

Bharat Hotels Limited (Revised)

March 11, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	700.00	CARE A+; Stable	Assigned
Non-convertible debentures	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned the rating of 'CARE A+; Stable' to bank facilities of Bharat Hotels Limited (BHL) and has simultaneously withdrawn the long-term rating earlier assigned to the non-convertible debentures (NCDs). The withdrawal of the rating assigned to non-convertible debentures (NCDs) follows the receipt of a No-Dues Certificate (NDC) from Kotak Investment Advisers Limited (KIAL), confirming the full repayment of the NCDs. The rating factors in the improvement in BHL's financial risk profile supported by targeted deleveraging through the partial prepayment of NCDs and refinancing the remaining NCDs in January 2026 with significantly lower costs bank loans. Net leverage (net debt to profit before interest, lease rentals, depreciation, and taxation [PBILDT]) has improved to 2.53x as on March 31, 2025, from 3.15x as of March 2024 and further improved to 2.49x as on January 31, 2026, supported by debt prepayment, which also triggered one of the positive rating sensitivities. It is expected to remain ~2.0x in the medium term, with no major debt-funded plans and healthy profitability levels. Following the refinancing of the high cost NCDs in January 2026, these NCDs were carrying interest rates of ~12.60% (other than additional coupon of 3.55% p.a. and one-time cost of ₹ 16.52 crore) with lower-cost bank term loan, the company is expected to generate significant free cash flow savings. The annual interest cost of ~₹190 crore-₹200 crore is projected to decline to approximately ₹80 crore, improving financial flexibility. The lower interest burden is expected to strengthen the interest coverage ratio to ~5x from FY27 onwards. Higher free cash flows arising from interest savings will provide additional liquidity to support planned capex and refurbishment, which should help maintain comfortable leverage and coverage indicators in the medium term.

The rating also factors in a stable outlook for the hospitality industry, supported by healthy demand growth outpacing supply additions in medium term.

The rating also draws comfort from BHL's long operating track record in the hospitality sector, its established brand 'The LaLIT', strong corporate client relationships, a diversified portfolio of mature properties, and the favourable industry outlook. The rating is further supported by healthy operational efficiencies driven by an increase in average room rate (ARR), sustained occupancy levels in FY25 (refers to April 01 to March 31) and continued strong performance in 10MFY26 (refers to April 01 to January 31). CareEdge Ratings expects these operational indicators to remain healthy in the near term.

However, the rating strengths are partly constrained by the BHL's exposure to the competitive and cyclical hospitality industry, and the ongoing New Delhi Municipal Corporation (NDMC) case at the Hon'ble High Court.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in overall financial risk profile with net leverage below 1.80x.
- Improvement in interest coverage indicators beyond 5.00x.

Negative factors

- Significant decline in revenue and deterioration in PBILDT margins on sustained basis impacting its credit profile.
- Deterioration in overall financial risk profile with sustained net debt to PBILDT above 2.50x on a sustained basis.
- Any significant liability arising from the ongoing case with NDMC which may impact the financial risk profile of the company.

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

Analytical approach: Consolidated

CareEdge Ratings has considered consolidated approach owing to the strong operational, managerial, and financial linkages with the subsidiaries sharing common brand name 'The LaLiT'. BHL has also extended unconditional and irrevocable corporate guarantee to both the subsidiaries, Lalit Great Eastern Kolkata Hotels Limited (LGEKHL) and Kujjal Hotels Private Limited (KHPL). Entities consolidated are given in Annexure-6.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company will continue to derive benefits emanating from group's matured assets, established brand name, healthy operational metrics, and stable outlook for the industry.

Detailed description of key rating drivers:**Key strengths****Substantial improvement in financial risk profile owing to deleveraging and refinancing of high-cost NCDs**

In January 2023, the company repaid its bank debt obligations by issuing NCDs amounting to ₹1,100 crore to KIAL at high interest rates of 11% and 12.60% per annum under the one-time restructuring (OTR). The issuance also involved a one-time cost of ₹16.52 crore in March 2023. However, owing to its healthy operational performance, the company had prepaid NCDs amounting to ~ ₹469.00 crore till January 2026.

