

Rating Rationale

16 March 2026

Shree Naman Hotels Private Limited (SNHPL)

Brickwork Ratings has reaffirmed the long-term rating and short-term rating for the Bank Loan Facilities of Rs. 363.90 Crs. and has also assigned the long-term rating and short-term rating for the Bank Loan Facilities of Rs. 340.00 Crs. of Shree Naman Hotels Private Limited (SNHPL); Removal from Issuer Not Cooperating Category.

Facilities**	Amount (Rs.Crs.)		Tenure	Rating	
	Previous	Present		Previous (26-Dec-2025)	Present
Fund Based					
Overdraft (OD)-Sanctioned	24.75	24.75	Long Term	BWR BBB + /Stable; Migrated to Issuer Not Cooperating * Category/ Reaffirmed	BWR BBB+ ;Stable; Removal from Issuer Not Cooperating * Category/Reaffirmed
Term Loan 1-Outstanding	395.00	339.15			
Term Loan -2	0.00	195.00			
Term Loan -2	0.00	120.00			
Sub Total	419.75	678.90			
Non-Fund Based					
Sub-Limit (Bank Guarantee)-Sanctioned	(2.00)	(2.00)	Short Term	BWR A2 Migrated to Issuer Not Cooperating * Category/ Reaffirmed	BWR A2 Removal From Issuer Not Cooperating * Category/Reaffirmed
Bank Guarantee -Sanctioned	0.00	25.00			
Grand Total	419.75	703.90	(Rupees Seven Hundred Three Core and Ninety Lakh Only)		

#Please refer to the BWR website www.brickworkratings.com for the definition of the rating assigned.

**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

*Issuer did not cooperate; based on the best available information.

Note-As of March 2026, the newly sanctioned term loan limits of Rs. 315.00 Crores (comprising Rs. 195.00 Crores and Rs. 120.00 Crores) from Kotak Mahindra Bank remain entirely undrawn.

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has reaffirmed the long-term rating of BWR BBB+ (Stable) and the short-term rating of BWR A2 for the bank loan facilities of Rs. 363.90 Crores. Additionally, BWR has assigned a long-term rating of BWR BBB+ (Stable) and a short-term rating of BWR A2 for the enhanced bank loan facilities of Rs. 340.00 Crores. Consequently, the total bank loan facilities amount to Rs. 703.90 Crores. Furthermore, the ratings have been removed from the "Issuer Not Cooperating" (INC) category following the receipt of adequate information and the management's active cooperation.

The rating action reflects SNHPL's strong operating performance, primarily driven by its premium five-star luxury asset, Sofitel Mumbai BKC, located in a prime commercial micro-market. The ratings are supported by healthy profitability (EBITDA margin of 38.27% in FY2025), a materially improved

capital structure following significant deleveraging in FY2025, and the simplified ownership structure resulting in 100% promoter control post-exit of the joint venture partner.

However, the ratings are constrained by single-asset concentration risk, as the company derives its entire revenue from one property, and exposure to the inherent cyclicality of the hospitality industry. Furthermore, the company is embarking on a sizable Rs. 892 Crore debt-funded expansion plan. This expansion is expected to keep leverage elevated and could temporarily moderate debt coverage indicators during the construction and implementation phases.

The Stable outlook factors in expectations of sustained healthy operating performance, supported by strong demand from corporate and MICE segments. While a moderation in credit metrics is anticipated during the execution of the proposed expansion, the company's established market positioning and demonstrated promoter support provide a buffer. Timely project implementation, adherence to cost estimates, and the successful monetisation of the commercial office component, which is a critical pillar of the project funding, will remain key rating monitorables going forward.

KEY RATING DRIVERS

Credit Strengths:-

Experienced promoters with simplified ownership post JV exit

The company is part of the Shree Naman Group, whose promoters have over three decades of experience in real estate development, particularly in the Mumbai market, with an established presence in premium commercial and mixed-use developments. The group's experience in conceptualising, executing and monetising large-format projects, along with its familiarity with the BKC micro-market, provides comfort regarding project execution capability and market positioning. Over the years, the promoters have also supported the hospitality venture through business cycles, demonstrating financial commitment and operational oversight.

The ownership structure has been significantly simplified following the exit of Accor from the shareholding arrangement, resulting in 100% ownership by the promoter group. The consolidation of ownership has led to streamlined decision-making, faster capital allocation and improved financial flexibility to undertake the proposed expansion. The exit has also eliminated minority shareholder constraints and provided a clearer long-term strategic direction, particularly in relation to capital structuring and asset monetisation plans.

