

March 10, 2026

Ksheer Sagar Developers 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 Loans	12.65	4.35	[ICRA]BBB- (Positive); Reaffirmed and outlook revised to Positive from Stable
Long-term – Unallocated	32.35	40.65	[ICRA]BBB- (Positive); Reaffirmed and outlook revised to Positive from Stable
Total	45.00	45.00	

*Instrument details are provided in Annexure-I

Rationale

The revision in the outlook of Ksheer Sagar Developers Private Limited (KSDPL) 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 50.0% stake in KSDPL and has committed to extending timely and adequate financial support to KSDPL to meet its operating and financial commitments in a timely manner. Apart from the parentage, the rating considers KSDPL's steady operating performance, as reflected in a revenue growth of 8.7% and 1.9% in FY2025 and 9M FY2026, respectively, with a steady operating profit margin of 40-41%, and anticipated sustenance of the same over the near-to-medium term.

The rating is constrained by KSDPL's modest scale of operations (revenues of Rs. 34.4 crore in FY2025 and Rs. 24.9 crore in 9M FY2026), though the same is on an improving trend. Further, KSDPL is exposed to geographical concentration risk with only one property located in Jaipur, exposing its earnings to region-specific risk, in addition to the inherent vulnerability to the cyclicity of the hospitality industry, economic cycles and exogenous events, like other hotel players.

On April 1, 2023, ROHL informed the stock exchanges that it had received an 'Interim Order cum Show Cause Notice' (order) from the Securities and Exchange Board of India (SEBI) dated March 31, 2023, against the company, its promoters and Chief Financial Officer. This order was following a complaint received by SEBI against ROHL that it consolidated Ksheer Sagar Developers Private Limited (KSDPL) as an associate instead of a subsidiary despite having control. The order stated that this had resulted in an overstatement of ROHL's consolidated profits in FY2022, which led to an increase in the share price. Further, the complaint also alleged that the promoters sold a 4.08% stake in the company between March 2022 and December 2022, gaining from the share price increase. The latter has been dropped in the final order while the former allegations pertaining to classification as an associate remain. At present, there is a stay on the final order issued by SEBI, post ROHL's appeal to the Securities Appellate Tribunal (SAT), and further communication on this matter is awaited. ICRA has been fully consolidating KSDPL in ROHL's consolidated financials for analytical purpose. ICRA will continue to monitor the developments on this front.

Key rating drivers and their description

Credit strengths

Strong parentage; ROHL is committed to extending timely financial support to KSDPL – ROHL holds a 50.0% stake in KSDPL and has demonstrated its financial support to KSDPL in the past, by providing unsecured loans to the company. ROHL is

committed to extending timely and adequate financial support to KSDPL, as and when required, to ensure that KSDPL meets its operating and financial commitments in a timely manner, going forward.

Improvement in debt metrics, supported by healthy accruals – The company reported an operating income of Rs. 34.4 crore in FY2025 (against Rs. 31.6 crore in FY2024) and Rs. 24.9 crore in 9M FY2026 (against Rs. 24.4 crore in 9M FY2025), with demand stemming from weddings/social meetings, incentives, conferences and exhibitions (MICE) and transient passengers. The operating margins also remained healthy in the range of 40-41%, supported by better operating leverage and sustenance of cost optimisation measures undertaken in the last few years. The improvement in accruals in recent years, coupled with absence of any large debt-funded capex have helped improve the debt metrics to total debt/OPBITDA of 1.9 times and interest coverage of 10.2 times in 9M FY2026, which is likely to continue going forward.

Credit challenges

Modest scale of operations – Being a single-asset hotel entity, KSDPL’s scale of operations is relatively modest with revenues of Rs. 30.0-Rs. 35.0 crore per annum. However, the demand outlook for hotels is favourable, which is likely to support revenues for KSDPL as well, going forward.

Exposed to geographical concentration risk; vulnerability of revenues to the inherent cyclicality of the hospitality industry, economic cycles and exogenous events – KSDPL operates only a single 5-star hotel under the brand, Royal Orchid, in Jaipur, exposing it to region-specific risks. Like other players in the industry, the company is exposed to industry cyclicality/seasonality, macro-economic cycles and exogenous factors (geopolitical crises, terrorist attacks, disease outbreaks, etc). This was witnessed in FY2021 and FY2022, when KSDPL’s performance was significantly impacted by the pandemic.

Liquidity position: Adequate

KSDPL has an Adequate liquidity position with cash flows from operations of Rs. 10-11 crore annually and cash and bank balances of Rs. 16.7 crore as on December 31, 2025. Against this, it has scheduled repayments of Rs. 2.2 crore in FY2027 on its existing external loans. 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 KSDPL to ensure 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 an improvement in debt coverage indicators on a sustained basis or strengthening of linkages/improvement in credit profile of the parent could lead to a rating upgrade.

