

Indian Hotels Company Ltd.

HOLD

Sector: Hotels, Restaurants & Leisure

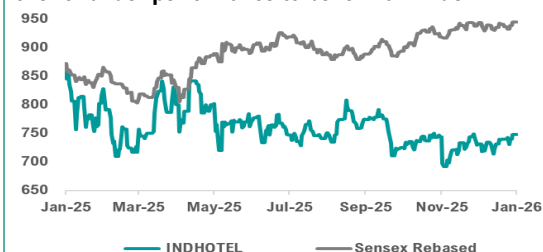
06th January, 2026

Key Changes		Target	Rating	Earnings		Target	Rs. 789
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 726
Large Cap	IH:IN	85,063	INDHOTEL	500850	12 Months	Return	+9%

Data as of: 06-01-2026, 17:00 hrs

Company Data			
Market Cap (Rs.cr)	106,523		
52 Week High — Low (Rs.)	876 - 673		
Enterprise Value (Rs. cr)	107,902		
Outstanding Shares (cr)	142.3		
Free Float (%)	61.5		
Dividend Yield (%)	0.3		
6m average volume (cr)	0.3		
Beta	1.3		
Face value (Rs.)	1.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	38.1	38.1	38.1
FII's	27.0	27.2	26.1
MFs/Institutions	19.2	18.5	19.6
Public	14.4	14.8	14.8
Others	1.4	1.4	1.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	3%	0%	-14%
Absolute Sensex	6%	3%	8%
Relative Return	-2%	-3%	-22%

*over or under performance to benchmark index



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Sales	8,335	9,835	11,113
Growth (%)	23.1	18.0	13.0
EBITDA	2,769	3,382	3,934
EBITDA Margin (%)	33.2	34.4	35.4
Adj. PAT	1,603	2,050	2,425
Growth (%)	27.3	27.9	18.3
Adj. EPS	11.3	14.4	17.0
Growth (%)	27.3	27.9	18.3
P/E	69.9	50.0	42.2
P/B	10.0	7.9	6.9
EV/EBITDA	40.9	30.7	26.4
ROE (%)	18.3	16.9	17.2
D/E	0.0	0.0	0.0

Asset-light model boosts competitiveness

Indian Hotels Company Limited (IHCL), incorporated in 1902, is one of the country's leading hospitality companies. Tata Sons holds a 38.2% stake in the company. IHCL has a vast geographical presence and owns some of the leading brands such as Taj, Ginger and Vivanta. At the group level, the company's portfolio comprises more than 380+ hotels in 14+ countries.

- IHCL's consolidated revenue in Q2FY26 from operations increased 11.8% YoY to Rs. 2,041cr on steady demand across key metros, stronger international performance and recovery in leisure markets, despite disruptions because of renovations in some properties.
- EBITDA rose 13.7% YoY to Rs. 570cr due to cost control, operational efficiencies and a better mix in the high-margin segment, raising margin 40bps YoY to 27.9%.
- Revenue per available room (RevPAR) for Q2FY26 grew in the mid-single digits due to softer demand from the meetings, incentives, conferences and exhibitions (MICE) segment in Mumbai and Delhi, albeit on a high base. The underlying demand remained firm. Most other markets delivered mid-single to double-digit YoY growth.
- In Q2FY26, revenue from the hotel service rose 5.8% YoY to Rs.1,758cr, driven by higher average room rent (ARR), MICE / wedding demand recovery and the benefits of reopening after the renovations.

