March 31, 2026

SAMHI Hotels Limited.: Ratings upgraded; outlook revised to Stable from Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – fund-based – term loan	276.32	223.32	[ICRA]A+ (Stable); Rating Upgraded from [ICRA]A (Positive) and outlook revised to Stable from Positive
Short-term – fund-based – others	12.00	5.00	[ICRA]A1; Rating upgraded from [ICRA]A2+
Short-term – non-fund based – others	0.68	0.68	[ICRA]A1; Rating upgraded from [ICRA]A2+
Total	**289.00**	**229.00**	

**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 ratings factors in the improvement in SHL's credit profile, aided by healthy operating performance benefitting from a favourable demand environment, as well as the reduction in debt levels, following the equity fund infusion by Reco Bellflower Private Limited, an affiliate of GIC Pte. Limited (GIC/investor), in SHL's subsidiaries in the current fiscal, strengthening its credit metrics. SHL reported a healthy growth in revenues of 12.6% YoY to Rs. 902.9 crore and operating margins of 35.4% in 9M FY2026, aided by an improvement in revenue per available room (RevPAR). The growth was supported by healthy business travel and meetings, incentives, conferences and exhibitions (MICE) demand, despite various challenges faced by the aviation industry, which impacted travel temporarily in YTD FY2026. Growth 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 and 35.4% in 9M FY2026 (against 28.1% in FY2024) and the accruals are expected to remain supported by the operating leverage benefits amid a favourable outlook for the hospitality industry, largely stemming from the demand-supply gap across major cities. The company also has strong financial flexibility and adequate liquidity with consolidated cash and bank balances of Rs. 171.4 (including debt service reserve account (DSRA) of around Rs. 55.5 crore) and undrawn lines of over Rs. 97.8 crore as on December 31, 2025.

The company had a total debt of Rs. 2,246.3 crore (including lease liabilities) as of March 31, 2025, which has reduced significantly in the current fiscal, through GIC investments in certain subsidiaries. The debt metrics improved 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 portfolio[1], which was acquired in FY2024, recycling of capital invested in non-core assets, anticipated improvement in net cash accruals and gradual reduction in debt levels. The extent of improvement, however, remains a key monitorable. Moreover, the ratings are constrained by the inherent industry cyclicality, economic uncertainties, and exogenous events. The impact of the ongoing tensions in West Asia on foreign tourist arrivals (FTAs), MICE events, inflation-led impact on demand and liquified petroleum gas (LPG) shortage on food and beverages (F&B) revenues are

[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.*

key monitorables. However, SHL's revenues are mainly driven by domestic business travel, which is expected to remain largely insulated from the ongoing developments, and with steps taken to minimise the impact of gas shortage such as conversion to electric induction based cooking, the company is managing the impact over the near term.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, going forward, supported by its steady cash accruals and adequate liquidity position. While the company has ongoing capex plans, these are expected to be largely funded from internal accruals, with limited plans for large debt addition.

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 4,904 keys in December 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 December 31, 2025, its key shareholders included ACIC Mauritius 1/2 (17.0%), the Government of Singapore (7.3%), Steinberg India Emerging Opportunities Fund Limited (3.0%), Abu Dhabi Investment Authority (2.7%), TT Emerging Markets Unconstrained Fund (1.26%) 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, of which around Rs. 600 crore has already been infused by GIC with the remaining expected during FY2027-FY2028. 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 25% 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 international hospitality chains including Marriott, InterContinental Hotels Group (IHG) and Hyatt, and their well-established global brands. At present, SHL's properties are managed by Marriott (55% of its inventory), IHG (35%) and Hyatt (10%). 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 9M FY2026 – SHL reported a healthy growth in revenues of 12.6% YoY to Rs. 902.9 crore and operating margins of 35.4% in 9M FY2026, aided by an improvement in RevPAR, despite various challenges faced by the aviation industry, which impacted travel temporarily in YTD FY2026. The consolidated operating margins were healthy at 36.1% in FY2025 and 35.4% in 9M FY2026 (against 28.1% in FY2024) and the accruals are expected to remain supported by the operating leverage benefits amid a favourable outlook for the hospitality industry, largely stemming from the demand-supply gap across major cities. The reduction in weighted average cost of debt and reduction in debt levels following the equity fund infusion from GIC in the current fiscal has supported improvement of debt metrics, with total debt/OPBITDA of 4.1 times and interest coverage of 2.4 times in 9M FY2026. 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 planned over the medium term.

Credit challenges

Moderate return indicators and coverage metrics; albeit on an improving trend – 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 initial public offer (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 reduced significantly in the current fiscal, through GIC investments in certain subsidiaries. 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 12-15 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 10-11% in YTD FY2026, 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. 171.2 crore (including DSRA of around Rs. 55.5 crore) as of December 31, 2025, in addition to Rs. 120.5 crore of sanctioned overdraft facilities, of which around Rs. 97.8 crore remained undrawn as of December 31, 2025. The company has prepaid certain loans during the year and has Rs. 45-50 crore of repayment obligation in FY2027 on existing loans. Additionally, the company has capex plans of Rs. 150-200 crore in FY2027, which is expected to be funded partially through GIC fund infusion and remaining to be funded from internal accruals. The impact of acquisitions, if any, will be evaluated on a case-to-case basis.

Rating sensitivities

Positive factors – Scale up in revenues from new properties and improvement in RevPARs leading to an improvement in debt coverage metrices 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 3.6 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	NA
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of SAMHI Hotels Limited (SHL).

