

March 03, 2026

Oriental Hotels Limited: Ratings upgraded

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based limits	30.00	30.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable)
Short-term – Non-fund based – Sublimit	(20.00)	(20.00)	[ICRA]A1+; upgraded from [ICRA]A1
Total	30.00	30.00	

*Instrument details are provided in Annexure-I

Rationale

The upgrade in the ratings of Oriental Hotels Limited (OHL) factors in the improvement in the credit profile of The Indian Hotels Company Limited (IHCL; rated [ICRA]AAA (Stable)/[ICRA]A1+), and OHL's operational performance with higher accruals from the company's recently renovated and upgraded properties, and anticipated sustenance of the same, given a steady demand outlook for the Indian hospitality industry. The ratings continue to factor in OHL's strong parentage with IHCL holding a 28.5% stake in it, as of December 31, 2025. OHL has strong operational and financial linkages with IHCL and enjoys financial flexibility and lender comfort owing to its parentage. Further, IHCL is expected to extend timely and adequate financial support to OHL, in case of any requirement. The ratings also factor in the well-established market position of OHL's properties, especially the flagship ones, in their respective cities, although the revenues remain concentrated in the Chennai market.

The ratings remain constrained by OHL's moderate scale of operations and coverage metrics, despite improvement in the recent years. The company recorded an operating income of Rs. 357.4 crore in 9M FY2026, demonstrating a YoY growth of 16.3%, supported by the completion of significant asset upgradation (extensive renovation and redesign of Taj Malabar Resort and Spa, Cochin, Kerala) and sustained demand momentum. The favourable demand outlook for the hospitality industry, stemming from stable demand across segments as well as the demand-supply gap in terms of capacities across major cities would continue to augur well for the company. However, like other players in the industry, OHL's revenues would remain exposed to industry cyclicity and seasonality, macro-economic downturns, and other exogenous factors. OHL's coverage metrics remain moderate with total debt/OPBDITA of 1.7 times in FY2025 and 1.3 times in 9M FY2026. Considering ongoing sizeable debt repayments, ICRA expects the coverage metrics to remain moderate in the near term, although they are likely to improve gradually over the next couple of years with scheduled repayments and pre-payments based on cash accruals.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company would be able to sustain its credit profile, supported by its strong parentage and established position of its properties, amid a stable outlook for the industry.

Key rating drivers and their description

Credit strengths

Strong parentage – The Tata Group companies hold a 39.1% stake in OHL, and the company is an associate of IHCL (holds a 28.5% stake). ICRA draws comfort from OHL's strong operational and financial linkages with IHCL. Further, OHL's properties are managed by IHCL, and the latter's representatives are part of OHL's Board of Directors. OHL has a strong financial flexibility and lender/investor comfort as an associate of IHCL. Also, IHCL and/or other Tata Group companies are expected to extend timely and adequate financial support to OHL, if required.

Strong brands; established position of properties, especially flagship ones, in respective cities – OHL's hotels are operated under management contract by IHCL under its various brands, such as Taj, Vivanta, Gateway and SeleQtions. Also, its flagship properties—Taj Coromandel and Taj Fisherman's Cove—which generated 55-60% of OHL's consolidated revenues in FY2025 and 9M FY2026, are well established in Chennai. The former is located in the Chennai Central Business District (CBD) and the

latter along the East Coast Road, near Mahabalipuram. Both these properties have been operational for several years and are reputed in their respective micro-markets. Apart from these two properties, OHL has five other well-established properties spread across South India.

Favourable demand outlook – The 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 would continue to augur well for the company. OHL's revenues are currently supported by higher average room rates (ARRs) from renovated/upgraded properties, including Taj Malabar. The company's accruals are also likely to improve, aided by the operating leverage benefits and better absorption of costs with top line growth and no significant renovations in the near-to-medium term.

Credit challenges

Moderate scale; relatively high concentration in the Chennai market – OHL has a moderate scale of operations with an aggregate inventory of 825 rooms, as on December 31, 2025, across six cities in South India. The company derives 55-60% of its revenues from the Chennai market, exposing it to any localised downturn/unforeseen events or region-specific risks.

