July 04, 2025 (Revised)

Hotel Excelsior Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based – Term loan	25.38	16.13	[ICRA]A+ (Stable); reaffirmed
Fund-based – Working capital limits	20.00	20.00	[ICRA]A+ (Stable); reaffirmed
Total	**45.38**	**36.31**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation for Hotel Excelsior Limited (HEL) factors in the improvement in REVPARs, supported by the continued strong demand in the domestic hotel industry and sustained comfortable debt protection metrics. Under HEL, there are two hotel properties operating under well-established brands in the premium hotel segment, Shangri La (320 keys) in Central Delhi and Radisson Blu (124 keys) in Faridabad. The REVPARs improved to Rs. 10,593 in FY2025 (PY: Rs. 9,785) and is expected to remain at similar levels in FY2026. The company's consolidated ARRs improved by ~4.5% in FY2025 and the ARRs are expected to sustain at elevated levels in FY2026, backed by healthy domestic demand environment. The occupancy of Shangri La and Radisson Blu in FY2026 is anticipated to remain at similar levels of FY2025 at around 74-75% and around 69-70% for Shangri La and Radisson Blu respectively. HEL's revenues are estimated to increase by 5-7% in FY2026, aided by completion of renovation work of banquet halls, spa, health club, salon and gym in FY2025. The GOP margin is expected to sustain at current levels of around 37-38%. The company's total debt level is likely to remain low and the debt protection metrics are projected to remain comfortable with estimated Total debt/OPBIDTA < 0.2 times in FY2026-FY2027 (PY: 0.15 times) and DSCR of around 7.3-7.4 times in FY2026 (PY: 7.54 times). The rating derives comfort from HEL's experienced promoters and their established position in the hospitality business.

The rating is, however, constrained by the geographical concentration of the company's properties with presence in two micro-markets with a modest scale of operations having a room inventory of 444 keys and Hotel Shangri La alone contributing to around 83.5% of the total revenue in FY2025. HEL has provided advances to group entities in the past. Any further material investments or inter-Group transactions, which significantly impacts its leverage will remain a key rating monitorable. Further, given the discretionary nature of spending, the Indian hospitality industry is susceptible to macroeconomic conditions, geopolitical scenario, tourist movement and several exogenous factors, leading to inherent cyclicality.

The Stable outlook on the long-term rating reflects ICRA's expectations that the strong brand, healthy REVPARs, along with low debt levels will aid in sustaining comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Healthy operational profile with improvement in REVPARs and favourable demand outlook – The operational performance of both the hotel properties remain healthy as the REVPARs improved to Rs. 10,593 in FY2025 (PY: Rs. 9,785) and is expected to remain at similar levels in FY2026. The company's consolidated ARRs improved by ~4.5% in FY2025 and the ARRs are likely to sustain at elevated levels in FY2026, backed by healthy domestic demand environment. The occupancy of Shangri La and Radisson Blu in FY2026 is anticipated to remain at similar levels of FY2025 at around 74-75% and around 69-70% for Shangri La and Radisson Blu respectively. HEL's revenues are estimated to increase by 5-7% in FY2026, aided by completion of renovation work of banquet halls, spa, health club, salon and gym in FY2025. The GOP margin is projected to sustain at current levels of around 37-38%.

Low leverage and comfortable debt coverage metrics – The company's total debt level is expected to remain low and the debt protection metrics are likely to remain comfortable with estimated Total debt/OPBIDTA < 0.2 times in FY2026-FY2027 (PY: 0.15 times) and DSCR of around 7.3-7.4 times in FY2026 (PY: 7.54 times).

Extensive experience of promoters; tie-up with global brands like Shangri La and Radisson Blu – The company benefits from its well-experienced promoters with an established track record of operating in the hospitality market. Under HEL, there are two hotel properties operating under well-established brands in the premium hotel segment, Shangri La (320 keys) in Central Delhi and Radisson Blu (124 keys) in Faridabad. The company's association with international hotel chains provide enhanced brand recognition, access to global reservation systems, strong loyalty programme and extensive experience from the global hospitality industry.

