September 29, 2026

Chalet Hotels Limited: Ratings reaffirmed and outlook revised to Positive from Stable; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount	Current Rated Amount	Rating Action	Financial Sector Regulator#
Long-term fund-based – Term loans	2,241.81	1,975.59	[ICRA]AA-(Positive); reaffirmed; outlook revised to Positive from Stable	RBI
Long-term fund-based limits	572.05	869.23	[ICRA]AA-(Positive); reaffirmed; outlook revised to Positive from Stable	RBI
Short-term non-fund based limits	60.00	60.00	[ICRA]A1+; reaffirmed	RBI
Long-term/Short-term – unallocated facilities	72.14	41.18	[ICRA]AA-(Positive)/[ICRA]A1+; reaffirmed; outlook revised to Positive from Stable	RBI
Long-term – Proposed NCD	250.00	250.00	[ICRA]AA-(Positive); reaffirmed; outlook revised to Positive from Stable	SEBI
Long-term – Proposed NCD	-	250.00	[ICRA]AA-(Positive); assigned	SEBI
Total	**3,196.00**	**3,446.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The revision in the outlook to Positive from Stable on the long-term rating of Chalet Hotels Limited (CHL) factors in the healthy improvement in its operating performance and expectation of sustenance of the same, going forward. CHL has established itself as a diversified player with presence across hospitality, commercial real estate (CRE) as well as residential real estate (RRE). The hospitality segment, which represents more than half of CHL's total assets, contributed revenues of Rs. 418.5 crore (up 8.5% YoY), while the company's CRE segment recorded YoY growth of 18.2% to Rs. 86.5 crore in Q1 FY2027, primarily due to leasing of newly developed CRE assets. While there were minimal sales from the RRE segment in Q1 FY2027, the healthy growth across hospitality and CRE segments continue to support the overall performance of the company. An improved operating leverage and sustained cost-optimisation measures led to healthy operating margins of 45.7% in Q1 FY2027 (PY: 39.9%).

The company's debt metrics improved significantly in FY2026 with total debt to OPBDITA of 2.0 times (PY: 3.5 times), although this was partially supported by the higher OPBDITA from the residential segment (Rs. 272.8 crore), which is unlikely to recur from FY2028. Nevertheless, overall coverage metrics are expected to improve, given the favourable demand outlook for both the hospitality and CRE segments. This, along with inventory additions in the hospitality segment and further occupancy ramp-up in newly operational CRE properties, are expected to support CHL's revenues and cash flows. ICRA notes that the company has major capex plans of over Rs. 4,000.0 crore over the next five years. However, debt levels are unlikely to increase significantly, given the healthy operational cash flows of Rs. 700.0-750.0 crore generated annually by the company. Further, the company's efforts to refinance part of the debt through lease rental discounting (LRD) loans, post occupancy ramp-up in newly operational CRE assets, on favourable terms, are also likely to aid in an improvement in debt metrics.

The ratings remain supported by CHL's association with the K Raheja Corp Group (referred to as 'the Group'), an established player in the hospitality, commercial, and residential real estate sectors, which provides strong financial flexibility. The ratings also factor in CHL's diversified business mix, with revenues from the CRE segment offering a hedge against the cyclical hospitality segment, its management tie-ups with reputed international hotel brands such as Marriott International Inc., Indian Hotels Company Limited, and Accor Hotels and adequate liquidity. ICRA notes that the company has recently launched its own brand, 'ATHIVA', which is expected to support its business prospects over the medium to long term.

CHL, however, has relatively higher geographic concentration, with 45% of its inventory located in Mumbai, exposing it to region-specific exogenous shocks and risks. Further, its leisure portfolio, particularly the recently acquired Rishikesh property, is vulnerable to climatic risks. The tenant concentration in CRE also remains high, with approximately 66% of revenues derived from the top five tenants, although this concentration is likely to reduce going forward.

The Positive outlook on the company's long-term rating reflects ICRA's expectations that the company's credit profile is likely to improve, supported by ramp up in earnings from its hospitality and CRE segments and prudent funding of capex/investments through internal accruals, without materially increasing leverage on its balance sheet.

Key rating drivers and their description

Credit strengths

Strong financial flexibility as a part of K. Raheja Group – CHL is part of the K Raheja Corp Group, which has diversified business interests across real estate development (residential and commercial), hospitality, and retail. The Group is a leading player in CRE development across India with a strong track record of execution and leasing. The company enjoys strong financial flexibility and lender/investor comfort due to its association with the larger Group. Further, CHL's promoters infused over Rs. 250.0 crore in the form of preference share capital/loans in FY2024 to meet the cash flow requirements of CHL's residential project in Koramangala, Bengaluru. Although this amount has been fully repaid, ICRA expects the promoters to extend timely and adequate financial support to CHL for meeting its operational and financial commitments going forward, should there be a need.