About the company

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 31 hotel properties with 4,904 keys across multiple cities (as of December 31, 2025). The company operates in three business segments—midscale, upper midscale and upscale/upper upscale—and has been associated with 10 international brands, including Marriott, InterContinental Hotels Group and Hyatt. SHL came up with a book-built initial public offer of listing in September 2023, and raised Rs. 1,200 crore of fresh capital. As of December 31, 2025, the company was held completely by the public and aforementioned institutional investors, with no designated promoter shareholding.

Key financial indicators (audited)

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

	FY2026					Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Mar 31, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	223.32	[ICRA]A+ (Stable)	06-MAY-2025	[ICRA]A- Rating Watch with Positive Implications	17-FEB-2025	[ICRA]A- (Stable)	-	-	-	-
				12-AUG-2025	[ICRA]A (Positive)						
Fund Based-Others	Short Term	5.00	[ICRA]A1	06-MAY-2025	[ICRA]A2+ Rating Watch with Positive Implications	17-FEB-2025	[ICRA]A2+	-	-	-	-
				12-AUG-2025	[ICRA]A2+						
Others-Non Fund Based	Short Term	0.68	[ICRA]A1	06-MAY-2025	[ICRA]A2+ Rating Watch with Positive Implications	17-FEB-2025	[ICRA]A2+	-	-	-	-
				12-AUG-2025	[ICRA]A2+						
Issuer	Long Term	0.00	-	06-MAY-2025	[ICRA]A- Rating Watch with Positive Implications	17-JUL-2024	[ICRA]A- (Stable)	-	-	-	-
				12-AUG-2025	[ICRA]A (Positive); withdrawn						
				-	-	17-FEB-2025	[ICRA]A- (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Term Loan-Fund Based	Simple
Short Term-Others-Fund Based	Simple
Short Term-Others-Non Fund Based	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	**Term loan II**	FY2020-FY2023	NA	FY2026-FY2035	223.32	[ICRA]A+ (Stable)
NA	**Short Term-Others-Fund Based**	NA	NA	NA	5.00	[ICRA]A1
NA	**Short Term-Others-Non Fund Based**	NA	NA	NA	0.68	[ICRA]A1

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 Limited	65.00%	Full Consolidation
Barque Hotels Private Limited	100.00%	Full Consolidation
Caspia 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 19th 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
Innmar Tourism and Hotels Private Limited *	65.00%	Full Consolidation
SAMHI Hospitality Ventures Private Limited	100.00%	Full Consolidation
Step-down subsidiaries		
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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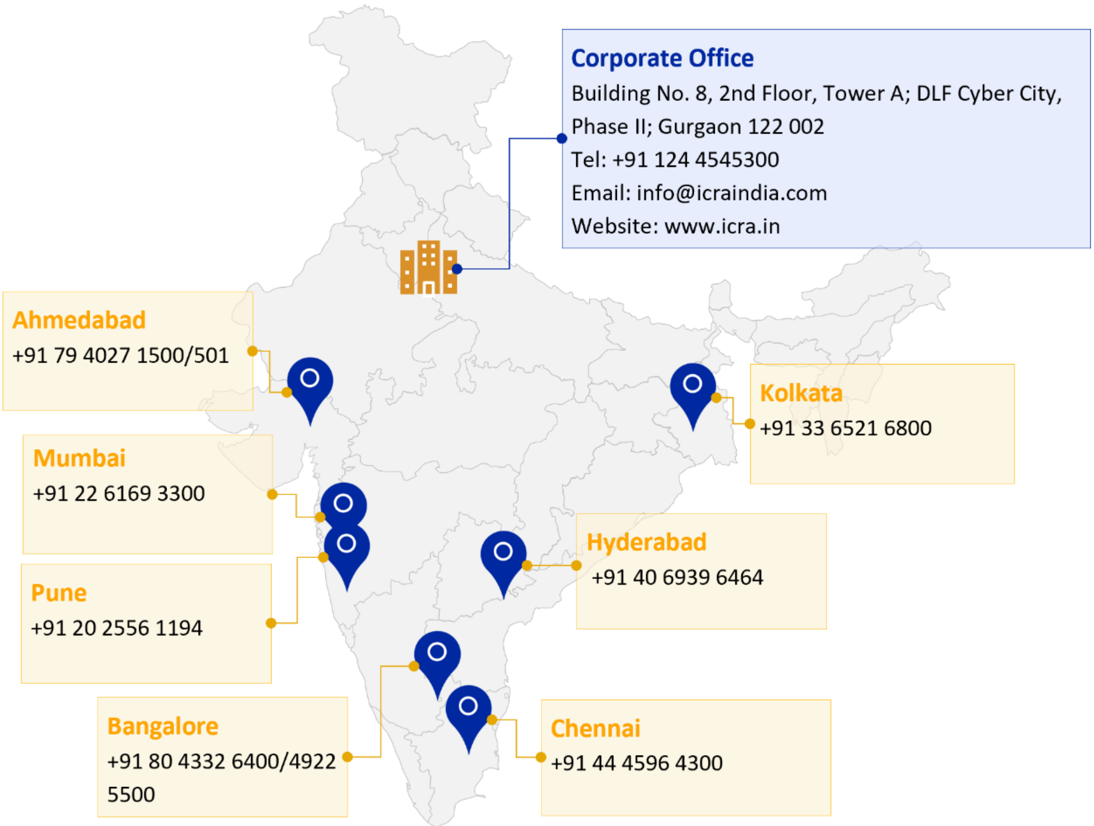

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