SAMHI Hotels Limited

October 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	228.32	CARE A+; Stable	Upgraded from CARE A- and removed from Rating Watch with Positive Implications; Stable outlook assigned
Long-term / Short-term bank facilities	0.68	CARE A+; Stable / CARE A1	Upgraded from CARE A- / CARE A2+ and removed from Rating Watch with Positive Implications; Stable outlook assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has resolved the 'Rating Watch with Positive Implications' and upgraded the ratings assigned to the bank facilities of SAMHI Hotels Limited (SHL) following the fund infusion of ~₹604 crore in current financial year (FY26, out of total ₹752 crore) from GIC Pte. Limited via its affiliate Reco Bellflower Private Limited, equity infusion for acquiring the 35% equity stake in three SHL's subsidiaries, Ascent Hotels Private Limited, Samhi JV Business Hotels Private Limited, and Innmar Tourism and Hotels Private Limited. CareEdge Ratings notes the majority fund infusion in parent entity is deployed towards debt reduction at parent level, which has materially strengthened SHL's financial risk profile with improved leverage and enhanced liquidity position. Consequently, the leverage position has improved significantly, with further deleveraging envisaged characterised by expected strengthening of net debt (including lease liabilities)/ profit before interest, lease rentals, depreciation and taxation (PBILDT) (pre ESOP) to reach ~3.0-3.2x by end-FY26 from 5.13x at end-FY25, underscoring SHL's enhanced debt-servicing capacity. Additionally, interest outgo is anticipated to decline from the second half of FY26, supported by debt prepayments funded through the GIC equity infusion and capital recycling initiatives. This is expected to result in improved interest coverage indicators. Moreover, the company's weighted average cost of borrowing has declined meaningfully from previously elevated levels, and this shall aid in the improvement of the interest coverage indicators in the medium term.

The upgradation in ratings factors the strengthening of SHL's operational performance, as evident by robust growth in revenue and profitability in FY25 (refers to period April 01 to March 31) and Q1FY26 (refers to period April 01 to June 30) owing to healthy same-store average room rate (ARR) growth and robust occupancy trend across all segments largely benefitting from the favourable industry dynamics, sustained demand, and premium micro-market and brand positioning of SHL's assets.

CARE Ratings expects SHL's cash flow generation to exhibit healthy growth over the medium term, supported by its established market position, anticipated revenue per available room (RevPAR) growth of 8–11% year-on-year in near-to-medium term, and the ramp-up of recently renovated and rebranded properties. The addition of new keys during the year, combined with long-standing partnerships with leading international hotel brands for branding, marketing, and operational management, is also expected to drive improved operating performance. These factors are likely to result in enhanced gross cash accruals in the medium term, further strengthening SHL's financial profile.

CareEdge Ratings also notes that SHL's association with its strategic partner, GIC, providing a joint platform for future projects in the upper-upscale segment, may facilitate further capital unlocking and reinvestment into growth-oriented projects which will remain a key monitorable. Ratings also factor in its enhanced financial flexibility with presence of strong investor (GIC) and adequate liquidity, which along with recent equity infusion provides adequate comfort for debt servicing and capex requirements.

However, rating strengths are partially offset by competition risk, revenue vulnerability arising from the inherent cyclicality of the hospitality industry, and sensitivity to economic fluctuations.

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

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly improving financial profile, debt reduction and improving coverage and liquidity indicators with Net debt/Pre-ESOP PBILDT remaining ~2x or below on a sustained basis.
- Improving scale of operations and sustained current healthy operating margins, translating in expansion of return on capital employed (RoCE).

Negative factors

- Weakening of operating performance due to lower-than-estimated ARR and/or occupancy resulting in material compression in operating margin on a sustained basis
- Financial risk profile weakens with net debt/Pre-ESOP PBILDT above 3.30x on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of the parent (SHL) and its subsidiaries considering significant business, managerial and financial linkages between the parent and the subsidiaries. SHL has also extended support to its subsidiaries, in the form of debt service reserve account (DSRA) shortfall undertaking or corporate guarantee and unsecured term loans.
Consolidated list of entities considered are mentioned in Annexure-6 below.

