

## Ksheer Sagar Developers Private Limited

July 27, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	38.99	CARE BB (CE); Stable; ISSUER NOT COOPERATING* [Double B (Credit Enhancement); Outlook: Stable ISSUER NOT COOPERATING*]	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB+ (CE); Stable; [Double B Plus (Credit Enhancement); Outlook: Stable]
<b>Total Bank Facilities</b>	<b>38.99</b> <b>(Rs. Thirty-Eight Crore and Ninety-Nine Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 13, 2019, placed the rating of Ksheer Sagar Developers Private Limited (KSDPL) under the 'issuer non-cooperating' category as KSDPL had failed to provide information for monitoring of the rating as agreed to in its rating agreement. KSDPL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated May 17, 2021, and July 07, 2021 among others.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

The rating has been revised on account of similar rating action on Royal Orchid Hotels Limited (ROHL; rated CARE BB; Stable; INC) which has provided unconditional and irrevocable corporate guarantee to KSDPL. The rating has been revised on account of losses reported by company during FY21 as the business was impacted due to Covid-19 and is likely to remain muted in near to medium term. Further, CARE has been unable to interact with company's lenders and auditors to understand ROHL's credit profile to ascertain company's ability to service the debt repayments in timely manner.

### Detailed description of the key rating drivers

*At the time of last rating on July 01, 2020 the following were the rating strengths and weaknesses (updated for the information available from MCA, stock exchange and company's website):*

#### Key Rating Weaknesses

**Continued losses in certain subsidiaries/JVs:** Icon Hospitality Private Limited and Ksheer Sagar Developers P Ltd. continue to report net losses and have reported net loss of Rs.2.84 cr and Rs.1.26 cr respectively in FY20.

**Moderated financial risk profile and performance during FY21:** TOI lowered by 58.8% from Rs. 216.1cr in FY20 to Rs. 88.84 cr in FY21. Company reported loss of Rs.40.1 crore in FY21 as against profits of Rs.5.05 crore in FY20. Company's overall gearing stood at 0.95x as on 31.03.2021 against 0.76x as on 31.03.2020.

#### Key Rating Strengths

**Experienced Promoters and long track record of hotel operations:** The promoter, Mr C K Baljee is an MBA from IIMA and has over three decades of experience in hospitality industry. The company, operating since 1986, has established market presence and over the years has expanded its base to 58 hotels with 3910 keys.

**Analytical approach:** Consolidated. The bank facilities of KSDPL are backed by unconditional and irrevocable corporate guarantee of Royal Orchid Hotels Limited (ROHL; rated 'CARE BB/Stable; Issuer not cooperating'). Hence, the guarantor's assessment is considered.

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria on assigning outlook and credit watch](#)

[Rating Methodology - Hotel Industry](#)

### About the Company

Ksheer Sagar Developers Private Limited operates a 5-star hotel under Hotel Royal Orchid, Jaipur established in April 2011. The hotel having 139 keys is a 50:50 JV between Royal Orchid Hotels Limited (ROHL) and Tambi family based out of Jaipur.

Brief Financials (Rs. crore)	FY19 (A)	FY20(A)
Total operating income	21.88	21.28
PBILDT	7.81	NA
PAT	-2.06	-1.26
Overall gearing (times)	6.82	NA
Interest coverage (times)	1.34	NA

A: Audited; NA: Not Available

### About the Guarantor (ROHL)

Royal Orchid Hotels Limited is promoted by Mr. CK Baljee, to carry on the business and management of hotels/ hospitality business. The group largely operates 5-Star/4-Star hotels having presence in 38 locations and 11 states under the brand name Royal Orchid and Regenta. As on March 31, 2020, on consolidated basis, ROHL along with its subsidiaries, associates and JVs, owns/operates/manages 58 hotels with 3910 keys.

Brief Financials (Rs. crore)	FY20 (A)	FY21(Abridged)
Total operating income	216.1	88.84
PBILDT	42.53	-3.11
PAT	5.05	-40.01
Overall gearing (times)	0.76	0.95
Interest coverage (times)	2.66	-0.19

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	-	38.99	CARE BB (CE); Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	38.99	CARE BB (CE); Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+ (CE); Stable; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE BBB (CE); Stable; ISSUER NOT COOPERATING* (13-Sep-19)	1)CARE BBB (SO); Stable (16-Nov-18)

\*Issuer did not cooperate; Based on best available information

Annexure 3: Detailed explanation of covenants of the rated instrument / facilities- Not Applicable

**Annexure 4: Complexity level of various instruments rated for this Company**

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

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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