

June 08, 2026

## Bhutan Ventures Hospitality Private Limited: Rating upgraded to [ICRA]BB+ (Stable)

### Summary of rating action

Instrument*	Previous rated amount^	Current rated amount^	Rating action
Long-term-Term loan@	30.00	30.00	[ICRA]BB+ (Stable); Upgraded from [ICRA]BB (Stable)
<b>Total</b>	<b>30.00</b>	<b>30.00</b>	

\*Instrument details are provided in Annexure II, ^USD in millions)

@Although the external commercial borrowings are denominated in foreign currency, ICRA's rating for the same is on the national scale as distinct from an international rating scale; Amounts in million USD

### Rationale

The rating upgrade reflects the sustained improvement in Bhutan Ventures Hospitality Private Limited's (BVHPL) operational and financial performances, supported by strong demand for luxury leisure travel, which is expected to continue over the medium term. Improved operating leverage and continued cost rationalisation measures are likely to support further expansion in margins. BVHPL reported revenues of Rs. 139.3 crore in CY2025, registering a YoY growth of 28.9%, driven by healthy inflow of international tourists to Bhutan and increasing preference for premium hospitality offerings among high-net-worth travellers from key markets such as the US, the UK and India. Growth in average room rates across its properties has also supported the revenue expansion. This, along with controlled employee costs, resulted in an improvement in operating profitability, with the operating profit margin (OPM) increasing to 45.3% in CY2025 from 39.7% in CY2024. Favourable demand outlook for Bhutan's hospitality sector, amid limited supply and healthy average room rate, is expected to support the company's revenue growth and cash accruals. The rating also draws comfort from the strategic location of the properties and the management contract with Sustainable Luxury Management (Thailand) Limited, associated with InterContinental Hotels Group (IHG) under the Six Senses brand. Further, continued financial support from SLML and the promoters is expected to support debt servicing.

The rating, however, remained constrained by the company's modest scale of operations, geographical concentration and leveraged capital structure. BVHPL operates with an inventory of 82 rooms and derives its entire revenue from Bhutan, exposing it to region-specific risks, including economic slowdown, seasonality and external shocks. The company's net worth remained moderate at Rs. 47.2 crore as on December 31, 2025 due to major accumulated losses in the past, while its total debt stood relatively higher at Rs. 260.2 crore, including bank borrowings and unsecured loans from SLML taken for project development. Consequently, coverage indicators, though improved, remained moderate, with Total Debt/OPBITDA at 4.1 times and interest coverage at 3.9 times in CY2025. The company's liquidity is comfortable, supported by stable accruals, although debt servicing obligations remain sizeable. Improvement in capital structure and credit metrics is expected over the medium term, supported by internal accruals and absence of major debt-funded capex plans.

The Stable outlook reflects expectation that BVHPL will sustain its operational and financial profiles, supported by favourable industry dynamics and continued support from the operator and promoters for meeting debt obligations, if required.

### Key rating drivers and their description

#### Credit strengths

**Favourable location of the properties; management tie-up with reputed international hospitality group** – BVHPL owns five resorts located in Thimphu, Paro, Punakha, Gangtey and Bumthang. The company has entered into a management contract

with SLML under the 'Six Senses' brand for all five properties. The operator manages 27 hotels and resorts across Europe, Africa, West Asia and Asia Pacific, and BVHPL is expected to benefit from the global marketing reach and distribution network of IHG.

**Commitment from operator to extend timely and adequate financial support, going forward; promoters to extend support, if required** – SLML has extended support to the company in the form of interest-free unsecured loans over the past 4-5 years, with an outstanding of Rs. 98.7 crore as on December 31, 2025 as the hotels remained non-operational till September 2022 and have only gradually recovered thereafter. SLML is expected to continue providing timely financial support for operational and financial requirements, if needed. The promoters are also committed to extending financial support to ensure timely debt servicing. Going forward, the company is expected to benefit from its cash accruals.

**Steady improvement in financial profile** – BVHPL reported revenues of Rs. 139.3 crore in CY2025, reflecting a YoY increase of 28.9%, supported by sustained improvement in international tourist arrivals in Bhutan and strong average room rates across its properties. The growth in revenues and controlled fixed cost led to an improvement in profitability, with the company reporting an OPM of 45.3% in CY2025. The favourable demand outlook for Bhutan's hospitality sector, supported by improving demand amid limited supply, is expected to support the company's growth, going forward. Operating margins and cash accruals are projected to remain healthy over CY2026 and CY2027, aided by operating leverage benefits and better absorption of fixed costs with growth in revenues.

