

March 10, 2026

Icon Hospitality Private Limited: Rating reaffirmed; outlook revised to Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	17.19	13.54	[ICRA]BBB- (Positive); Reaffirmed and outlook revised to Positive from Stable
Long-term – Unallocated	2.81	6.46	[ICRA]BBB- (Positive); Reaffirmed and outlook revised to Positive from Stable
Total	20.00	20.00	

*Instrument details are provided in Annexure-I

Rationale

The revision in the outlook of Icon Hospitality Private Limited (Icon) to Positive factors in the expectation of a sustained improvement in the credit profile of its parent, Royal Orchid Hotels Limited (ROHL, rated [ICRA]A- (Positive)). ROHL holds a 100.00% stake in Icon and has committed to extending timely and adequate financial support to Icon, as and when required, to meet its operating and financial commitments in a timely manner. Apart from the parentage, the rating also considers Icon's steady operating performance in FY2025 and 9M FY2026, with operating profit margins in the range of 32-33%, and anticipated sustenance of the same, going forward.

However, the rating is constrained by Icon's modest scale of operations, albeit growth witnessed in recent periods (revenues of Rs. 29.9 crore in FY2025 and Rs. 22.3 crore in 9M FY2026, as compared to Rs. 26.1 crore in FY2023). Further, Icon is exposed to geographical concentration risk with only one property located in Bengaluru, exposing its earnings to region-specific risks, in addition to the inherent vulnerability to the cyclical nature of the hospitality industry, economic cycles and exogenous events, like other hotel players.

Key rating drivers and their description

Credit strengths

Strong parentage; ROHL is committed to extending timely financial support to Icon – ROHL holds a 100.0% stake in Icon and has extended financial support to Icon in the past by issuing compulsorily convertible debentures (CCDs) to the company. ROHL is committed to extending timely and adequate financial support to Icon, as and when required, to ensure that it meets its operating and financial obligations in a timely manner.

Healthy improvement in revenues and accruals supported in improving debt metrics – The company has reported an operating income of Rs. 29.9 crore in FY2025 (against Rs. 26.7 crore in FY2024) and Rs. 22.3 crore in 9M FY2026 (against Rs. 22.4 crore in 9M FY2025), with demand stemming from weddings/social meetings, incentives, conferences and exhibitions (MICE), transient passengers and business travels. The operating margins also remained healthy, supported by better operating leverage and sustenance of cost optimisation measures undertaken in the last few years and stood at 33.0% in FY2025 and 32.5% in 9M FY2026. Improvement in accruals in the last 2-3 years and absence of additional significant debt-funded capex supported debt metrics with total debt/OPBITDA interest coverage improving to 1.4 times and 7.9 times, respectively in 9M FY2026 (2.4 times and 3.3 times in FY2024 respectively). ICRA expects improvement in accruals and absence

of any significant debt-funded capex to support debt metrics, going forward.

Credit challenges

Modest scale of operations – Being a single-asset hotel entity, Icon’s scale of operations is relatively modest with revenues of Rs. 25.0-30.0 crore per annum. However, the demand outlook for hotels is favourable, and this is likely to support revenues and accruals for Icon in the next 9-12 months.

Exposed to geographical concentration risk; vulnerability of revenues to the inherent cyclicity of the hospitality industry, economic cycles and exogenous events – Icon operates only a single hotel under the brand, Royal Orchid Central on M.G. Road, Bengaluru, exposing it to region specific risks. Like other players in the industry, the company is exposed to industry cyclicity/seasonality, macro-economic cycles and exogenous factors (geopolitical crises, terrorist attacks, disease outbreaks, etc). This was witnessed in FY2021 and FY2022, when Icon’s performance was significantly impacted by the pandemic.

Liquidity position: Adequate

Icon’s liquidity position is Adequate with anticipated cash flow from operations of Rs. 6-7 crore and cash and bank balances of Rs. 6.9 crore as on December 31, 2025. Against this, it has repayments of Rs. 2.5 crore both in FY2027 and FY2028 on its existing loans. Further, it has minimal maintenance capex commitments of Rs. 0.5 crore per annum over the medium term. ROHL is committed to extending timely and adequate financial support, as and when required, to Icon to ensure that its financial and operational commitments are met in a timely manner.

Rating sensitivities

Positive factors – A sustained improvement in operating metrics and profitability indicators, leading to improvement in debt coverage indicators or strengthening of linkages/improvement in credit profile of the parent entity could lead to a rating upgrade.

