INDIAN HOTELS COMPANY LIMITED

INDIA'S LARGEST HOSPITALITY COMPANY

Entry Price	Target Price	NSE Code	BSE Code
Rs. XXX.XX	**Rs. XXX.XX**	**INDHOTEL**	**500850**

Indian Hotels Company Limited is worth analysing because it combines the Taj franchise with a hospitality platform spanning luxury, upscale, lean-luxe and experiential stays. Its managed-property model, distribution strength and broad footprint support sustained positioning. The report evaluates whether brand-led pricing, network expansion and disciplined execution can support the current valuation, while assessing travel cyclicality, new-asset ramp-up, cost pressure and competitive intensity.

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BSE ENLISTMENT NUMBER: 7051

COMPASS READING

RECOMMENDATION
Redacted
Buy / Hold / Sell

VALUATION
Redacted
Attractive / Fair / Demanding

RISK LEVEL
Redacted
Low / Moderate / High

COMPASS SNAPSHOT

COMPONENT	ASSESSMENT
Company	**Redacted**
Outlook	**Redacted**
Metrics	**Redacted**
Price	**Redacted**
Allocation	**Redacted**
Sensitivity	**Redacted**
Strategy	**Redacted**

ABOUT THE COMPANY

IHCL is India's largest branded hospitality platform, led by Taj and supported by SeleQtions, Gateway, Vivanta, Ginger and experiential formats. It earns primarily from owned, leased and managed hotels, complemented by TajSATS air and institutional catering. Brand equity, loyalty and a growing managed portfolio support pricing, distribution and fee income. Recent RevPAR growth and new assets have reinforced operating momentum. The outlook remains dependent on travel demand, room rates and disciplined execution across new properties.

COMPETITIVE POSITION

IHCL holds a leading position in Indian hospitality through Taj, a broad multi-brand portfolio and nationwide distribution. It competes with ITC Hotels, EIH, Chalet Hotels, Lemon Tree and global chains across distinct guest segments. Its advantage lies in brand depth, loyalty reach and formats spanning luxury through lean-luxe stays. The 645-hotel network, including 263 properties in pipeline, provides expansion visibility, while management contracts improve capital efficiency. Competitive strength depends on preserving service standards, room-rate discipline, timely project conversion and owner relationships. New supply in key cities, rival investment and weaker corporate or leisure travel can narrow pricing advantages. IHCL must therefore combine network growth with disciplined property selection and hotel-level execution.

BUSINESS COMPOSITION (%)



Hotel Services (87.52)

Air & Institutional Catering (12.48)

Hotel Services (87.52): Hotel Services brings together Taj-led luxury, premium and lean-luxe properties across owned, leased and managed formats. The segment combines accommodation, food and beverage, banquets and management contracts within IHCL's core hospitality platform. Its mix of asset ownership and fee-based operations supports both brand control and scalable expansion. Occupancy, room pricing, guest spending and operating-cost discipline shape hotel-level performance. The portfolio also gives IHCL flexibility across established cities and emerging destinations. Renovations, loyalty engagement and brand standards influence guest mix and pricing resilience. Service quality supports repeat stays and brand reputation across markets. This business remains central to the group's margin structure, investment priorities and network development.

Air & Institutional Catering (12.48): Air and Institutional Catering, led by TajSATS, broadens IHCL's hospitality platform beyond hotel stays. The business serves airlines and institutional clients, supported by specialised service capability and long-standing customer relationships. Its operating profile is linked to travel volume, route activity, contract quality and execution consistency. The segment adds diversification across the wider ecosystem, although margins remain sensitive to aviation conditions, labour, food and energy costs. Catering operations also depend on scheduling precision, food safety and service reliability. It complements the hotel network while requiring tight quality control and careful capacity management across client locations. The capability also supports cross-selling within IHCL's broader service ecosystem and strengthens client connectivity across travel-related services.