Outlook & Valuation

INCL delivered a steady performance, driven by its upgraded portfolio, multi-brand expansion and a disciplined capital-light partnership that strengthened growth visibility. Demand across corporate, leisure and MICE segments should remain healthy. Renovations and premiumisation efforts should enhance pricing power and mix. Strategic scale-up in the mid-scale segment, deeper owner-partnerships, and focus on sustainability and digital initiatives should support operating leverage and long-term competitiveness. The company's robust performance and expansion plans position it for long-term growth, driven by its strategic initiatives and industry trends. However, trading at a premium to peers on EV/EBITDA multiples, the stock offers limited near-term upside. **Therefore, we revise our rating on the stock to HOLD, with a target price of Rs. 789 based on 28.5x FY27E EV/EBITDA.**

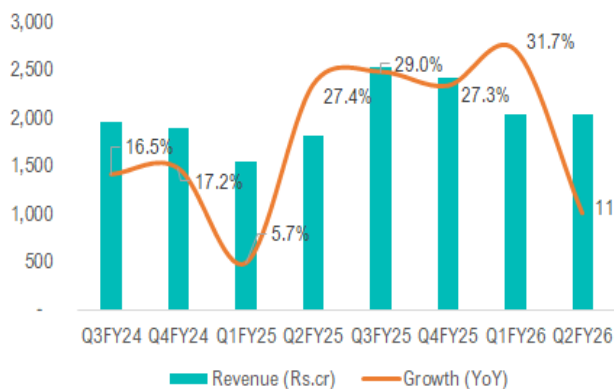
Quarterly Financial Consol.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	2,041	1,826	11.8	2,041	0.0	4,082	3,376	20.9
EBITDA	570	501	13.7	576	-1.0	1,146	951	20.5
Margin (%)	27.9	27.5	40bps	28.2	-30bps	28.1	28.2	-10bps
EBIT	425	376	13.0	433	-1.8	859	709	21.2
PBT	453	696	-34.9	440	2.9	893	1,024	-12.8
Rep. PAT	316	573	-44.8	319	-1.0	636	807	-21.3
Adj. PAT	285	247	15.2	296	-3.9	581	496	17.3
Adj. EPS (Rs)	2.0	1.7	15.2	2.1	-3.9	4.1	3.5	17.3

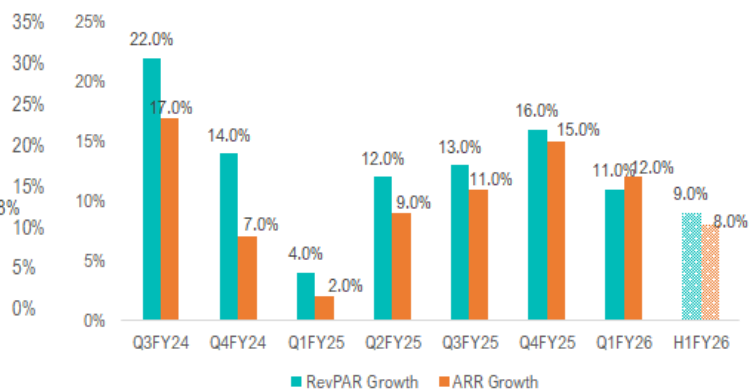
Key concall highlights

- IHCL is confident of achieving double-digit revenue growth due to industry tailwinds, with a robust H2FY26 outlook driven by global events, diplomatic visits, and a busy wedding season.
- The company expects a 10% RevPAR growth for its key hotels next year. This is driven by a dynamic pricing strategy and a demand-supply gap in key markets. The company saw mid-single digit RevPAR growth in Q2FY26 and 9% growth in H1FY26.
- The company is on track to meet its capital expenditure guidance of Rs. 1,000-1,200cr, having spent Rs. 480cr in H1FY26.
- Two company-owned greenfield hotels (Vivanta and Ginger) opened at Ekta Nagar, Gujarat, demonstrating IHCL's continued selective balance sheet deployment into destination assets.
- IHCL's new pipeline properties and management-contract hotels would increase its mid-scale MICE offerings. Its UK and US operations, and the opening of Taj Frankfurt in 2026 could enhance its global corporate and group travel opportunities.
- Taj Bandstand has obtained all necessary regulatory approvals and begun excavation work. Taj Frankfurt is slated to open later this financial year, while the 100-key expansion at Taj Ganges, Varanasi, is expected to open by early Q4FY26, highlighting the management's focus on these key balance sheet projects.
- The hotel major is prioritising capital-light models in emerging market and tier 2/3 locations to protect return on capital employed (ROCE) and to capture market share from the unbranded segment. IHCL's multi-hotel frameworks with Ambuja Neotia and Madison Group expand capital-light growth via management contracts and leases.