Credit challenges

Modest scale of operations with high geographical concentration – The company has been operating two premium properties in Delhi and Faridabad with a modest scale of operations having a room inventory of 444 keys and Hotel Shangri La alone contributing to around 83.5% of the total revenue in FY2025. While the revenues are estimated to increase by ~5-7% in FY2026, its scale of operations remains moderate.

Advances/investment in group companies – The company has provided advances to group entities in the past. Any further material investments or inter-Group transactions, which significantly impacts its leverage will remain the key rating monitorable.

Vulnerability of revenues to inherent cyclicality in industry – Given the discretionary nature of spending, the Indian hospitality industry is susceptible to macroeconomic conditions, geopolitical scenario, tourist movement and several exogenous factors, leading to inherent cyclicality.

Liquidity position: Strong

The company's liquidity profile is strong, supported by unencumbered cash and bank balance of Rs. 25 crore, along with undrawn working capital limits of Rs. 20 crore as of March 2025. Further, the cash flow from operations will be comfortable to meet its debt obligations of Rs. 11.25 crore in FY2026.

Rating sensitivities

Positive factors – The rating could be upgraded in case of improvement in business diversification and significant increase in scale of operations and profitability of the company while maintaining strong leverage and coverage metrics on a sustained basis.

Negative factors – The rating could witness a downward revision in case of decline in the operating performance of the company resulting in adverse impact on the revenues, earnings and debt protection metrics on a sustained basis. Further, any significant investments or any inter-group company transactions or debt-funded acquisition, which would adversely impact liquidity and debt protection metrics will lead to a pressure on the rating. Specific credit metrics of Total Debt/OPBIDTA more than 1.5 times, on a sustained basis, may lead to rating 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

Hotel Excelsior Ltd. (HEL) is the flagship company of the Delhi-based Eros Group promoted by Mr. Ajay Sood and Mr. Raman Sood, the other entities in the Group being Nehru Place Hotels and Real Estate Private Ltd. [rated [ICRA]A+ (Stable)] and Ajay Enterprises Private Ltd. (rated [ICRA]BBB+ (Stable)/[ICRA]A3+). At present, HEL operates two 5-star deluxe hotels—Shangri La, with 320 rooms located in New Delhi and Radisson Blu with 124 rooms located in Faridabad.

Key financial indicators (audited)

HEL Standalone	FY2023	FY2024	FY2025*
Operating income	283.7	307.8	327.3
PAT	65.7	62.6	65.5
OPBDIT/OI	32.89%	33.42%	33.21%
PAT/OI	23.2%	20.3%	20.0%
Total outside liabilities/Tangible net worth (times)	0.4	0.4	0.3
Total debt/OPBDIT (times)	0.5	0.3	0.2
Interest coverage (times)	18.1	30.1	47.9

*Source: Company, ICRA Research; * Provisional numbers; 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

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Jul 04, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term loan	Long Term	16.13	**[ICRA]A+ (Stable)**	Jun-04, 2024	[ICRA]A+ (Stable)	May-23, 2023	[ICRA]A (Stable)	Apr-29, 2022	[ICRA]A (Stable)
Working capital	Long term	20.00	**[ICRA]A+ (Stable)**	Jun-04, 2024	[ICRA]A+ (Stable)	May-23, 2023	[ICRA]A (Stable)	Apr-29, 2022	[ICRA]A (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based – Term loan	Simple
Fund-based – Working capital limits	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**	March 2014	7.84%	Dec 2025	9.38	[ICRA] A+ (Stable)
NA	**Term loan – 2**	May 2021	7.84%	Jan 2028	6.75	[ICRA] A+ (Stable)
NA	**Working capital limits**	NA	NA	NA	20.00	[ICRA] A+ (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

Corrigendum

Rationale dated July 04, 2025 has been revised with updation in Key Financial Indicators section on page 3.

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Sweta Shroff
+91 124 4545 307
sweta.shroff@icraindia.com

Siddhartha Sharma
+91 124 454 5327
siddhartha.sharma@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