In January 2026, which marked the end of lock-in for these NCDs, the company refinanced its entire NCDs through a term loan from ICICI Bank. As on January 29, 2026, ₹630.96 crore of NCDs were outstanding, of which ₹600 crore was refinanced through the ICICI Bank facility. A further ₹21.46 crore was repaid from the debt service reserve account (DSRA), and the remaining ₹9.50 crore was settled through internal accruals. Prior to this, the company had prepaid ~₹469 crore of NCDs until December 2025. This combination of prepayments and refinancing improved its leverage and coverage indicators.

Net debt/PBILDT improved from 3.15x as on March 31, 2024, to 2.53x as on March 31, 2025, supported by stronger operational performance and continuous deleveraging and the same is expected to improve to ~2.0x in the near-to-medium term with no major debt-funded capex plans. The company's capital structure also strengthened, with overall gearing improving to 1.19x in FY25 owing to accretion of healthy accruals, which also expected to improve to below 2.0x with better cash flows. BHL has undertaken prepayment of ~₹469 crore towards its NCD obligations till 10MFY26 against scheduled repayments of ₹62.50 crore due up to FY26, reflecting the management's continued focus on deleveraging high-cost borrowings and strengthening the company's balance sheet profile. With the refinancing completed, the company intends to resume capital expenditure on its Ahmedabad property, which was deferred in the COVID-19 period. Over the next three years, BHL plans to invest additional ₹200 crore to complete the project, in addition to the ₹190 crore already incurred. This capex is expected to be funded largely through internal accruals, while an undrawn sanctioned facility of ₹100 crore provides comfort in case of exigencies.

BHL's interest coverage ratio improved to 1.97x in FY25 due to better operational performance. CareEdge Ratings expects this ratio to improve gradually in FY26 as the refinancing of the high-cost debt could be undertaken only post completion of lock-in period in January 2026. Going forward, the ratio is expected to improve further in the near term following the refinancing of the high-cost NCDs in January 2026 and is projected to reach ~5x in FY27, as the lower interest burden will strengthen the company's debt-servicing indicators.

CareEdge Ratings expects near-term financial risk profile to remain strengthen, aided by the absence of additional debt-funded capex and higher internal accrual generation with interest cost savings.

Stable operational performance

In FY25, BHL recorded revenue growth of 4.5% and reported total operating income (TOI) of ₹901.31 crore. The growth was supported by an increase in ARR from ₹9,857 in FY24 to ₹10,032 in FY25, while occupancy remained steady at 58-59%. Revenue per available room (RevPAR) also improved from ₹5,767 in FY24 to ₹5,943 in FY25. The New Delhi Hotel contributed significantly to the improvement, achieving 74% occupancy (PY: 70%) and remaining the largest contributor at 27% of TOI (PY: 27%), followed by the Mumbai hotel at 19% (PY: 19%). This was partly offset by lower occupancy at the Srinagar and Bangalore hotels. Profitability remained healthy in FY25, with operating margins sustained at ~43% backed by consistent cash flow generation.

In 10MFY26, TOI marginally declined to ~₹703 crore from ₹734 crore in 10MFY25, driven by lower occupancy of 57.98% (10MFY25: 58.53%) and a moderation in ARR to ₹9,759 (10MFY25: ₹9,787), mainly due to weaker performance at Srinagar owing to terrorist attack in J&K. CareEdge Ratings expects occupancy and ARR to improve in the near term, aided by demand

support from large events, including the AI Summit in Delhi in February and T20 world cup and the stabilisation of the occupancy in Srinagar hotel, which should support revenue visibility and cash flow recovery.

Brand equity of 'The LaLiT' and Matured hotel assets with well-diversified and favourable hotel locations

On a consolidated basis, BHL operates 12 five-star hotels across prominent business and leisure destinations in India, offering 2,263 keys. The most recent addition is the Mangar (Faridabad) property, which commenced operations in April 2017 with 35 rooms. The company also holds exclusive rights to provide management consultancy services for The LaLiT London, a 70-room hotel in the United Kingdom.

Within the domestic portfolio, four properties are owned, three are operated under lease arrangements and five under licensing models. These hotels have been developed across strategically selected locations to cater to both business and leisure segments. Their advantageous positioning and strong connectivity aid brand visibility and support healthy room revenue generation.

