



Press Release
ADARSH REALTY AND HOTELS PRIVATE LIMITED
November 26, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	370.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	370.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.370 Cr. bank facilities of Adarsh Realty and Hotels Private Limited (ARHPL). The outlook is '**Stable**'.

Rationale for rating

The rating reaffirmation takes into account strong parentage benefits from the Adarsh Group, established track record of operations of ARHPL, continued improvement in the operating performance (in line with Acuite's expectations) driven by growth in the average room rent coupled with steady occupancy. However, the rating is constrained due to leveraged capital structure with high Debt/EBITDA and presence in highly competitive industry. Going ahead, the ability of the company to improve its scale of operations while maintaining the profitability levels along with improvement in financial risk profile will remain a key rating monitorable.

About the Company

Incorporated in 1996, ARHPL is promoted by Mr. Bilidale Madaiah Jayeshankar and operates 3 hotels in Bengaluru namely- Shangri- la (397 keys), Adarsh Hamilton (38 keys) and Palm Meadows (78 keys) (Palm Meadows is owned by a group company but managed by ARHPL).

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered standalone business and financial risk profile of ARHPL to arrive at the rating.

Key Rating Drivers

Strengths

Strong parentage

Adarsh Realty and Hotels Private Limited (ARHPL) is a part of the Adarsh Group, which has over three decades of experience in real estate and hospitality services. The group is an established property developer focused primarily in the Bangalore market with highly experienced promoters. Therefore, ARHPL receives reputational benefits from the group. Further, as a part of the lender's stipulation on subordinated equity infusion, the group infused

Rs.350 Cr. in ARHPL in the form of CCDs (Rs.200 Cr. from Shreshtha Infra Projects Pvt. Ltd and Rs.150 Cr. from Akarsha Realty Private Limited).

Acuité believes that ARHPL will continue to benefit from the group's extensive operational history and the promoters' expertise.

Improvement in scale of operations

The operating income of ARHPL stood improved at Rs.229.50 Cr. during FY25(Prov.) against Rs.212.06 Cr. in FY24 on account of moderate improvement in occupancy levels coupled with increase of tariff in the range of ~6%-10%. Subsequently, the operating margin also marginally improved from 34.12% in FY24 to 34.80% during FY25(Prov.). Acuité believes that continued growth in operating performance thereby improving the financial risk profile shall be a key rating monitorable.

Weaknesses

Leveraged capital structure

While ARHPL refinanced its high-cost NCDs by availing lower cost term loans in FY24; however, the capital structure continues to remain leveraged with gearing at 1.10 times in FY25 (Prov.) (1.13 times in FY24). Further, the Debt/EBITDA also stood high at 5.26 times in FY25(Prov.) (5.85 times in FY24) along with moderate debt protection metrics with interest coverage ratio of 1.42 times in FY25(Prov.) (0.64 times in FY24) and debt service coverage ratio of 1.27 times during FY25(Prov.) (0.50 times during FY24). However, ARHPL is working on reducing its debt obligations which is evident from further refinancing of Rs.360 Cr. of term loans in FY25 at a lower rate of interest and prepayments of ~Rs.25 Cr. in FY25. Therefore, going forward, continued reduction in debt obligations and improvement in the financial risk profile shall be a key rating sensitivity.

Susceptibility to cyclical in the hospitality industry and increasing competition

ARHPL like any other hospitality player is exposed to inherent cyclical in the domestic and international economies, seasonality risk and competition from the established players. During slack seasons, revenue per available room for premium and mid-segment hotels get more acutely affected than economy hotels. On the other hand, cost of operating premium properties is high, even during downward shifts in demand; cash flow from these properties are, therefore, more vulnerable to economic downturns.

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)

ARHPL maintains a Debt Service Reserve Account (DSRA) equivalent to three-months of repayment obligations along with ESCROW mechanism.

Stress case Scenario

Acuité believes that, given the presence of six-months DSRA and waterfall payment in ESCROW mechanism, ARHPL will be able to service its debt on time, even in a stress scenario.

Rating Sensitivities

- Ability to sustain the scale of operation with improvement in profitability margins.
- Improvement in financial risk profile.

Liquidity Position Adequate

The liquidity is adequate marked by generation of sufficient cash accruals of Rs.24.40 Cr. in FY25(Prov.) against maturing debt repayment obligation of Rs.6.48 Cr. during the same period. Going ahead, the accruals are expected to remain in the range of Rs.40.00-50.00 Cr. with repayment obligations in the range of Rs.25.00-30.00 Cr. The cash and bank balances of the company stood at Rs.32.18 Cr. as on March 31, 2025(Prov.). The current ratio stood moderate at 1.18 times as on March 31, 2025(Prov.). Additionally, ARHPL has maintained DSRA of Rs.16 Cr. in FY25 and has unencumbered fixed deposits of ~Rs.11 Cr. Going ahead, liquidity profile is expected to remain at adequate level over the medium term backed by steady cash accruals.

Outlook: Stable

Other Factors affecting Rating
None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	229.50	212.06
PAT	Rs. Cr.	(5.28)	(99.16)
PAT Margin	(%)	(2.30)	(46.76)
Total Debt/Tangible Net Worth	Times	1.10	1.13
PBDIT/Interest	Times	1.42	0.64

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>

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
30 Aug 2024	Term Loan	Long Term	145.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	145.00	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	10.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	70.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.10	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Reaffirmed
ICICI BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Sep 2036	137.29	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	01 Jan 2025	Not avl. / Not appl.	01 Sep 2036	194.61	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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