November 27, 2026

SLN Hotels and Resorts: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – Fund based – Term loan	76.00	74.06	[ICRA]B+ (Stable); reaffirmed	RBI
Long-term - Fund based - Cash credit	3.00	3.00	[ICRA]B+ (Stable); reaffirmed	RBI
Long-term - Unallocated limits	6.00	7.94	[ICRA]B+ (Stable); reaffirmed	RBI
Total	**85.00**	**85.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The rating reaffirmation of SLN Hotels & Resorts (SLN) factors in the established presence of its resort in Coorg, Karnataka, and the strategic tie-up with the Radisson Hotel Group for both Purple Palm Resort & Spa and the upcoming Purple Mist property, a 4-star hotel. The company reported moderate revenue of Rs. 16.4 crore in FY2026, an increase from Rs. 14.1 crore in FY2025, supported by growth in occupancy level and initial contributions from the convention centre. The rating continues to derive comfort from the property's favourable location in a well-established tourism destination and the demonstrated financial support from the promoters, as and when required. The convention centre has commenced operations in March 2026 and has started generating revenues during current peak season, while the tie-up with Radisson is expected to improve occupancy levels, visibility and enhance room rate realisations over the medium term. The commissioning and stabilisation of Purple Mist is expected to further strengthen the firm's business profile and revenue-generating capacity.

The rating is, however, constrained by the firm's modest scale of operations and weak financial risk profile, characterised by elevated debt levels on account of term debt availed for the development of Purple Mist, which is likely to become operational in Q1 FY2028. The rating is further constrained by asset concentration, with revenues dependent on hospitality assets located in a single micromarket, exposing the firm to property and region-specific risks. The firm has stretched debt coverage metrics as characterised by total debt/OPBDITA of 14.1 times in FY2026, while its interest coverage ratio weakened to 1.7 times in FY2026 compared with 3.7 times in FY2025 due to a rise in finance expenses. The firm's ability to timely complete Purple Mist, improve occupancy and room rates, increase convention-centre utilisation and generate adequate cash flows to support its debt obligations will remain a key monitorable factor.

The Stable outlook on the [ICRA] B+ rating reflects ICRA's opinion that the firm will be able to scale-up its operations and improve its profitability by the addition of a convention centre and ongoing construction of a new resort.

Key rating drivers and their description

Credit strengths

Favourable location of the property – The property is in Coorg, Karnataka, which is a popular tourist destination with healthy tourist inflow. Moreover, Coorg is famous for its coffee plantation and processing, so it also receives significant corporate bookings.

Association with Radisson Group augurs well for firm – The entity has entered into a branding and management agreement with the Radisson Hotel Group for both Purple Palm Resort & Spa and the upcoming Purple Mist property under the Radisson Individuals brand. The association is expected to enhance brand visibility, strengthen marketing reach and improve customer acquisition through access to Radisson's reservation systems and loyalty programmes. This is likely to support higher occupancy levels and better room realisations, thereby strengthening the competitive position and revenue generation prospects of both properties over the medium term.

Credit challenges

Modest scale of operations – The firm has a modest scale of operations, reflected in its revenue of Rs. 16.4 crore in FY2026. Also, the company is operating only one property at present with no scope of further room expansion. Although the company is establishing a new resort and a convention centre, the occupancy level is expected to be lower in the initial phase and will scale-up in a gradual manner.

Weak financial risk profile – The firm's financial risk profile is weak owing to modest earnings and high debt level. The total debt/OPBDITA was 14.1 times in FY2026 while its interest coverage ratio weakened to 1.7 times in FY2026 compared with 3.7 times in FY2025 due to a rise in finance expenses. However, these metrics are expected to improve, going forward, with debt repayments starting in FY2027.

Revenues vulnerable to exogenous shocks – Like other players in the industry, the company is exposed to industry cyclicality/seasonality, macroeconomic cycles and exogenous factors (geopolitical crises, terrorist attacks, disease outbreaks, etc). Moreover, the property faces competition from other hotels in the vicinity. However, it benefits from the established position and healthy brand equity of its property, which would mitigate the competitive risks to an extent.

Liquidity position: Stretched

SLN Hotel's liquidity is Stretched due to limited cash generation from business and relatively sizeable repayment burden in the medium term for the debt availed for Purple Palm Resort & Spa and the upcoming Purple Mist property. The firm is expected to generate Rs. 4.0-5.0 crore during FY2027-FY2029 against annual repayment of Rs. 4.5-6.5 crore. The company has limited capex plan going forward, as major portion of capex has been incurred for upcoming Purple Mist property by March 2026. The entity has working capital limit of Rs. 3 crore and its average utilisation stands above 80% with negligible buffer in the limits. In case of any shortfall, the firm will be dependent on unsecured loans from the promoters.

Rating sensitivities

Positive factors – The firm's rating could be upgraded, if there is a sustained scale-up of revenues and profitability, leading to an improvement in debt coverage indicators and liquidity position.