CareEdge Ratings expects the diversified and mature hotel portfolio, combined with the established LaLiT brand, to support stable occupancy and room rate trends in the near term.

Established relationship with corporate and consortia clients

BHL has established strong relationships with leading corporations over the years, providing consistent customer sourcing and stable revenues. Additionally, its tie-ups with global consortia partners such as CWT Preferred, Amex, BCD Preferred and HRG strengthen its visibility within key travel networks and support steady occupancy. CareEdge Ratings expects these corporate and consortia relationships to continue driving stable room demand and recurring non-room income in the near term.

The company operates two business and commercial towers in Delhi World Trade Centre and World Trade Tower and a commercial tower within The LaLiT Mumbai premises, known as The LaLiT Residency. These office and commercial spaces are licensed mainly to banks, textile manufacturers, oil and gas companies and other corporates, with license terms ranging from three to five years. BHL earned ₹28.27 crore in FY25 (PY: ₹26.99 crore) as rental and maintenance income from these towers.

Key weaknesses

Vulnerability to inherent industry cyclicality, economic cycles and exogenous events

The company's operating performance remains susceptible to seasonality in the hospitality industry, broader economic cycles and external shocks such as geopolitical disruptions, terrorist incidents, and disease outbreaks. These risks are partly mitigated by its geographically diversified presence. As on March 31, 2025, the company operated 2,263 rooms across 12 hotels, all located at premium locations across PAN India, helping cushion the impact of demand volatility in single market. CareEdge Ratings expects such external risks may influence performance in the near term; however, the company's diversified asset base is likely to support relative operational stability.

High competition from unorganised sector

The hospitality industry is highly fragmented and competitive, with a large number of players across the affordable, economy and mid-scale segments. However, the significant capital expenditure requirements and the benefits of operating under a reputed brand such as The LaLiT create meaningful entry barriers for smaller players, except in the budget segment, which remains largely unorganised with low entry barriers.

BHL faces competition from emerging and rapidly expanding brands such as Ginger, IBIS and Holiday Inn Express, and numerous standalone hotels across major markets. Moreover, the rise of room aggregators has intensified competition in the branded economy segment by expanding room availability through independent hotels listed on their platforms. This competitive intensity could exert pressure on BHL's occupancy and pricing flexibility in the near term. However, the comfort is taken from its established market position and premium location of its properties.

Liquidity: Adequate

On a consolidated basis, the liquidity profile remains adequate, supported by healthy cash flow generation relative to debt obligations. BHL is expected to generate cash accruals of ~ ₹180 crore and ~ ₹250 crore in FY26 and FY27, respectively, supported by lower interest costs, which provides substantial coverage against annual debt repayment obligations of ~₹38 crore (including lease liabilities) and ~₹59 crore in FY26 and FY27, respectively. In FY26, the company had already prepaid ~₹100 crore of NCDs from internal accruals prior to their refinancing in January 2026. The company plans to undertake expansion and regular capital expenditure of ₹150-170 crore in FY27-FY28, which is proposed to be funded largely through internal accruals. It also has an

undrawn sanctioned term-loan facility of ₹100 crore, which may be utilised for capex if required, providing an additional liquidity buffer. Liquidity is further reinforced by free cash and cash equivalents of ₹38.47 crore as on January 31, 2026. On a consolidated basis, BHL also has sanctioned fund-based working-capital limits of ₹9 crore (₹3 crore for LGEKHL and ₹6 crore for KHPL), with minimal utilisation in the last twelve months. CareEdge Ratings expects liquidity to remain adequate in the near term, aided by stable cash accruals, low scheduled repayments, and financial flexibility from undrawn credit lines.