BUSINESS PRESENCE

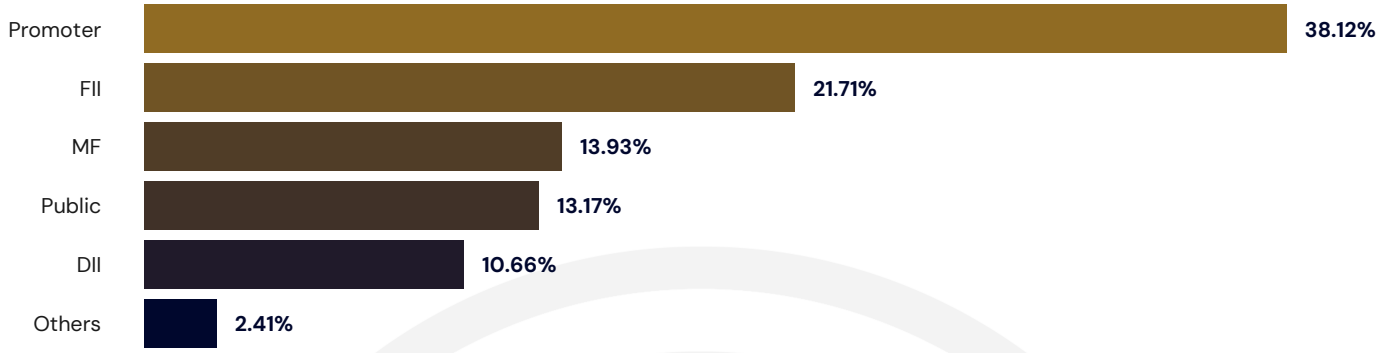
Indian Hotels Company Limited operates a broad hospitality network across India and selected international markets. Its portfolio spans luxury, upscale, lean-luxe, villas, wellness and food-service formats, serving business, leisure, weddings and experiential travel. At June 2026, IHCL had 382 operating hotels and 263 in pipeline, for 645 hotels across four continents, 15 countries and more than 300 locations. Taj anchors the luxury proposition, while other brands extend coverage across price points. Loyalty, distribution and the managed-property base support cross-selling and pricing. This breadth supports scale, while service consistency and hotel-level execution remain central as the system expands.

OPERATING PROFILE

IHCL combines owned, leased and managed hotels with a multi-brand strategy spanning luxury, business, leisure and lean-luxe demand. Occupancy, room pricing, food and beverage mix and cost control determine hotel-level margin conversion. Management contracts add a capital-light growth lever alongside the owned and leased portfolio. New hotels, renovations and acquired assets can broaden the platform but also carry ramp-up and integration requirements. TajSATS adds catering diversification, although airline and institutional activity can influence demand. Strong operating discipline is needed to protect service standards, asset productivity and guest experience as the portfolio and pipeline scale.

SHAREHOLDING PATTERN (%)

As of 30-Jun-26



Promoters own 38.12%, giving the Tata group meaningful influence over the company's direction. FII, mutual-fund and other DII ownership together form a broad institutional base. Public and other shareholders add 15.58%, adding to non-promoter ownership. This mix supports liquidity and market visibility alongside a substantial promoter stake. The spread also reduces dependence on any single non-promoter investor group. Changes in foreign or mutual-fund ownership can affect short-term sentiment. Hospitality demand, operating delivery and valuation remain the more important drivers.

KEY MUTUAL FUND HOLDINGS

As of 31-Jul-26

MUTUAL FUND	AUM (IN CR)	% OF AUM	NUMBER OF SHARES
Canara Rob Large and Mid Cap Fund-Reg (G)	26,062.0	5.51	1,94,57,322
HDFC Mid Cap Fund-Reg (G)	1,05,142.7	0.99	1,41,08,139
Axis Midcap Fund-Reg (G)	34,403.7	2.35	1,09,48,722
Nippon India Multi Cap Fund (G)	55,587.0	1.09	82,05,105
Nippon India Growth Mid Cap Fund (G)	50,750.8	1.13	77,87,900

