



Press Release
CLASSICAL PARADISE HOTELS AND RESORT LIMITED
July 28, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	99.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	99.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has reaffirmed the long-term rating of **‘ACUITE BBB-’** (read as **ACUITE triple B minus**) on the Rs. 99.00 Cr. bank facilities of Classical Paradise Hotels and Resort Limited (CPHRL). The outlook is **‘Stable’**.

Rationale for Rating

The rating reaffirmation takes into account the long experience of the Ambuja-Neotia group in the hospitality segment, favourable location of the project and the tie-up with Indian Hotels Company Limited (IHCL) to operate under the brand of ‘Taj’. Additionally, the first full year of operations in the resort has been established in FY25 and is in line expectation of Average Room Rent (ARR) but with low occupancy levels. The off-take and profitability is to be monitored over the near to medium term to witness that performance metrics support the debt protection metrics. Although financial risk profile is below average, the capital structure is also expected to improve due to conversion of unsecured loans into equity capital in FY26 and FY 27 which is expected to benefit the company by way of improving their financial risk profile and lower interest outgo in the medium term. However, the liquidity position is expected to be maintained through ongoing financial support from the group to service debt obligations during the initial years of operation. The strengths are also partly offset by the cyclical hotel industry and locational impediments.

About the Company

Incorporated in 2007, Classical Paradise Hotels and Resort Limited (CPHRL) is a hospitality development project located at Pangthang, Sikkim. The management control of the company is with Ambuja-Neotia Group. The project is spread across a land parcel measuring 15 acres and out of which the first phase of development is a luxury resort comprising 72 room keys along with other facilities. The present development is spread across a total land area of 4 acres and is christened as “Taj Guras Kutir”. CPHRL has entered into a hotel operating agreement with India Hotel Company Limited (IHCL) for the management of the luxury resort under the brand “Taj”. The property became operational timely. The directors of the company are Chandra Prakash Kakarania, Shamik Das, Vijay Shankar Dwivedi and Prosenjit De.

Unsupported Rating

ACUITE BB/Stable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of CPHRL to arrive at the rating. While arriving at the rating of CPHRL, Acuite has taken into account a strong level of support from the Ambuja Neotia group given that Ambuja Neotia Holdings Pvt Ltd (ANHPL) and Utkarsh Sfatik Limited has a significant stake in CPHRL, directly and indirectly.

Key Rating Drivers

Strengths

Experienced management and support from parent company

The Ambuja-Neotia group has a long operational track record in the hospitality industry of around four decades. In addition to this, the promoter is highly experienced and actively involved in the operations of the company. As on June 2025, the shareholding of CPHRL stood 40% with Ambuja Neotia Hotel Ventures Limited ("ANHVL") and 60% with Utkarsh Sfatik Limited ("USL") both of which are held 100% by Ambuja Neotia Holdings Private Limited. Acuite believes that the long operational track record of the group and promoters' extensive understanding and expertise will support the company's growth plans going forward.

Stabilisation of operating performance – Average room rent (ARR), Revenue per available room (RevPar) and occupancy

During the first full year of operations revenue generation for the company in FY25 stood at Rs. 24.33 Cr. in line with expectations. Also, CPHRL has posted positive EBITDA in FY25 in the first full year of operations and EBITDA margins stood at 10.08% in FY25 (PY -24.22%) and PAT margins stood at -88.90% (PY -189.55%). Decrease in absolute PAT is on account of higher interest outgo of ~Rs.19 Cr. which includes payment of interest of unsecured loans from group companies. Depreciation has increased due to capitalisation of assets in FY24 and depreciation charged for full year in FY25 as compared to 3 months in FY24. Despite challenges like seasonality of business and locational disruptions like landslides the company has posted a revenue of Rs. 24.33 Cr. by optimal marketing strategies and strong brand recall of 'Taj'. Acuite believes that the operating performance of the company is likely to improve with expected rise in ARR, RevPar and occupancy levels in the medium term.

Prospective improvement in capital structure

With the conversion of unsecured loan into equity CPHRL is well positioned to improve their capital structure as well as financial risk profile. Unsecured loans worth Rs.55 Cr. has been already converted into equity in Q1FY26 with further conversion expected in the medium term. Acuite is of the opinion that this strategic move will improve the capital structure of CPHRL by deleveraging the former, which will benefit the company in terms of better net worth and lower interest outgo.