Operationally, the hotel continues to benefit from established brand positioning and management expertise under the Sofitel Mumbai BKC banner. The alignment between ownership and strategic vision, coupled with the promoters' demonstrated willingness to infuse funds when required, provides additional comfort during the upcoming capex phase and supports overall governance clarity.

Strong operating performance with premium positioning in BKC

SNHPL operates the 302-room five-star Sofitel Mumbai BKC located in Bandra Kurla Complex (BKC), Mumbai, one of India's most prominent commercial and financial districts. The hotel benefits from strong weekday corporate demand, MICE traction and limited comparable luxury supply within the micro-market. The property has demonstrated stable occupancy levels along with healthy average room rate (ARR) realisations, reflecting its established brand positioning and clientele profile.

Total Operating Income improved to Rs. 240.47 crore in FY2025 from Rs. 222.67 crore in FY2024. EBITDA remained robust at Rs. 92.02 crore in FY2025 (FY2024: Rs. 90.07 crore), translating into a healthy EBITDA margin of 38.27% (FY2024: 40.45%). The marginal moderation in margin was

attributable to normalisation of operating costs; however, profitability continues to remain strong relative to peers. PAT increased to Rs. 37.70 crore in FY2025 from Rs. 32.90 crore in FY2024, with PAT margin improving to 15.68% (FY2024: 14.78%). The sustained profitability underscores strong pricing power, favourable demand-supply dynamics in BKC and efficient cost management. Performance during 9MFY2026 remains stable, providing visibility on near-term earnings.

Comfortable, though moderate debt protection metrics and improved capital structure

The company's debt servicing ability is supported by healthy operating earnings. Interest coverage improved to 2.30x in FY2025 from 2.03x in FY2024, aided by steady EBITDA and moderation in finance costs (FY2025: Rs. 40.00 crore; FY2024: Rs. 44.33 crore). Net cash accruals increased to approximately Rs. 53–54 crore in FY2025 (FY2024: ~Rs. 48–49 crore), providing an adequate cushion against scheduled debt repayments.

The capital structure strengthened materially in FY2025. Total debt reduced to Rs. 358.05 crore as on March 31, 2025, from Rs. 660.20 crore as on March 31, 2024, while Tangible Net Worth increased to Rs. 218.72 crore (FY2024: Rs. 180.98 crore), supported by profit accretion and equity infusion. Consequently, gearing improved to 1.64x as on March 31, 2025, from 3.65x in FY2024, and TOL/TNW improved to 1.79x (FY2024: 3.95x). While DSCR remained modest in FY2025 due to elevated principal repayments, it is expected to improve with moderation in repayments and sustained cash generation. Liquidity is further supported by the maintenance of DSRA equivalent to three months of debt servicing obligations. The improved balance sheet provides some headroom ahead of the planned expansion, though leverage is expected to rise during the project phase.

Credit Risk:-

Single-asset concentration risk

SNHPL continues to derive its entire revenue from a single hospitality asset in Mumbai, exposing cash flows to asset-specific risks and local market dynamics. Any demand disruption in the BKC micro-market, new luxury supply or property-level issues could materially affect performance.

Large Debt-Funded Capex with Execution and Monetisation Risks

SNHPL is undertaking a sizable brownfield expansion with an estimated project cost of approximately Rs. 892 crore, which is significant relative to its current scale and tangible net worth of Rs. 218.72 crore as of FY2025. The project includes adding 110 hotel keys, developing ~2.5 lakh sq. ft. of hotel and office space, constructing a permanent banquet facility, and refurbishing the existing property. While strategically aligned with strong demand in the BKC micro-market, this capex is expected to keep leverage elevated over the medium term.

The funding structure relies on a mix of debt (Rs. 388 crore), promoter contribution (Rs. 74.3 crore), and internal accruals, with a significant dependency on customer advances of approximately Rs. 430 crore from the partial monetisation of office inventory. This monetisation is based on an estimated realisation of Rs. 75,000 per sq. ft. Although the BKC market benefits from premium positioning, timely execution and sales velocity remain key monitorables; any shortfall could increase reliance on incremental debt and weaken credit metrics.

The project's elongated implementation timeline with DCCO for the office component targeted around FY2028 and the hotel expansion by FY2029 exposes the company to approval, construction, and cost escalation risks. Any material delay could defer revenue ramp-up and pressure cash flows. However, BWR notes that the debt structuring eases the immediate burden on cash flows through a 42-month

moratorium from the date of first disbursement, which is well-aligned with the 3-year project timeline. Furthermore, the Interest During Construction (IDC), estimated at Rs. 127.1 crore, is also funded as part of the sanctioned debt structure to support leveraged execution during the project phase.