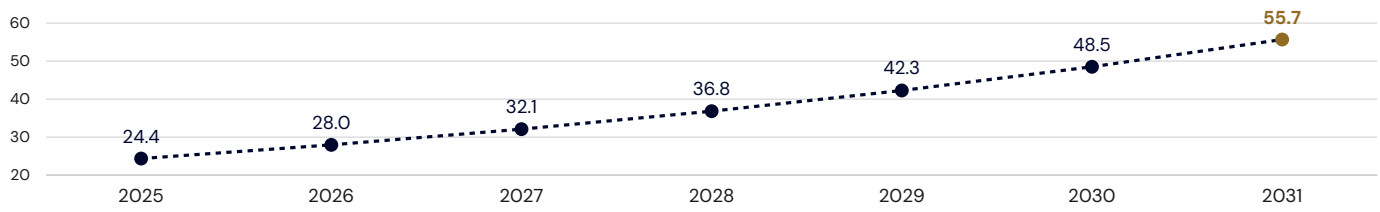
The displayed entries show IHCL exposure across large-and-mid-cap, mid-cap and multi-cap schemes. Canara Rob and HDFC feature prominently by share counts, while Axis and Nippon India add portfolio mandates. Portfolio weights vary, indicating that IHCL serves different roles across diversified and mid-cap strategies. The presence across these schemes points to institutional interest in the company's brand strength, travel demand exposure and managed expansion. The share counts help compare the relative scale of the positions presented. Business delivery and valuation remain more important to the investment view than any individual scheme allocation.

Company Assessment

IHCL's Taj franchise, broad brand portfolio and managed-property pipeline support a strong hospitality position. Promoter backing and institutional participation support visibility, while travel demand, ramp-up and costs remain key monitorables. Elevated valuation makes steady execution essential for returns.

INDUSTRY FORECAST

Indian Hospitality Market Forecast (2025-2031)



India's hospitality market is projected to rise from USD 24.36 billion in 2025 to USD 55.67 billion by 2031, implying about 14.8% annual growth. Domestic leisure, business travel, MICE, weddings and premiumisation underpin the expansion. For IHCL, this can support occupancy, room pricing and pipeline conversion. New supply, travel disruption and cost inflation remain important constraints.

INDUSTRY DRIVERS

Domestic Travel: Domestic leisure, business travel and weddings support branded hotel demand. Higher spending on premium stays can aid room pricing and repeat visits. IHCL benefits through its broad brand network, provided demand remains healthy across destinations.

Asset-Light Expansion: Management contracts allow hotel networks to expand with less direct property investment. IHCL's pipeline offers scope for additional fee income. Timely openings, owner funding and consistent service quality determine how signings translate into earnings.

Brand Strength: Renovations, brand upgrades and a larger loyalty ecosystem can improve room mix, pricing and repeat stays. IHCL has reported strong performance from renovated assets and gains across its brand portfolio. Continued asset management and consistent guest experience are needed as new properties join the system.

INDUSTRY CHALLENGES

Demand Cyclicality: Hotel demand can soften during weaker corporate spending, travel disruption or geopolitical events. Diversified operations can cushion localised headwinds, but airline traffic and international travel still influence selected revenue streams. A less supportive macro environment could pressure occupancy and room pricing.

Supply Competition: New branded capacity in key cities and leisure destinations can limit rate growth if demand does not keep pace. IHCL competes with domestic peers and global chains across multiple price points. Brand distinction, service quality and distribution strength remain important for protecting RevPAR and market share.

Cost Discipline: Labour, food, energy and launch costs can influence hotel margins, while acquisitions and new leases require careful ramp-up. IHCL incurred launch-related costs in Q1 FY27 and continues to integrate new platforms. Expansion creates value only when new assets achieve expected revenue, margins and cash conversion.

Outlook Assessment

India's hospitality outlook remains favourable as domestic leisure, corporate travel, weddings and MICE support demand growth. IHCL can benefit through its brands and managed pipeline, though new supply, cost pressure and travel disruption can temper RevPAR and margin gains. The sector backdrop supports a constructive but selective view.

QUARTERLY PERFORMANCE

All figures in Rs. Cr, unless stated otherwise.

