

August 12, 2025

Caspia Hotels Private Limited: Long-term rating upgraded and Positive outlook assigned; Short-term rating reaffirmed; ratings removed from Rating Watch with Positive Implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term-Fund Based-Term Loan	164.60	164.60	[ICRA]A (Positive); Upgraded from [ICRA]A- and removed from Rating Watch with Positive Implications; Positive outlook assigned
Short Term-Non Fund Based-Bank Guarantee	1.70	1.70	[ICRA]A2+; Reaffirmed and removed from Rating Watch with Positive Implications
Total	166.30	166.30	

*Instrument details are provided in Annexure-I

Rationale

ICRA has taken a consolidated view of SAMHI Hotels Limited (SHL) and its wholly-owned subsidiaries and step-down subsidiaries, while assigning the ratings, given the common management and significant operational and financial linkages among the entities.

The upgrade in the long-term rating factors in the improvement in SHL's credit profile, aided by healthy operating performance benefitting from a favourable demand environment, as well as the equity fund infusion from Reco Bellflower Private Limited, an affiliate of GIC Pte. Limited (GIC/investor) in SHL's subsidiaries in the current fiscal, which has aided in reducing its net debt and strengthening its credit metrics. SHL reported a healthy growth in revenues and operating margins to Rs. 1,130 crore and 36.1%, respectively, in FY2025, aided by an improvement in average room rates (ARR) and occupancy levels. This is expected to sustain over the medium term, supported by SHL's established market position in the Indian hospitality industry with a diversified presence across micro-markets with established corporate and business travel demand.

The consolidated operating margins were healthy at 36.1% in FY2025 (against 28.1% in FY2024) and the accruals are expected to improve, going forward, aided by the operating leverage benefits and growth in the top line amid a favourable demand outlook for the hospitality industry, stemming from both the anticipated stable demand across segments and the demand-supply gap in terms of capacities across major cities. The company also has strong financial flexibility and adequate liquidity with consolidated cash and bank balances of Rs. 160.2 (including debt service reserve account (DSRA) of around Rs. 75.0 crore) and undrawn lines of over Rs. 125.0 crore as on March 31, 2025.

The company had a total debt of Rs. 2,246.3 crore (including lease liabilities) as of March 31, 2025, which is expected to reduce significantly in the current fiscal through GIC investments in certain subsidiaries and further planned through cash surplus generated from operations. The total debt/OPBITDA was 5.5x and interest coverage was 1.8x in FY2025, with these metrics improving significantly in the current fiscal supported by the pre-payment of debt obligations, and SHL's initiatives to reduce weighted average cost of debt. While SHL's core RoCE has been moderate, at close to 10% in FY2025, ICRA expects the return

indicators to improve over the medium term with stabilisation of the ACIC portfolio¹, which was acquired in FY2024, recycling of capital invested in non-core assets, anticipated improvement in net cash accruals and reduction in debt levels. The extent of improvement, however, remains a key monitorable. Moreover, the ratings are constrained by the inherent industry cyclicity, economic uncertainties, and exogenous events.

The Positive outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain and improve its credit profile, going forward, supported by its cash accruals, adequate liquidity position and moderate capex, amid a favourable outlook for the industry.

Key rating drivers and their description

Credit strengths

Experienced management team and strong financial flexibility - The company was founded by Mr. Ashish Jakhwanwala and Mr. Manav Thadani, who have significant experience in the hospitality industry. The company has expanded its inventory from 252 keys in FY2014 to 4,948 keys in May 2025, at a CAGR of 31% over the past 11 years and established itself as a reputed asset-owner in the hospitality segment. As on June 30, 2025, its key shareholders included ACIC Mauritius 1/2 (17.0%), the Government of Singapore (7.7%), Abu Dhabi Investment Authority (2.7%), and TT Emerging Markets Unconstrained Fund (2.5%), among others; although there is no identifiable promoter. SHL enjoys strong financial flexibility and lender/investor comfort and has been able to periodically raise funds and refinance its borrowings. In the current fiscal, the company entered an agreement with GIC to raise around Rs. 752 crore equity in three of its subsidiaries. ICRA expects the company's strong financial flexibility to continue going forward as well, enabling it to raise funds and refinance borrowings based on its cash flow requirements.

