

January 20, 2026

## Oriole Dr. Fresh Hotels Private Limited: Ratings placed on watch with developing implications

### Summary of rating action

| Instrument*                          | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action   |
|--------------------------------------|-----------------------------------|----------------------------------|---|
| Long-term Fund-based – Term loan     | 17.63                             | 17.63                            | [ICRA]A+ placed on rating watch with developing implications  |
| Long-term/ Short -term – Unallocated | 7.20                              | 7.20                             | [ICRA]A+ placed on rating watch with developing implications / [ICRA]A1 placed on rating watch with developing implications |
| <b>Total</b>                         | <b>24.83</b>                      | <b>24.83</b>                     |   |

\*Instrument details are provided in Annexure-I

### Rationale

#### Material event:

The Board of Directors of Lemon Tree Hotels Limited (LTHL), in their meeting held on January 09, 2026, based on the recommendations of the Reorganization Committee, the Audit Committee, and the Committee of Independent Directors, inter-alia, considered and approved a Composite Scheme of Arrangement involving LTHL, its material subsidiary viz., Fleur Hotels Limited (FHL), and its wholly owned subsidiaries viz., Carnation Hotels Private Limited (Carnation), Hamstede Living Private Limited (Hamstede), Oriole Dr. Fresh Hotels Private Limited (Oriole), Canary Hotels Private Limited (Canary), Sukhsagar Complexes Private Limited (Sukhsagar), and Manakin Resorts Private Limited (Manakin). The implementation of the reorganisation scheme is subject to various stakeholder/ regulatory approvals.

#### If the reorganisation scheme is implemented, then w.e.f. April 01, 2026:

- Carnation and Hamstede (wholly owned subsidiaries of LTHL) will be merged into LTHL.
- Oriole, Canary, Sukhsagar and Manakin (wholly owned subsidiaries of LTHL) will be amalgamated with FHL. In addition, 12 hotels (11 operational hotels and one under-construction hotel at Shimla) and development team / capability of LTHL together with exclusivity on all future development / ownership / leasing of hotel assets along with the investment in one under construction hotel in Shillong through a subsidiary of LTHL, will be demerged from LTHL into FHL.
- In addition, the board has also approved the execution, delivery, and performance of the Share Purchase Agreement (“SPA”) between LTHL, APG Strategic Real Estate Pool N.V. (“APG”), Coastal Cedar Investments B.V., an affiliate of Warburg Pincus (“Warburg Pincus”), and FHL, for the sale of APG’s entire shareholding of 41.09% in FHL to Warburg Pincus.
- FHL will receive primary investment of up to Rs. 960 crores of equity capital (in tranches when required), which will provide further capital for its growth.

#### Impact of material event and the resultant structure of the entities:

The proposed reorganization will create two clearly differentiated and complementary platforms:

1. LTHL, as a pure-play asset-light company focused on offering hotel management, brand & loyalty, distribution and digital services

2. FHL, as a large-scale growth-oriented hotel ownership / leasing platform with end-to-end in-house development capabilities and a potentially large pipeline of room inventory with a significant pool of available capital.

**Post the implementation of the reorganisation scheme, the shareholders of LTHL will directly and indirectly hold 73.99% of FHL, as under** (shareholding figures below exclude any dilution from primary investment by Warburg Pincus):

- Shareholders of LTHL will directly own 32.96% of FHL
- LTHL will own 41.03% of FHL
- Warburg Pincus will own the balance 26.01% of FHL
- All the hotel assets in FHL (existing and newly transferred from LTHL) will enter into new hotel operating agreements (HOA), effective April 01, 2026.