Negative factors – Pressure on Icon’s rating could arise from any demand slowdown and weakening of operating metrics, impacting its earnings and profitability on a sustained basis or any significant capex, leading to weakening of its debt coverage metrics and liquidity position. Further, weakening in the parent’s credit profile/Icon’s linkages with ROHL or absence of timely and adequate financial support from ROHL, as and when required, would be a negative rating trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Hotels Corporate Credit Rating Methodology
Parent/group Support	Royal Orchid Hotels Limited (ROHL), rated [ICRA]A- (Stable), holds 100.0% stake in the company. ROHL is expected to extend timely and adequate financial support to Icon, as and when required.
Consolidation/standalone	Standalone

About the company

Established in 2003, Icon Hospitality Private Limited (Icon) is a wholly-owned subsidiary of ROHL and owns a 130-room, four-star Royal Orchid Central Hotel on M. G. Road, Bengaluru. Mr. Dayanand Pai and Mr. Satish Pai held a 48.93% stake in Icon

previously. However, their entire stake was bought by ROHL in October 2023. The land and the building are owned by Icon.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	26.7	29.9
PAT	9.8	6.0
OPBDIT/OI	28.8%	33.0%
PAT/OI	36.5%	20.1%
Total outside liabilities/Tangible net worth (times)	0.7	0.6
Total debt/OPBDIT (times)	2.4	1.6
Interest coverage (times)	3.3	7.4

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: Not applicable

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Mar 10, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Term loan	Long Term	13.54	[ICRA]BBB- (Positive)	Feb 11, 2025	[ICRA]BBB- (Stable)	Mar 28, 2024	[ICRA]BBB- (Stable)	Oct 20, 2022	[ICRA]BBB (CE) (Negative) withdrawn and [ICRA]BBB-(Stable) simultaneously assigned
				-	-	-	-	Mar 20, 2023	[ICRA]BBB- (Stable)
Unallocated limits	Long Term	6.46	[ICRA]BBB- (Positive)	Feb 11, 2025	[ICRA]BBB- (Stable)	Mar 28, 2024	[ICRA]BBB- (Stable)	Oct 20, 2022	[ICRA]BBB (CE) (Negative) withdrawn and [ICRA]BBB-(Stable) simultaneously assigned
				-	-	-	-	Mar 20, 2023	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	Simple
Unallocated limits	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	FY2024	8.75%	FY2027-FY2030	13.54	[ICRA]BBB- (Positive)
NA	Unallocated	NA	NA	NA	6.46	[ICRA]BBB- (Positive)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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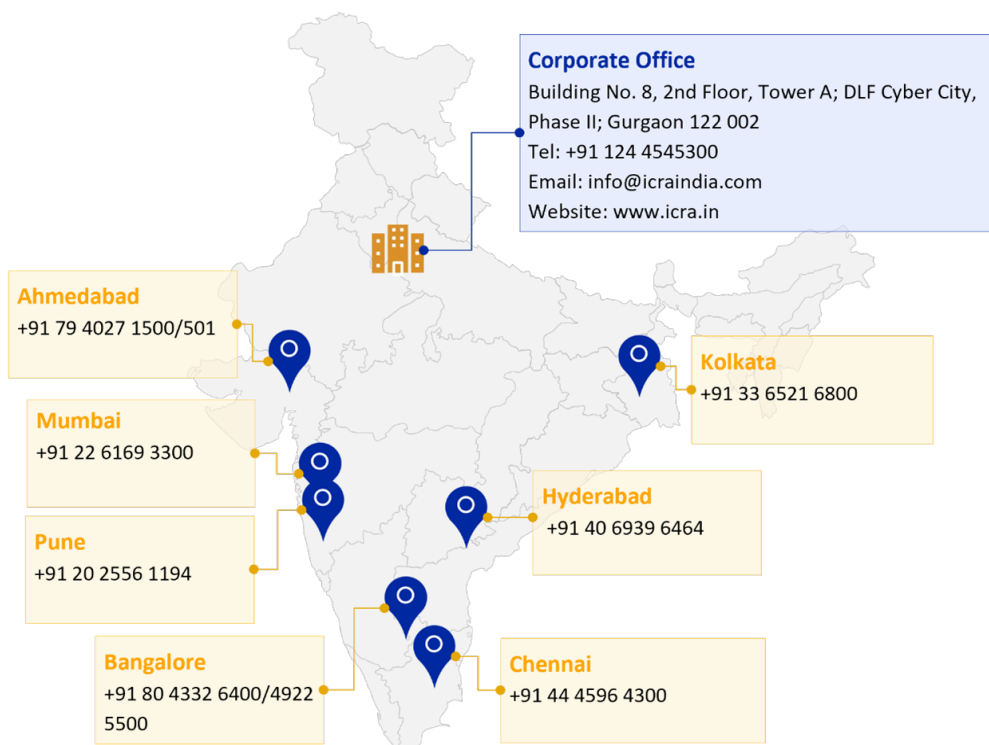


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