### Credit challenges

**Moderate net worth; albeit improving** – The company's net worth remained constrained over the past few years due to large accumulated losses at Rs. 15.3 crore in CY2023 and Rs. 23.9 crore as on December 31, 2024. However, supported by steady accretion and healthy operating margins, the net worth improved to Rs. 47.2 crore in CY2025 and is expected to strengthen further, driven by healthy accruals, strong operating margins, and the absence of debt-funded capex plans. The capital structure continues to reflect elevated debt levels, with total debt of Rs. 260.6 crore as on December 31, 2025, comprising Rs. 158.5 crore of term loans, Rs. 3.3 crore of vehicle loans from banks, and Rs. 98.7 crore of unsecured loans from SLML, primarily availed for construction of properties. The high debt levels have resulted in moderate debt coverage metrics, although these have improved from previous levels with better accruals. Total debt/OPBITDA stood at 4.1 times, while interest coverage stood at 3.9 times as on December 31, 2025. These metrics are expected to improve further over the medium term, supported by steady accruals and absence of debt-funded capex.

**Vulnerability of revenues to inherent industry cyclicality, economic cycles, and exogenous events** – BVHPL's revenues are exposed to industry cyclicality and seasonality, macroeconomic conditions, and external events such as geopolitical tensions, terrorist incidents, and health-related disruptions. This exposure was evident during CY2020 to CY2022, when the company's performance was significantly impacted by the pandemic.

**Modest scale of operations; exposed to high geographical concentration** – BVHPL operates at a modest scale, with an inventory of 82 rooms as on April 30, 2026, and derives its entire revenues from Bhutan. This results in high geographical concentration, exposing the company to localised economic downturns and region-specific risks.

## Liquidity position: Adequate

BVHPL's liquidity position remains Adequate with relatively lower debt servicing obligations vis-à-vis its anticipated accruals. The company has debt servicing obligations of around Rs. 31.3 crore in CY2026 and around Rs. 32.8 crore in CY2027, and Rs. 34.4 crore in CY2028 on its existing term loans. It does not have significant capex plans, going forward. Against this, it had cash and bank balances of Rs. 38.56 crore as on December 31, 2025, healthy cash generation from operations and sizeable booking advances, which would support the liquidity. Also, the operator/promoters are expected to extend timely and adequate financial support to BVHPL for meeting its operational and financial commitments, going forward, on a need basis.

## Rating sensitivities

**Positive factors** – The rating may be upgraded if the company is able to demonstrate sustained improvement in revenues and earnings, leading to a strengthening of its debt protection metrics and liquidity profile.

**Negative factors** – Pressure on BVHPL's rating could arise if the company witnesses a sharp deterioration in earnings or large debt-funded capex impacting its coverage and liquidity position on a sustained basis. Further, absence of timely and adequate financial support from the promoters/operator in case of inadequate cash flows from the business for meeting operational and financial requirements in a timely manner could exert pressure on the rating.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Hotels</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Incorporated in May 2013 under the Company's Act of Bhutan, 2000, Bhutan Ventures (BVHPL) is a foreign direct investment (FDI) company and a joint venture among three promoters, Mr. Dasho Sangay Wangchuk, Mr. Chalermchai Mahagitsiri from Thailand and Sunny Orient Investments, which is a wholly-owned subsidiary of Kodafly Limited (formerly Cordoba Homes Limited). The company was incorporated for developing luxury resorts at five key tourist locations in Bhutan that include Thimphu, Paro, Puncakha, Gangtey and Bumthang. BVHPL has entered a contract with Sustainable Luxury Management (Thailand) Limited (SLML), under Six Senses brand, for managing all these five properties. Six Senses operates Six Senses Spas and luxury resorts at many international locations across Europe, West Asia & Africa and Asia & the Pacific (currently operates 26 hotels & resorts and four spas). In February 2019, the business of Six Senses was acquired by the IHG Group from the private equity fund, Pegasus Capital Advisors, for a cash consideration of \$300 million.

The project was conceptualised considering the growing popularity of Bhutan in international tourism and limited availability of high-end luxury properties, which is in line with the Bhutan Government's policy of promoting 'high value and low impact' tourism.

**Key financial indicators (audited)**

BVHPL (Standalone)	CY2023	CY2024	CY2025
Operating income	84.6	108.1	139.3
PAT	-5.3	8.7	23.2
OPBDIT/OI	35.6%	39.7%	45.3%
PAT/OI	-6.3%	8.0%	16.7%
Total outside liabilities/Tangible net worth (times)	20.7	12.7	6.4
Total debt/OPBDIT (times)	9.6	6.3	4.1
Interest coverage (times)	1.4	2.4	3.9

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; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; Bhutanese currency – Ngultrum is pegged to INR at par.

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

**Any other information: None**

## Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (USD in Millions)	June 08, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund based – Term loan</b>	Long term	30.00	<b>[ICRA]BB+ (Stable)</b>	May 26, 2025	<b>[ICRA]BB (Stable)</b>	Sept 26, 2024	<b>[ICRA]BB- (Stable)</b>	Sept 18, 2023	<b>[ICRA]B+ (Stable)</b>

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$)

Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI

10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA
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(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI’s grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## 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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (USD in Millions)	Current rating and outlook
NA	Term loan	October 2014	NA	December 2030	30.00	[ICRA]BB+ (Stable)

Source: Company

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

**Annexure III: List of entities considered for consolidated analysis– Not Applicable.**

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### Branches



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