

March 25, 2025

Arpit Projects 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	101.00	101.00	[ICRA]BBB- (Stable); reaffirmed
Non-Convertible Debenture (NCD) Programme	50.00	50.00	[ICRA]BBB- (Stable); reaffirmed
Total	151.00	151.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation of Arpit Projects Limited (APL) factors in its satisfactory operating metrics, aided by a steady demand in the domestic hotel industry as well as the experience of the promoters in the hospitality industry. The company's sole hotel property operates under the five-star luxury brand, Radisson, in Gurugram, which is in proximity to the Delhi airport. The rating continues to favourably factor in the company's association with the Radisson Group, which provides enhanced brand recognition, access to its global distribution system, and strong loyalty programme in addition to extensive experience from the global hospitality industry.

The ratings remain constrained by the limited geographical and segment diversification of the company. Moreover, its presence in a single micro-market (Gurugram), exposes it to the adversities in the concerned region and competition from other properties in the vicinity. Despite the company's limitation to a single geographical location, ICRA expects APL's operational metrics to remain healthy and support its cash accruals.

As APL underwent debt restructuring over FY2022 and FY2023, its leverage is high. The same will moderate gradually as the repayments are spread over a long period. ICRA also notes that the company is yet to infuse funds by selling one of its properties as well as convert unsecured loans of Rs. 21.7 crore into equity, as per the conditions specified in the Resolution Plan. The company has sought for an extension in timeline for compliance of the same. Nonetheless, ICRA notes that the company had infused funds as unsecured loans and has given a non-withdrawal undertaking for Rs. 21.7-crore unsecured loans till the currency of the external debt.

The Stable outlook on APL's rating reflects ICRA's opinion that the company will continue to witness a steady scale-up in revenues and profits, benefitting from the favourable location of the hotel and robust demand in the hospitality industry. This would lead to a gradual improvement in the debt coverage indicators.

Key rating drivers and their description

Credit strengths

Favourable location of the hotel with strong catchment of office space as well as proximity to the airport – The hotel property is located in Udyog Vihar, Gurugram and has easy access to the Indira Gandhi International Airport. It is 3 km away from Kapashera Toll on the Delhi-Gurugram Highway (NH-48), which provides ample opportunities to tap business customers travelling to the business hubs in Gurugram. The hotel has dense commercial/office spaces in its catchment area including Udyog Vihar office space and Cybercity. The location is 1.6 km from DLF Cyberhub, a popular high street area, and Cybercity, which is home to prominent multinational companies.

Strong brand recognition given association with Radisson Group – APL owns a five-star hotel in Gurugram under the name, Radisson, as per the hotel management agreement (HMA). Hotel Radisson has a total of 200 rooms inventory (170 rooms, 29 suites and one presidential suite), a global cuisine restaurant with a capacity of 104 guests, three banquet halls for hosting weddings, corporate functions and banquet events, bar/lounge, a terrace swimming pool and many other amenities like coffee shops, four business meeting centres, spa, sauna and gym, etc. The company also earns lease income from entertainment area, Smaash, situated in its premises.

Healthy operating metrics supported by healthy robust demand in hospitality industry – The hotel has been reporting strong operating performance since the start of FY2023, driven by healthy occupancy levels and steady demand, which has continued till date. The company's average room rate (ARR) increased to Rs. 7,353 in FY2024 from Rs. 6,328 in FY2023. In 11M FY2025, its ARR stood at Rs. 8,246. Revenue per available room (RevPAR) stood at Rs. 6,426 with an occupancy of 87% in FY2024 against Rs. 5,326 with an occupancy of 85% in FY2023. In 11M FY2025, RevPAR stood at Rs. 7,435 with occupancy of 90%. Consequently, APL reported a 22.4% growth in revenue by registering revenue of Rs. 75.7 crore against Rs. 61.8 crore in FY2023 and reported revenue of Rs. 73.1 crore in 11M FY2025. The company saw a marginal improvement in the operating margin by posting 38.6% of EBITDA in FY2024 against 36.4% in FY2023. In 11M FY2025, the company registered an operating margin of ~36%. ICRA expects the company to continue to witness a steady scale-up in revenues and profits.