Healthy earnings profile across hospitality and real estate segments; favourable demand outlook – The hospitality segment, which represents more than half of CHL's total assets, has reported strong revenue growth in recent years (13.8% YoY growth in FY2026), driven by increased demand and expansion through both organic additions and acquisitions. The company's real estate portfolio also reported 55.4% YoY revenue growth in FY2026, aided by incremental income from leasing new CRE space. An improved operating leverage and sustained cost-optimisation measures led to healthy operating margins of 43.2% in FY2026 and 45.7% in Q1 FY2027. Going forward, the favourable demand outlook across hospitality and commercial real estate is expected to support the company's performance. This, combined with inventory additions in hospitality and real estate and occupancy ramp-up in operational CRE properties, will support CHL's topline and earnings.

Diversified asset mix – CHL has a mixed portfolio comprising hospitality, commercial, and residential real estate assets. CRE assets currently account for around 35% of total assets and have supported cash flows during hospitality industry downturns. The share of revenues from real estate has increased steadily in recent periods and is likely to rise further as occupancy improves in the CRE assets.

Management tie-up with well-known international hospitality operators – CHL receives hotel management support from international hospitality chains—Marriott International Inc. and Accor Hotels—through their established global brands. While some hotels are branded under its own brand 'Athiva', CHL has partnered with Marriott for managing eight of its 11 existing hotels, while Novotel, Pune, is operated under the Accor flag. The company benefits from Marriott's and Accor's global branding, marketing, and advertising networks for most of its properties. Additionally, CHL has tied up with Indian Hotels Company Limited for Taj branding for one of its upcoming hotels in Delhi.

Credit challenges

Sizeable capex plans in the medium term – The company intends to add another 1.03 msf of commercial space by FY2028 and over 1,500 additional keys across six hotels by FY2031. Besides, it would also carry out renovations and refurbishments at some of its existing hotels. The total capital outlay for the next five years is expected to exceed Rs. 4,000 crore, to be funded through a mix of internal accruals and external debt. Any significant time or cost overruns in the proposed capex plans would be a key monitorable.

Geographic concentration in hospitality segment and tenant concentration in CRE – Of CHL's 11 hotel properties, around 45% of its inventory is in the Mumbai Metropolitan Region (MMR), exposing it to region-specific external risks. However, this concentration is expected to reduce as the company plans to add at least 1,200 keys in other geographies, including the NCR, Goa and Udaipur, over the medium term. The tenant concentration in CRE assets remains high, with 66% of revenues generated from the top five tenants, exposing the company to market risks in the event of vacancy or non-renewal. Nevertheless, this share has declined from earlier levels with the addition of new properties and is expected to reduce further as leasing progresses in new assets.

Hotel revenues vulnerable to inherent industry cyclicality, economic uncertainties and exogenous events; exposed to execution and market risks for ongoing realty projects – The operating performance of the hospitality segment remains vulnerable to industry cyclicality/seasonality, macroeconomic cycles, and external shocks (such as geopolitical issues, terrorist attacks, and disease outbreaks). Despite strong execution capabilities of the promoters and substantial progress in project execution, execution risk remains a monitorable for under-construction projects. Although CHL has a strong track record of leasing and pass-through of rental escalations, any weakness in the economic environment or delays in pre-leasing could impact the anticipated rentals for upcoming assets and rent increments, going forward.

Environmental and social risks

Environmental considerations – Akin to other hotel companies, CHL is exposed to natural disasters (such as storms and floods) and extreme weather conditions, which could interrupt operations or damage properties. However, insurance coverage mitigates these risks to a large extent. Further, the company's presence across multiple cities reduces its overall exposure to environmental risks. Overall, the company faces low environmental risk.

Social considerations – CHL, like other hotel companies, must adapt to evolving social dynamics, including changing consumer preferences and shifting social trends. Additionally, the company relies heavily on human capital for its daily operations. CHL is also exposed to data security and privacy risks, similar to other players in the sector. Accordingly, the company encounters moderate social risk.

Liquidity position: Adequate

CHL's liquidity profile is Adequate, supported by cash flows from operation of Rs. 700.0-750.0 crore annually. Further, the company has cash and liquid investments of around Rs. 440.0 crore as on June 30, 2026. Against these sources of cash, CHL has scheduled debt repayments of Rs. 217.6 crore over Q2-Q4 FY2027 and Rs. 358.8 crore in FY2028, on its existing debt. Further, the company has sizeable capex plans of Rs. 800.0 - 850.0 crore p.a. over the next five years. ICRA expects the company to meet its debt obligations and the proposed capex from a mix of internal accruals, existing liquidity and new loans (primarily LRDs) from banks. However, any debt-funded acquisition will be evaluated on a case-to-case basis. ICRA expects the promoters to extend timely and adequate financial support to CHL to meet its operational and financial commitments going forward, as and when required.

