

September 23, 2025

SRP Prosperita Hotel Ventures Limited: Rating upgraded to [ICRA]A- (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loans	60.00	-	-
Long-term Fund-based – Cash credit	8.00	8.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
Long-term – Unallocated	22.00	42.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
Total	90.00	50.00	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade for the bank facilities of SRP Prosperita Hotels Ventures Limited (SPHVL) factors in the improvement in leverage, backed by the equity raised by its parent company, Brigade Hotel Ventures Limited (BHVL, rated at [ICRA]A+ (Stable)/[ICRA]A1), from the initial placement offering (IPO), part of which was deployed for debt reduction. Further, there was an improvement in the credit profile of its parent company, BHVL. The total outstanding external debt of Rs. 56.6 crore as of March 2025 has been repaid/pre-paid in August 2025, supported by loans from BHVL (which were extended from BHVL's IPO proceeds). Further, owing to limited debt obligations in the medium term, the debt coverage metrics are expected to be healthy in the medium term. The rating positively factors in the established operational profile of SPHVL's sole asset, Holiday Inn Chennai, OMR IT Expressway, favourably located in proximity to numerous IT companies and the management contract with the InterContinental Hotels Group (IHG) for operating the hotel under the Holiday Inn brand. The occupancy levels of the hotel remained healthy at 84% in FY2025 (PY: 84%) and is expected to remain at similar levels in FY2026. Further, the RevPAR rose by 11% to Rs. 5,995.0 in FY2025, backed by improvement in ARR levels. As a result, the overall operating income (OI) improved by 10% in FY2025 and is further expected to improve slightly in FY2026 with operating margins of around 38-41% (FY2025: 40.8%).

The rating draws comfort from the company's strong parentage as a part of the larger Brigade Group. SPHVL is a subsidiary of BHVL, which is in turn a subsidiary of the Brigade Enterprises Limited (BEL) (rated [ICRA]AA(Stable)/A1+). ICRA expects the parent, BHVL, to provide timely financial support to SPHVL, for funding any shortfall, given their substantial financial linkages, SPHVL's strategic importance to the Brigade Group and the Group's reputation sensitivity to default. The Brigade Group has an established presence in the hospitality segment with 1,604 operational keys across nine hotels operated by global brands in geographically diversified locations across Bengaluru, Chennai, Mysore, Kochi and Ahmedabad.

The rating considers the moderate scale of operations and high geographical and asset concentration risks inherent in a single project company. The rating considers the vulnerability of its business operations to macro-economic conditions, general economic slowdown and exogenous shocks, which contribute to the inherent cyclicity in the business. The industry is exposed to several exogenous shocks such as geopolitical crises, terrorist attacks, disease outbreaks, etc.

The Stable outlook represents ICRA's expectation of SPHVL's stable operating performance, along with comfortable leverage and healthy debt coverage metrics.

Key rating drivers and their description

Credit strengths

Improvement in credit profile of parent; track record of financial support extended by BHVL – BHVL, parent of SPHVL, is a subsidiary of the Brigade Enterprises Limited (BEL), which is one of the leading real estate players in South India and 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. There has been an improvement in the credit profile of BHVL. BHVL has extended financial support to SPHVL in the past. ICRA expects the parent, BHVL, to provide timely financial support to SPHVL, for funding any shortfall, given their substantial financial linkages, SPHVL's strategic importance to the Brigade Group and the Group's reputation sensitivity to default.

Improvement in leverage – The total outstanding external debt of Rs. 56.6 crore as of March 2025 has been repaid/pre-paid in August 2025, supported by loans from BHVL (which were extended from BHVL's IPO proceeds). Further, owing to limited debt obligations in the medium term, the debt coverage metrics are expected to be healthy in the medium term.

Healthy operating performance – The occupancy levels of the hotel remained healthy at 84% in FY2025 (PY:84%) and is expected to remain at similar levels in FY2026. The company's healthy occupancy levels are supported by the favourable location and tie-up with an established hotel operator. SPHVL has a management contract with IHG for operating the hotel under the Holiday Inn brand. Further, the RevPAR rose by 11% to Rs. 5995.0 in FY2025, backed by improvement in ARR levels. As a result, the overall OI improved by 10% in FY2025 and is expected to improve slightly in FY2026 with operating margins of around 38-41% (FY2025: 40.8%).

Credit challenges

Exposure to geographical and asset concentration risks – The company is exposed to high geographical and asset concentration risks inherent in special purpose vehicles (SPVs), as a sole hospitality project is being operated in Chennai.

Vulnerability of hotel revenues to inherent cyclicity, economic uncertainties and exogenous events – The hotel industry is exposed to macroeconomic conditions, inflation levels, tourist arrival growth, etc, which lead to an inherent cyclicity. The industry is exposed to several exogenous shocks such as geopolitical crises, terrorist attacks, disease outbreaks, etc.

Liquidity position: Adequate

The company's liquidity position is adequate with free cash and liquid investments of Rs. 4.1 crore as on March 31, 2025. In August 2025, it has repaid/pre-paid the outstanding external debt of Rs. 56.6 crore as on March 31, 2025, through loans from the holding company, resulting in limited debt obligation during the medium term. Further, there are no major debt-funded capex plans in the medium term.

