November 21, 2025

Elixir Enterprises and Hotels Private Limited: Rating upgraded to [ICRA]BB (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	29.54	19.20	[ICRA]BB (Stable); Upgraded from [ICRA]BB-(Stable)
Long-term - Working capital limit	18.50	18.50	[ICRA]BB (Stable); Upgraded from [ICRA]BB-(Stable)
Long-term – Unallocated	-	10.34	[ICRA]BB (Stable); Upgraded from [ICRA]BB-(Stable)
Total	**48.04**	**48.04**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade on the bank lines of Elixir Enterprises and Hotels Private Limited (EEHPL) reflects its strong brand positioning in Bengaluru through its flagship property, The Chancery Pavilion, and the favourable demand environment for the hospitality industry. The company has demonstrated healthy operating performance, with the average room rate (ARR) improving to Rs. 5,300 in FY2025 from Rs. 5,024 in FY2024 and occupancy levels rising to above 91% in FY2025, compared to 89% in FY2024, further increasing to 93% in H1 FY2026. The operating profit margins (OPM) remained robust at around 27.3% in FY2025, in line with previous years. However, net margins were modest at around 2%, impacted by a one-time expense of Rs. 6.27 crore towards property tax settlement. The rating continues to factor in the timely infusion of funds by promoters to support liquidity, which has aided the company's financial stability. EEHPL's net worth, which had turned negative in FY2021 due to the pandemic's impact, has now become positive and is gradually improving on the back of stabilising and improving earnings.

The rating, however, remained constrained by the company's modest scale of operations, with revenues of Rs. 70.4 crore in FY2025, and its dependence on a single property in Bengaluru, exposing it to geographical concentration risk. Additionally, the company is undertaking renovation of a banquet hall, banquet kitchen, and attached office at an estimated cost of Rs. 20.69 crore, funded by a term loan of around Rs. 14 crore and the balance through internal accruals, which adds to its debt burden.

The Stable outlook reflects ICRA's expectation that EEHPL will sustain its credit profile, supported by the favourable demand outlook for the hospitality industry and the promoters' commitment to extend timely and adequate financial support to the company, as and when required, despite the ongoing debt-funded capex.

Key rating drivers and their description

Credit strengths

Well-established property in a prominent location – EEHPL owns and operates a 5-star hotel named The Chancery Pavilion, on Residency Road, Bangalore. The property has been operational for several years, and its well-established presence, along with its central location, has helped attract corporate travellers and facilitate meetings, incentives, conferences, and exhibitions (MICE). This trend is expected to continue going forward. Although not part of this entity, the promoters also own another 125-key hotel on Lavelle Road, Bangalore, known as The Chancery Hotel, which is also a well-established property located in Bengaluru's central business district (CBD).

Favourable demand outlook – ICRA forecasts a compound annual growth rate (CAGR) of 5-6% in premium hotel room additions between FY2025 and FY2028, based on its proprietary inventory database. In comparison, demand is expected to grow at a faster pace of 8-10%. As a result, occupancies across premium hotels are projected to improve, with average room rents (ARRs) estimated to be 3-6% higher in FY2025 over the previous year.

History of fund infusions from promoters – The promoters have been periodically infusing funds into the company through interest-free unsecured loans, without pre-defined repayment obligations (Rs. 15.4 crore outstanding as on March 31, 2025). As on March 31, 2024, EEHPL's total debt stood at Rs. 50.6 crore, of which Rs. 20.8 crore comprised unsecured loans from the promoters. ICRA expects the promoters to extend adequate and timely financial support going forward, as and when required, to meet EEHPL's commitments.

Credit challenges

Modest scale of operations; geographical concentration in Bengaluru – EEHPL has a modest scale of operations, with an operating income of Rs. 70.9 crore in FY2025, limiting the benefits of economies of scale. This is despite the healthy revenue growth compared to pre-Covid levels. Also, the company owns only a single property with an inventory of 223 keys in Bengaluru. Owing to its single asset and high geographic concentration, the company remains exposed to property-specific and region-specific risks.

Revenues vulnerable to exogenous shocks – Akin to other players in the industry, the company is exposed to industry cyclicality and seasonality, macroeconomic cycles, and exogenous factors (such as geopolitical crises, terrorist attacks, and disease outbreaks). This was evident in FY2021 and FY2022, when EEHPL's performance was significantly impacted by the pandemic. Moreover, the hotel faces intense competition from other hotels in the vicinity. However, it benefits from its established position and strong brand equity, which could help mitigate competitive risks to an extent.

Liquidity position: Adequate

The company's liquidity position remains adequate, supported by a free cash balance of around Rs. 4.5 crore and an unutilised working capital buffer of around Rs. 4 crore as on March 31, 2025. Additionally, the company has been generating a free cash flow of Rs. 8-11 crore, which provides comfort against upcoming debt obligations of Rs. 6-7 crore each in FY2026 and FY2027. The company has incurred capex to the tune of around Rs. 20 crore in FY2025 with term debt of Rs. 14 crore for renovation and upgradation of banquet hall. There is no major capex planned for the near term.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company demonstrates improvement in its debt protection metrics and liquidity position while maintaining profitability on a sustained basis.

