

Lago Vue Srinagar Private Limited

December 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	150.00	CARE A (RWP)	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Lago Vue Srinagar Private Limited (LVSPL) has been placed on Rating Watch with Positive Implications, considering the acquisition of LVSPL by Leela Palaces and Resorts Limited (LPRL) to become the majority stakeholder. Currently, LVSPL is a joint venture (JV) between LPRL and another strong JV Partner, each holding a 50% stake. CARE Ratings Limited (CareEdge Ratings) notes that the expected acquisition of the majority stake, pending requisite consents and approvals, is expected to provide greater control and enhanced support from LPRL in the near-to-medium term. However, this will remain a key monitorable, and CareEdge Ratings will reassess the company's credit profile upon completion of the said transaction.

The rating derives significant strength from the strong parentage, with the entire shareholding of LVSPL expected to be consolidated within the Leela Group. CareEdge Ratings also factors in the strong brand equity and management expertise of the Leela franchise, and the strategic importance of LVSPL within the group's luxury hotel portfolio. The entity is expected to benefit from both operational and financial linkages with the Leela Group, which has an established track record and a robust operating and financial profile.

Further comfort is drawn from the presence of a financially strong sponsor— the Brookfield Group—known for its demonstrated support and substantial financial flexibility. Through BSREP III India Holding (DIFC) Ltd., Brookfield continues to hold a majority stake of ~75.91% in LPHRL even post-IPO. Going forward, the extent and timeliness of the promoter group support for project execution will remain a key credit monitorable.

However, the rating remains constrained by the project execution, implementation and stabilisation risk involving total project cost of ₹ 370-400 crore. Ratings also remained constrained by the highly competitive hospitality sector and limited scalability due to single-location and single-property.

The rating is also tempered by the seasonal and cyclical nature of the hospitality industry and its susceptibility to macroeconomic and external factors. CareEdge Ratings shall closely monitor timely project execution, and significant cost or time overruns in the project remains a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

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

Negative factors

- Any change in the support stance or decline in shareholding to less than 50% by the LPHRL.
- Delay in completing the project or significant cost overrun.
- Any deterioration in the credit profile of LPHRL and/or material changes in support philosophy of the Brookfield group towards the Leela Group.

Analytical approach: Standalone

CareEdge Ratings has taken a standalone approach. The rating also factors in the strong management, operational, and financial linkages with LPHRL, which currently holds 100% in LPRL, which holds 50% stake in LVSPL. Currently, LVSPL is a joint venture

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

(JV) between LPRL and another strong JV Partner, each holding a 50% stake CareEdge Ratings expects acquisition of LV SPL by Leela Palaces and Resorts Limited (LPRL) to become the majority stakeholder.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Strong brand recall and management support from 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 Leela Group, an established servicer provider in India. As of 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. LV SPL is an important company for the Leela Group, as it helps the group grow its luxury hotel portfolio with presence in J&K state. The new hotel in Srinagar is being built to follow The Leela's high standards and will add ~170 rooms once it starts operation. This will increase the group's owned hotel count and bring in more revenue. Right now, LV SPL is a JV between LPRL and another strong JV partner each owning 50%. This company operates the Centaur Lake View Hotel in Srinagar under a concession agreement with the Jammu & Kashmir Tourism Development Corporation (JKTDC). There is a common management in the Leela Group and this entity, with Ravi Shankar serving as a director in this company as well as the CFO of LPHRL.

Strong sponsor group with established track record lends financial flexibility

LPRL in medium term is expected to become a majority stakeholder of LV SPL, 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 both 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 Group

LPHRL's consolidated revenue increased to ₹1,323 crore in FY25 from ₹1,193 crore in FY24, driven by strong growth across both 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, which was shown a growth of 16% compared to H1FY25 (₹537 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 pipeline and expected growth in the existing portfolio, overall revenue and PBIDLT margins are anticipated to improve over 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 account of IPO in June 2025, as ₹2,300 crore of debt reduction has been done in Q1FY26 through the IPO funds which has improved the overall gearing. Leverage profile is expected to remain comfortable despite the company's sizeable capex plans of ~₹600-700 crore per annum in FY26-FY28. Going forward, adherence to prudent financial discipline and timely execution of the capex programme without cost overruns will remain key monitorable.

Key weaknesses

Timely project execution risk

The total project cost is estimated at INR 370-400 crore, with a proposed debt-to-equity/promoter contribution. The expenditure will be spread over three to four years and will be utilised for comprehensive upgradation of the existing property including renovation of rooms, enhancement of public areas, and modernisation of back-of-house facilities.

The project envisages reconfiguring the existing 256 smaller rooms into 170 larger, luxury rooms, aligned with The Leela's brand standards. Additionally, other hotel amenities and infrastructure will be upgraded to meet the group's premium positioning.

The commercial operations date (COD) is targeted in next 3-4 years, with repayment scheduled to commence from FY31. Timely project execution within the estimated cost and schedule will remain a key monitorable, as delay or cost overrun could impact the project's overall returns and debt servicing capability. However, comfort is derived from the Leela Group's strong execution track record, adequate liquidity position, and the financial flexibility arising from support by the Brookfield group.

Macro-economic factors and seasonal uncertainty

The company is exposed to the changes in the macro-economic 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 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.

Single property and single location risk

As a single-location, single-property entity, LVSP is exposed to concentration risk. However, its prime location near Dal Lake, in Srinagar—a globally renowned heritage tourism hub—partially mitigates this risk. Strategically situated in Srinagar, the property benefits from excellent accessibility. The company's revenue generation depends on this single property, limiting long-term revenue visibility and exposing it to location-specific risks. Going forward, the pace of the recovery in the economic cycle and stabilisation of the hotel properties in competitive markets will be critical for the company's financial risk profile.

Liquidity: Adequate

LVSP is currently executing the refurbishment of hotel with no operations. Repayment will start from FY31. Thus, LVSP's liquidity is adequate due to the expected timely support from Leela Group to service its operational and financial obligations till the stabilisation and streamlining of revenues. LVSP has already received sanction of external funding requirement of the project. CareEdge Ratings expects that the company will be supported by funds infusion from the promoter entities, to cover shortfall or unseen exigencies. The timelines 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 the company and industry

Industry classification

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

LVSP was incorporated on September 6, 2024, to develop a five-star hotel in Srinagar, Jammu & Kashmir. LVSP won the bid and signed a 6-year concession agreement with JKTDC to redevelop, finance, and operate the hotel. This hotel with 170 rooms will support The Leela growth plans in North India. The hotel is located at premium position, close to Dal Lake and several tourist places. This will be The Leela's first hotel in Jammu & Kashmir.

The project will cost ~INR 370-400 crore with an external debt to equity/ promoter's contribution. The money will be expended over 3-4 years to upgrade the existing rooms, improve public areas, and update back-of-house facilities. The plan is to combine the current 256 small rooms into 170 larger, luxury rooms per the Leela's standards.

Brief Financials: Not meaningful, as it is a project stage entity.

Status of non-cooperation with previous CRA: NA

Any other information: NA

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		-	-	May-31-2040	150.00	CARE A (RWP)

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	150.00	CARE A (RWP)				

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](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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