Credit challenges

Exposure to and geographical concentration risks leading to moderate operating scale – The ratings remain constrained by the limited geographical and segment diversification of the company. As the company operates a single 5-star property in Gurugram, the operating scale is modest, given the limited available inventory of 200 rooms.

Competition from other hotels in the vicinity and cyclical nature of business – APL has presence in a single micro-market of Gurugram. This factor exposes it to the adversities in the concerned local market and competition from other similar properties in the vicinity. As APL is present in the hospitality business, it is exposed to the cyclical nature of the industry itself, which is prone to sharp upcycles and deep downcycles over a longer period.

High leverage levels, given the recent history of restructuring; repayment is spread across a long period – APL underwent debt restructuring over FY2022 and FY2023 and consequently, its leverage is high. APL's capital structure is highly leveraged with term loans of Rs. 102.1 crore, NCD of Rs. 51.4 crore and unsecured loans of Rs. 47.5 crore as on March 31, 2024. Marked by high debt levels, the company had a high gearing of 5.3 times in FY2024 (previous year 7.1 times) and with total outside liabilities vis-à-vis the tangible net worth of 5.7 times as on March 31, 2024 (previous year 7.5 times). The leverage will moderate gradually as debt gets pared down.

Liquidity position: Adequate

APL's liquidity position remains adequate with adequate cash flow from operations and cash and bank balances worth ~Rs. 20 crore as on March 11, 2025 against annual repayment obligation of ~Rs. 8 crore and capex plans of Rs. 10 crore in FY2026 to refurbish the washrooms of 100+ hotel rooms, which will be funded by internal accruals and available cash balance.

Rating sensitivities

Positive factors – The rating could be upgraded in case of a significant scale-up in revenues and profitability of the company while improving leverage and coverage metrics on a sustained basis.

Negative factors – Any significant decline in operating metrics or any major debt-funded capital expenditure resulting in deterioration of debt coverage indicators on a sustained basis, could trigger a rating downgrade. Debt service coverage ratio of less than 1.40 times on a sustained basis could trigger a downgrade.

Analytical approach

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

About the company

Arpit Projects Limited (APL) was incorporated in 1995. It was acquired by the Promoter, Mr. Yogesh Bhasin, in 2007 to commence hospitality business. APL acquired a 4-star hotel in the name of Country Inn and Suites by Carlson in 2016. After taking possession, the company upgraded the hotel to a 5-star category through an agreement with Radisson and the hotel was renamed as Radisson Gurugram, Udyog Vihar and relaunched the same in October 2017 comprising food courts, family entertainment area, shopping space and other need-based public facilities / utilities on 2.25 acres out of 4.03 acres of land at Udyog Vihar, Phase III, Gurugram, Haryana, a prime location-.

Key financial indicators (audited)

APL Standalone	FY2023	FY2024
Operating income	61.8	75.7
PAT	31.0	12.5
OPBDIT/OI	36.4%	38.6%
PAT/OI	50.1%	16.5%
Total outside liabilities/Tangible net worth (times)	7.5	5.7
Total debt/OPBDIT (times)	9.5	6.9
Interest coverage (times)	1.9	2.4

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

Current rating (FY2025)						Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 25, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	101.00	[ICRA]BBB-(Stable)	-	-	Mar-31-24	[ICRA]BBB-(Stable)	-	-	-	-
Non-Convertible Debenture (NCD)	Long term	50.00	[ICRA]BBB-(Stable)	-	-	Mar-31-24	[ICRA]BBB-(Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Term Loan	Simple
Non-Convertible Debenture (NCD)	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 Loans	FY2023	8%	FY2036	101.0	[ICRA]BBB- (Stable)
INE0EYP07017	NCD	March 27,2023	0.01%	March 27,2036	50.0	[ICRA]BBB- (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

Shamsher Dewan

+91 124 4545328

shamsherd@icraindia.com

Kinjal Shah

+91 022 61143400

kinjal.shah@icraindia.com

Sakshi Suneja

+91 22 6169 3349

sakshi.suneja@icraindia.com

Ronak Vadher

+91 022 61693341

ronak.vadher@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

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

ICRA Limited



Registered Office

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

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.