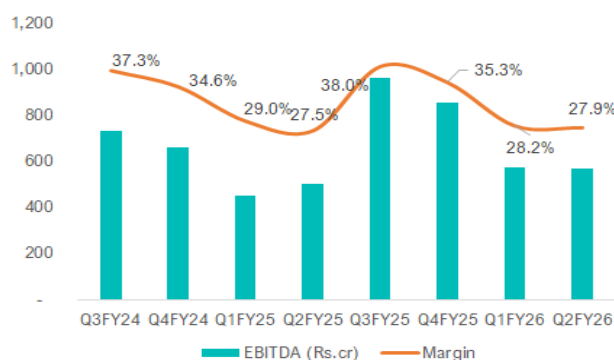
Revenue



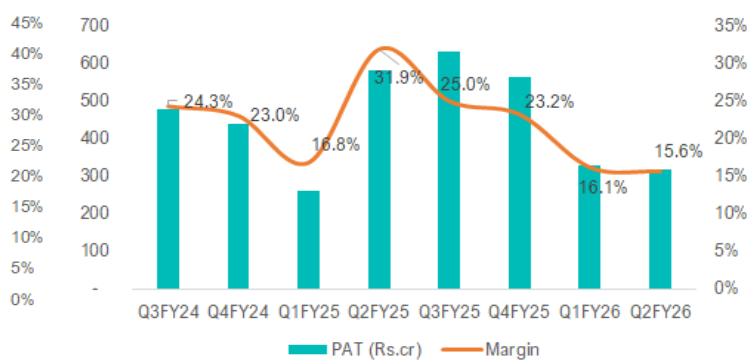
RevPAR Growth and ARR Growth



EBITDA



PAT



Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	9,968	11,204	9,835	11,113	-1.3	-0.8
EBITDA	3,521	4,079	3,382	3,934	-4.0	-3.6
Margins (%)	35.3	36.4	34.4	35.4	-90bps	-100bps
Adj. PAT	2,136	2,532	2,050	2,425	-4.0	-4.2
Adj. EPS	15.0	17.8	14.4	17.0	-4.0	-4.2



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	5,810	6,769	8,335	9,835	11,113
% change	90.1	16.5	23.1	18.0	13.0
EBITDA	1,805	2,157	2,769	3,382	3,934
% change	345.8	19.5	28.4	22.1	16.3
Depreciation	416	454	518	596	634
EBIT	1,389	1,703	2,251	2,786	3,300
Interest	236	220	208	219	230
Other Income	142	183	535	256	278
PBT	1,295	1,666	2,578	2,823	3,348
% change	-601.4	28.6	54.8	9.5	18.6
Tax	323	464	617	706	837
Tax Rate (%)	25.0	27.9	23.9	25.0	25.0
Reported PAT	1,053	1,330	2,038	2,179	2,566
PAT att. to common shareholders	1,003	1,259	1,908	2,050	2,425
Adj.*	-3	-	-305	-	-
Adj. PAT	999	1,259	1,603	2,050	2,425
% change	-479.5	26.0	27.3	27.9	18.3
No. of shares (cr)	142.0	142.3	142.3	142.3	142.3
Adj EPS (Rs.)	7.0	8.8	11.3	14.4	17.0
% change	-479.5	25.7	27.3	27.9	18.3
DPS (Rs.)	1.0	1.8	2.3	3.0	3.4

