

Leela Palaces and Resorts Limited

December 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	422.00	CARE A+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Leela Palaces and Resorts Limited (LPRL) at CARE A+; Stable takes comfort from the Brookfield Group's strong financial flexibility and demonstrated support, which enables effective oversight of the company's financial and liquidity management. Through BSREP III India Holding (DIFC) Limited, the Brookfield Group continues to hold a majority shareholding of ~75.91% in Leela Palaces Hotels & Resorts Limited (LPHRL) post-IPO. CARE Ratings Limited (CareEdge Ratings) further notes the Brookfield group's commitment to providing strategic oversight and financial support to Leela Group on a continuous basis, when needed.

The rating for bank facilities of LPRL also draw strength from the strong brand recall and management expertise of the Leela Group, and strategic importance of LPRL within the group's luxury hotel portfolio. LPRL is further expected to benefit from operational and financial linkages with the Leela Group, which has an established track record and a robust operational and financial profile. CareEdge Ratings has considered the parent's ability and intent to provide timely fund infusion or financial support, whenever required, and this will remain a critical monitorable.

However, the rating remains constrained by project execution risk, as the project is currently under implementation, and by regional concentration and competition risk due to the company's single-location operations. The rating is also tempered by seasonal and cyclical nature of the hospitality industry and its susceptibility to macroeconomic and external factors.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely execution/completion of the project with visibility of healthy contribution to the group revenue and profitability
- Significant improvement in the credit profile of ultimate Parent; LPHRL.

Negative factors

- Change in support stance or decline in shareholding to less than 50% by LPHRL and any material changes in support philosophy of the Brookfield group towards the Leela Group.
- Delay in completion of the project or significant cost overrun.
- Deterioration in the credit profile of ultimate parent; LPHRL

Analytical approach: Standalone

The rating also factors in strong management, operational, and financial linkages with parent entity LPHRL, which currently holds 100% in Leela Palaces and Resorts Limited. The rating assigned to the entity also factors in strong managerial, business, and financial support derived from its ultimate sponsor, the Brookfield group, which brings operational expertise, global hospitality experience, and financial backing through BSREP III India Holding (DIFC) Limited (which holds ~75.91% stake in LPHRL).

Outlook: Stable

The Stable outlook on the rating reflects CareEdge Ratings' expectation that the strong brand and market position of the property, and timely completion of the project as demonstrated by its past track record, will support the credit profile of LPRL.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong brand recall and management support from the Leela group, given its strategic importance to LPHRL

The company benefits from its well-positioned promoters with an established track record of operating in the hospitality market. The company will also have an advantage once it is operational from its association of the Leela group, an established servicer provider in India. As on March 2025, LPHRL operates a portfolio of 13 fully operational hotels comprising five owned, seven managed, and one franchised property, with a total inventory of 3,553 keys. These properties are across key metro cities and tourism destinations, including Bengaluru, Delhi, Chennai, Udaipur, Hyderabad, Gurugram, Gandhinagar, and Kerala. This portfolio provides the group with a healthy asset base and geographic diversification.

Leela Palaces and Resorts Limited (LPRL) is an important company for the Leela Group as it helps the group grow its luxury hotel portfolio with presence in UP state. The new hotel in is being built to follow The Leela's high standards and will add about 92 rooms once it starts operations. This will increase the group's owned hotel count and bring in more revenue.

Strong sponsor group with established track record lends financial flexibility

LPRL is a 100% subsidiary of LPHRL, and enjoys financial flexibility as part of strong sponsor, Brookfield Group having an established track record of asset management in the infrastructure space across the globe. The group's hotels are in prime destinations, catering to leisure and business segments, which supports strong occupancy levels and reinforces its premium market positioning. Since the investment, the Brookfield Group has consistently supported LPHRL (as needed), demonstrating a clear articulation of strategic intent and providing operational and financial backing. This continued support adds significant comfort to LPHRL's credit risk profile.