Moderate coverage metrics – The company had elevated debt levels for its scale of operations with a total debt¹ of Rs. 183.1 crore as on March 31, 2025, which reduced to Rs. 160.9 crore as on December 31, 2025. The company's total debt/OPBDITA stood at 1.3 times as on December 31, 2025 (PY: 1.7 times), while DSCR stood at 1.0 times in 9M FY2026 (previous year [PY]: 1.2 times). ICRA expects the coverage metrics to remain moderate in FY2026 on account of higher repayment obligations. Nevertheless, it is expected to improve, going forward, in the absence of significant debt-funded capex and improvement in business accruals, supporting paring down of debt levels.

Vulnerability of revenues to inherent industry cyclicality, economic cycles, and exogenous events – Like other players in the industry, OHL's revenues are exposed to industry cyclicality and seasonality, macro-economic downturns, and exogenous factors (geopolitical tensions, terrorist attacks, disease outbreaks, etc).

Environment and social risks

Environmental considerations – Like other hotel companies, OHL 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. The risk for OHL is accentuated by its geographical concentration.

Social considerations – The company relies heavily on human capital for its day-to-day operations. OHL is also vulnerable to data security and data privacy issues. Hence, there is moderate exposure to social risk.

Liquidity position: Adequate

OHL's liquidity is expected to remain Adequate, supported by its anticipated cash flow from operations of Rs. 70-75 crore annually. Further, the company has free cash and bank balances of Rs. 7.0 crore and undrawn working capital limit over Rs. 50.0 crore (as of December 31, 2025). Against these sources of cash, the company has principal repayment obligation of Rs.

¹Total debt includes lease liabilities; excluding the same, the total debt stood at Rs. 149.5 crore as on March 31, 2025, and Rs. 127.0 crore as on December 31, 2025

Rs.25.0 crore (approximately) in Q4 FY2026, Rs. 22.6 crore in FY2027 and Rs. 16.9 crore in FY2028 on its existing loans. The company does not have any significant capex plans apart from the maintenance capex of Rs. 15.0-20.0 crore annually, which is likely to be funded through internal accruals. ICRA also expects IHCL to extend timely and adequate financial support to OHL, if required.

Rating sensitivities

Positive factors – Sustained improvement in the company’s scale, earnings and debt indicators, resulting in improvement of credit metrics could result in an upgrade.

Negative factors – Pressure on OHL’s ratings could arise if the company witnesses pressure on earnings, or if there is weakening of its debt metrics or liquidity position on a sustained basis. Further, any deterioration in the credit profile of the parent entity (IHCL) or weakening of OHL’s operational/financial linkages with the parent or absence of timely and adequate financial support from IHCL, when required, could also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Hotels Corporate Credit Rating Methodology
Parent/group Support	Parent company: The Indian Hotels Company Limited (IHCL, rated [ICRA]AAA (Stable)/[ICRA]A1+). ICRA expects IHCL to extend timely and adequate financial support to OHL, should there be a need.
Consolidation/standalone	The ratings are based on the consolidated financial profile of the company

About the company

Oriental Hotels Limited is an associate of The Indian Hotels Company Limited, and operates seven hotels in South India, with an aggregate inventory of 825 rooms as on date. The hotels are operated under the IHCL brands—‘Taj’, ‘Seleqtions’, ‘Vivanta’ and ‘Gateway’. While the hotels are spread across six South Indian cities, the company’s two flagship properties—Taj Coromandel and Taj Fisherman’s Cove, both located in Chennai—generate over 60% of its revenues.

Apart from its standalone operations, the company also has a wholly-owned subsidiary, OHL International (HK) Limited, a joint venture (JV) between IHCL - TAL Hotels and Resorts Limited (a 21.7% stake), and two associates, Taj Madurai Limited (a 26.0% stake) and Lanka Island Resorts Limited (associate of OHL International (HK) Limited, with a 23.1% stake) as on March 31, 2025. The standalone operations constitute over 99% of OHL’s consolidated revenues. IHCL and other Tata Group companies own a 39.1% stake in OHL, while the family of Late D.S. Reddy (a Chennai-based industrialist) owns a 28.5% stake (as on June 30, 2025).