The ratings have been placed on watch with developing implications as the aforesaid developments call for reassessing the credit profile in terms of:

- (a) **The analytical approach:** The earlier ratings of FHL had factored in the very high likelihood of LTHL extending financial support to it given its high strategic importance and the close business and financial linkages between them. Following the implementation of the reorganisation scheme, LTHL will no longer hold a majority equity stake in FHL. The rating watch signifies uncertainty around how the financial linkages between LTHL and FHL may change post the reorganisation, which may require ICRA to review the applicability of its parent support methodology.
- (b) **The leverage levels:** ICRA notes that FHL is expected to emerge as an entity with a portfolio of about 5,500 owned rooms, which would be one of the largest owned hotel portfolios in the country. The entity’s business expansion plans would also be supported by a primary capital infusion by Warburg Pincus of Rs. 960 crore over the medium term, besides a planned public issue in due course, wherein further equity may be raised for future expansions. While a larger operating footprint and the planned equity fund raise will support the credit profile, there is uncertainty around how the overall financial leverage will evolve over the medium term.

ICRA will resolve the watch once greater clarity emerges on the above and the reorganisation scheme gets implemented.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position and Rating sensitivities: [Click here](#)

## Analytical approach

| Analytical Approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Hotels</a>   |
| Parent/Group support            | Not Applicable  |
| Consolidation/Standalone        | For arriving at the ratings, ICRA has considered the consolidated financials of Lemon Tree Hotels Limited; the details of the entities consolidated are shown in Annexure II. |

## About the company

Incorporated in September 2004, Oriole is a 100% subsidiary of LTHL, which owns and operates the Red Fox property at Kondli in Mayur Vihar, Delhi, with an inventory of 94 rooms.

Incorporated in 2002 by Mr. Patanjali Keswani, his friends and associates, LTHL is a publicly listed company that owns and operates 121 hotels with 10,956 rooms under seven brands across 71 locations in India and abroad, as of September 30, 2025. The company’s portfolio spans upscale, midscale and economy segments. Its brands include Aurika (upscale), Lemon Tree Premier and Keys Prima (upper midscale), Lemon Tree and Keys Select (midscale), and Red Fox and Keys Lite (economy). In

terms of ownership, a ~23% stake in the company is held by the promoters (the Keswani family), ~15% by APG (a Dutch pension fund) and the rest by foreign portfolio investors, mutual funds, employees and the public.

The company designs, develops and manages properties directly or under its subsidiaries (collectively referred to as the Lemon Tree Group). While most properties in its portfolio are owned by the company directly or through its subsidiaries, a few are operated on long-term lease basis. As on September 30, 2025, the Group had 41 owned and leased operational properties and three properties under development. The total owned/leased inventory across the operational properties stood at 5,759 rooms with 756 rooms under development.

To facilitate rapid expansion of LTHL's brands across the country, the Group's subsidiary, Carnation Hotels Private Limited, enters management contracts with asset owners. As on September 30, 2025, 5,197 rooms across 80 properties were under management contracts with additional 8,362 rooms (118 properties) in the pipeline.

### Key financial indicators (audited)

| LTHL Consolidated   | FY2024  | FY2025  |
|---|---------|---------|
| <b>Operating income</b>                                     | 1,071.1 | 1,286.1 |
| <b>PAT</b>  | 181.0   | 243.4   |
| <b>OPBDIT/OI</b>  | 48.9%   | 49.3%   |
| <b>PAT/OI</b>   | 16.9%   | 18.9%   |
| <b>Total outside liabilities/Tangible net worth (times)</b> | 1.6     | 1.3     |
| <b>Total debt/OPBDIT (times)</b>                            | 4.5     | 3.4     |
| <b>Interest coverage (times)</b>                            | 2.5     | 3.0     |