Strong operational and financial profile of the Leela group

LPHRL's consolidated revenue increased to ₹1,323 crore in FY25 from ₹1,193 crore in FY24, driven by strong growth across room revenue and ancillary segments such as premium food and beverage (F&B), retail leasing, and banqueting. Revenue from the managed hotel portfolio also improved to ₹69.8 crore in FY25 from ₹59.4 crore in FY24, supported by new property additions and improved fee realisation. In FY25, consolidated average room rates (ARR) and revenue per available room (RevPAR) improved by ~7.9% and 11.5% respectively to ₹16,409 and ₹10,696. The owned-hotel portfolio showcased an even stronger ARR and RevPAR of ₹22,545 and ₹15,306 respectively. Overall occupancy also improved to 65% in FY25 (from 63% in FY24), reflecting sustained demand across business and leisure segments. In H1FY26, the total revenue was ₹634.80 crore, grew by 17% compared to H1FY25 (₹540 crore) and PBIDLT of ₹288.70 crore, which is ~45.45%, ARR grew from ₹17,396 in H1FY25 to ₹19,064 with occupancy increased from 62% to 66%. With new hotels in the pipeline and expected growth in the existing portfolio, overall revenue and PBIDLT margins are anticipated to improve in the medium term. Debt coverage metrics are also expected to improve, characterised by expected improvement in net debt to earnings before interest, taxation, depreciation, and amortisation (EBITDA) from 5.0x in FY25 to below 2.0x in FY26-end, with substantial reduction in debt position from an IPO in June 2025. Through the IPO funds ₹2300 crore of debt reduction was done in Q1FY26, improving overall gearing. Leverage profile is expected to remain comfortable despite the company's sizeable capex plans of ~₹600-700 crore per annum for FY26-FY28. Going forward, adherence to prudent financial discipline and timely execution of the capex programme without cost overrun will remain key monitorable.

Key weaknesses

Timely Project execution risk

The total project cost is estimated at ₹550-600 crore (Including Interest and taxes) through a mix of debt and equity, the company plans to develop a 92-key, 5-star luxury hotel in Agra (the "Project"), expanding its geographical presence in Uttar Pradesh, India. LPRL is authorised to engage in owning, constructing, and managing hotels, and providing technical consultancy and undertaking building and civil construction activities. The proposed property is located in close vicinity to Taj Mahal. The expected date of commencement of operations in next 3-4 years. Given the capex outlay in the medium term, delays in project execution or cost overrun could adversely affect the company's financial risk profile, making timely execution and cost control key monitorable. However, comfort is derived from the Leela Group's strong execution track record, adequate liquidity position, and financial flexibility arising from support by the Brookfield group.

Macroeconomic factors and seasonal uncertainty

The company is exposed to changes in macroeconomic factors, industrial growth, and tourist arrival growth in India, international and domestic demand-supply scenarios, competition in the industry, government policies and regulations and other socio-economic factors, which leads to inherent cyclicity in the hospitality industry. These risks can impact the company's occupancy rate, and hence, the company's profitability. However, these risks are mitigated by the company through its extensive presence

across the value chain and a strong brand image, allowing it to withstand demand vulnerability related to a particular region except rare case scenarios such as COVID-19 among others.

Regional movements and competition risk

Although risk is largely mitigated owing to diversification in terms of geographies, hotel-operators and hotel-segments and favourable micro-locations of the group's assets, going forward the pace of recovery in the economic cycle and stabilisation of hotel properties in competitive markets will be critical for the company's financial risk profile.

Liquidity: Adequate

LPRL's liquidity is adequate, and it takes comfort from the parent's (LPHRL) liquidity profile, as currently LPRL is a project stage entity and has no operations as on date. The company is expected to generate sufficient accruals for repayment expected to commence in FY32 respectively. For shortfall, the company will infuse funds from the parent entity, which is LPHRL whenever required. CareEdge Ratings understands that the Brookfield group will ensure that the Leela Group (parent entity and all its subsidiaries) maintains adequate liquidity and will extend support for its cash flow requirements, as needed. Timeliness and extent of such support will remain a key monitorable.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Project Stage Companies](#)

[Factoring Linkages Parent Sub JV Group](#)

About company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Leisure services	Hotels and resorts

Incorporated in March 2005, LPRL is part of the Leela hotel group. Currently, 99.99% of LPRL's shareholding is held by LPHRL (Formerly known as Schloss Bangalore Limited). The company plans to develop a 92-key, 5-star luxury hotel in Agra (the "Project"), expanding its geographical presence in Uttar Pradesh, India.

The proposed property is at a premium location and has been designed to offer a view of the Taj Mahal from every room, emphasising Leela's commitment to luxury and experiential hospitality. The estimated project cost (capex), as proposed by management, is ~₹550-600 crore. The expected date of commencement of operations in next 3-4 years.

Brief Financials: Not Meaningful as company is under project stage

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term		-	-	March-31-2041	422.00	CARE A+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	422.00	CARE A+; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Contact Us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Ravleen Sethi Director CARE Ratings Limited Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in</p> <p>Sahil Goyal Assistant Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: Sahil.goyal@careedge.in</p> <p>Utkarsh Sogani Analyst CARE Ratings Limited E-mail: Utkarsh.sogani@careedge.in</p>
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