Rating sensitivities

Positive factors – A significant increase in scale of operations, along with sustained improvement in REVPAR, while maintaining comfortable debt protection metrics could trigger a rating upgrade. Improvement in the credit profile of the parent (BHVL) could result in a rating upgrade

Negative factors – A sustained reduction in earnings and/or significant increase in indebtedness impacting the company's liquidity and debt protection metrics could result in a rating downgrade. Deterioration in the credit profile of the parent (BHVL) or weakening of business linkages or strategic importance of the company for the parent could exert pressure on the rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	Parent Company: Brigade Hotel Ventures Limited (BHVL). ICRA expects the parent, BHVL, to provide timely financial support to SPHVL, for funding any shortfall, given their substantial financial linkages, SPHVL's strategic importance to the Brigade Group and the Group's reputation sensitivity to default
Consolidation/Standalone	Standalone

About the company

SRP Prosperita Hotel Ventures Limited (SPHVL) is a subsidiary of Brigade Hotel Ventures Limited (BHVL), which holds an equity stake of 50.01% in SPHVL (BHVL is a 74% subsidiary of Brigade Enterprises Limited). The remaining stake is held by the promoters of Subramanian Engineering Ltd (SEL). SPHVL operates a hotel in Chennai under the brand Holiday Inn on Old Mahabalipuram Road, which became operational in June 2017.

Key financial indicators

Particulars	FY2024	FY2025
Operating income	58.8	64.7
PAT	12.5	6.9
OPBDIT/OI (%)	38.2%	40.8%
PAT/OI (%)	21.3%	10.7%
Total outside liabilities/Tangible net worth (times)	1.2	0.9
Total debt/OPBDIT (times)	3.4	2.3
Interest coverage (times)	2.6	3.7

Source: Company, ICRA Research; All ratios are 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: 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					
						FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Sep 23, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	-	-	Apr 30, 2025	[ICRA]BBB+ (Stable)	-	-	Jan 23, 2024	[ICRA]BBB+ (Stable)	-	-
				-	-	-	-	May 30, 2023	[ICRA]BBB (Stable)	-	-
Cash credit	Long term	8.00	[ICRA]A- (Stable)	Apr 30, 2025	[ICRA]BBB+ (Stable)	-	-	Jan 23, 2024	[ICRA]BBB+ (Stable)	-	-
				-	-	-	-	May 30, 2023	[ICRA]BBB (Stable)	-	-
Unallocated	Long term	42.00	[ICRA]A- (Stable)	Apr 30, 2025	[ICRA]BBB+ (Stable)	-	-	Jan 23, 2024	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash credit	Simple
Long-term – 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	Cash credit	NA	NA	NA	8.00	[ICRA]A- (Stable)
NA	Unallocated	NA	NA	NA	42.00	[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 – Not Applicable

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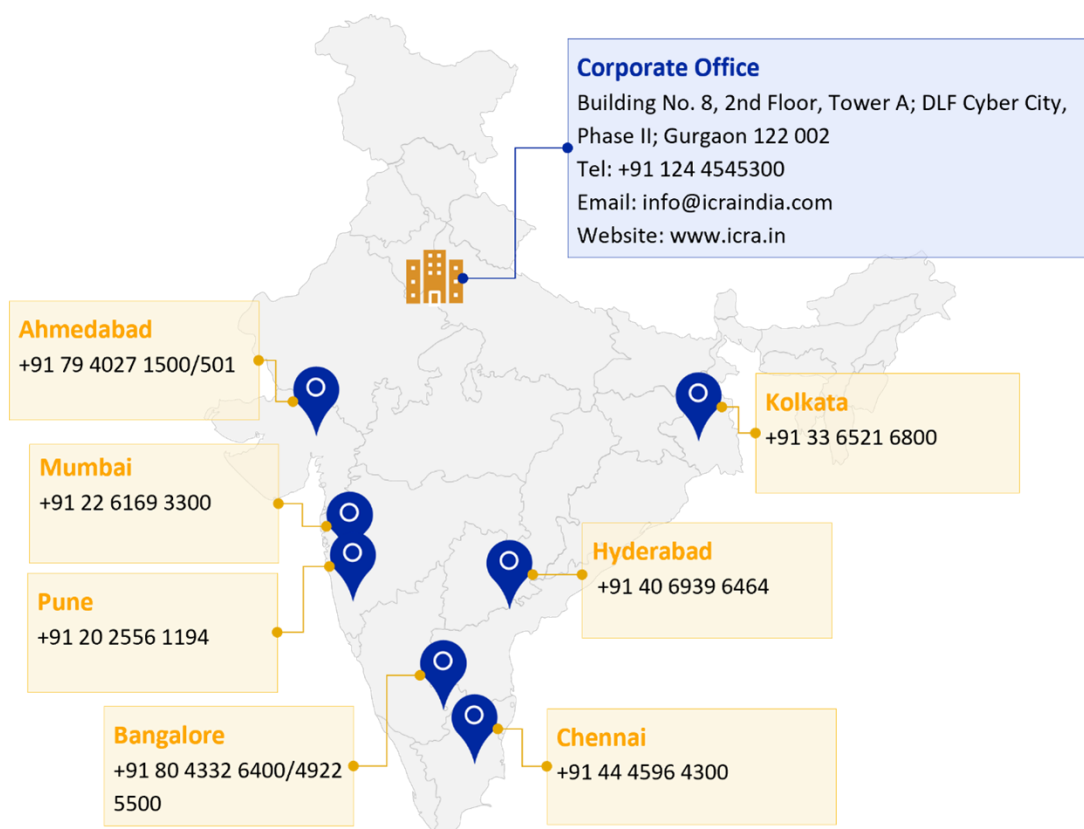
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