Source: Company, ICRA Research; 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

| Instrument  | Type                  | Amount Rated (Rs Crore) | Current (FY2026) |   |              |                                  | Chronology of rating history for the past 3 years |                                  |              |                                |              |                                 |
|-------------|-----------------------|-------------------------|------------------|---|--------------|----------------------------------|---|----------------------------------|--------------|--------------------------------|--------------|---------------------------------|
|             |                       |                         | FY2026           |   |              |                                  | FY2025  |                                  | FY2024       |                                | FY2023       |                                 |
|             |                       |                         | Date             | Rating  | Date         | Rating                           | Date  | Rating                           | Date         | Rating                         | Date         | Rating                          |
| Term loan   | Long Term             | 17.63                   | Jan 20, 2026     | [ICRA]A+<br>Rating watch with developing implications   | Jul 15, 2025 | [ICRA]A+ (Positive)              | Aug 09, 2024                                      | [ICRA]A (Positive)               | Aug 07, 2023 | [ICRA]A (Stable)               | Jun 02, 2022 | [ICRA]A- (Stable)               |
| Unallocated | Long-term/ Short-term | 7.20                    | Jan 20, 2026     | [ICRA]A+<br>Rating watch with developing implications/<br>[ICRA]A1<br>Rating watch with developing implications | Jul 15, 2025 | [ICRA]A+ (Positive)/<br>[ICRA]A1 | Aug 09, 2024                                      | [ICRA]A (Positive)/<br>[ICRA]A2+ | Aug 07, 2023 | [ICRA]A (Stable)/<br>[ICRA]A2+ | Jun 02, 2022 | [ICRA]A- (Stable)/<br>[ICRA]A2+ |

## Complexity level of the rated instruments

| Instrument                          | Complexity Indicator |
|-------------------------------------|----------------------|
| Long-term Fund-based – Term loan    | Simple               |
| Long-term/ Short-term – Unallocated | 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 loan          | FY2016           | NA          | FY2030   | 17.63                    | [ICRA]A+ Rating watch with developing implications  |
| NA   | Unallocated limits | NA               | NA          | NA       | 7.20                     | [ICRA]A+ Rating watch with developing implications/<br>[ICRA]A1 Rating watch with developing implications |

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  | LTHL Ownership         | Consolidation Approach |
|---|------------------------|------------------------|
| Lemon Tree Hotels Limited   | 100%                   | Full Consolidation     |
| Carnation Hotels Private Limited  | 100%                   | Full Consolidation     |
| Fleur Hotels Limited  | 59%                    | Full Consolidation     |
| Lemon Tree Hotel Company Private Limited  | 100%                   | Full Consolidation     |
| Canary Hotels Private Limited   | 100%                   | Full Consolidation     |
| Oriole Dr Fresh Hotels Private Limited  | 100%<br>(rated entity) | Full Consolidation     |
| Red Fox Hotel Company Private Limited   | 100%                   | Full Consolidation     |
| Sukhsagar Complexes Private Limited   | 100%                   | Full Consolidation     |
| Nettle Hotels Private Limited (formerly known as Poplar Homestead Holdings Private Limited)               | 100%                   | Full Consolidation     |
| Madder Stays Private Limited  | 100%                   | Full Consolidation     |
| Arum Hotels Private Limited (formerly known as Jessamine Stays Private Limited)                           | 100%                   | Full Consolidation     |
| Totally Foxed Solutions Private Limited   | 100%                   | Full Consolidation     |
| Hamstede Living Private Limited   | 100%                   | Full Consolidation     |
| Manakin Resorts Private Limited (Subsidiary of PSK Resorts & Hotels Private Limited)                      | 100%                   | Full Consolidation     |
| Celsia Hotels Private Limited (Subsidiary of Fleur Hotels Limited)  | 59%                    | Full Consolidation     |
| Inovia Hotels & Resorts Limited (Subsidiary of Fleur Hotels Limited)                                      | 59%                    | Full Consolidation     |
| IORA Hotels Private Limited (Subsidiary of Fleur Hotels Limited)  | 59%                    | Full Consolidation     |
| Hyacinth Hotels Private Limited (Subsidiary of Fleur Hotels Limited)                                      | 59%                    | Full Consolidation     |
| Bandhav Resorts Private Limited (Subsidiary of Fleur Hotels Limited)                                      | 59%                    | Full Consolidation     |
| Ophrys Hotels Private Limited (Subsidiary of Fleur Hotels Limited)  | 59%                    | Full Consolidation     |
| Berggruen Hotels Private Limited (Subsidiary of Fleur Hotels Limited)                                     | 59%                    | Full Consolidation     |
| Mind Leaders Learning India Private Limited   | 37%                    | Equity Method          |
| Pelican Facilities Management Private Limited (Subsidiary of Mind Leaders Learning India Private Limited) | 37%                    | Equity Method          |
| Glendale Marketing Services Pvt. Ltd. (Subsidiary of Pelican Facilities Management Private Limited)       | 37%                    | Equity Method          |
| Mezereon Hotels LLP (Capital contribution by Fleur Hotels Limited & Celsia Hotels Private Limited)        | 59%                    | Full consolidation     |
| Krizm Hotels Private Limited Employee Welfare Trust   | -                      | Full consolidation     |