Expected moderation in credit metrics during the project phase

While SNHPL's capital structure strengthened in FY2025, the company's total debt is expected to increase with the phased drawdown of the proposed term loan of approximately Rs. 388 crore for the ongoing expansion. Consequently, gearing and TOL/TNW are likely to rise from current levels, while debt coverage indicators may witness temporary moderation during the peak construction period. Liquidity buffers are also expected to remain under close watch, given the sizable capex commitments over the medium term. The company's ability to maintain DSCR above the stipulated covenant levels, adhere to project timelines and achieve the planned monetisation of the office component will remain key rating sensitivities.

Susceptibility to industry cyclicality and competitive intensity

The hospitality industry is inherently cyclical and remains sensitive to domestic and global macroeconomic conditions, corporate travel trends, foreign and domestic tourist inflows, and overall demand-supply dynamics. Any economic slowdown, adverse changes in business sentiment or unforeseen event risks can impact occupancy levels and average room rates (ARRs), thereby affecting revenue visibility and profitability. In addition, the Indian hotel industry is witnessing increasing competitive intensity driven by expansion by established domestic players and entry or scale-up by international brands. Continuous supply additions in key markets may restrict the ability of operators to sustain ARR growth while maintaining high occupancy levels. However, the competitive risk is partially mitigated by SNHPL's premium positioning and the distinct brand identity of Sofitel Mumbai BKC, which remains the only Sofitel-branded property in India, supporting differentiation within the luxury segment.

ANALYTICAL APPROACH: Standalone

For arrive at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria, as detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES**Positive Sensitivities:**

- Sustained healthy operating performance reflected in occupancy levels of ~85% or higher, steady ARR growth and maintenance of operating margins above 38–40%.
- Improvement in leverage and coverage metrics, with Total Debt/EBITDA maintained below 4.5x and DSCR consistently above 1.25x, supported by strong liquidity.

Negative Sensitivities :

- Decline in occupancy, pressure on ARR or moderation in operating margins leading to weakening of cash accruals.
- Increase in debt levels or deterioration in capital structure, with Total Debt/EBITDA rising above 5.0x and/or DSCR falling below 1.0x, resulting in stretched liquidity.

LIQUIDITY INDICATORS: Adequate

The liquidity position is expected to remain adequate, supported by steady internal accruals and improved debt servicing indicators. The company has maintained the required DSRA balance of Rs. 15 crore (considering three months of instalments and interest on the fully drawn term loan). Further, liquidity is supported by available cash and bank balances of ~Rs. 10.83 crore and unencumbered FDRs of Rs. 0.15 crore as of December 31, 2025. During FY2025, the company reported net cash accruals of ~Rs. 54–56 crore and is projected to generate ~Rs. 63 crore in FY2026. These accruals remain adequate against moderate repayment obligations of ~Rs. 18–19 crore annually over FY2025–FY2026, reflecting improved debt coverage (DSCR of 0.25x in FY2025, expected to improve to 1.78x in FY2026). Working capital utilisation reflects active operations, with average cash credit utilisation at 74.90% during the 10 months ended February 2026, indicating efficient use of sanctioned limits without sustained liquidity stress. The current ratio improved to 2.18x in FY2025 (FY2024:1.04x), indicating strengthening short-term liquidity, though it is expected to moderate over the projected period.

Moreover, the promoters have demonstrated a longstanding track record of extending financial support, and any need-based support is expected to continue, providing additional comfort to the liquidity profile in case of exigencies.

ABOUT THE ENTITY:

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Shree Naman Hotels Private Limited (SNHPL), incorporated in March 2006, is currently a wholly owned subsidiary of Shree Naman Developers Ltd. following the exit of the Accor Group from its earlier joint venture. The company was originally established as a special purpose vehicle to develop and own the 302-room five-star Sofitel Mumbai BKC, strategically located in Bandra Kurla Complex (BKC), Mumbai’s prime commercial district. While the hotel continues to operate under the Sofitel brand under a management arrangement, ownership is now entirely with Shree Naman Developers Ltd. SNHPL is part of the Shree Naman Group, promoted by Jayesh Arvind Shah, which has been active in Mumbai’s real estate development sector since 1993. The group has established a presence across residential, commercial, and hospitality segments, with SNHPL representing its flagship hospitality asset.

ESG Profile:

The company’s ESG profile is adequate across environmental, social, and governance dimensions and broadly aligned with the operational characteristics of the hospitality sector.

Environmental: The company undertakes initiatives to optimise energy consumption across hotel operations through energy-efficient equipment, building management systems, and responsible resource utilisation. Environmental management practices include monitoring of electricity and fuel consumption, water conservation measures, and treatment of wastewater through in-house systems before discharge. The property also follows standard waste management practices, including segregation and responsible disposal of food, plastic and electronic waste generated during hotel operations. Overall, environmental risks remain moderate and are typical for the hospitality industry.

