

September 23, 2025

Brigade Hotel Ventures Limited: Long-term rating upgraded to [ICRA]A+ (Stable) and short-term rating upgraded to [ICRA]A1

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – Term loan	392.00	0.00	-
Long-term fund-based – Cash credit/overdraft	75.00	75.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Long-term – Unallocated	83.00	415.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Short-term – Non fund based	10.00	10.00	[ICRA]A1; upgraded from [ICRA]A2+
Total	560.00	500.00	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade on the long-term rating for Brigade Hotel Venture Limited (BHVL) factors in the equity raised from its initial placement offering (IPO), part of which was deployed for debt reduction resulting in an improvement in its leverage. Further, there has been an improvement in the credit profile of its parent company, Brigade Enterprises Limited (BEL, rated at [ICRA]AA (Stable)/[ICRA]A1+) owing to healthy performance in the residential real estate segment and commercial leasing, along with improved operating performance of the hospitality segment in FY2025, which is expected to further strengthen in FY2026 resulting in an increase in cash flow from operations and improvement in leverage. There has been a demonstrated track record of BEL providing timely funding support to BHVL, which is expected to sustain going forward.

The company raised Rs. 885.6 crore as a part of its IPO, and subsequently, has prepaid/repaid about Rs. 468.1 crore of its external debt in August 2025. As a result, BHVL's total debt is likely to decline to around Rs. 250-280 crore as of March 2026 from Rs. 757.6 crore as of March 2025 leading to a reduction in leverage, with Total Debt/OPBIDTA estimated to be around 1.5-1.8 times as of March 2026 (PY: 4.6 times). Owing to deleveraging, the debt coverage metrics, debt service coverage ratio (DSCR) are expected to remain comfortable going forward. The ratings factor in the company's healthy operating performance in FY2025, which is expected to sustain in FY2026. The occupancy levels of the hotels improved to 77% in FY2025 (PY: 72%), driven by sustained industry demand. Further, the RevPAR grew by 11% to Rs. 5,138.2 (PY: Rs. 4,624.1) owing to improvement in occupancy levels and average room rate (ARR). The consolidated revenue rose by 16% to Rs. 468.6 crore in FY2025 and expected to grow marginally in FY2026 with operating margins of around 34-36%.

The ratings are, however, constrained by the company's exposure to execution risk with a healthy launch pipeline of nine hotels of around 1,700 keys in the medium term. The total capital outlay for the next three years is expected to be around Rs. 1,500-1,600 crore, which would be primarily funded by a mix of debt and internal accruals. However, the execution risk is mitigated by the strong parentage of Brigade Hotel Ventures Limited (BHVL), and the Group's established track record in the hospitality sector. Given the stiff competition in the hospitality sector, the pricing flexibility is limited and remains exposed to supply-demand scenario in the key micromarkets/area of operations. Despite the debt-funded capex plans, the leverage is likely to remain adequate in FY2026 and FY2027. The ratings consider the vulnerability of its business operations to macro-economic conditions, general economic slowdown and exogenous shocks, which lead to inherent cyclicity in the business.

The Stable outlook represents ICRA's expectations that BHVL will maintain healthy operating performance while maintaining adequate debt protection metrics and liquidity.

Key rating drivers and their description

Credit strengths

Strong promoter profile with long track record in real estate business – BHVL is a wholly-owned subsidiary of BEL (rated [ICRA]AA(Stable)/A1+), which is one of the leading real estate players in South India. BEL has established itself as one of the major diversified real estate developers in Bengaluru, generating revenue from three segments – sale of residential and commercial real estate projects, lease income from the owned commercial property (office and retail) and income from hospitality projects. The hospitality segment remains one of the key strategic operating divisions of the Brigade Group.

Healthy operating performance – On consolidated level, BHVL has nine operational hotels with 1,604 keys across Bengaluru, Mysuru, Kochi, Ahmedabad and Chennai. The occupancy levels of the hotels improved to 77% in FY2025 (PY: 72%), driven by sustained industry demand. Further, the RevPAR grew by 11% to Rs. 5,138.2 (PY: Rs. 4,624.1) owing to improvement in occupancy levels and average room rate (ARR). The consolidated revenue improved by 16% to Rs. 468.6 crore in FY2025 and is expected to grow marginally in FY2026 with operating margins of around 34-36%.