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,469	1,785	2,556	2,775	3,200
Non-cash adj.	126	115	-309	123	95
Other adjustments	-	-	-	-	-
Changes in W.C	24	36	-53	-225	-1,527
C.F. Operation	1,619	1,935	2,194	2,673	1,769
Capital exp.	-403	-633	-1,062	-1,283	-1,289
Change in inv.	147	61	-137	-1,161	-104
Other invest.CF	112	-638	-694	-	-
C.F - Investment	-145	-1,210	-1,892	-2,445	-1,393
Issue of equity	1	7	-	-	-
Issue/repay debt	-1,194	-572	-50	58	7
Dividends paid	-64	-155	-252	-320	-426
Other finance.CF	-271	-265	-246	64	74
C.F - Finance	-1,528	-985	-547	-198	-345
Chg. in cash	-53	-260	-245	30	30
Closing Cash	736	479	257	287	317

Balance Sheet

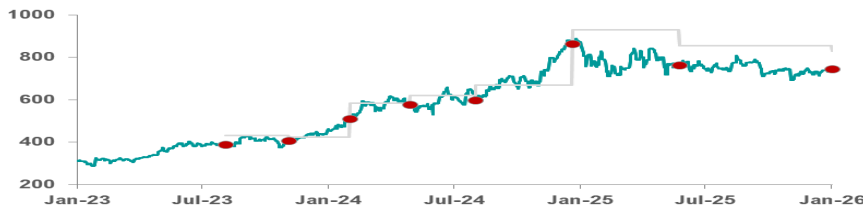
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	736	479	257	287	317
Accts. Receivable	446	476	651	846	967
Inventories	109	116	135	137	154
Other Cur. Assets	1,298	1,996	3,127	4,303	5,964
Investments	1,134	1,537	1,380	1,441	1,458
Gross Fixed As-sets	10,275	11,200	12,261	13,545	14,834
Net Fixed Assets	7,615	8,110	9,632	10,262	10,854
CWIP	324	231	576	633	697
Intangible Assets	1,211	1,226	1,342	1,372	1,387
Def. Tax -Net	158	122	88	70	65
Other Assets	636	561	515	553	581
Total Assets	13,669	14,856	17,704	19,905	22,444
Current Liabilities	1,632	1,785	1,975	2,038	2,229
Provisions	107	98	130	133	136
Debt Funds	818	260	225	283	290
Other Liabilities	2,470	2,584	2,959	3,177	3,375
Equity Capital	142	142	142	142	142
Res. & Surplus	7,840	9,314	11,018	12,748	14,747
Shareholder Funds	7,982	9,457	11,161	12,891	14,889
Minority Interest	660	672	1,255	1,383	1,525
Total Liabilities	13,669	14,856	17,704	19,905	22,444
BVPS	56	66	78	91	105

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	31.1	31.9	33.2	34.4	35.4
EBIT margin (%)	23.9	25.2	27.0	28.3	29.7
Net profit mgn.(%)	17.3	18.6	22.9	20.8	21.8
ROE (%)	13.2	14.1	18.3	16.9	17.2
ROCE (%)	14.7	16.4	17.8	19.1	19.8
W.C & Liquidity					
Receivables (days)	28.0	25.7	28.5	31.4	31.8
Inventory (days)	19.4	18.3	16.9	15.2	15.1
Payables (days)	84.6	81.5	72.2	75.0	75.7
Current ratio (x)	1.2	1.5	2.1	2.6	3.2
Quick ratio (x)	0.9	0.8	0.9	1.5	1.5
Turnover & Leverage					
Gross asset T.O (x)	0.6	0.6	0.7	0.8	0.8
Total asset T.O (x)	0.4	0.5	0.5	0.5	0.5
Int. covge. ratio (x)	5.9	7.7	10.8	12.7	14.4
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	8.0	12.5	13.6	10.6	9.4
EV/EBITDA (x)	25.9	39.2	40.9	30.7	26.4
P/E (x)	46.0	66.9	69.9	50.0	42.2
P/B (x)	5.8	8.9	10.0	7.9	6.9



Recommendation Summary - (last 3 years)



Dates	Rating	Target
8-Aug-23	ACCUMULATE	431
8-Nov-23	HOLD	423
5-Feb-24	BUY	583
2-May-24	HOLD	620
6-Aug-24	HOLD	670
24-Dec-24	HOLD	930
29-May-25	ACCUMULATE	856
06-Jan-26	HOLD	789




Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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