March 17, 2025

# Caddie Hotels Private Limited: Ratings upgraded to [ICRA]A(Stable)/[ICRA]A1

## Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|---|---|---|
| **Long-term Term Loans** | 481.51 | 387.93 | [ICRA]A(Stable); Upgraded from [ICRA]A-(Stable) |
| **Long-term/ Short-term – Non-fund Based Facilities** | 20.14 | 20.14 | [ICRA]A(Stable)/[ICRA]A1; Upgraded from [ICRA]A-(Stable)/[ICRA]A2+ |
| **Total** | **501.65** | **408.07** | |

**Instrument details are provided in Annexure-I*

## Rationale

The upgrade in the ratings for the bank facilities of Caddie Hotels Private Limited (CHPL) factors in the expectation of continued healthy operating performance for the company, which is likely to help it maintain strong debt coverage metrics. The company reported a strong improvement in financial performance in FY2024 and 9M FY2025, with strong cash accruals, driven by the performance of strong improvement in operational metrics, aided by strong demand. Occupancy levels and portfolio of average room rent (ARR) for both properties operated by CHPL have seen healthy traction, supported by the improvement in operating metrics and cost efficiency measures undertaken over the past few years. The entity has recorded a healthy improvement in earnings (~Rs. 133.5 crore operating profit in 9M FY2025), which has helped it prepay its debt obligations (~Rs. 45 crore prepayment in 9M FY2025) and improved its leverage metrics. The strong performance has been driven by sustained demand, staycations, weddings and the resumption of corporate travel. Going forward, the increase in in-person engagements by corporates, the return of big-ticket conferences and seminars, as well as corporate offsite trips that encompass meetings, incentives, conferences, and exhibitions (MICE) activities are expected to benefit the company's overall performance. Furthermore, with the accelerated pace of international commercial travel, the industry is expected to receive a further boost to ARRs across both properties.

The ratings also favourably factor in CHPL's strong parentage—the Accor Group, InterGlobe Group and APHV India Investco Pte Ltd. (a JV between GIC RE and Host Hotels and Resorts)—with a track record of extending timely financial support. Strong demand in the hospitality industry has aided an improvement in the credit profile of the parent entities and provides comfort; the strong parentage lends CHPL significant financial flexibility with its lenders for raising funds at competitive terms. While better-than-anticipated operational recovery provides sufficient liquidity for the medium term, ICRA continues to take comfort from CHPL's access to need-based funding support from its promoters. The ratings are further supported by the favourable location of the properties (Delhi Aerocity) with a strong catchment area, operations under Accor's well-recognised international brands—Novotel and Pullman—and healthy revenue diversification through food and beverage (F&B) outlets, large-sized banquet halls, meeting rooms and commercial tower.

The ratings, however, remain constrained by the cyclical nature of the hospitality industry, with revenue generation exposed to seasonality, exogeneous shocks as well as to the overall macroeconomic performance. CHPL continues to have significant debt servicing obligations over the medium term, which will keep the debt coverage metrics under check. Furthermore, the ratings also reflect the geographical concentration of its properties in a single micro-market, exposing it to adversities in the concerned local market and competition from other properties in the vicinity.

The Stable rating outlook factors in the steady operating performance of CHPL's hotels and ICRA's expectations of sustenance of growth over the medium term. It also reflects ICRA's expectation that CHPL will continue to be of strategic importance for its promoters and will derive need-based financial support as per requirement.

## Key rating drivers and their description

### Credit strengths

**Benefits accruing from strong promoters with extensive experience in the hospitality industry –** Incorporated in March 2008, CHPL is a tripartite JV of the Accor Group, the InterGlobe Group and APHV India Investco Pte Limited (a JV between GIC RE and Host Hotels and Resorts Inc.). Accor SA is a multinational hospitality company with presence in over 110 countries with more than 5,700 hotels. InterGlobe Group has diversified interests across civil aviation (IndiGo airlines), hospitality and real estate, among several other industries. GIC RE is the real estate arm of the Singapore sovereign wealth fund. The promoters bring extensive experience of the hospitality industry to the JV; also, all the JV partners enjoy comfortable credit profiles and lend healthy financial flexibility to CHPL.

