

# Equity Research Desk

# ALPHA

## IHCL

### Leading with Luxury and Scale



Indian Hotels Company Ltd. (IHCL) was incorporated in 1902, headquartered in Mumbai.



It is part of the Taj Group and operates hotels, palaces, and resorts.



Operates under four primary brands: Taj (Luxury), Vivanta/SeleQtions (Upscale), Ginger (Midscale/Lean Luxe).



Additional verticals include am& Stays & Trails, Taj SATS Air Catering, Qmin food delivery.



As of 30 June 2025, IHCL manages a portfolio of 392 hotels: 249 operational, 143 in pipeline.



Strong digital presence and diversified service offerings across wellness, lifestyle, and catering.

### Subsidiaries

As of FY25



33 Subsidiaries



6 Associates



6 Joint Ventures

### Growth Strategies



Capital-light Strategy: 95% of hotels signed in FY25 were asset-light.



FY25 Expansion: Signed 74 hotels, opened 26.



Q1FY26 Update: Signed 12 new hotels, opened 6 properties.



Revenue from Management Fees  
 • FY25: ₹562 Cr (+20% YoY)  
 • Q1FY26: ₹133 Cr (+17% YoY)



Mid & Upscale Penetration  
 • Ginger crossed 100 hotels  
 • Vivanta crossed 50 hotels



Qmin & Ginger Synergy: 95% of Ginger's new business revenue is Qmin-integrated.



Digital Bookings: Direct bookings up 43% YoY, totalling ₹2,200 Cr.



Tata Neu Loyalty: Crossed 10 million members.



RevPAR Leadership  
 • Q1FY26 RevPAR: ₹13,000  
 • Maintains 73% premium over industry average



Accelerate 2030 Strategy: Targeting 700+ hotels, ROCE >20%, revenue doubling.

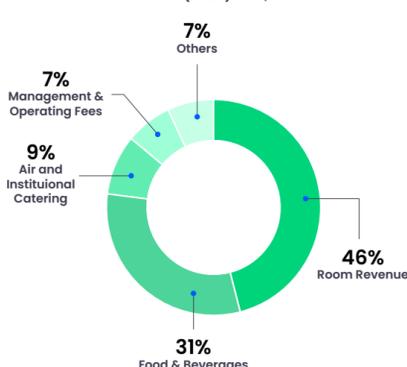


FY26 Pipeline

Project Name	Opening	No. of Keys
Taj Frankfurt	Q4FY26	126
Ginger Ekta Nagar	Q2FY26	151
Vivanta Ekta Nagar	Q3FY26	127
Taj Ganges	Q4FY26	100

### Revenue Breakup (FY25)

Total Revenue (FY25) - ₹8,335 crore



### Financial Highlights



Q1FY25 vs Q1FY26

- Revenue: ₹2,041 Cr (+32% YoY, from ₹1,550 Cr)
- Operating Profit: ₹637 Cr (+28% YoY, from ₹496 Cr)
- Net Profit: ₹319 Cr (+36% YoY, from ₹234 Cr)
- Room Revenue: ₹877 Cr (+13% YoY)
- RevPAR: ₹13,000 (+13% YoY, from ₹11,500)



FY25

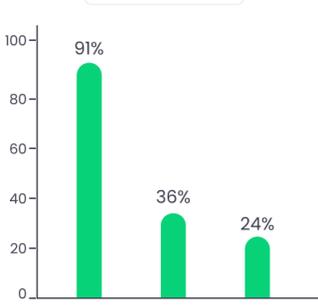
- Revenue: ₹8,335 Cr (+23% YoY)
- Operating Profit: ₹3,000 Cr (+28% YoY)
- Net Profit: ₹1,961 Cr (+63% YoY)
- Operating Margin: Improved from 35% to 36%
- Net Profit Margin: Increased from 18% to 24%



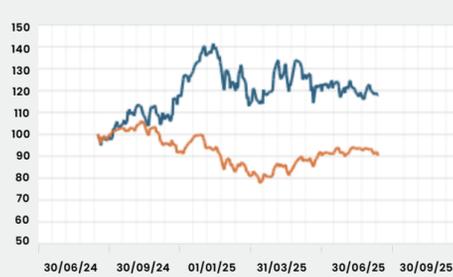
Financial Performance (FY23-FY25)