PARTICULARS	JUN-25	SEP-25	DEC-25	MAR-26	JUN-26
Revenue	2,041	2,041	2,842	2,765	**2,339**
Revenue Growth (%)	31.7	11.8	12.2	14.0	**14.6**
Expenses	1,465	1,471	1,766	1,793	**1,666**
Operating Profit	576	570	1,076	973	**673**
Other Income	61	83	334	79	**80**
Interest Expense	55	56	56	55	**57**
Depreciation	143	145	150	167	**163**
PBT	440	453	1,203	830	**533**
Tax	120	137	269	205	**142**
PAT	319	316	934	625	**391**
PAT Growth (%)	36.4	-44.8	52.2	15.8	**22.4**
EPS	2.1	2.0	6.3	4.2	**2.5**

Jun-26 revenue rose 14.6% year on year to ₹2,339 crore versus ₹2,041 crore in Jun-25. Operating profit increased 16.8% to ₹673 crore, while PAT grew 22.4% to ₹391 crore. The year-on-year comparison indicates that earnings continued to advance despite normal seasonal movement from Mar-26. Revenue growth eased from 31.7% in Jun-25 to 14.6% in Jun-26, indicating a slower but still positive pace. The comparison remains constructive, although demand must stay firm across key markets. Room-rate progress, new-hotel ramp-up and cost control remain important for sustained earnings delivery.

BALANCE SHEET POSITION

All figures in Rs. Cr, unless stated otherwise.

PARTICULARS	MAR-22	MAR-23	MAR-24	MAR-25	MAR-26
Equity Capital	142	142	142	142	**142**
Reserves	6,920	7,840	9,314	11,018	**12,910**
Current Liabilities	1,964	2,119	1,998	1,996	**2,235**
Non-Current Liabilities	3,471	2,908	2,729	3,292	**3,122**
Total Liabilities	13,090	13,669	14,856	17,704	**20,297**
Current Assets	2,674	2,590	3,068	4,170	**5,577**
Non-Current Assets	10,416	11,078	11,787	13,534	**14,720**
Total Assets	13,090	13,669	14,856	17,704	**20,297**

FY26 total assets and liabilities increased 14.6% year on year to ₹20,297 crore, reflecting continued expansion of the operating base. Reserves rose 17.2% to ₹12,910 crore, strengthening the equity cushion. Current assets increased 33.7% to ₹5,577 crore, while non-current assets grew 8.8% with network investment. Current liabilities increased to ₹2,235 crore, though non-current liabilities declined to ₹3,122 crore. The balance sheet therefore carries more operating capacity with improved liquidity support. Capital deployment, disciplined funding and new-asset returns remain key to preserving financial flexibility.

CASH FLOW GENERATION

All figures in Rs. Cr, unless stated otherwise.

PARTICULARS	MAR-22	MAR-23	MAR-24	MAR-25	MAR-26
Operating Cash Flow	672	1,619	1,935	2,194	**2,471**
Investing Cash Flow	-1,642	-145	-1,210	-1,892	**-1,727**
Financing Cash Flow	1,659	-1,528	-985	-547	**-976**
Net Cash Flow	688	-53	-260	-245	**-232**

FY26 operating cash flow increased 12.6% year on year to ₹2,471 crore, showing continued conversion of hotel earnings into cash. Investing outflow narrowed to ₹1,727 crore from ₹1,892 crore in FY25, while financing outflow increased to ₹976 crore. Net cash flow remained negative at ₹232 crore, but improved slightly from the ₹245 crore outflow in FY25. The pattern indicates that internal cash generation is funding a substantial part of expansion. Investment needs and shareholder-related financing continue to absorb cash. Sustained operating cash flow remains important for supporting growth without weakening financial flexibility.