Improvement in leverage and coverage metrics supported by IPO proceeds – The company raised Rs. 885.6 crore as a part of its IPO in July 2025. Subsequently, it has prepaid/repaid about Rs. 468.1 crore of its external debt in August 2025. As a result, BHVL's total debt is expected to decline to around Rs. 250-280 crore as of March 2026 from Rs. 757.6 crore as of March 2025 leading to a reduction in leverage with Total Debt/OPBIDTA estimated to be around 1.5-1.8 times as of March 2026 (PY: 4.6 times). The debt coverage metrics are likely to remain adequate during FY2026-FY2027.

Credit challenges

Sizeable capex plans in medium term exposing it to execution risk – BHVL has a healthy launch pipeline of nine hotels of around ~1,700 keys in the medium term, exposing it to execution risk. The total capital outlay for the next three years is expected to be around Rs. 1,500-1,600 crore, which would be primarily funded by a mix of debt and internal accruals. However, the execution risk is mitigated by strong parentage of Brigade Hotel Ventures Limited (BHVL), and the Group's established track record in the hospitality sector. Despite the debt-funded capex plans, the leverage is likely to remain adequate in FY2026 and FY2027.

Cyclical industry dependent on discretionary spend; vulnerable to general economic slowdown and exogenous shocks – The hotel industry is significantly exposed to macro-economic conditions, inflation level, tourist arrival growth, etc, which lead to an inherent cyclicity. The industry is exposed to several exogenous shocks such as geopolitical crisis, terrorist attacks, disease outbreaks, etc.

Environmental and social risks

Environmental considerations – Akin to other hotel companies, BHVL is exposed to natural disasters (such as hurricanes and floods) and extreme weather conditions, which could interrupt operations or damage properties. However, the availability of insurance acts as a safeguard in these circumstances. Overall, the company faces low environmental risk.

Social considerations – BHVL, akin to other hotel companies, would need to adapt to evolving social fabric (including changing consumer preferences and social trends) over time. Additionally, it relies heavily on human capital for its day-to-day operations. The company is vulnerable to data security and data privacy issues, like other hotels. Hence, there is moderate exposure to social risk.

Liquidity position: Adequate

The company's liquidity position is adequate. BHVL had free cash and liquid investments of ~Rs. 22.4 crore as of March 2025. It has healthy cash and liquid balances of ~Rs. 444.0 crore as of August 31, 2025 post the IPO listing. BHVL is expected to incur a capex of Rs. 250.0 crore in FY2026, which is likely to be funded by its debt and internal accruals.

Rating sensitivities

Positive factors – A significant improvement in scale of operations and REVPAR along with a material reduction in total debt levels resulting in significant improvement in debt protection metrics, could trigger a rating upgrade. Improvement in the credit profile of the parent (BEL) could also result in a rating upgrade.

Negative factors – Sustained reduction in earnings and/or significant increase in indebtedness materially impacting the company's liquidity and debt protection metrics could result in a rating downgrade. Additionally, deterioration in the credit profile of the parent (BEL) or weakening of business linkages or strategic importance of the company for the parent could put pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	Parent Company: Brigade Enterprises Limited (BEL). ICRA expects the parent, BEL, to provide timely financial support to BHVL, for funding any shortfall, given their substantial financial linkages, BHVL's strategic importance for the parent and parent's reputation sensitivity to default.
Consolidation/Standalone	ICRA has considered the consolidated financials of BHVL and its subsidiary, SRP Prosperita Hotel Ventures Limited (SPHVL), as there has been a track record of BHVL having extended timely financial support to this subsidiary in the past and its willingness to extend such support in the future, should there be a need.

About the company

Brigade Hotel Ventures Limited (BHVL) is a 74.0% subsidiary of Brigade Enterprises Limited (BEL). BHVL was incorporated in August 2016 to bring in all the hotel operations of the Brigade Group under one entity. BHVL has a 50.01% stake in a subsidiary, SRP Prosperita Hotel Ventures Limited (SPHVL), that has one operational hotel in Chennai. At present, the company has nine operational hotels (including one hotel operating in SPHVL) with 1,604 rooms across five cities Bengaluru, Mysore, Ahmedabad, Kochi and Chennai, with Bengaluru consisting 47% of the total keys.

