

## Viceroy Hotels Limited

April 16, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	227.83	CARE BBB; Stable	Assigned
Short-term bank facilities	2.50	CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of financial sector regulators (FSRs), and the names of respective FSRs has been disclosed under Annexure-7.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Viceroy Hotels Limited (VHL) are driven by the improvement in operating performance following the successful completion of the Corporate Insolvency Resolution Process (CIRP) and the consequent change in management from October 2023. This is reflected in revenue growth, supported by improving occupancy levels, and healthy operating profitability margin of over 25% from FY25 onwards.

Ratings further derive comfort from the company's long-term operating arrangements with Marriott International which support standardised operations and demand stability, resourceful and experienced promoters and management team, adequate liquidity position, and the favourable location despite geographical concentration of its properties in Hyderabad.

In December 2025, VHL acquired SLN Terminus Hotels & Resorts Private Limited (SLN), which operates executive apartments under the Marriott brand in Hyderabad. This acquisition is expected to result in operational synergies and improved operating profitability over the medium term.

However, ratings are constrained by a moderate capital structure considering debt-funded acquisition and expansion, inherently cyclical and seasonal nature of the hospitality industry. While the prevailing geopolitical environment may lead to a marginal moderation in occupancies, no material impact on VHL's overall performance is envisaged in near-to-medium term.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Total debt to profit before interest, lease rentals, depreciation, and taxes (TD/PBILDT) falling below 3x.
- Notable improvement in occupancy/average room rate (ARR) resulting in growth in operating income above ₹250 crore.

#### Negative factors

- Significantly declining occupancy and PBILDT margin falling to less than 20%.
- Any further debt-funded capex resulting in significant deterioration in overall gearing beyond 2x.

#### Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials (Projections) of VHL and its subsidiary (SLN) as the entities are linked through a parent-subsidary relationship and have operational synergies. Entities consolidated with VHL have been placed in Annexure-6.

#### Outlook: Stable

CareEdge Ratings believes that the credit risk profile will remain stable over the near term, supported by healthy cash flows aided by healthy occupancy rates and strong brand recall of the properties.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## Detailed description of key rating drivers:

### Key strengths

#### Qualified and resourceful promoter group

Kondareddy Ravinder Reddy, Managing Director and CEO of VHL, is highly resourceful, has a long-standing presence in the real estate sector with over 500 acres of real estate assets across Telangana, Andhra Pradesh, and Karnataka. S. Prabhakar Reddy, Director, has over three decades of industry experience and has spent over 25 years in North America as an investor and developer in the hospitality industry. He also founded Terminus Group, a real estate development company based in Hyderabad.

#### Improving scale and satisfactory operating profitability

Post change in VHL's management since October 2023, its overall operational and financial performance has witnessed significant improvement. In FY25, the revenue grew by 12% to ₹132.49 crore (PY: 118.46 crore), primarily supported by improvement in occupancy levels, the overall average room rate (ARR) for the properties remained stable in FY25. However, in 9M-FY26, occupancy levels at Courtyard by Marriott Hyderabad declined due to inventory expansion and renovation activities, which temporarily impacted footfalls. The renovation has since been completed, and occupancy levels are expected to improve from Q4-FY26 onwards. The company reported revenue of ₹94.50 crore in 9M-FY26 and is expecting an improvement in current fiscal with additional contribution from SLN in Q4FY26, apart from expected improvement in occupancy.

Operating profitability remained healthy, with PBILDT margin improving to 25.68% in FY25 (PY: 18.85%). The acquisition of SLN is expected to support profitability considering higher ARR at Marriott Executive Apartments, compared to standard hotel rooms, and operational synergies from common management.

#### Operations and management agreement with Marriott

The company has entered an operating agreement with Marriott International, under which the hotel is operated by Marriott under the "Marriott" brand on behalf of VHL. Per the agreement, Marriott is entitled to a royalty fee, a marketing fee, and an incentive fee. Marriott is responsible for hotel operations, including marketing and promotion through its distribution platforms and loyalty programme. The arrangement enables the company to leverage Marriott's brand recognition, established service standards, operational expertise, and marketing network.

#### Favourable location despite geographical concentration

The company operates Marriott Hotel and Courtyard by Marriott, both of which are strategically in the central part of Hyderabad near Hussain Sagar Lake. The properties benefit from proximity to key city landmarks, government offices, convention centres, and established leisure zones, supporting steady demand from leisure, Meetings, Incentives, Conferences, and Exhibitions (MICE), and transient segments. The central location facilitates consistent footfalls and underpins the operational performance of the assets.

