

May 29, 2024

Royal Orchid Hotels Limited: Rating withdrawn for proposed non-convertible debentures of Rs. 100.00 crore and rating outstanding for the existing facilities

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	37.92	31.83	[ICRA]A- (Stable); outstanding
Proposed Non-convertible debentures	100.00	-	[ICRA]A- (Stable); withdrawn
Unallocated Facilities	8.08	14.17	[ICRA]A- (Stable); outstanding
Total	146.00	46.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the proposed non-convertible debentures of Rs. 100.00 crore of Royal Orchid Hotels Limited (ROHL/the company), at the request of the company as it has not been placed and is in accordance with ICRA's policy on withdrawal of ratings.

The key rating drivers and their description, liquidity position, rating sensitivities, and environmental and social risks have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on withdrawal of Credit Ratings Hotels
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of ROHL.

About the company

The Royal Orchid Group of Hotels has a portfolio of 100 operating hotels across 65 locations in India as of December 31, 2023. The Group primarily operates on an asset-light model with over 79% properties under management contracts/franchise. While over 40% of the inventory is in Karnataka and Gujarat, other areas of operation include Rajasthan, Maharashtra, Goa, Tamil Nadu, Punjab and Uttarakhand to name a few. ROHL operates vide the following brands: Royal Orchid (five-star), Royal Orchid Central and Regenta Central (four-star), and Regenta Inn (economy hotels); as well as resorts and service apartments. Icon Hospitality Private Limited ([ICRA]BBB- (Stable)), one of the subsidiary companies and Ksheer Sagar Developers Private Limited ([ICRA]BBB- (Stable)), an associate company, operate one 130-room and 139-room hotel each in Bangalore and Jaipur, respectively.

Key financial indicators (audited)

Consolidated*	FY2022	FY2023	9M FY2024 (unaudited)
Operating income	144.6	271.6	217.4
PAT	26.8	46.9	32.2
OPBDIT/OI	20.6%	33.1%	26.8%
PAT/OI	18.5%	17.3%	14.8%
Total outside liabilities/Tangible net worth (times)	1.4	1.1	1.4
Total debt/OPBDIT (times)	5.0	1.8	2.6
Interest coverage (times)	1.8	5.6	4.2

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; *The consolidated figures are as per published results with financial ratios adjusted for ICRA computation and may not be directly comparable with results reported by the company in some instances. The body of rationale includes the numbers and ratios considering consolidation of entities as per annexure II and hence are not comparable with the table in some instance.

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
CARE	CARE B; Stable; ISSUER NOT COOPERATING	April 13, 2023

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years							
		Amount rated (Rs. crore)	Amount outstanding as of Dec 31, 2023 (Rs. crore)	Date & rating in FY2025		Date & rating in FY2024		Date & rating in FY2023			Date & rating in FY2022
				May 29, 2024	Mar 28, 2024	Apr 12, 2023	Mar 27, 2023	Mar 20, 2023	Oct 20, 2022	Oct 04, 2021	
1 Term Loans	Long term	31.83	31.83	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB (Positive)	[ICRA]BBB (Negative)
2 Proposed Non-convertible debentures	Long term	100.00	-	[ICRA]A-(Stable); withdrawn	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	-	-	-	-
3 Unallocated	Long term	14.17	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB (Positive)	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple
Proposed Non-convertible debentures	Very Simple
Unallocated Facilities	Not applicable

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	FY2019	8.25%	FY2030	31.83	[ICRA]A- (Stable)
NA	Proposed Non-convertible debentures	NA	NA	NA	100.00	[ICRA]A- (Stable); withdrawn
NA	Unallocated	NA	NA	NA	14.17	[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

Company Name	Ownership	Consolidation Approach
Icon Hospitality Private Limited	100.00%	Full consolidation
Maruti Comforts and Inn Private Limited	65.22%	Full consolidation
Royal Orchid Hyderabad Private Limited	100.00%	Full consolidation
AB Holdings Private Limited	100.00%	Full consolidation
Royal Orchid Jaipur private Limited	100.00%	Full consolidation
Royal Orchid South Private Limited	100.00%	Full consolidation
Royal Orchid Associated Hotels Private Limited	100.00%	Full consolidation
Royal Orchid Shimla Private Limited	100.00%	Full consolidation
Royal Orchid Goa Private Limited	100.00%	Full consolidation
Royal Orchid Maharashtra Private Limited	100.00%	Full consolidation
Royal Orchid Mumbai Private Limited	100.00%	Full consolidation
Cosmos Premises Private Limited	100.00%	Full consolidation
Ksheer Sagar Buildcon Private Limited	50.00%	Full consolidation
Raj kamal Buildcon Private Limited	50.00%	Full consolidation
J.H Builders Private Limited	50.00%	Full consolidation
Multi Hotels limited	100.00%	Full consolidation
Ksheer Sagar Developers Private Limited	50.00%	Full consolidation