KEY FINANCIAL RATIOS

PARTICULARS	MAR-22	MAR-23	MAR-24	MAR-25	MAR-26
GPM (%)	65.4	68.7	69.3	73.1	**73.3**
OPM (%)	13.2	31.1	31.9	33.2	**33.0**
NPM (%)	-7.3	16.7	17.8	23.5	**22.7**
ROCE (%)	1.6	13.8	15.5	19.6	**19.8**
ROE (%)	-3.1	12.2	12.7	17.6	**16.8**
ROA (%)	-1.7	7.1	8.1	11.1	**10.8**
Asset Turnover	0.2	0.4	0.5	0.5	**0.5**
Debt to Equity	0.4	0.4	0.3	0.3	**0.2**
Interest Coverage	0.4	6.5	8.6	13.4	**14.2**
Current Ratio	1.4	1.2	1.5	2.1	**2.5**

FY26 gross margin reached 73.3%, while operating margin eased to 33.0% and net margin to 22.7% from FY25. ROCE improved slightly to 19.8%, but ROE moderated to 16.8%, showing that returns did not strengthen uniformly as the asset base expanded. Asset turnover stayed at 0.5x, consistent with asset-intensive hotel operations. Debt to equity fell to 0.2x and interest coverage rose to 14.2x, improving funding flexibility. The current ratio of 2.5x supports liquidity. Profitable room growth and productive investment remain important to sustaining earnings and returns. New assets need to earn adequate margins as the network expands.

Metrics Assessment

FY26 cash generation and Jun-26 earnings support a stronger financial base. Liquidity improved and leverage declined, although net margins and ROE eased from FY25. This supports the **Redacted** case through financial flexibility, with productive asset growth and consistent operating delivery important to sustaining returns.

CURRENT VALUATION

At the report date, IHCL had market capitalisation of ₹1,02,487 crore and traded at 47.8x earnings, 10.3x sales, 7.8x book value and 31.8x EV/EBITDA. These multiples recognise Taj's brand strength, broad hospitality platform and recent earnings delivery. The valuation remains elevated for a cyclical services business despite a stronger financial profile. Current pricing leaves limited room for weaker demand, occupancy or margin outcomes. The investment case therefore depends on continued room-rate growth, fee-income conversion, disciplined expansion and cash generation over coming periods.

HISTORICAL RANGE

PARTICULARS	MAR-22	MAR-23	MAR-24	MAR-25	MAR-26
Market Capitalization (Cr)	33,862	46,078	84,175	111,974	81,242
Price to Earnings	-	46.0	66.8	58.7	39.0
Price to Sales	11.1	7.9	12.4	13.4	8.4
Price to Book	4.8	5.8	8.9	10.0	6.2
EV to EBITDA	90.3	26.7	39.6	40.8	25.8

IHCL's market capitalisation expanded sharply from ₹33,862 crore in FY22 to ₹81,242 crore in FY26 as hotel earnings and room rates recovered. P/E moved between 39.0x and 66.8x, while price-to-sales, P/B and EV/EBITDA also stayed above earlier-cycle levels. Lower FY26 market value and earnings growth both helped reduce multiples, though valuation remained elevated. This history suggests that future returns rely on steady operating delivery, cash-flow conversion and disciplined capital deployment. Room pricing, occupancy, asset ramp-up and managed-pipeline conversion will determine whether valuation support can be sustained.

PEER COMPARISON

PARTICULARS	INDHOTEL	ITCHOTELS	CHALET	THELEELA	EIHOTEL
Market Capitalization (Cr)	**102,487**	33,603	19,709	18,568	18,248
Price to Earnings	**47.78**	38.78	37.30	30.67	25.64
Price to Sales	**10.26**	7.89	8.26	11.57	6.04
Revenue (Cr)	**9,987**	4,260	2,387	1,604	3,023
Revenue Growth (%)	**13.2%**	16.1%	6.0%	19.1%	8.3%
PAT Growth (%)	**10.8%**	27.1%	85.3%	237.3%	4.3%

IHCL is the largest company in the group by both market capitalisation and revenue. Its 47.78x P/E is the highest in the set, while its 10.26x price-to-sales multiple is below The Leela but above most peers. Revenue growth of 13.2% is moderate relative to the group, and PAT growth of 10.8% trails several peers. The premium reflects Taj brand, scale and recent execution, but leaves returns dependent on continued operating delivery. Differences in asset ownership, business mix and growth stage mean the comparison should remain directional. Valuation discipline remains important despite IHCL's franchise quality.