The company diversified its revenue base with acquisition of SLN, in December 2025. The property is in Gachibowli, in proximity to Hyderabad's IT and financial corridor, and is oriented towards extended-stay corporate clientele, including senior executives and foreign nationals. The company has plans to develop a new hotel in Madhapur, Hyderabad. However, the project is currently at its initial phase of development.

However, all hotel properties are located in Hyderabad, exposing the company geographical concentration risk stemming with presence of all its properties in single city. Any location-specific events may impact the company's business. The hotels have good accessibility to major tourists' attractions and business hubs, making them preferred choice for both work and leisure.

### Key weaknesses

#### Moderate capital structure, capex plans

The company has availed term loans towards acquisition of SLN (including land), renovations and repayment of unsecured promoter loans, which is expected to result in moderation in the capital structure. Overall gearing projected to remain ~1.3x while TD/PBILDT and TD/gross cash accruals (GCA) are expected to remain leveraged at 7-8x, going forward. However, this acquisition is expected to result in operational synergies, improved revenue and operating profitability. The company has plans towards renovation and upgradation of rooms and convention centre and also purchase/acquire few more properties which may need further capital allocation in near-to-medium term. Strengthening of net worth base with adequate equity infusion and limiting reliance on bank borrowings will remain a monitorable.

### Intense competition; seasonality and economic downturn

The hotel industry remains sensitive to economic cycles, with demand for hospitality services fluctuating based on macroeconomic conditions. In economic downturns or periods of lower discretionary spending, occupancy rates and ARR can decline sharply. The sector is highly competitive, with domestic and international operators exerting pricing pressure, which often leads to higher marketing costs and continuous innovation requirements, straining margins. Demand trends are also influenced by foreign tourist arrivals (FTAs) and the growing MICE segment. Seasonal uncertainty persists, with occupancy varying based on holidays, local events, and climatic conditions.

There exists stiff competition among premium hotels in Hyderabad. The risk is partially mitigated by the company's affiliation with Marriott brand, which ensures steady demand.

### Liquidity: Adequate

Liquidity profile of the company is adequate marked by expected generation of sufficient GCA of ~₹40-50 crore against term debt repayment obligation of ~₹14-17 crore in next two fiscals. Liquidity is supported by healthy current ratio, un-utilised overdraft facility of ₹1 crore and free cash and cash equivalents of ~₹35 crore as on March 24, 2026. Projected equity infusion in FY27 will further strengthen company's liquidity.

### Assumptions/Covenants - NA

### Environment, social, and governance (ESG) risks - NA

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

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### About the company and industry

#### Industry classification

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

VHL operates in the hospitality segment and runs two hotels in Hyderabad under the Marriott brand—Marriott and Courtyard by Marriott. The Marriott Hotel has a room inventory of 295 rooms, a 303-seating capacity restaurant, and a 10,000 sq. ft. convention centre. Courtyard by Marriott has 168 rooms and a 180-seating capacity restaurant. SLN (100% subsidiary of VHL) operates executive apartments "Marriott Executive Apartments" comprising 75 executive rooms.

Previously, VHL (under erstwhile promoter P. Prabhakar Reddy) had been facing severe financial stress primarily due to over-leveraged expansion, significant loan defaults which subsequently led to insolvency proceedings. In October 2023, The National Company Law Appellate Tribunal (NCLAT) approved the resolution plan submitted by Anirudh Agro Farms Limited (AAFL). AAFL, through its special purpose vehicle (SPV), Loko Hospitality Private Limited, infused the required share capital per the approved resolution plan and acquired a 95% stake in VHL.

#### VHL (Standalone)

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9M-FY26 (UA)
Total operating income	118.46	132.49	94.50
PBILDT*	22.33	34.02	23.58
Profit after tax (PAT)	7.03	76.41	12.29
Overall gearing (x)	0.64	0.21	NA
Interest coverage (x)	15.69	6.87	7.26

A: Audited, UA: Unaudited, NA: Not available. Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

**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
Fund-based - LT-Bank Overdraft		-	-	-	1.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	Dec-2037	226.83	CARE BBB; Stable
Non-fund-based - ST-BG/LC		-	-	-	2.50	CARE A3+

#### 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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	226.83	CARE BBB; Stable				
2	Fund-based - LT-Bank Overdraft	LT	1.00	CARE BBB; Stable				
3	Non-fund-based - ST-BG/LC	ST	2.50	CARE A3+				

LT: Long term; ST: 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	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

#### Annexure-5: Lender details

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

#### Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	SLN Terminus Hotels & Resorts Private Limited	Full	100% subsidiary (Acquired in December 2025)

#### Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of FSRs, and the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments <sup>2</sup>
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA

<sup>2</sup>SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments <sup>2</sup>
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

\* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI, or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

**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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