Source: BSE, Company, ROHL annual report FY2023; As per the published consolidated financial statements of ROHL, Ksheer Sagar Developers Private Limited has been consolidated as per the equity method, the entity being an associate. However, for analytical purposes, ICRA has fully consolidated these entities as ROHL is expected to extend all manner of financial support to them, if needed.

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545 328
shamsherd@icraindia.com

Srikumar K
+91 44 4596 4318
ksrikumar@icraindia.com

Vinutaa S
+91 44 4596 4305
vinutaa.s@icraindia.com

Sriraman Mohan
+91 44 4596 4316
sriraman.mohan@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



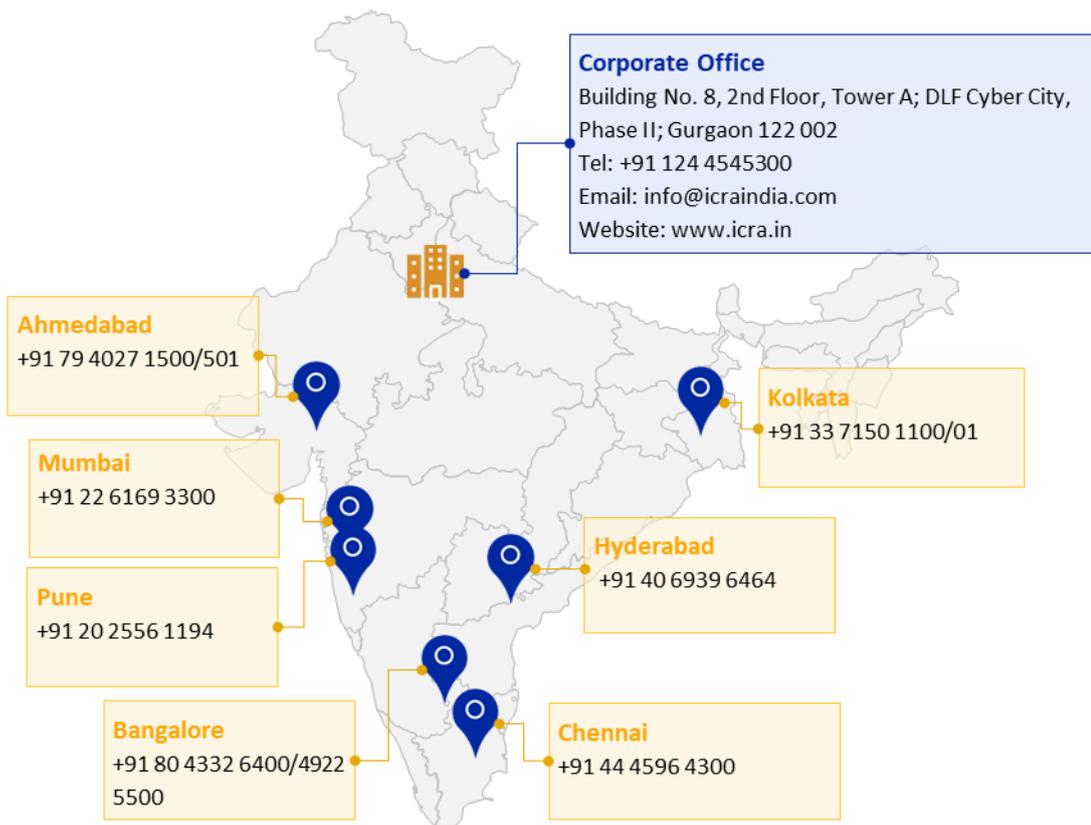
Registered Office

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

Tel: +91 11 23357940-45



Branches



© Copyright, 2024 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.