

Walled City Hotels Private Limited

June 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	23.09 (Reduced from 27.56)	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating assigned to bank facilities of Walled City Hotels Private Limited (WCPL) continues to derive strength from its operational performance marked by growing average room revenue (ARR) leading to increase in scale of operations, improved profitability with increase in operating leverage in FY25 (provisional; FY refers from April 01 to March 31) backed by strong demand in hospitality industry. The rating continues to derive comfort from WCPL's adequate liquidity, its experienced promoters, who have established their own brand "RAAS" and operate prestigious heritage properties in Rajasthan that aided locational advantage. However, the rating remained constrained owing to geographical concentration risk with presence of all hotels across different locations in Rajasthan and WCPL's presence in a highly competitive and inherently cyclical hospitality industry. The company's capital structure and debt coverage indicators improved although continue to remain moderate.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growing total operating income (TOI) to above ₹100 crore on a sustained basis and sustaining operating margins to above 40%.
- Improving overall gearing to below 0.25x with net worth base above ₹100 crore on a sustained basis.

Negative factors

- Significant decline in scale of operations below ₹50 crore and declining operating margin below 30% on a sustained basis.
- Major debt-funded capex or acquisition leading to significantly deteriorating overall gearing beyond 0.75x.
- Deteriorating liquidity position with declining liquid investments below ₹15 crore except in case of prepayment of debt.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) expects WCPL to sustain its operational and financial performance in the near-to-medium term backed by positive outlook of hospitality industry.

Detailed description of key rating drivers:

Key strengths

Improving scale of operations and profitability

WCPL majorly derives revenue from three heritage properties under brand name "RAAS" with a total 95 keys: RAAS Jodhpur, RAAS Devigarh Hotel at Udaipur, and RAAS Chhatrasagar. The company also has operational management and branding of the Rajmahal Palace hotel, Jaipur. In FY25, TOI improved by ~13% driven by increase in ARR. TOI increased to ₹71.49 crore in FY25 from ₹63.04 crore in FY24. Of the TOI, ~56% pertains to room revenue and ~29% pertains to food and beverage (F&B). Operating margins improved by 189 bps year-over-year (y-o-y) and remained healthy at 42.81% in FY25 due to operating leverage. Profit before tax (PBT) also improved to ₹21.51 crore in FY25 against ₹15.77 crore in FY24. As the industry looks promising for FY26, the company is expected to achieve marginally higher TOI than FY25 and maintaining operating margins.

Improving ARR despite occupancy rate (OR) remains moderate

In FY25, the Indian hospitality industry has sustained its upward momentum. ARR, revenue per available room (RevPAR) and OR across hotel properties are on a rising trend post COVID. In FY25, WCPL's ARR and RevPAR improved sequentially with ₹30,886 and ₹11,456, respectively, against ₹28,274 and ₹10,397 in FY24. OR continues to remain moderate at 37% in FY25.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Experienced promoters who developed “RAAS” brand and operate prestigious heritage hotel properties

WCPL Promoters, Nikhilendra Singh and Dhananajaya Singh, developed their own brand “RAAS” and operate three hotel properties under the brand: RAAS Jodhpur, RAAS Devigarh and RAAS Chhatrasagar. Promoters have over 15 years’ experience in the hospitality industry, which includes a track record of acquiring and turning around operations of new hotels. The company’s operations are managed by a strong and well-qualified team.

Location Advantage

All WCPL properties are strategically in Rajasthan. RAAS Jodhpur is a 40-room property based around an original 18th-century haveli looming 400 feet above the Jodhpur skyline. RAAS Devigarh is an 18th century 39-room Palace in Aravalli Hills with views across the valley and Delwara. RAAS Chhatrasagar is a 16-key luxury tents beside the lake and has a diverse birdlife with over 250 species. A major focus remains on the birdlife, farming communities, walks and rewilding. All three properties have location advantage, being developed in tourist area with major attractions around.

Key weaknesses

Moderate capital structure and debt coverage indicators

Capital structure marked by overall gearing improved, however, remained moderate at 0.70x as on March 31, 2025, against 0.90x as on March 31, 2024. Improvement in FY25 was considering accretions of profits to reserves and scheduled repayment of term debt. With positive demand scenario and absence of capex in near term, the capital structure is expected to improve soon. Total debt consists of term loan and lease liability. Debt coverage remains moderate as marked by interest coverage of 6.98x for FY25 (FY24: 4.40x) and total debt to gross cash accruals (TD/GCA) of 1.93 years as on March 31, 2025 (March 31, 2024: 2.80 years). Improvement in debt coverage is owing to better operational profitability and lower debt.

Geographical concentration risk

The company is exposed to geographical concentration risk as all hotel properties are concentrated in Rajasthan, which also has a seasonality effect with very low OR in the summer months. Negative tourism effect in Rajasthan considering political or social factors will impact the company’s operations.

Highly competitive and inherently cyclical hospitality industry

The company is exposed to changes in macro-economic factors, industrial growth, and tourist arrival growth in India, international and domestic demand supply scenarios, competition in the industry, government policies and regulations and other socioeconomic factors, which leads to inherent cyclicity in the hospitality industry. These risks can impact the company’s OR and its profitability.

Liquidity: Adequate

Liquidity remained adequate as marked by sufficient net cash accruals (NCA) against repayment obligation, almost nil utilisation of its fund based working capital limits, low operating cycle and healthy cash and cash equivalents. The current ratio and quick ratio remained at 1.49x and 1.33x, respectively, as on March 31, 2025 (1.13x and 1.02x as on March 31, 2024). In FY25, WCPL reported NCA of ₹15.01 crore against repayment obligation of ₹7.57 crore in FY26. Cash flow from operations remained healthy at ₹21.75 crore in FY25. Operating cycle remained low at 16 days in FY25. Cash and liquid investments including fixed deposit remained healthy at ₹17.01 crore as on March 31, 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Leisure services	Hotels and resorts

WCPL was incorporated in August 2007. WCPL operates three heritage properties under brand name “RAAS” with a total 95 keys. RAAS Jodhpur commenced operations from 2009. The company acquired the 39-room Devigarh Hotel at Udaipur in 2015. The company also has a luxury tent in Pali known as RAAS Chhatrasagar. The company started operational management and branding of the Rajmahal Palace hotel, Jaipur from April 2022.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	63.04	71.49
PBILDT	25.80	30.61
PAT	12.99	18.28
Overall gearing (times)	0.90	0.70
Interest coverage (times)	4.40	6.99

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	3.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	28/02/2032	20.09	CARE BBB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	20.09	CARE BBB+; Stable	-	1)CARE BBB+; Stable (30-Jul-24)	1)CARE BBB; Stable (04-Jul-23)	-
2	Fund-based - LT-Bank Overdraft	LT	3.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (30-Jul-24)	1)CARE BBB; Stable (04-Jul-23)	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Analytical Contacts Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Sajni Shah Assistant Director CARE Ratings Limited Phone: 079-40265636 E-mail: Sajni.Shah@careedge.in Karan Mehta Analyst CARE Ratings Limited E-mail: Karan.mehta@careedge.in
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