Negative factors – ICRA could downgrade the rating if there is sustained decline in earnings or sharp rise in debt levels, leading to deterioration in coverage metrics and liquidity position. Specific credit metrics for a rating downgrade include DSCR below 1.2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Hotels](#)
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the company's standalone financials.

About the company

Elixir Enterprises and Hotels Private Limited (EEHPL) owns and operates a 5-star hotel under the brand name The Chancery Pavilion at Residency Road, Bangalore. The hotel has 223 keys, six banquet halls and three restaurants. The company is entirely owned by the promoter, Mr. KV Kuppa Raju, his family and friends. Besides this company, the promoters also have an interest in another company, Hyagreeva Hotel and Resorts Private Limited (HHRPL), which owns a 125-key hotel at Lavelle Road, Bangalore, known as The Chancery Hotel. Also, Mr. KV Kuppa Raju and his family have interests in other companies involved in food and food processing. These entities are, however, relatively smaller in scale compared to EEHPL.

Key financial indicators (audited)

EEHPL	FY2024	FY2025
Operating income	70.9	70.4
PAT	7.0	1.4
OPBDIT/OI	27.8%	27.3%
PAT/OI	9.9%	2.0%
Total outside liabilities/Tangible net worth (times)	17.3	12.3
Total debt/OPBDIT (times)	2.7	2.6
Interest coverage (times)	3.8	4.0

Source: Company, ICRA Research; All ratios 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:

CRA	Status	Date of release
Brickwork Ratings	BWR C; ISSUER NOT COOPERATING	October 30, 2025

Any other information: None

Rating history for past three years

		Current year (FY2026)		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount Rated (Rs. crore)**	**Nov 21, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term loans	Long term	19.20	[ICRA]BB (Stable)	Aug 26, 2024	[ICRA]BB- (Stable)	Dec22, 2023	[ICRA]BB- (Stable)	-	-
Working capital Limit	Long term	18.50	[ICRA]BB (Stable)	Aug 26, 2024	[ICRA]BB- (Stable)	Dec22, 2023	[ICRA]BB- (Stable)	-	-
Unallocated limits	Long term	10.34	[ICRA]BB (Stable)	-	-	-	-	-	-
Unallocated limits	Long term and short term	-	-	Aug 26, 2024	[ICRA]A4; withdrawn	Dec22, 2023	[ICRA]BB- (Stable)/ [ICRA]A4	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term loan	Simple
Long-term - Working capital limit	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	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loans**	FY2024	10-12%	2033	19.20	[ICRA]BB (Stable)
NA	**Working capital limit**	NA	NA	NA	18.50	[ICRA]BB (Stable)
NA	**Unallocated limits**	NA	NA	NA	10.34	[ICRA]BB (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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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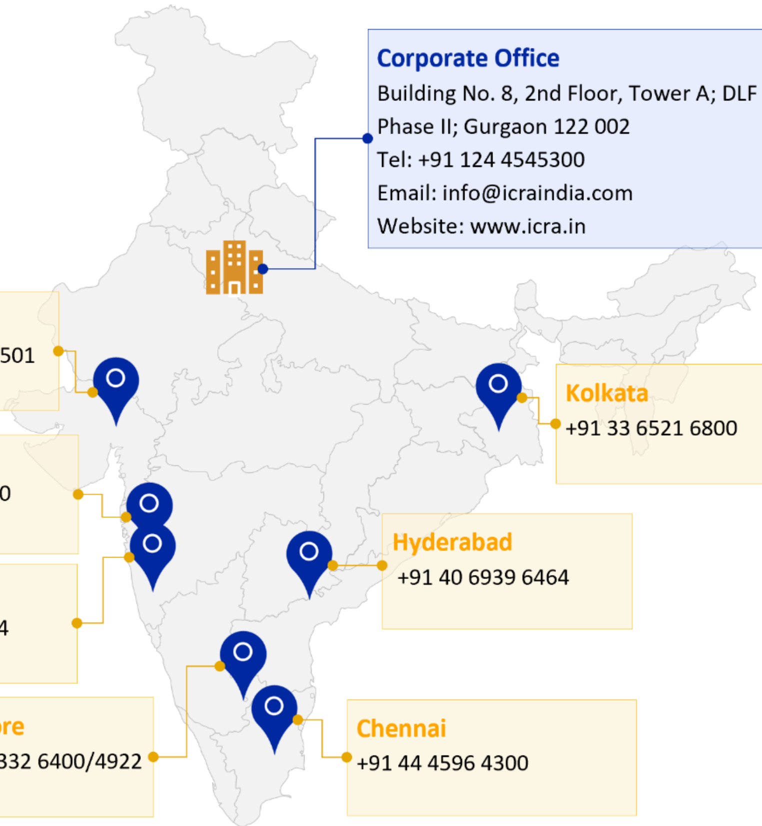

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