

PRACHI RESORTS PRIVATE LIMITED

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	47.00	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to the bank facilities of Prachi Resorts Private Limited (PRPL) takes into consideration ongoing project implementation risk, capital-intensive business with long gestation period, moderate capital structure and high competition from established players along with inherent cyclical risk associated with the hospitality sector. The aforementioned weaknesses however get partially offset by the experience of the promoters in hospitality business for more than three decades, favourable location and association with Sarovar Hotels. The rating also takes into cognizance the revised cost of the project and extension of date of commencement of commercial operations (DCCO).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Completion of the project without any significant cost or time overrun.

Negative factors

- Any significant delay in execution of the project resulting in major time or cost overrun.

Analytical approach: Standalone

Outlook: Stable

The stable outlook on the long term rating of PRPL is based on the expected timely completion of the project and stabilisation of operations post project completion.

Detailed description of key rating drivers:

Key weaknesses

Ongoing project risk

PRPL is currently setting up a 78 key 4-star luxury hotel at Bhubaneswar, Odisha. The revision in project cost and DCCO is majorly owing to design changes and also some delays due to heavy rains in the region. The revised estimated cost of project is ₹80.30 crores (revised from ₹70.54 crore) which is proposed to be financed by term loan of ₹ 50.00 crores and rest through promoter's contribution. The financial closure of debt for increase in sanctioned debt is still under consideration. Currently debt of ₹47 crore is sanctioned as per the earlier cost. The project is currently at mid stage with around ₹51 crore expensed till September 27, 2025, funded through debt draw down of around ₹35 crore and remaining through promoter's contribution as articulated by the management. The revised COD of the project is April 2026 (previously October 2025).

Further, the existing hotel property of the company is presently leased to Lalchand Resorts Limited, with the lease agreement scheduled to conclude on October 29, 2025. Following the expiration of the lease, the management plans to operate the hotel on its own. The hotel consists of 55 rooms. Prior to the commencement of operations, an estimated two to three months of repair and refurbishment work will be undertaken and the hotel is expected to be operational from January 2026. The expenditure for the renovation is expected to be around ₹5 crore to be done from internal accruals or promoter infusion. The hotel is expected to generate annual revenue of over ₹20 crores.

High competition & inherent cyclical risk associated with the hospitality sector

The 'Prachi Sarovar Premiere' hotel is anticipated to face high competition from existing luxury segment hotels located, within a range of 7-to-8-kilometre radius. High competition may result in pressure on key performance indicators such as ARR (Average Room Rate) and RevPAR (Revenue Per Available Room), which in turn will impact profitability margins. The hospitality industry is further exposed to inherent cyclical & seasonality risk. However, with significant brand presence of Sarovar Hotels and Bhubaneswar being a commercial hub and tourist destination, the risk can be partially offset.

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

Capital-intensive and long gestation period

The hotel industry is a capital-intensive industry with a relatively long gestation period. Typically, a newly established hotel requires approximately three to four years to achieve operational breakeven. However, given that the project is within the city limits the gestation period is expected to be lower to around 1-2 years. Time is also needed for its establishment, occupancy rate and financial stability in the initial phase of operation. Thus, the promoter is required to support the operations until the mentioned parameters reach the minimum desired level. Furthermore, the maintenance capex required for the hospitality industry also remains high, owing to periodic replacement of furniture and the need to adapt to evolving design and service trends.

Moderate capital structure

The capital structure of the company is expected to remain moderate as the project is proposed to be funded through debt of ₹50.00 crore and rest through promoter contribution. The overall gearing is expected to moderate during the initial stage of operation. Nonetheless, thereafter, overall gearing is expected to improve on the back of gradual repayment of debts and accretion profits to reserve.

Key strengths**Favourable location**

Bhubaneswar, the capital city of Odisha, is one of the major tourist attractions in the state. There are several famous tourist spots in close proximity of the proposed hotel, which includes Nandan Kanan Zoological Park, Khandagiri Caves, Lingaraj Temple and others. Furthermore, Bhubaneswar is the major education and a commercial hub of the state. As a result, many Corporate Houses, Colleges & Universities hosts different events throughout the year, which are attended by thousands of delegates coming from all over the world. Therefore, making it an ideal location for a hotel given the huge footfall of business travellers and tourist alike. The project site is well connected via road, rail and air transport. Notably, Biju Patnaik International Airport is located approximately 4 kilometres from the location enhancing accessibility for domestic and international guests.

Long track record of the promoters in the hospitality business

PRPL was incorporated in October 1970. The promoters of the company have more than 30 years of exposure in the hospitality segment by virtue of their association with family run business. The company owns a 4-star hotel located in Ashok Nagar, Bhubaneswar, Odisha which has 55 rooms. PRPL has already signed an operations and management agreement with Sarovar Hotels for their new hotel.

Good visibility of the 'Sarovar Premiere' brand and association with 'Sarovar Hotels'

Sarovar Hotels is one of the leading hotel chains with around 140 Hotels in 85 Destinations Across India, Nepal and Africa. It is a part of Paris headquartered Du Louvre group which ranks the second largest hotel group of Europe. The Sarovar Hotels operates and manages hotels under the Sarovar Premiere, Sarovar Portico, Hometel, and Golden Tulip brands. These brands cover the 3, 4, and 5-star spectrum. As per the agreement with Sarovar Hotels, the new hotel will operate under the brand name "Prachi Sarovar Premiere".

Liquidity: Stretched

The company's liquidity position is expected to remain stretched in near future as financing of project cost is largely contingent upon fund infusion by the promoters. Any delay in infusion of funds from promoters may lead to delay in project completion. The revised project total cost is around ₹80.30 crore to be funded through debt of around ₹50 crore (Debt already tied up for ₹47 crore) and balance through promoter's contribution. Promoters have already infused around ₹16 crore for the project and around ₹35 crore term loan has also been disbursed till September 27, 2025, as articulated by the management. The financial closure of debt for increase in sanctioned debt is still under consideration. Going forward, it remains crucial for the company to commence its operations and generate revenue as envisaged to meet its debt repayment obligations, which will start from September 2026 quarter.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

PRPL, was incorporated in October, 1970 with its registered address in Bhubaneswar, Odisha. The Board of Directors comprises of Smt. Vijay Laxmi Singh Deo, Shri Kalikesh Narayan Singh Deo, Shri Manmath Vijay Singh Deo and Shri Arkesh Narayan Singh Deo who have more than three decades of experience in hospitality segment. The company owns a 4-star hotel located in Ashok Nagar, Bhubaneswar, Odisha which has 55 rooms and currently it earns fixed license fee of ₹2.70 crore annually from it. The company has undertaken a new project of building a 78 key 4-star hotel in Khandagiri, Bhubaneswar which will be operated under the brand name "Prachi Sarovar Premiere"

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	2.73	2.74
PBILDT	1.37	1.17
PAT	1.33	0.96
Overall gearing (times)	0.80	1.43
Interest coverage (times)	96.76	84.20

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-Term Loan		-	-	September 2038	47.00	CARE BB-; 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	47.00	CARE BB-; Stable	-	1)CARE BB-; Stable (31-Jul-24)	-	-

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-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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Arindam Saha Director CARE Ratings Limited Phone: + 91-033- 40181631 E-mail: arindam.saha@careedge.in</p> <p>Gopal Pansari Associate Director CARE Ratings Limited Phone: + 91-033- 40181647 E-mail: gopal.pansari@careedge.in</p> <p>Roshan Agarwal Analyst CARE Ratings Limited E-mail: Roshan.agarwal@careedge.in</p>
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