Diversified geographical and segmental mix - The company is present in 14 cities (largely metro/tier-1 cities) including Bangalore, Pune, Hyderabad, Delhi NCR and Chennai, with no location accounting for more than 20% of its operating inventory. This geographical diversification reduces SHL's vulnerability of revenues to any localised downturn/unforeseen events or region-specific risks and helps in capitalising on demand growth across regions. Further, the hotel portfolio is diversified across upper upscale/upscale, upper midscale and midscale segments under various brands, including Renaissance, Sheraton, Hyatt Regency, Fairfield by Marriott and Holiday Inn Express, among others. This diversified presence helps the company serve a wide range of customers.

Management tie-ups with well-known international hospitality operators - SHL derives hotel management support from the international hospitality chains including Marriott, IHG and Hyatt, and their well-established global brands. At present, 31 of SHL's 32 properties are managed by Marriott (54% of its inventory), IHG (34%) and Hyatt (10%), while the remaining one is also in the process of being rebranded/ managed by global operators. SHL benefits from the global branding, marketing, and advertising networks of the international operators.

Improvement in financial profile through GIC fund infusion; healthy growth in revenue and operating margins in FY2025 - SHL reported operating income of Rs. 1,130.0 crore in FY2025 at a YoY growth of 17.8%, aided by steady demand traction and a consequent improvement in both ARR and occupancy levels, and the full year impact of the ACIC portfolio. The company's operating margins were healthy at 36.1% in FY2025 (28.1% in FY2024, 34.4% pre-employee stock option plan (ESOP) and one-off expenses in FY2024) and accruals are also expected to improve, going forward, aided by the operating leverage benefits from topline growth. Going forward, the favourable demand outlook for the hospitality industry, stemming from the anticipated stable demand across segments and the demand-supply gap in terms of capacities across major cities augurs well for the company. Besides improvement in its operating performance, the company had entered a transaction in the current

¹ SHL acquired a portfolio of assets from Asiya Capital Investment Co. (ACIC) comprising 6 hotels with 962 rooms and a leasehold land in Navi Mumbai for an equity consideration of Rs. 892.1 crore (through share swap) in August 2023; one of the hotels was sold off in February 2025.

fiscal year with Reco Bellflower Private Limited, an affiliate of GIC, with respect to three wholly-owned subsidiaries—i.e., Ascent Hotels Private Limited, SAMHI JV Business Hotels Private Limited and Innmar Tourism and Hotels Private Limited (ITHPL)—wherein GIC agreed to invest around Rs. 752 crore to hold 35% stake. The total debt/OPBITDA was 5.5x and interest coverage was 1.8x in FY2025, which has improved significantly in the current fiscal supported by debt pre-payment from the GIC proceeds and SHL's initiatives to reduce the weighted average cost of debt. Further, ICRA expects the company to maintain net debt/OPBITDA within 3.0x, going forward, supported by improvement in cash flow generation and no significant debt addition over the medium term.

Credit challenges

Moderate return indicators and coverage metrics; however, is expected to improve over medium term - SHL has had relatively high debt levels over the last several years, impacted by asset-heavy expansions, including acquisitions, and weak accruals. The latter was on account of multiple reasons including the Covid-19 pandemic and lower cash flows from acquired properties until stabilisation. However, ICRA notes that the debt levels and coverage metrics have improved significantly with the reduction in debt following the IPO in FY2024, and further with the investment from GIC in the current fiscal, as well as refinancing of borrowings at lower costs. The company had a total debt of Rs. 2,246.3 crore (including lease liabilities) as of March 31, 2025, which is expected to reduce significantly in the current fiscal through GIC investments in certain subsidiaries and further planned through cash surplus generated from operations. ICRA expects the debt metrics to improve, going forward, with better accruals and in the absence of any significant debt-funded capex plans. The elongated tenor of the company's long-term loans at 10-15 years, and its strong financial flexibility and refinancing capabilities would also benefit the company. While SHL's core RoCE has been moderate, at close to 10% in FY2025, ICRA expects the return indicators to improve over the medium term with stabilisation of the ACIC portfolio, recycling of capital employed in non-core assets, anticipated improvement in net cash accruals and reduction in debt levels.

Vulnerability of hotel revenues to inherent industry cyclicality, economic uncertainties, and exogenous events - The operating performance of the properties remains vulnerable to industry cyclicality/seasonality, macro-economic cycles and exogenous factors (geopolitical crises, terrorist attacks, disease outbreaks, etc). Nonetheless, the risk to revenues is partially mitigated by SHL's geographically diversified portfolio, which allows it to withstand any demand vulnerability related to a micro-market or specific town/city to an extent.