CareEdge Ratings also considers that the company earlier had received a termination letter from the NDMC dated February 13, 2020, ~the termination of a land license of a commercial establishment in New Delhi against which BHL filed a writ petition with High Court and vide order dated March 04, 2020. Hon'ble High court gave judgment in favour of Bharat Hotels Limited, disposing off the writ petitions and pronounced that license fee shall be recomputed in accordance with provisions of license agreement and there is no violation by BHL in December 2023. After single bench of the high court set aside the order, NDMC has filled letter patent appeal with the divisional bench, Hon'ble high court challenging the judgement in favour of BHL. This matter is currently sub-judice. Any adverse outcome may impact the financial position of BHL and therefore remains a key monitorable.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

[Consolidation](#)

About the company and industry

Industry classification

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

Incorporated in 1981, BHL operates 12 5-star hotels under brand name, LaLit, with total inventory of 2,263 rooms as on December 31, 2025 (PY: 2,263). Majority hotels are in prime business locations (Delhi-NCR, Mumbai, Kolkata, Bangalore) or leisure destinations (Srinagar, Goa, Jaipur, Udaipur). Lalit Great Eastern Kolkata Hotel Ltd is a 90% subsidiary of BHL and was incorporated in January 2004. It has developed a 215-rooms 5-star hotel in Kolkata (owned property) under the brand name of 'The Lalit' and commenced commercial operations in 2014. BHL has a step-down subsidiary, KHPL and was incorporated in August 2005 and operates a 5-star hotel property with 179 rooms in Chandigarh under the brand name 'The LaLit.'

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26(UA)
Total operating income	862.51	901.31	703.53
PBILDT*	371.08	388.57	280.00
Profit after tax (PAT)	84.80	85.29	NA
Overall gearing (x)	1.58	1.19	NA
Interest coverage (x)	1.77	1.97	NA

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
Debentures-Non-convertible debentures	INE466A07046	30-Jan-2023	11.00	30/06/2027	0.00	Withdrawn
Debentures-Non-convertible debentures	INE466A07053	30-Jan-2023	12.60	31/12/2027	0.00	Withdrawn
Debentures-Non-convertible debentures	INE466A07061	30-Jan-2023	12.60	31/12/2027	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	31/03/2036	700.00	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	-	-	-	-	-	1)Withdrawn (27-Feb-23) 2)CARE BB+ (RWN) (27-Dec-22) 3)CARE BB+ (CW with Negative Implications) (29-Sep-22) 4)CARE BB+ (CW with Negative Implications) (01-Apr-22)

2	Fund-based-Long Term	LT	-	-	-	-	-	1)Withdrawn (27-Feb-23) 2)CARE BB+ (RWN) (27-Dec-22) 3)CARE BB+ (CW with Negative Implications) (29-Sep-22) 4)CARE BB+ (CW with Negative Implications) (01-Apr-22)
3	Fund-based - ST-Packing Credit in Foreign Currency	ST	-	-	-	-	-	1)Withdrawn (27-Feb-23) 2)CARE A4+ (RWN) (27-Dec-22) 3)CARE A4+ (CW with Negative Implications) (29-Sep-22) 4)CARE A4+ (CW with Negative Implications) (01-Apr-22)
4	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)CARE A4+ (27-Feb-23) 2)Withdrawn (27-Feb-23) 3)CARE A4+ (RWN) (27-Dec-22) 4)CARE A4+ (CW with Negative Implications) (29-Sep-22) 5)CARE A4+ (CW with Negative Implications)

								(01-Apr-22)
5	Fund-based - LT-Working Capital Demand loan	LT	-	-	-	-	-	1)Withdrawn (27-Feb-23) 2)CARE BB+ (RWN) (27-Dec-22) 3)CARE BB+ (CW with Negative Implications) (29-Sep-22) 4)CARE BB+ (CW with Negative Implications) (01-Apr-22)
6	Debentures-Non-convertible debentures	LT	-	-	-	1)CARE A-; Stable (05-Mar-25) 2)CARE BBB+; Stable (05-Apr-24)	1)CARE BBB-; Stable (29-May-23)	-
7	Fund-based - LT-Term Loan	LT	700.00	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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Complex
2	Fund-based - LT-Term Loan	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	Lalit Great Eastern Kolkata Hotel Limited	Full	Subsidiary
2	Jyoti properties and Hospitality Limited	Full	Subsidiary
3	PCL Hotels Limited	Full	Subsidiary
4	Kujjal Hotels Private Limited	Full	Subsidiary
5	The Lalit Suri Educational and Charitable Trust	Full	Financial Linkages

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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