Moderate working capital cycle

The working capital cycle of the company is moderate marked by Gross Current Assets (GCA) of 64 days for FY2025 as compared to 420 days for FY2024. The inventory days of the company stood at 20 days in FY2025 as compared to 109 days in FY2024. The debtor days stood at 8 days in FY2025 against 13 days in FY2024. Creditor days stood at 114 days in FY25 against 246 days in FY2024. Acuite believes that the working capital cycle of the company will remain at similar levels in the medium term due to commercialisation of operations and nature of business.

Weaknesses

Highly competitive industry

The Indian subcontinent with vast opportunities and potential for high growth has become the focus area of major international chains. Several of these chains have established and others have their plans to establish hotels to take advantage of these opportunities. Sikkim is a tourism hub and has many resorts and hotels established. Customer preference which depends upon brand recall and pricing, will remain a key factor in the development of any resort/hotel. CPHRL will be affected by the competitive landscape where other hotel chains are also operating. Acuite believes the success of the company will be dependent upon its ability to compete in areas such as room rates, quality of accommodation, service level and convenience of location, quality and scope of other amenities, including food and beverage facilities as well as brand recall emanating from tie-up with "Taj".

Financial Risk Profile: Below Average

The tangible net worth of the company diluted and stood negative at Rs. -1.7 Cr. as on March 31, 2025 as compared to Rs. 19.96 Cr. as on March 31, 2024 due to y-o-y negative PAT and non-addition of incremental equity capital. The gearing of the company stood at -120.23 times as on 31 March, 2025. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at -128.19 times as on March 31, 2025 as compared to 10.27 times as on March 31, 2024 due to negative net-worth. The debt protection metrics of the company are marked by Interest coverage ratio (ICR) of 0.13 times and debt service coverage ratio (DSCR) of 0.26 times for FY2025. The net cash accruals to total debt (NCA/TD) stood healthy at -0.07 times in FY2025.

Gearing is expected to reduce in FY2026 as unsecured loans infused in earlier years have been converted to equity. As on June 2025, CPHRL has already converted Rs.55 Cr. to equity from USL and are expecting to convert Rs. 45 Cr. further. Acuite believes that going forward the financial risk profile of the company is expected to improve at the back of unlevered capital structure over the medium term. Since, the Company has just started operations, the debt protection metrics appear to be weak but are expected to improve on the event that the Company is profitable.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

Acuite takes into consideration the benefit derived by CPHRL from the 100% indirect ownership of Ambuja

Neotia Holdings Private Limited part of Ambuja-Neotia group.

Stress Case Scenario

While the rating has been derived on the standalone credit risk profile and cash flows of the company Acuite believes given the holding of Ambuja Neotia Group; in case of any stress case scenario, the required financial support would come from the parent.

Rating Sensitivities

Significant ramp up in scale of operations while improving the profitability margin
Improvement in debt protection metrics

Liquidity Position Stretched

The company has stretched liquidity marked by negative cash accruals of Rs. 13.71 Cr. as on March 31, 2025 as against Rs. 1.35 Cr. long term debt obligations over the same period. The same has been repaid from USL from group companies. The current ratio of the company stood at 0.25 times in FY2025. The unencumbered cash and bank balance stood at Rs. 0.04 Cr. for FY2025. The bank limit utilisation for the fund-based limits stood at 20.11% for last six months ended June 2025. Acuite believes that the liquidity of the company is likely to improve over the medium term on account of better accruals arising from improvement in business risk profile.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	24.33	6.63
PAT	Rs. Cr.	(21.63)	(12.57)
PAT Margin	(%)	(88.90)	(189.55)
Total Debt/Tangible Net Worth	Times	(120.23)	9.18
PBDIT/Interest	Times	0.13	(0.20)

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
07 May 2024	Term Loan	Long Term	90.00	ACUITE BBB-	Stable (Reaffirmed)
	Cash Credit	Long Term	9.00	ACUITE BBB-	Stable (Reaffirmed)
07 Feb 2023	Term Loan	Long Term	70.00	ACUITE BBB-	Stable (Reaffirmed)
	Term Loan	Long Term	20.00	ACUITE BBB-	Stable (Assigned)
	Cash Credit	Long Term	9.00	ACUITE BBB-	Stable (Assigned)
29 Dec 2022	Proposed Long Term Bank Facility	Long Term	70.00	ACUITE BBB-	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.70	Simple	ACUITE BBB- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2036	87.30	Simple	ACUITE BBB- Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Name of Company
1	Ambuja Neotia Holdings Private Limited
2	Classical Paradise Hotels and Resort Limited

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About Acuité Ratings & Research

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