Outlook: Stable

The 'Stable' outlook indicates CareEdge Ratings' expectation that established market position with favourable demand environment will continue to benefit SHL's financial risk profile. In the absence of plans for significant incremental borrowings, SHL's capital structure and debt coverage metrics are likely to remain comfortable going forward.

Detailed description of key rating drivers:

Key strengths

Sustained growth in operational performance driven healthy occupancy levels and improved ARRs

Parent, SHL, demonstrated a robust 18% y-o-y growth to reach total operating income (TOI) of ₹1,130 crore in FY25, driven by consistent improvements in RevPAR and occupancy, aided by healthy demand across key markets. SHL's Pre-ESOP PBILDT margin also improved significantly to 37.52% in FY25 from 33.94% in the previous year. In Q1FY26, TOI grew by 13% y-o-y to ₹287 crore, despite a slowdown in May 2025 attributed to geopolitical factors. PBILDT margin further expanded to 36.8% in Q1FY26 (Q1FY25: 35.0%), with rising RevPAR's and cost efficiency measures.

SHL has also added 12 new rooms at Sheraton Hyderabad (42 rooms currently underway), opened Holiday Inn Express, Kolkata with 113 rooms, and sold Caspia New Delhi (142 rooms) as part of its asset recycling strategy. The proceeds of ₹65 crore from the monetisation of Caspia New Delhi, have been redeployed towards debt reduction and growth capital.

Hence, as on June 30, 2025, SHL operates 32 hotels with 4948 keys across segments: Upper Upscale and Upscale (1086 keys), Upper Midscale (2189 keys), and Midscale (1673 keys). The parent company has leveraged increasing corporate travel demand, improved pricing strategies, and premium positioning of assets to drive performance witnessed by rising occupancy levels and pricing across all segments.

In the medium term, ongoing renovations, including the conversion of the 142-room Trinity Hotel in Whitefield, Bangalore (acquired October 2024) into Tribute, the conversion of Four Points by Sheraton Pune to Courtyard by Marriott, and Four Points by Sheraton Jaipur to Tribute will support revenue growth. Additionally, new room additions through projects such as W Hyderabad and Westin Bangalore will further bolster this growth.

Going forward, SHL's pipeline of organic room additions across its hotels, the new expansion projects, asset-light expansions through management contracts and variable lease models alongside the favourable demand outlook for the hospitality industry supported by rising travel, Meetings, Incentives, Conferences, and Exhibitions (MICE) activities and the demand-supply mismatch across major cities shall support the parent's overall performance and ensure sustenance of SHL's growth momentum with the addition of new keys going forward as well, which is also a key monitorable.

Significant improvement in the financial risk profile supported by GIC fund infusion:
SHL has demonstrated significant improvement in its financial risk profile through a combination of capital infusion, debt reduction, and operational performance. The company's gross total debt (including lease liabilities) stood at ₹2,246 crore as on March 31, 2025 and net debt/PBILDT (pre-ESOP) improved stood at ~5.13x as of March 2025 with further improvement envisaged and expectations of ratio to reach ~~3.0-3.2x by FY26 end.

CareEdge Ratings expects the company to fund its annual capex outlay, estimated at ₹180–210 crore, primarily through internal accruals, with no reliance on incremental debt, going forward, significant increase in debt owing to additional debt-funded capex or reduction in profitability metrics leading to moderation in the leverage profile of the company and or impact over the overall credit profile of the company will remain a key monitorable.

SHL's capital structure is comfortable given strong cash flows, long-term loan tenors of 10 to 12 years at an average weighted cost of borrowing of ~8.5%. The interest coverage (PBILDT/ Interest) metrics improved and stood at 2.09x as on June 30, 2025 against 1.78x as on March 31, 2025 (and 0.77x as of March 2024), with expectations for further modest improvement. The full year benefit of interest rate and net debt reductions will be visible through FY27 onwards.