Social: From a social standpoint, the company focuses on employee welfare, service quality and guest safety, which are critical in hospitality operations. The company maintains policies relating to employee training, workplace safety and fair employment practices. Regular skill-development and service-training programmes are conducted to enhance employee capability and maintain high service standards expected from a luxury hospitality asset. Health and safety protocols are implemented across the hotel premises to ensure a safe environment for employees as well as guests.

Governance: The company benefits from established governance practices supported by an experienced promoter group with a long-standing presence in the real estate and hospitality sectors. The governance framework includes defined internal controls, financial reporting practices and compliance with applicable regulatory requirements. Ethical conduct is guided by internal policies and standard operating procedures, while the management structure enables oversight of operational and financial performance. The simplified ownership structure following the exit of the earlier joint venture partner has further enhanced governance clarity and strategic decision-making.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 2023	FY 2024	FY 2025	9MFY2026
Result Type		Audited	Audited	Audited	Unaudited
Total Operating Income	Rs. in Crs	192.66	222.67	240.47	177.19
EBITDA	Rs. in Crs	79.39	90.07	92.02	73.55
PAT	Rs. in Crs	21.47	32.90	37.70	37.55
Tangible Net Worth	Rs. in Crs	147.98	180.98	218.72	Not Available
Total Debt / Tangible Net Worth	Times	2.39	3.65	1.64	Not Available
Current Ratio	Times	0.40	1.04	2.18	Not Available

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: As per the sanction terms, the company is required to maintain a Debt Service Reserve Account (DSRA) equivalent to three months of debt servicing obligations. The financial covenants stipulate that Total Debt/EBITDA should not exceed 6.0x by FY29, 5.0x by FY30 and 4.0x from FY31 onwards, with a requirement to resize debt within three months in case of breach. Additionally, the company must maintain a minimum DSCR of 1.15x until FY29 and 1.25x thereafter, failing which corrective measures, including debt resizing, may be triggered. The facility also carries standard financial and operational covenants typical of such credit facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA: Not Applicable

Any other information: Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspension):

Facilities		Current Rating (2026)		2025		2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	363.90	BWR BBB+ ;Stable; Removal from Issuer Not Cooperating * Category /Reaffirmed	26 Dec 2025	BWR BBB + /Stable Migrating to Issuer Not Cooperating * Category/ Reaffirmed	11 Oct 2024	Withdrawn (Rs. 162.64 Crs) BWR BBB+/ Stable (Assigned)	30 Oct 2023	BWR BBB/Stable (Upgrade)
		315.00	BWR BBB +; Stable/ Assigned	NA	NA	NA	NA	NA	NA
Non-Fund Based	ST	(2.00)	BWR A2 Removal From Issuer Not Cooperating * Category /Reaffirmed	26 Dec 2025	BWR A2 /Stable Migrating to Issuer Not Cooperating * Category/ Reaffirmed	11 Oct 2024	Withdrawn (Rs. 0.75 Crs) BWR A2 /Stable (Assigned) (Rs. 2.00 Crs)	30Oct 2023	BWR A3+ (Upgrade))
		25.00	BWR A2 /Assigned	NA	NA	NA	NA	NA	NA
Total		703.90	(Rupees Seven Hundred Three Crore and Ninety Lakh Only)						

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Rating Criteria for Short-term Debt](#)
- [Services Sector](#)
- [Policy On Issuer Non -Cooperation](#)

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Shree Naman Hotels Private Limited (SNHPL)

Annexure-I: Details of Bank Facilities rated by BWR

SL No.	Name of the Bank/Lender	Type Of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the Instrument
1	Kotak Mahindra Bank Limited	Term Loan-Outstanding	339.15	-	339.15	Simple##
2	Kotak Mahindra Bank Limited	Term Loan-Sanctioned	195	-	195	Simple##
3	Kotak Mahindra Bank Limited	Term Loan-Sanctioned	120	-	120	Simple##
4	Kotak Mahindra Bank Limited	Overdraft-Sanctioned	24.75	-	24.75	Simple##
5	Kotak Mahindra Bank Limited	Bank Guarantee-Sanctioned	-	25.00	25.00	Simple##
6	Kotak Mahindra Bank Limited	Sub-Limit (Bank Guarantee)-Sanctioned	-	(2.00)	(2.00)	Simple##
Rs. Seven Hundred Three Crore and Ninety Lakh only					703.9	

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf). Investors' queries can be sent to info@brickworkratings.com.

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