Negative factors – The firm's rating could be downgraded, if there is weakening of operating metrics, resulting in sustained pressure on its revenues and profitability, in turn deteriorating the debt coverage metrics and liquidity position. Any time and cost overrun in the ongoing projects, thus deteriorating the debt coverage metrics and liquidity, may also trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

SLN Hotels and Resorts is a partnership firm promoted by Mr. Viswanathan N. and Ms. Visalakshi V. with a profit-sharing ratio of 66.2% and 33.8%, respectively. The company operates a resort under the brand Purple Palms in Coorg, Karnataka, a popular tourist destination in the state and a convention centre, which is around 3 km from the existing resort. The resort has 78 rooms with occupancy in the range of 45-50%. The firm is building another resort called Purple Mist with 100 rooms. Further, the entity has entered a branding and management arrangement with the Radisson Hotel Group for both Purple Palm Resort & Spa and the upcoming Purple Mist property under the Radisson Individuals brand.

Key financial indicators (audited)

SLN Hotels and Resorts	FY2025	FY2026
Operating income (OI)	14.1	16.4
PAT	0.2	1.2
OPBDIT/OI	36.0%	37.7%
PAT/OI	1.3%	7.5%
Total outside liabilities/Tangible net worth (times)	1.7	1.6
Total debt/OPBDIT (times)	11.5	14.1
Interest coverage (times)	3.7	1.7

*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; * Estimated*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	74.06	Nov 27, 2026	[ICRA]B+ (Stable)	Aug 04, 2025	[ICRA]B+ (Stable)			-	-
Fund based - Cash Credit	Long term	3.00	Nov 27, 2026	[ICRA]B+ (Stable)	Aug 04, 2025	[ICRA]B+ (Stable)				
Unallocated	Long term	7.94	Nov 27, 2026	[ICRA]B+ (Stable)	Aug 04, 2025	[ICRA]B+ (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Term Loan	Simple
Long Term – Fund Based – Cash Credit	Simple
Long Term – Unallocated limits	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	Financial sector regulator#
NA	**Fund based – Term Loan**	FY2025-FY2027*	10-11%	FY2040	74.06	[ICRA]B+ (Stable)	RBI
NA	**Fund based – Cash Credit**	NA	NA	NA	3.00	[ICRA]B+ (Stable)	RBI
NA	**Unallocated limits**	NA	NA	NA	7.94	[ICRA]B+ (Stable)	RBI

Source: Company

**Represents loans sanctioned between FY2025 and FY2027*

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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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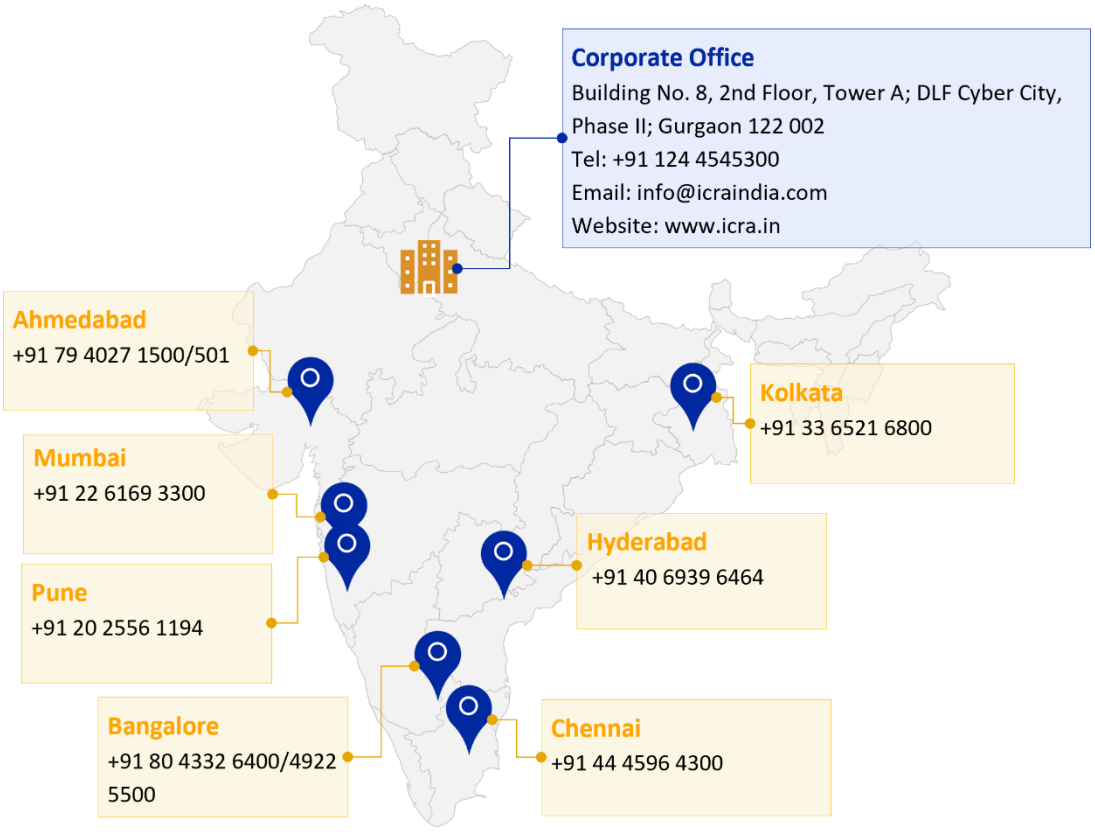

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