**Demonstrated financial support from the promoters –** CHPL's capital structure has benefitted from support by considerable equity infusion from the promoters over the years. During the project stage, the entire cost overrun (due to unforeseen regulatory developments) and operating losses in the initial years of stabilisation were funded by equity infusion, indicating the promoters' commitment towards the business. Given the track record of operations and strategic importance of CHPL, ICRA expects its promoters to provide timely and need-based funding support, whenever warranted. That said, the steady operating performance of the company amid positive industry headwinds indicates limited support requirements for the company in the near to medium term. Limited debt-funded capex requirements and scheduled repayment of debt support the expectation of a steady correction in leverage metrics over the medium term and provide comfort.

**Operational synergies through association with Accor in a favourable location –** CHPL's properties are operated under Accor's deluxe "Novotel" (400 rooms) and "Pullman" (270 rooms) brands and benefit from access to its global distribution system (GDS), strong loyalty programmes and corporate relationships, allowing the hotels to have better rates and occupancies. Further, having an experienced operator helped CHPL quickly implement various cost rationalisation measures and adopt best practices for customer and employee safety, when required. The properties are in the hospitality district of New Delhi's Aerocity and benefit from its proximity to the Indira Gandhi International Airport and the central business districts (CBDs) of Delhi and Gurgaon. These micro-markets report healthy occupancy levels and are likely to aid CHPL in reporting healthy operating metrics going forward.

**Healthy sequential growth in operating and financial metrics –** Both properties under CHPL benefitted from steady demand in FY2024 and 9M FY2025 with YoY growth in occupancy levels and ARRs, resulting in higher RevPAR. Going forward, given the strong demand and lag in supply, operating and financial metrics are expected to further improve and drive revenue growth in the near to medium term. With improvement in financial performance, CHPL's leverage metrics improved due to moderation in debt on books (~Rs. 383 crore, as on December 31, 2024, excluding operating lease liabilities and bank guarantee as compared to Rs. 511 crore as on March 31, 2023 and Rs. 428 crore as on March 31, 2024). The company's operating margin remained strong, which led to healthy improvement in coverage indicators on a yearly basis.

ICRA continues to draw comfort from the financial flexibility stemming from CHPL's strong parentage and the management's demonstrated track record of refinancing/renegotiating debt at competitive terms. Moreover, its limited debt-funded capex requirements support the expectation of a steady correction in leverage metrics over the medium term and provide comfort.

### Credit challenges

**Cyclical industry; revenues susceptible to general economic slowdown and exogenous shocks –** Given the discretionary nature of spending, the Indian hospitality industry is susceptible to macroeconomic conditions, tourist movement and several exogenous factors, leading to inherent cyclicality. Consequently, global and domestic economic conditions will remain a key monitorable for CHPL.

**Geographical concentration of revenues and competitive pressures –** Owing to the geographic concentration of its room inventory in Delhi, the company would remain exposed to any adverse region-specific development and risks. Also, CHPL has a sizeable room inventory (670 rooms) in a micro-market, which has several properties across segments and price points. This may exert pressure on CHPL's occupancy levels and/or restrict the pricing potential of its properties.

## Liquidity position: Strong

CHPL's liquidity profile is strong, aided by healthy cash flows from operations (~Rs. 100.7 crore in 9M FY2025) in addition to significant cash and liquid investments of approximately Rs. 88.4 crore as on December 31, 2024. Against the liquidity available, the company has marginal debt servicing commitments in FY2026 of ~Rs.3.5 crore (aided by prepayments undertaken in the current fiscal). The capex is expected to be limited to maintenance purposes only, ranging between Rs. 10-15 crore/annum. In addition, ICRA expects the company to continue benefitting from the significant financial flexibility arising from its strong parentage, which supports its refinancing options.

## Rating sensitivities

**Positive factors –** ICRA could upgrade the ratings if sustained demand and consequent improvement in operating performance lead to continuous improvement in leverage and debt coverage metrics. Any improvement in the credit profile of its promoters (JV partners) could also favourably impact the ratings.

**Negative factors –** Pressure on CHPL's rating could arise with weaker-than-expected improvement in earnings and profitability. Specific credit metrics that could lead to downward rating action would include a DSCR lower than 1.5 times on a sustained basis. Any weakening in the credit profile of its promoters (JV partners) also remains a key monitorable.