Key financial indicators

Consolidated	FY2024	FY2025
Operating income	402.5	468.6
PAT	31.1	23.7
OPBDIT/OI (%)	35.9%	35.3%
PAT/OI (%)	7.7%	5.0%
Total outside liabilities/Tangible net worth (times)	9.2	7.7
Total debt/OPBDIT (times)	5.0	4.6
Interest coverage (times)	2.1	2.3

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY 2026)					Chronology of rating history in past 3 years					
	Date & Rating in FY2026					FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Sep 23, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	0.00	-	Apr 30, 2025	[ICRA]A (Stable)	-	-	Jan 23, 2024	[ICRA]A (Stable)	-	-
						-	-	May 30, 2023	[ICRA]A- (Stable)	-	-
Cash credit/ Overdraft	Long term	75.00	[ICRA]A+ (Stable)	Apr 30, 2025	[ICRA]A (Stable)	-	-	Jan 23, 2024	[ICRA]A (Stable)	-	-
						-	-	May 30, 2023	[ICRA]A- (Stable)	-	-
Non-fund based	Short term	10.00	[ICRA]A1	Apr 30, 2025	[ICRA]A2+	-	-	Jan 23, 2024	[ICRA]A2+	-	-
						-	-	May 30, 2023	[ICRA]A2+	-	-
Unallocated	Long term	415.00	[ICRA]A+ (Stable)	Apr 30, 2025	[ICRA]A (Stable)	-	-	Jan 23, 2024	[ICRA]A (Stable)	-	-
						-	-	May 30, 2023	[ICRA]A- (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash credit/Overdraft	Simple
Short-term non-fund based	Simple
Unallocated	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 date	Amount rated (Rs. crore)	Current rating and outlook
NA	Overdraft limit	NA	NA	NA	75.00	[ICRA]A+ (Stable)
NA	Non-fund based	NA	NA	NA	10.00	[ICRA]A1
NA	Unallocated	NA	NA	NA	415.00	[ICRA]A+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis -

Company name	Ownership	Consolidation approach
SRP Prosperita Hotel Ventures Limited	50.01%	Full consolidation

Source: Company data, ICRA Research

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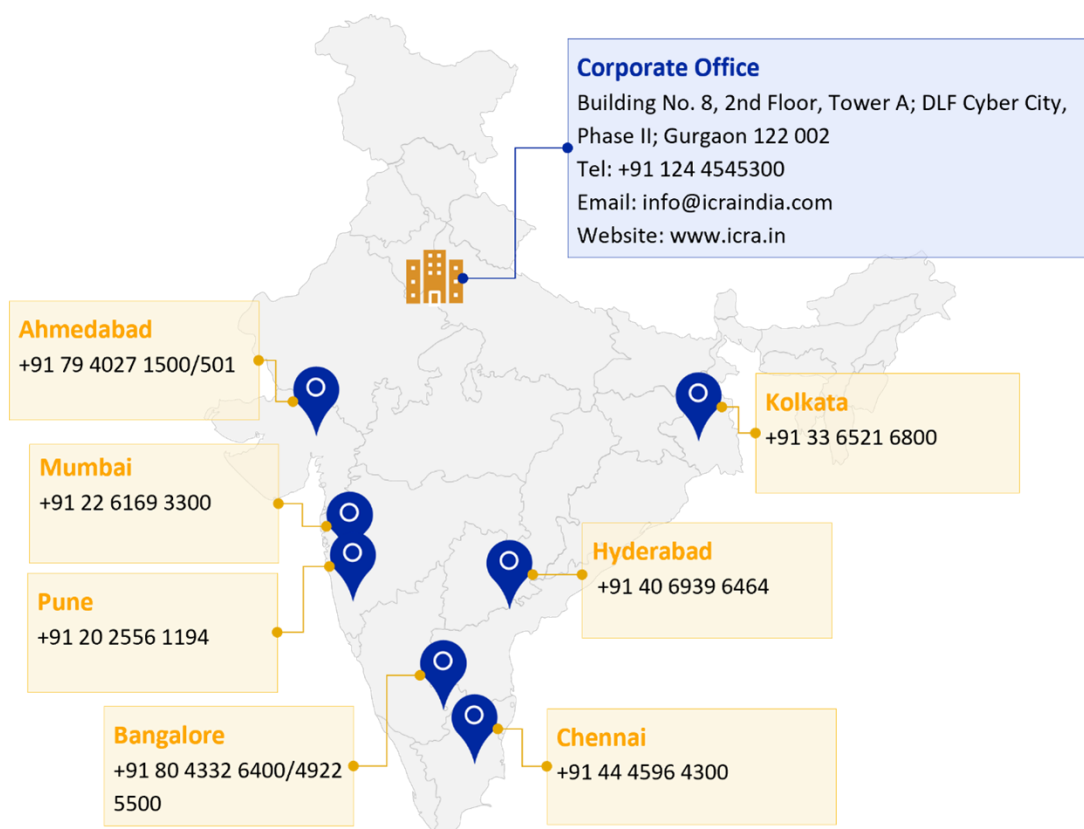
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