDIT (times)	3.6	0.5	-	-
Interest coverage (times)	2.7	2.9	3.0	14.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Unaudited
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 rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 05, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	75.00	[ICRA]A+ (Stable)	Jun 21, 2024	[ICRA]A+ (Stable)	Apr 06, 2023	[ICRA]BBB+ (Stable)	Jul 07, 2022	[ICRA]BBB (Stable)
				-	-	-	-	Aug 22, 2022*	[ICRA]BBB (Stable)
Fund-based working capital	Long term	40.00	[ICRA]A+ (Stable)	Jun 21, 2024	[ICRA]A+ (Stable)	Apr 06, 2023	[ICRA]BBB+ (Stable)	Jul 07, 2022	[ICRA]BBB (Stable)
				-	-	-	-	Aug 22, 2022*	[ICRA]BBB (Stable)
Fund- based limit (WCDL) - Interchangeable	Short term	(40.00)	[ICRA]A1	Jun 21, 2024	[ICRA]A1	-	-	-	-
Fund-based limits	Short term	-	-	-	-	Apr 06, 2023	[ICRA]A2	Jul 07, 2022	[ICRA]A3+
				-	-	-	-	Aug 22, 2022*	[ICRA]A3+
Non-fund based limits	Short term	20.00**	[ICRA]A1	Jun 21, 2024	[ICRA]A1	Apr 06, 2023	[ICRA]A2	Jul 07, 2022	[ICRA]A3+
				-	-	-	-	Aug 22, 2022*	[ICRA]A3+
Unallocated limit	Long term/ short term	75.00	[ICRA]A+ (Stable)/ [ICRA]A1	Jun 21, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Apr 06, 2023	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jul 07, 2022	[ICRA]BBB (Stable)/ [ICRA]A3+
				-	-	-	-	Aug 22, 2022*	[ICRA]BBB (Stable)/ [ICRA]A3+

*Rating downgraded to [ICRA]D/[ICRA]D from [ICRA]BBB (Stable)/[ICRA]A3+ and simultaneously upgraded to [ICRA]BBB (Stable)/[ICRA]A3+

** Bank guarantee; includes Rs. 10 crore sub-limit for letter of credit

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term - Fund-based Limits – Term loan	Simple
Long term - Fund-based working capital limit	Simple
Short term - Fund based limit (WCDL) - Interchangeable	Simple
Short term - Non-fund based limits	Very simple
Long term/Short term – Unallocated limit	Not applicable

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	Apr-2024	NA	FY2032	75.00	[ICRA]A+ (Stable)
NA	Fund-based working capital limit	NA	NA	NA	40.00	[ICRA]A+ (Stable)
NA	Fund-based limit (WCDL) - Interchangeable	NA	NA	NA	(40.00)	[ICRA]A1
NA	Non-fund-based limits*	NA	NA	NA	20.00	[ICRA]A1
NA	Unallocated limit	NA	NA	NA	75.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company; *Bank guarantee; includes Rs. 10 crore sub-limit for letter of credit

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

Annexure II: List of entities considered for consolidated analysis

Company Name	ASPHL's ownership	Consolidation Approach
Apeejay Hotels & Restaurants Private Limited	100%	Full Consolidation
Apeeiy North-West Hotels Private Limited	100%	Full Consolidation
Apeejay Charter Private Limited	52%	Full Consolidation

Source: Company

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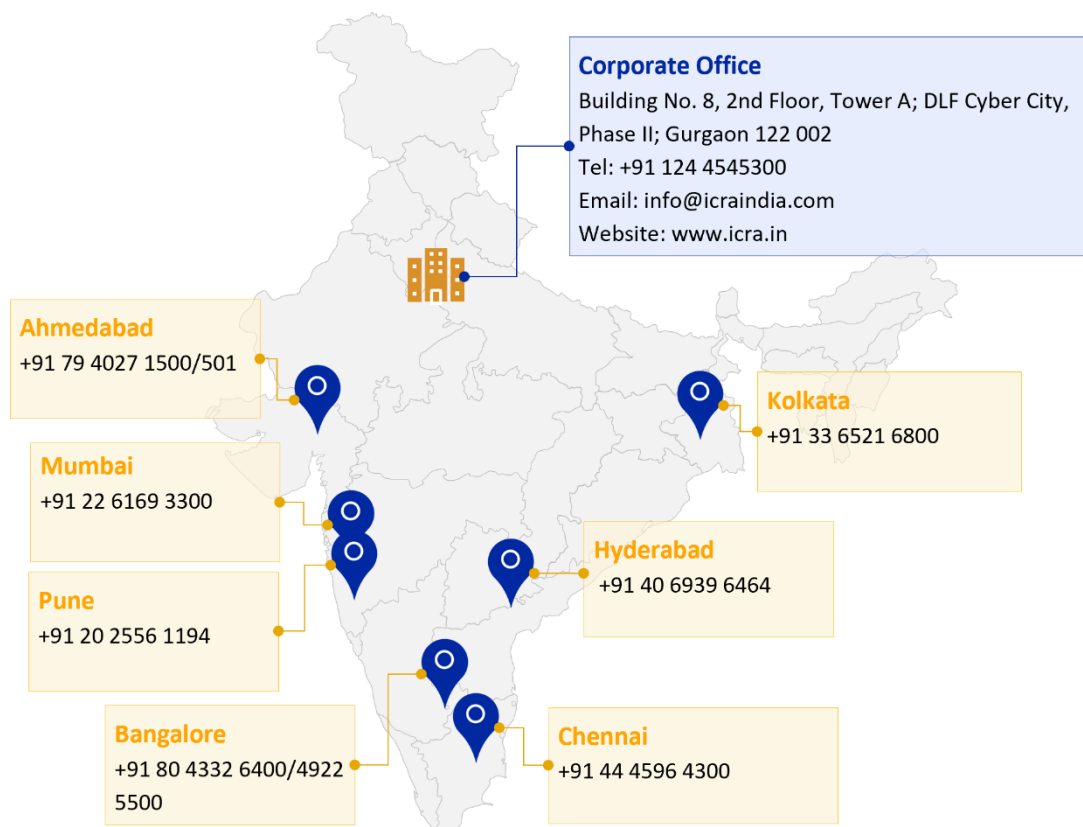


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