Key financial indicators (audited)

	FY2025	H1 FY2026#
Operating income	439.7	218.1
PAT	42.2	22.0
OPBDIT/OI (%)	25.1%	23.8%
PAT/OI (%)	9.6%	10.1%
Total outside liabilities/Tangible net worth (times)	0.4	0.4
Total debt/OPBDIT (times)	1.7	1.8
Interest coverage (times)	6.5	7.1

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore; #Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current ratings (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	March 3, 2026	Date	Rating	FY2025		FY2024		FY2023	
						Date	Rating	Date	Rating	Date	Rating
Fund-based limits	Long Term	30.00	[ICRA]AA- (Stable)	September 09,2025	[ICRA]A+ (Stable)	Sep 24, 2024	[ICRA]A+ (Stable)	Sep 8, 2023	[ICRA]A+ (Stable)	Nov 11,2022	[ICRA]A+ (Stable)
Non-fund based – Sublimit	Short Term	(20.00)	[ICRA]A1+	September 09,2025	[ICRA]A1	Sep 24, 2024	[ICRA]A1	Sep 8, 2023	[ICRA]A1	Nov 11,2022	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based limits	Simple
Short-term – Non-fund based – Sublimit	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	Cash Credit	NA	NA	NA	30.00	[ICRA]AA- (Stable)
NA	LC/BG – Sublimit	NA	NA	NA	(20.00)	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation Approach
OHL International (HK) Limited	100.0%	Full Consolidation
TAL Hotels and Resorts Limited	21.7%	Equity method
Taj Madurai Limited	26.0%	Equity method
Lanka Island Resorts Limited (associate of OHL International (HK) Limited)	23.1%	Equity method

Source: Company

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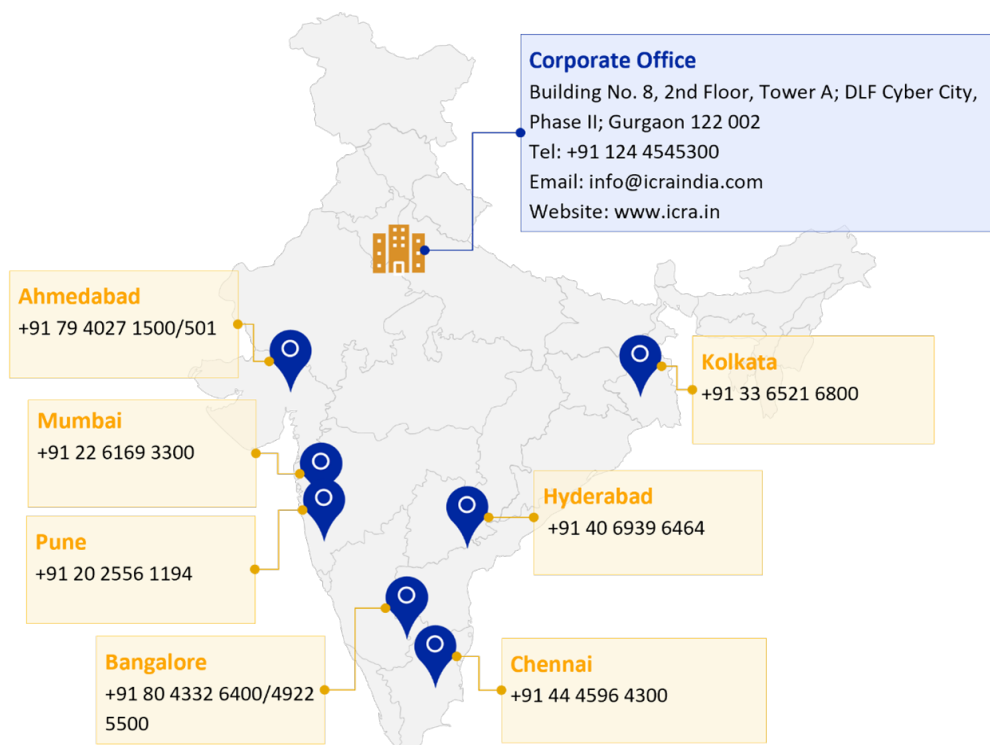


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