Rating sensitivities

Positive factors – The ratings could be upgraded, when the company demonstrates a further sustained improvement in the revenues and earnings from its hospitality segment and scale-up in its rental income with commercialisation of additional CRE assets, while maintaining healthy debt metrics and liquidity.

Negative factors – Pressure on CHL's ratings could arise from a demand slowdown and weakening operating metrics, resulting in sustained pressure on earnings, profitability, and liquidity. Any significant time or cost overruns in capex plans, or large inorganic debt-funded acquisitions resulting in a material and sustained deterioration in debt metrics, could trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels Realty – Leasing Realty – Commercial/Residential/Retail
Parent/Group support	NA
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated profile of Chalet Hotels Limited. Details are provided in Annexure-II.

About the company

Chalet Hotels Limited is part of the reputed K Raheja Corp Group, which has diversified business interests across real estate development (residential and commercial), hospitality, and retail. The company has 3,389 keys (as on July 31, 2026), and its existing operational hotel portfolio includes The Westin Mumbai Powai (604 keys; owned), Lakeside Chalet, Mumbai - Marriott Executive Apartments, Powai (173 keys; owned), Athiva Pulse, Navi Mumbai (152 keys; owned), The Westin Hyderabad (427 keys; owned), The Westin HITEC City Hyderabad (168 keys; leased), JW Marriott Mumbai Sahar (588 keys; owned), Marriott Hotel Whitefield, Bengaluru (520 keys; owned), Novotel Pune Nagar Road (311 keys; owned), Athiva Resort & Spa, Lonavala (147 keys; owned), Marriott, NCR (158 keys; owned), and The Westin Resort & Spa, Rishikesh (141 keys; owned). While some hotels are under their own brand, 'ATHIVA', all the other hotels except Novotel, Pune (managed by the Accor Group), are run under management contracts with Marriott International and its affiliates. Further, the company is expected to add over 2,000 keys across the next five years.

In addition to the hotel portfolio, the company has four operational CRE properties covering 2.4 million sq. ft. CHL is developing another CRE property of 0.9 million sq. ft. and 0.16 million sq.ft. in Powai, Mumbai and Bengaluru, respectively. The company also has an ongoing residential project in Koramangala, Bengaluru, where it launched sales for nine towers (out of 11) in October 2023 and has sold 320 out of 321 units.

Key financial indicators (audited)

Chalet Hotels Limited (consolidated)	FY2025	FY2026
Operating income (OI)	1,722.3	2,773.1
PAT	142.5	645.0
OPBDITA/OI	43.2%	43.2%
PAT/OI	8.3%	23.3%
Total outside liabilities/Tangible net worth (times)	1.3	1.0
Total debt/OPBDITA (times)	3.5	2.0
Interest coverage (times)	4.7	6.6

Amount in Rs. crore; Source: company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after tax; OPBDITA: 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	Current rating (FY2027)			Chronology of rating history for the past 3 years						
		Type	Amount rated (Rs. Crore)	Date & rating in FY2027	Date & rating in FY2026		Date & rating in FY2025			Date & rating in FY2024	
				Sept 29, 2026	Dec 05, 2025	Sept 03, 2025	March 21, 2025	Oct. 14, 2024	June 04, 2024	March 11, 2024	July 10, 2023
1	Term loans	Long-term	1,975.59	[ICRA]AA-(Positive)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]A+(Positive)	[ICRA]A+(Positive)	[ICRA]A(Positive)	[ICRA]A-(Positive)	[ICRA]A-(Positive)
2	Fund based limits	Long-term	869.23	[ICRA]AA-(Positive)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]A+(Positive)	[ICRA]A+(Positive)	[ICRA]A(Positive)	[ICRA]A-(Positive)	[ICRA]A-(Positive)
3	Proposed NCD	Long-term	500.00	[ICRA]AA-(Positive)	[ICRA]AA-(Stable)	-	-	-	-	-	-
4	Non-fund based limits	Short-term	60.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A2+	[ICRA]A2+
5	Unallocated limits	Long-term/ short-term	41.18	[ICRA]AA-(Positive)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]A+(Positive)/ [ICRA]A1	[ICRA]A+(Positive)/ [ICRA]A1	[ICRA]A(Positive)/ [ICRA]A1	[ICRA]A-(Positive)/ [ICRA]A2+	[ICRA]A-(Positive)/ [ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Term loans	Simple
Fund based limits	Simple
Proposed NCD	Simple
Proposed NCD	Simple
Non-fund based limits	Simple
Unallocated limits	NA