WEEKLY TECHNICAL INDICATORS

INDICATOR	LEVEL	SIGNAL
RSI (14)	55.90	Bullish
MACD (12,26,9)	13.59	Bullish
Stochastic (20,3)	77.99	Bullish
CCI (20)	45.55	Neutral
ADX (14)	14.36	Weak Trend
ATR (14)	33.80	Low Volatility

RSI at 55.90 and positive MACD indicate constructive momentum, supported by a bullish stochastic reading. Stochastic at 77.99 is near the upper end of its range, so short pauses remain possible. Neutral CCI and ADX at 14.36 indicate limited trend confirmation rather than a firmly established advance. ATR at 33.80 measures price swings and is classified as low volatility in the table. Together, the readings support a constructive backdrop for the **Redacted** view without signalling a strong trend. Consistency across subsequent weekly readings would strengthen confidence in momentum, while mixed confirmation favours disciplined entry rather than chasing short-term moves.

WEEKLY MOVING AVERAGES

PERIOD	SMA	SMA SIGNAL	EMA	EMA SIGNAL
5 Day	723.02	Bullish	723.01	Bullish
10 Day	728.99	Bearish	719.22	Bullish
20 Day	698.87	Bullish	706.59	Bullish
50 Day	693.43	Bullish	701.15	Bullish
100 Day	732.74	Bearish	682.28	Bullish
200 Day	594.39	Bullish	594.22	Bullish

Every listed EMA is bullish, while four of six SMAs are positive, indicating broader support across the moving-average table. The bearish 10-day and 100-day SMA signals show that alignment is not complete. Longer-period averages near Rs. 594 provide a reference for the established trend, not an assured price floor. The pattern complements the **Redacted** case, although a firmer short-term alignment would improve confidence in entry timing. Signals can change as prices move, making their persistence more useful than a single observation. The technical picture supports measured participation alongside the company's earnings outlook and premium valuation.

Price Assessment

Demanding pricing leaves IHCL's return case dependent on earnings growth. Bullish EMAs support the **Redacted** view, while mixed SMAs and weak ADX favour disciplined entry. Room-rate growth, management fees and cash generation provide the operating basis for the opportunity, rather than an assumption of further multiple expansion.

PORTFOLIO ROLE

CORE	SATELLITE	TACTICAL

IHCL can serve as a measured core hospitality allocation within a diversified equity portfolio. Taj brand strength, broad network reach and a growing managed-property base provide exposure to India's travel market. Owned, leased and fee-led assets create several earnings drivers beyond room revenue. The **Redacted** case offers participation in room pricing, hotel additions and management-fee growth. Position size should reflect premium valuation and the sensitivity of hotel demand to economic conditions. The stock can complement other sectors, with diversification helping manage travel cyclicality and changes in market expectations over the holding period.

RETURN POTENTIAL

The Rs. XXX.XX target offers **Redacted** price upside from the Rs. XXX.XX entry, before costs and dividends. The opportunity depends on room-rate growth, margin resilience, management fees and pipeline conversion. IHCL's brand network and domestic travel exposure support these earnings drivers. Premium pricing means that profits need to progress rather than returns relying on further multiple expansion. Dividends may add to the outcome but are not included in the price objective. Demand weakness or slower hotel ramp-up could delay progress. The target is an investment objective, with quarterly delivery providing the main test of the return case.

INVESTMENT HORIZON

A 6-18 month investment horizon is appropriate for assessing IHCL's operating cycle. It allows seasonal travel patterns, room-rate movements and new-property ramp-up to be evaluated across more than one quarter. The period also provides time to monitor management-fee growth, openings, renovations and pipeline conversion. Quarterly results should show whether revenue and margins are progressing toward the return objective. Investors should expect interim price movement as expectations change. The horizon suits measured participation while keeping valuation and execution under review.