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

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Hotels Corporate Credit Rating Methodology

Analytical approach	Comments
Parent/group Support	Royal Orchid Hotels Limited (ROHL), rated [ICRA]A- (Stable), holds 50.0% stake in the company. ROHL is expected to extend timely and adequate financial support to KSDPL, as and when required.
Consolidation/standalone	Standalone

About the company

Established in April 2011, Ksheer Sagar Developers Private Limited (KSDPL) operates a 139 room, five-star hotel under the brand, Royal Orchid, in Jaipur. Royal Orchid Hotels Limited holds a 50.0% stake in the company and the remaining is held by the Tambi family, based in Jaipur. The land and the building are owned by KSDPL.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	31.6	34.4
PAT	6.9	8.7
OPBDIT/OI	41.6%	40.3%
PAT/OI	21.9%	25.4%
Total outside liabilities/Tangible net worth (times)	4.9	2.3
Total debt/OPBDIT (times)	3.0	2.3
Interest coverage (times)	4.7	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

CRA	Status	Date of Release
CARE	CARE B-; Stable; ISSUER NOT COOPERATING	August 18, 2025

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	4.35	[ICRA]BBB- (Positive)	Feb 11, 2025	[ICRA]BBB- (Stable)	Apr 12, 2023	[ICRA]BBB- (Stable)	Oct 20, 2022	[ICRA]BBB (CE) (Negative) withdrawn and [ICRA]BBB-(Stable) simultaneously assigned
				-	-	Mar 28, 2024	[ICRA]BBB- (Stable)	Mar 20, 2023	[ICRA]BBB- (Stable)
Unallocated limits	Long Term	40.65	[ICRA]BBB- (Positive)	Feb 11, 2025	[ICRA]BBB- (Stable)	Apr 12, 2023	[ICRA]BBB- (Stable)	Oct 20, 2022	[ICRA]BBB (CE) (Negative) withdrawn and [ICRA]BBB-(Stable) simultaneously assigned
				-	-	Mar 28, 2024	[ICRA]BBB- (Stable)	Mar 20, 2023	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	Simple
Long term – 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	FY2017	9.5%	FY2027	4.35	[ICRA]BBB- (Positive)
NA	Unallocated	NA	NA	NA	40.65	[ICRA]BBB- (Positive)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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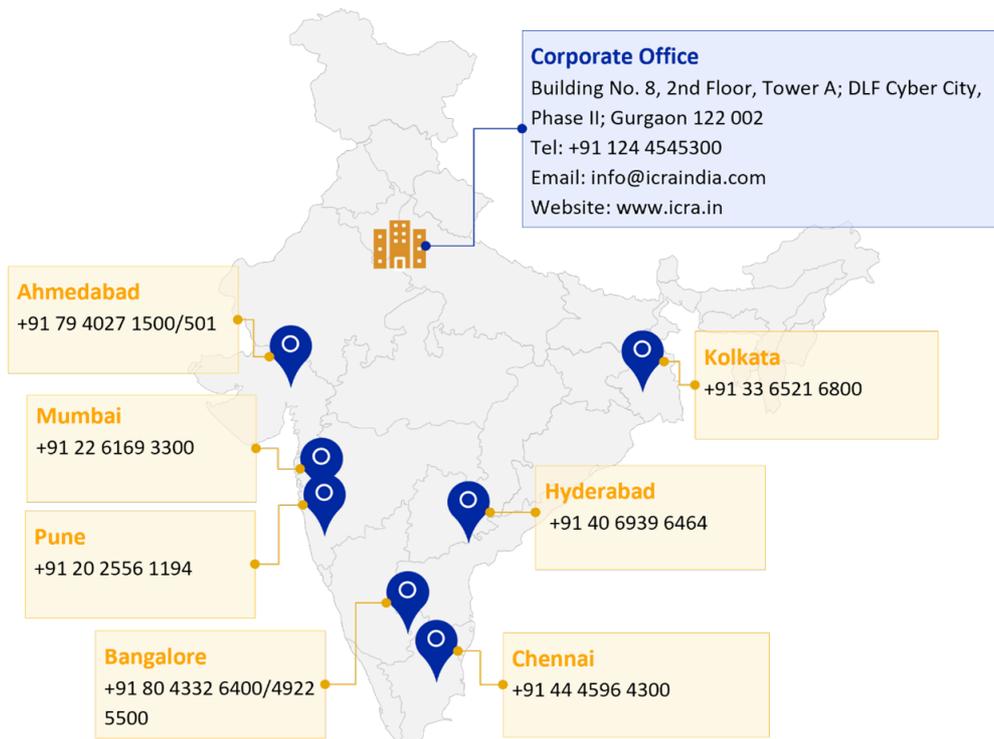


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