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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Term loans**	NA	NA	NA	1,975.59	[ICRA]AA-(Positive)	RBI
NA	**Fund based limits**	NA	NA	NA	869.23	[ICRA]AA-(Positive)	RBI
NA	**Proposed NCD^**	NA	NA	NA	250.00	[ICRA]AA-(Positive)	SEBI
NA	**Proposed NCD^**	NA	NA	NA	250.00	[ICRA]AA-(Positive)	SEBI
NA	**Non-fund based limits**	NA	NA	NA	60.00	[ICRA]A1+	RBI
NA	**Unallocated limits**	NA	NA	NA	41.18	[ICRA]AA-(Positive)/ [ICRA]A1+	RBI

Source: Company ^Yet to be placed

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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
Chalet Hotels Limited	100.00% (rated entity)	Full consolidation
Chalet Hotels & Properties (Kerala) Private Limited	90.00%	Full consolidation
Chalet Airport Hotel Private Limited	100.00%	Full consolidation
Sonmil Industries Private Limited	100.00%	Full consolidation
The Dukes Retreat Private Limited	100.00%*	Full consolidation
Ayushi and Poonam Estates LLP	100.00%	Full consolidation
Mahananda Spa and Resorts Private Limited	100.00%	Full consolidation
Seasons Hotels Private Limited	100.00%	Full consolidation

*Source: Company; * 82.28% is held by Chalet Hotels Limited, and the remaining is held by Sonmil Industries Private Limited*

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

K. Srikumar
+91 44 4596 4318
ksrikumar@icraindia.com

Sruthi Thomas
+91 80 4332 6430
sruthi.thomas2@icraindia.com

Nilesh Kumar Jain
+91 44 4596 4311
nilesh.jain2@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

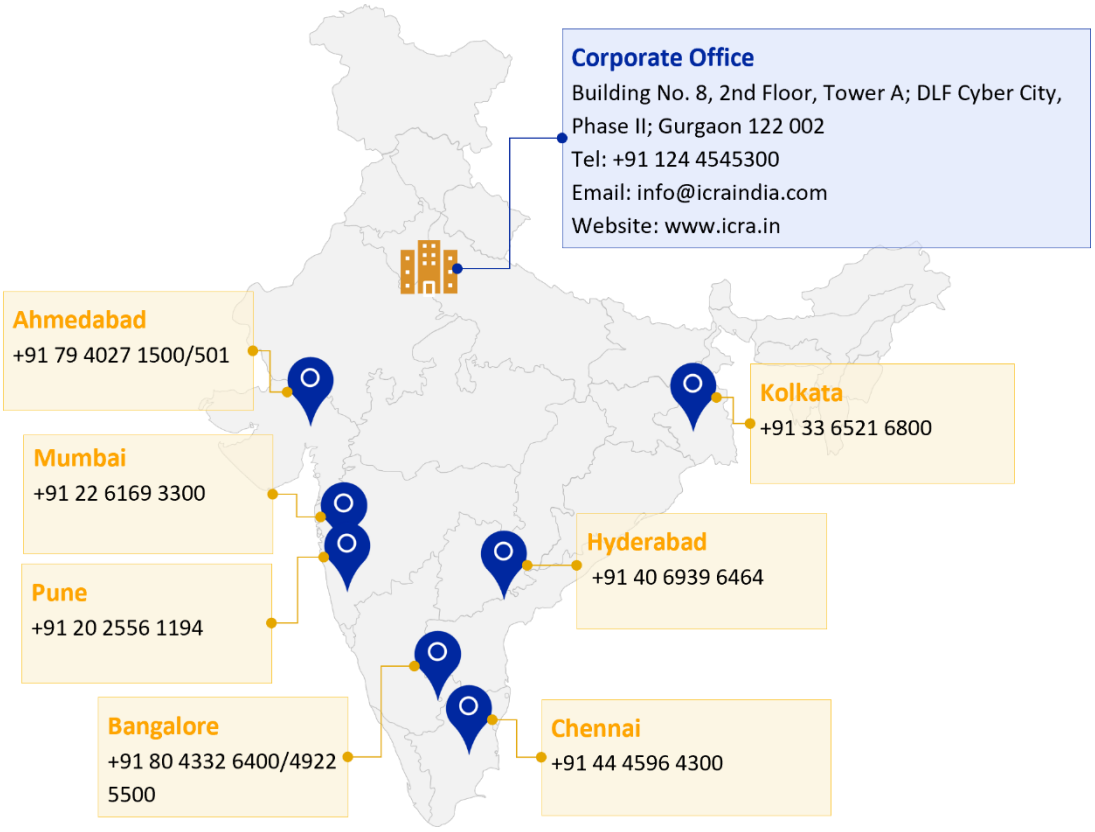
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.