Environment and Social Risks

Environmental considerations: Akin to other hotel companies, SHL is exposed to natural disasters (such as hurricanes and floods) and extreme weather conditions, which could interrupt operations or damage properties. However, the availability of insurance acts as a safeguard in these circumstances. Moreover, the company's diversified presence across multiple cities mitigates the risks from such environmental aspects to a large extent. Overall, the company faces low environmental risk.

Social considerations: SHL, akin to other hotel companies, would need to adapt to evolving social fabric (including changing consumer preferences and social trends) over time. Additionally, it relies heavily on human capital for its day-to-day operations. SHL is also vulnerable to data security and data privacy issues, like other hotels. Hence, there is moderate exposure to social risk.

Liquidity position: Adequate

The company had consolidated cash and liquid investments of Rs. 160.2 crore (including DSRA of around Rs. 75 crore) as of March 31, 2025, in addition to Rs. 167.5 crore of sanctioned overdraft facilities, of which around Rs. 125 crore remained undrawn as of March 31, 2025. The company is expected to pre-pay significant portion of debt in FY2026, after which the repayment obligation in FY2026 is around Rs. 20-30 crore on existing loans. Additionally, the company has capex plans of Rs. 175-200 crore in FY2026, which is expected to be funded partially through GIC fund infusion and remaining to be spent through internal accruals. The impact of acquisition, if any, will be evaluated on a case-to-case basis.

Rating sensitivities

Positive factors – Sustained improvement in profitability and scale up in assets which are yet to generate optimal returns, leading to a material and sustained improvement in debt coverage metrics and return indicators could be a trigger for a rating upgrade.

Negative factors – Negative pressure on SHL’s ratings could arise from any demand slowdown and weakening of operating metrics leading to sustained pressure on its earnings and profitability or significant capex/acquisitions, leading to weakening of debt coverage metrics and liquidity position. Specific metrics that could lead to a rating downgrade include Total Debt / OPBDITA being greater than 4.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology - Hotels
Parent/Group Support	NA
Consolidated / Standalone	For arriving at the rating, ICRA has considered the consolidated financials of SAMHI Hotels Limited (SHL).

About the company

Caspia Hotels Private Limited (CHPL) is a wholly owned subsidiary of SAMHI Hotels Limited (SHL). CHPL has three properties – Renaissance (Ahmedabad; 155 keys), Fairfield by Marriott (Coimbatore; 126 keys) and Four Points by Sheraton (Visakhapatnam; 123 rooms). All three properties are under management contract by Marriott International Inc.

SAMHI Hotels Limited was founded by Mr. Ashish Jakhwanwala and Mr. Manav Thadani, both with significant experience and knowledge of the Indian hospitality industry in FY2011. The company has historically raised equity from GTI Capital Group, International Finance Corporation and Goldman Sachs. The company has 32 hotel properties with 4,948 keys across multiple cities as of March 31, 2025. The company operates in three business segments—Midscale, Upper Midscale and Upscale/Upper Upscale—and has been associated with 10 international brands across global players such as Marriott, InterContinental Hotels Group and Hyatt. SHL came up with a book-built initial public offer (IPO) of listing in September 2023, and raised Rs. 1,200 crore of fresh capital. As of June 2025, the company was held completely by the public and aforementioned institutional investors, with no designated promoter shareholding.

Key financial indicators

Consolidated	FY2024	FY2025
Operating income (Rs. Crore)	959.2	1,130.0
PAT (Rs. Crore)	-234.6	85.4
OPBDIT/OI (%)	28.1%	36.1%
PAT/OI (%)	-24.5%	7.6%
Total outside liabilities/Tangible net worth (times)	2.3	2.2
Total debt/OPBDIT (times)	7.9	5.5
Interest coverage (times)	0.8	1.8

Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with numbers reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	FY2026					Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	12-AUG-2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long Term-Term Loan-Fund Based	Long Term	164.60	[ICRA]A (Positive)	06-MAY-2025	[ICRA]A-Rating Watch with Positive Implications	07-NOV-2024	[ICRA]A-(Stable)	-	-	-	-
Short Term-Bank Guarantee-Non Fund Based	Short Term	1.70	[ICRA]A2+	06-MAY-2025	[ICRA]A 2+ Rating Watch with Positive Implications	07-NOV-2024	[ICRA]A 2+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term-Fund Based-Term Loan	Simple
Short Term-Non Fund Based-Bank Guarantee	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance/Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term-Fund Based- Term Loan	FY2025	NA	FY2037	164.60	[ICRA]A (Positive)
NA	Short Term-Non Fund Based- Bank Guarantee	NA	NA	NA	1.70	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Argon Hotels Private Limited	100.00%	Full Consolidation
Ascent Hotels Private *	65.00%	Full Consolidation
Barque Hotels Private Limited	100.00%	Full Consolidation
CAPSIA Hotels Private Limited	100.00%	Full Consolidation
SAMHI Hotels (Ahmedabad) Private Limited	100.00%	Full Consolidation
SAMHI Hotels (Gurgaon) Private	100.00%	Full Consolidation
SAMHI JV Business Hotels Private Limited *	65.00%	Full Consolidation
Duet India Hotels (Ahmedabad) Private Limited	100.00%	Full Consolidation
Duet India Hotels (Chennai OMR) Private Limited (Till 19 th Feb 2025)	100.00%	Full Consolidation
Duet India Hotels (Chennai) Private Limited	100.00%	Full Consolidation
Duet India Hotels (Hyderabad) Private Limited	100.00%	Full Consolidation
Duet India Hotels (Pune) Private Limited	100.00%	Full Consolidation
ACIC Advisory Private Limited	100.00%	Full Consolidation
Innmar Tourism and Hotels Private Limited *	65.00%	Full Consolidation
Step-down subsidiaries	100.00%	Full Consolidation
Paulmech Hospitality Private Limited	100.00%	Full Consolidation
Duet India Hotels (Jaipur) Private Limited	100.00%	Full Consolidation
Duet India Hotels (Bangalore) Private Limited	100.00%	Full Consolidation
Duet India Hotels (Navi Mumbai) Private Limited	100.00%	Full Consolidation

Source: Company, Annual report FY2025; *Stake reduced to 65% reflecting expected investments committed by GIC into these entities

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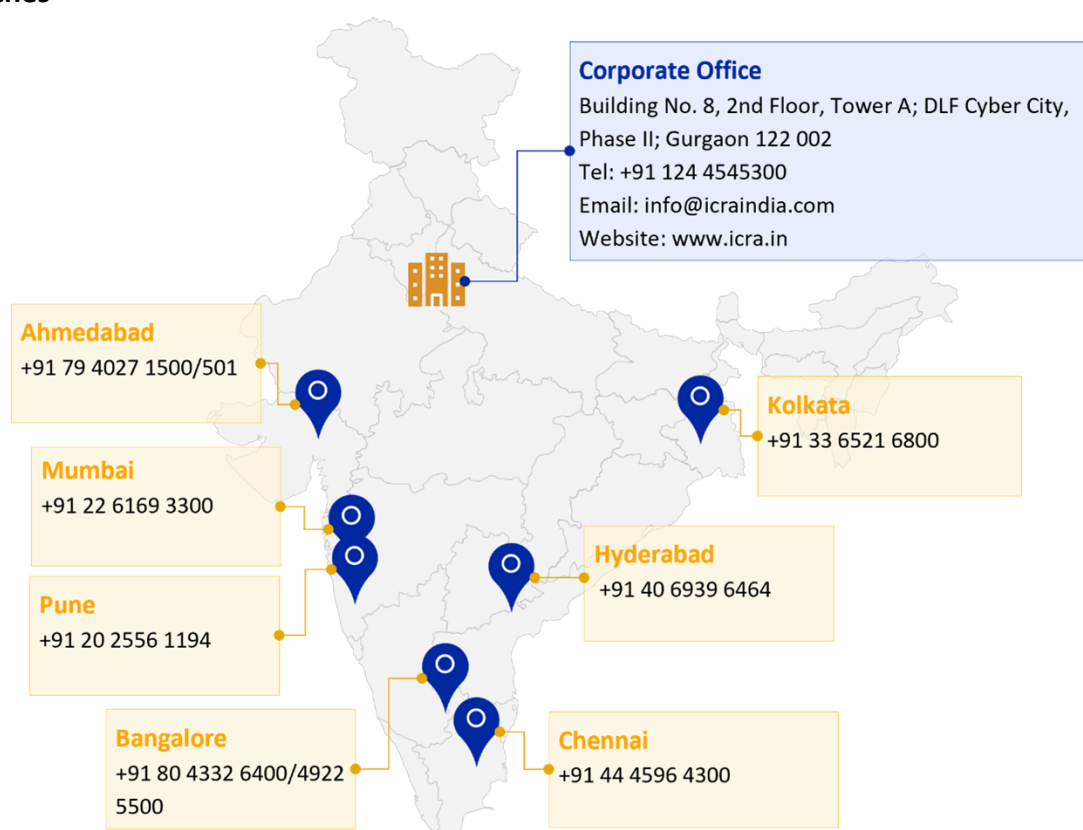
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