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INVESTOR SUITABILITY

IHCL suits investors seeking hospitality exposure and comfortable with business-cycle sensitivity. Its Taj franchise, diversified brands and managed pipeline offer participation in leisure, corporate travel, weddings and business events. Investors should tolerate changes in occupancy, room rates and market multiples. The **Redacted** view fits a diversified portfolio rather than a concentrated travel-sector position. The stock is less suitable for those seeking predictable income or limited price movement. **Redacted** potential upside should be assessed alongside premium valuation, operating execution and interim volatility.

Allocation Assessment

IHCL fits a measured hospitality allocation for investors seeking branded travel growth. **Redacted** potential upside supports the **Redacted** opportunity, with cash generation and the managed pipeline strengthening the operating case. Diversification and disciplined sizing remain important given premium pricing and cyclical hotel demand.

INTERNAL SENSITIVITIES

IHCL's key internal sensitivities are room-rate discipline, occupancy conversion, new-hotel ramp-up and management-contract execution. Q1 FY27 growth was supported by domestic RevPAR, fee income and newer assets, making delivery across these levers important. Delays in openings, weaker property economics, renovation disruption or launch-cost overruns could reduce operating leverage. Service consistency across a wider brand portfolio is equally important for sustaining pricing power. Capital allocation across owned, leased and managed hotels will shape future cash conversion. Consistent execution remains essential to sustaining earnings and supporting valuation.

EXTERNAL SENSITIVITIES

IHCL is exposed to domestic leisure, corporate travel, weddings, MICE activity, aviation conditions and foreign tourist flows. ICRA expects premium-hotel occupancy to remain broadly stable in FY27, placing greater reliance on room-rate growth. New supply in key city markets can limit rate increases and pressure occupancy at the margin. Labour, food and energy inflation can also affect hotel-level profitability. Geopolitical disruption or weaker consumer confidence can alter travel patterns quickly. Brand strength and location diversification help cushion shocks but cannot eliminate cyclical demand risk.

SENSITIVITY MATRIX

KEY FACTOR	CURRENT STATUS	EXPECTED CHANGE	OVERALL EFFECT
Domestic Travel Demand	Strong	Stable	Positive
RevPAR and Room Pricing	Strong	Higher	Positive
Pipeline Conversion	Moderate	Higher	Positive
New Supply in Key Markets	Moderate	Higher	Negative
Operating Costs	Moderate	Higher	Negative
Travel Disruption	Weak	Stable	Negative

The matrix identifies domestic travel, room pricing and pipeline conversion as the main positive earnings drivers. Higher rates and managed-property additions can support revenue, fee income and operating margins. New hotel supply and rising labour, food or energy costs are the principal offsets. Travel disruption can weaken selected demand segments at short notice. IHCL's brands and geographic spread provide resilience but do not eliminate these exposures. The **Redacted** case depends on demand and execution outweighing cost pressures, with quarterly room performance and opening schedules providing practical checks on the expected direction of earnings.

Sensitivity Assessment

Travel demand, room pricing and managed-pipeline conversion support IHCL's **Redacted** case. New supply, cost inflation and travel disruption remain material sensitivities. Brand reach and operating flexibility provide resilience, while sustained margins and disciplined expansion remain important to preserving earnings and returns.

INVESTMENT CASE

IHCL's **Redacted** case combines the Taj franchise, a broad brand portfolio and a growing managed-property platform. Q1 FY27 total income rose about 15%, while reported EBITDA margin reached 31.1%, supported by domestic room performance, management fees and newer assets. Managed contracts and growth brands extend earnings beyond owned hotels. Cash reserves and lower leverage provide flexibility for openings and upgrades. The opportunity depends on profitable expansion and cash conversion supporting earnings growth over the holding period. Premium valuation limits room for disappointment and makes operating delivery more important than further rerating. New supply, costs and property ramp-up remain the main constraints. The investment case rests on franchise strength translating into sustained earnings rather than industry growth alone.