Going forward, with no major incremental debt expected with the capex, further reduction in debt and return of investments (ROI) improvement, CareEdge Ratings the credit profile is expected to continue improving over medium term.

Partnerships with leading global hospitality brands for branding, marketing, and operating hotels
SHL is an institutional multi-branded hotel ownership company and has established long-term agreements with international hospitality management firms to operate its properties under globally recognised brands. The company has partnered with Marriott for 'Courtyard by Marriott,' 'Fairfield by Marriott,' 'Four Points by Sheraton,' 'Sheraton,' and 'Renaissance', new additions in the upper upscale segments' ie, 'W' and 'Westin' brands between FY27-29; with Hyatt for 'Hyatt Place' and 'Hyatt Regency'; and with IHG for 'Holiday Inn Express. These partnerships provide access to established brand standards, marketing networks, and operational expertise.

PAN-India presence with favourable locations of hotels across regions
SHL's hotel portfolio is spread across key gateway cities in India, including Ahmedabad, Bangalore, Chennai, Coimbatore, Delhi, Goa, Gurgaon, Greater Noida, Hyderabad, Kolkata, Nashik, Pune, Jaipur, and Vizag. Over 90% of its properties are situated in Tier-I cities, positioning the company to benefit from strong corporate and leisure travel demand.

The portfolio is diversified across multiple cities, price segments, and hotel operators, which helps mitigate the impact of market fluctuations in single location. Additionally, with a presence in major business hubs, SHL is well-placed to capitalise on the demand-supply dynamics of the hospitality sector, supporting a stable outlook for room occupancy in the medium term.

Strong management having extensive experience in the hospitality sector
SHL was founded by Ashish Jakhanwala and Manav Thadani. SHL's management team has strong domain expertise, successful project implementation, management capabilities and long-standing global relationships in the hotel industry. SHL's team has extensive experience in the hotel and real estate industry through their association with internationally renowned companies.

Key weaknesses

Regional movements and competition risk
Although the 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 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.

Vulnerability of revenues due to inherent industry cyclicality, economic cycles and exogenous events:
Operating performance of the properties remains vulnerable to seasonal industry, general economic cycles and exogenous factors (geopolitical crisis, terrorist attacks, and disease outbreaks, among others). Nonetheless, the risk to revenues is partially mitigated by SHL's geographically diversified portfolio in prominent business districts allowing it to withstand demand vulnerability related to a particular micro-market.

Liquidity: Adequate
SHL's liquidity position is adequate with consolidated free cash and bank balance of ~₹362 crore inclusive of the DSRA balance of ₹60 crore and undrawn OD balance of ~₹83 crore as of June 2025. Against this SHL had a scheduled principal repayment obligation of ₹36 crore in FY26 (post the debt reductions undertaken from GIC funds and sale of Caspia Hotel, Delhi realising ₹65 crore) of which the company has paid majority repayment by H1 FY26. The gross cash accruals are anticipated to remain sufficient to adequately meet the debt repayments and the capex requirements to the tune of ₹180-210 crore annually to be entirely funded by internal accruals.

SHL's liquidity profile is strengthened by the receipt of ~₹604 crore through GIC, with an additional ~₹150 crore expected before the end of FY27, providing enhanced financial flexibility to be largely deployed towards capital expenditure for the development of Westin Bangalore and Tribute Hotel.

Going forward, SHL aims to sustain an adequate liquidity buffer, ensuring financial flexibility to support its expansion initiatives.

Environment, social, and governance (ESG) risks

The ESG profile of SHL supports its credit risk profile. The sector has a moderate environmental and social impact.
Environment: The company is focused on energy and resource conservation measures and has implemented solar water heating and central building automation systems at certain properties and is actively working towards reducing the carbon footprints. It has also set up energy-efficient variable refrigerant flow based air-conditioning units, heat pumps to transfer energy gained in air-conditioning to heat water for showers and kitchens, and motion detection sensors to reduce energy consumption.
Social: The company work closely with hotel operators in establishing the overall human resource policies and establish training and motivational programs for employees at the hotels aimed at promoting employee well-being. The company adopted a corporate social responsibility policy in compliance with the Companies Act, 2013 and has a Corporate Social Responsibility Committee under Section 135 of the Companies Act 2013 in place.
Governance: The company has a sound governance architecture that upholds responsible and ethical conduct. It has a dedicated committee to proactively lead risk management. The composition of the Board of Directors is constituted by four independent directors of the total 7.