## Analytical approach

| Analytical Approach | Comments |
|---|---|
| **Applicable rating methodologies** | Corporate Credit Rating Methodology<br>Hotels |
| **Parent/Group support** | CHPL is promoted by a tripartite JV of Accor Group (32% stake), InterGlobe Group (32%) and APHV India Investco Pte Limited (36%; a JV between GIC RE and Host Hotels and Resorts Inc.). The rating assigned to CHPL factors in the very high likelihood of its parent entities extending financial support to it because of its strategic importance and close business linkages between them. We also expect the promoters to be willing to extend financial support to CHPL out of their need to protect their reputation from the consequences of a Group entity's distress. There is also a consistent track record of the promoters extending timely financial support to CHPL, whenever a need has arisen. |
| **Consolidation/Standalone** | Standalone |

## About the company

Incorporated in 2008, Caddie owns and operates two five-star hotels with a room inventory of 670 rooms at Aerocity, New Delhi. The hotels—Novotel (400 rooms, ~40% of revenues in FY2024) and Pullman (270 rooms; ~54%)—are operated under the Accor Hotels brand.

The company is promoted by a tripartite joint venture between InterGlobe Group (32% share), AAPC Singapore Pte Limited (subsidiary of Accor SA with 32% shareholding) and APHV India Investco Pte Ltd. (APHV; with 36% shareholding as a 75:25 JV between GIC RE (investment arm of Government of Singapore) and Host Hotels and Resorts).

While the land housing the properties has been acquired on a long-term lease basis from Delhi International Airport Limited (DIAL), the operations and management of the two hotel properties are handled by Accor Hotels.

## Key financial indicators

| Standalone (Amount in Rs. crore) | FY2023 | FY2024 | 9M FY2025* |
|---|---|---|---|
| Operating income | 312.8 | 350.4 | 294.2 |
| PAT | 16.6 | 47.7 | 61.6 |
| OPBDIT/OI | 45.7% | 46.1% | 45.4% |
| PAT/OI | 5.3% | 13.6% | 20.9% |
| Total outside liabilities/Tangible net worth (times) | 2.3 | 1.8 | 1.4 |
| Total debt/OPBDIT (times) | 4.8 | 3.6 | 3.0 |
| Interest coverage (times) | 2.1 | 2.4 | 3.2 |

*Source: Company data, ICRA Research*

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

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

| | Instrument | Current rating (FY2025) | | | | Chronology of rating history for the past 3 years | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Type | Amount rated (Rs. crore) | Date & rating in FY2025 | | FY2024 | FY2023 | | FY2022 | |
| | | | | Mar 17, 2025 | Apr 17, 2024 | - | Mar 20, 2023 | Jul 20, 2022 | Jan 05, 2022 | May 06, 2021 |
| 1 | Term loans | Long term | 387.93 | **[ICRA]A (Stable)** | [ICRA]A- (Stable) | - | [ICRA]A- (Stable) | [ICRA]BBB+ (Stable) | [ICRA]BBB+ (Negative) | [ICRA]BBB+ (Negative) |
| 2 | Non-fund Based Facilities | Long-term / Short-term | 20.14 | **[ICRA]A (Stable)/ [ICRA]A1** | [ICRA]A- (Stable)/ [ICRA]A2+ | - | [ICRA]A- (Stable)/ [ICRA]A2+ | [ICRA]BBB+ (Stable)/ [ICRA]A2 | [ICRA]BBB+ (Negative)/ [ICRA]A2 | [ICRA]BBB+ (Negative)/ [ICRA]A2 |

## Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|---|---|
| Long-term Fund-based – Term Loans | Simple |
| Long-term/Short-term – Non-fund Based Facilities | Very 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-1 | FY2017 | -- | FY2032 | 36.08 | [ICRA]A(Stable) |
| NA | Term Loan-2 | FY2020 | -- | FY2033 | 126.52 | [ICRA]A(Stable) |
| NA | Term Loan-3 | FY2025 | -- | FY2033 | 225.32 | [ICRA]A(Stable) |
| NA | Non-fund Based Facilities | - | -- | -- | 20.14 | [ICRA]A(Stable)/[ICRA]A1 |

*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

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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