Source: LTHL Q2FY26 results

Note: ICRA has considered consolidated financials of the parent (LTHL) while assigning the ratings.

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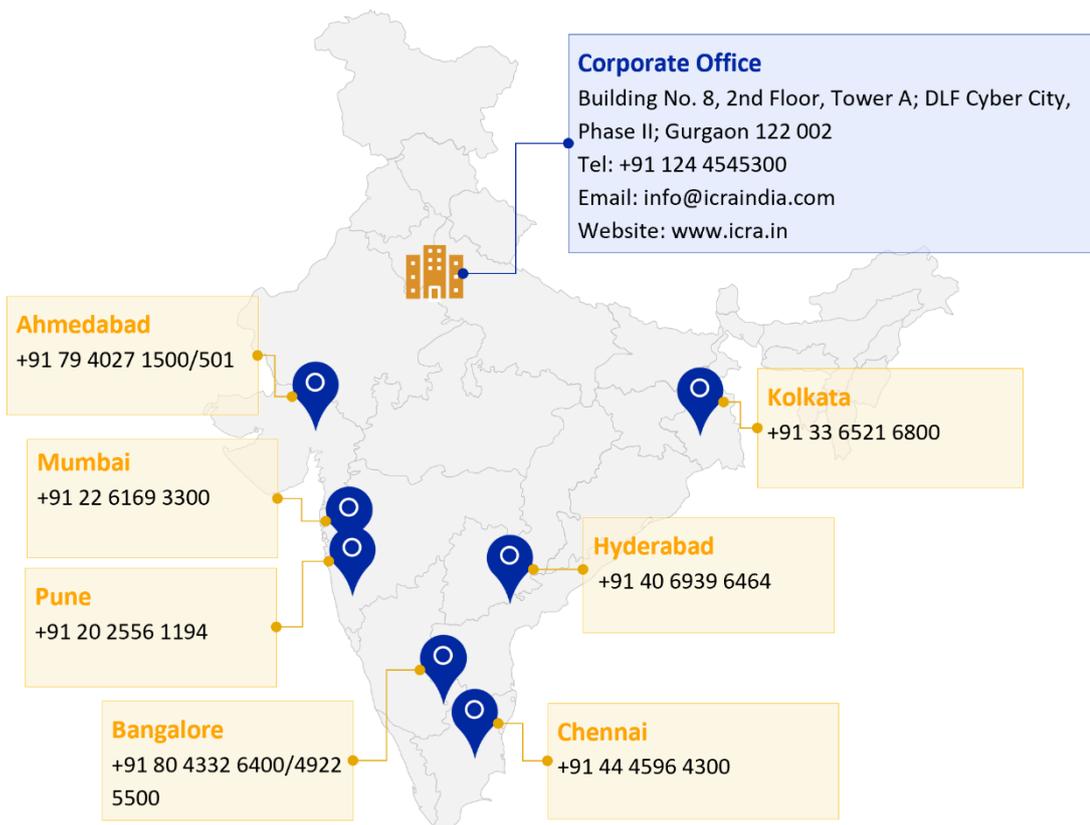
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