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]
[Consolidation and combined approach]

About the company and industry

Industry classification

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

Incorporated on December 28, 2010, SHL is a hotel investment and development company. It was founded by Ashish Jakhanwala and Manav Thadani with focus on ownership of internationally branded hotels in the business segment, across key cities in India. SHL came up with a book-built IPO of listing dated September 22, 2023, on BSE and NSE.

Brief Financials (₹ crore) Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)*
Total operating income	957.4	1130.0	287.30
PBILDT	264.4	406.3	105.59
PAT	-234.6	85.5	19.22
Overall gearing (times)	3.64	3.66	NM
Interest coverage (times)	0.77	1.78	2.09

A: Audited UA: Unaudited; Note: these are latest available financial results

*Based on limited information

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-Cash Credit		-	-	-	5.00	CARE A+; Stable
Fund-based - LT-Term Loan		-	-	31/03/2030	223.32	CARE A+; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	0.68	CARE A+; Stable / CARE A1

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	Fund-based - LT-Term Loan	LT	223.32	CARE A+; Stable	1)CARE A- (RWP) (09-May-25) 2)CARE A-; Positive (03-Apr-25)	-	1)CARE BBB+; Positive (15-Feb-24) 2)CARE BBB (RWD) (17-Apr-23)	1)CARE BBB; Stable (07-Dec-22) 2)CARE BBB; Stable (07-Apr-22)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	0.68	CARE A+; Stable / CARE A1	1)CARE A- / CARE A2+ (RWP) (09-May-25) 2)CARE A-; Positive / CARE A2+	-	1)CARE BBB+; Positive / CARE A2 (15-Feb-24) 2)CARE BBB / CARE A3+ (RWD)	1)CARE BBB; Stable / CARE A3+ (07-Dec-22) 2)CARE BBB; Stable / CARE A3+

					(03-Apr-25)		(17-Apr-23)	(07-Apr-22)
3	Fund-based - LT-Cash Credit	LT	5.00	CARE A+; Stable	1)CARE A- (RWP) (09-May-25) 2)CARE A-; Positive (03-Apr-25)	-	1)CARE BBB+; Positive (15-Feb-24) 2)CARE BBB (RWD) (17-Apr-23)	1)CARE BBB; Stable (07-Dec-22) 2)CARE BBB; Stable (07-Apr-22)

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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ 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 companies/ Entities	Extent of Consolidation	Rationale for consolidation
1.	SAMHI Hotels (Ahmedabad) Private Ltd	Full	Subsidiaries
2.	CASPIA Hotels Private Limited	Full	
3.	SAMHI Hotels (Gurgaon) Private Ltd	Full	
4.	SAMHI JV Business Hotels Private Ltd	Full	
5.	Barque Hotels Private Limited	Full	
6.	Paulmech Hospitality Private Limited	Full	
7.	Ascent Hotels Private Limited	Full	
8.	Argon Hotels Private Limited	Full	
9.	Duet Hotels (Pune) Pvt. Ltd.	Full	
10.	Duet Hotels (Hyderabad) Pvt. Ltd.	Full	
11.	Duet Hotels (Ahmedabad) Pvt. Ltd.	Full	
12.	Duet Hotels (Jaipur) Pvt. Ltd.	Full	
13.	Duet Hotels (Chennai) Pvt. Ltd.	Full	
14.	Duet Hotels (Navi Mumbai) Pvt. Ltd.	Full	
15.	ACIC Advisory Pvt. Ltd.	Full	
16.	Innmar Tourism and Hotels Private Limited	Full	

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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