INVESTMENT APPROACH

The **Redacted** approach is to take measured exposure to IHCL and assess delivery over the 6-18 month horizon. Bullish EMAs support the broader picture, while mixed SMA readings and weak ADX favour disciplined entry. Room rates, occupancy, operating margins and management-fee income should guide assessment of business progress. Hotel openings and renovations need to translate into profitable revenue rather than only a larger network. With demanding pricing, returns should rely on earnings growth and cash conversion rather than further multiple expansion. Position size should reflect travel demand, new supply and interim volatility. Review investment spending alongside the productivity of the expanding asset base. Reassess the position if sustained demand weakness or poor execution undermines the earnings case.

INVESTMENT CONSIDERATIONS

Demand Drivers: Domestic leisure, corporate travel, weddings and MICE activity support occupancy and room rates. A slower demand environment or weaker pricing can reduce hotel-level operating leverage and earnings visibility. Regional demand mix and premium-room supply should be monitored through results.

Pipeline Execution: Managed openings, renovations and newer assets need to convert into profitable growth. Delayed openings, weak ramp-up or cost overruns can defer fee income, margins and cash returns. Property-level execution must remain aligned with return thresholds.

Valuation Sensitivity: Premium valuation leaves the share price sensitive to room-rate growth, margin delivery and earnings upgrades. A stable business outcome may not be sufficient if market expectations remain elevated. Quarterly demand and earnings trends therefore matter for valuation support.

Cost Discipline: New supply, labour, food and energy costs can affect hotel margins. Management must preserve service quality and capital discipline across owned, leased, managed and acquired properties. Portfolio growth should not dilute return thresholds or financial flexibility.

> **Strategy Assessment**
>
> The **Redacted** strategy centres on room-rate growth, management fees and productive hotel expansion. Brand strength and financial flexibility support the opportunity, while premium pricing makes earnings delivery important. Measured entry and regular checks on margins, openings and cash conversion keep the approach tied to business performance.

KEY STRENGTHS

- Taj's brand strength, loyalty ecosystem and broad portfolio support pricing, distribution and customer relevance across key domestic and international travel segments.
- Domestic RevPAR growth, management-fee income and newer assets supported Q1 FY27 revenue and EBITDA progression, strengthening the underlying earnings base.
- The expanding managed pipeline can add rooms and fee income without requiring IHCL to fund every property on balance sheet, supporting more efficient capital deployment.
- Gross cash of ₹4,439 crore provides flexibility for renovations, selected openings and disciplined portfolio expansion while preserving capacity for future investment.

KEY RISKS

- Demanding valuation leaves returns sensitive to any moderation in room rates, occupancy, margins or earnings upgrades, leaving limited room for operating disappointment.
- Leisure, corporate and MICE travel remain cyclical, making operating performance responsive to consumer confidence, business spending and changing travel conditions across markets.
- New supply, property ramp-up, renovations and cost inflation can delay margin improvement and lower cash returns as newly opened properties mature.
- Air catering and international operations diversify the platform but add exposure to aviation conditions and cross-border disruption that can affect volumes and operating costs.

CLOSING COORDINATES

Business Model

IHCL combines Taj-led hotels, air catering and managed properties. This mix supports pricing and fee income while keeping expansion less capital intensive.

Industry Outlook

Travel demand and business events remain supportive. Limited premium room supply can aid pricing, while new capacity or softer travel may slow growth.

Valuation Stance

Premium pricing reflects franchise quality. The **Redacted** case depends on room demand, margins and fees driving earnings growth.

Financial Position

Stronger cash flow and lower debt give IHCL room to expand. Cash reserves support new projects, while careful spending can protect shareholder returns.

Final Recommendation

IHCL carries a **Redacted** view, supported by Taj's brand strength, the managed pipeline and cash generation. Room rates and management fees support earnings, while premium pricing requires consistent execution. The stock suits investors comfortable with travel cyclicality and measured exposure within a diversified portfolio.

DISCLOSURE & DISCLAIMER

A. Disclosure

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The Research Analyst does not have any associates.

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