- Revenue CAGR: 40%
- PAT CAGR: 97%
- 3-Year Avg. ROE/ROCE: ~15%
- Debt-to-Equity: 0.28
- Cash Reserves: ~₹3,000 Cr

### Margins-FY25



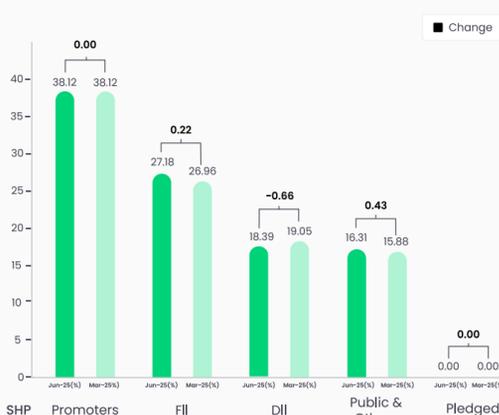
### Indexed Price Chart



### Market Data

CMP	₹741
Date	01-Aug-25
Target Price	₹892
Upside Potential	20%
52 Week High/Low	895/595
NSE Code	INDHOTEL
Market Cap	Large
Sector	Hotel & Resorts
Rating	BUY

### Shareholding Pattern



### Ratios - FY25

ROE	16%
ROCE	17%
Div. Yield	0.30%
PE Ratio (x)	58.6
Face Value	1.00
EPS	13.4

### Industry Outlook

- Hospitality industry to grow from US\$199.6 Bn to US\$512 Bn by 2028.
- Government initiatives: Swadesh Darshan 2.0, Heal in India, e-Visa expansion.
- Domestic travel demand, medical and spiritual tourism boosting growth.
- Hospitality sector = major job creator and forex earner.
- Staycations and digital-first travel habits creating new market segments.

### Growth Drivers

- ₹2,541.06 Cr allocation to tourism sector in Union Budget 2025-26.
- 100% FDI under automatic route for hospitality sector.
- Vision@2047 targeting 100 million inbound tourists by 2047.

### Competitive Advantage

- Most undervalued stock among peers like Lemon Tree, ITC Hotels.
- Strong returns on capital, premium brand equity, and robust sales growth.
- Clear RevPAR leadership and strong digital transformation strategy.

### Peer Analysis

Company	CMP	Mcap	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Indian Hotels	741	105476	17.00%	16.00%	40.00%	54	13.74
Lemon Tree	147	11646	13.00%	18.00%	47.00%	59	2.48
ITC Hotels	224	46651	10.00%	7.00%	-	73	3.05

### Outlook

- Projected double-digit revenue growth in FY26.
- FY26 capex of ₹1,200 Cr (20% higher than FY25).
- Expansion to include asset construction, renovation, and digital transformation.
- New Verticals (Ginger, Qmin, Ama, Tree of Life): 40% revenue growth in FY25.
- Margins from new verticals: 37%, vs company average of 35%.
- Strong recovery in international markets (US, UK), expanding in Germany & South Africa.
- BUY recommendation with Target Price: ₹892 (53x FY27E EPS).

### SWOT Analysis

- Strengths**
  - Strong brand recall under Tata Group
  - Robust balance sheet with ₹3,000 Cr cash reserves
  - Premium pricing power across segments
- Weaknesses**
  - Execution dependency on new openings
  - Sensitive to geopolitical disruptions
- Opportunities**
  - Targeting millennials & digital-first travellers
  - Untapped international markets
  - Aggressive expansion via an asset-light model
- Threats**
  - Economic downturns may reduce travel
  - Rising competition in domestic & global markets

### Product Portfolio

- Hotels across Luxury, Upscale, Select, and Lean Luxe formats.
- Services include air food, salons & spas, F&B, boutiques, and catering clubs.
- Platforms like Qmin, am& Stays & Trails, and Taj SATS enhance customer experience.

Note: To read the Disclaimer and Disclosure, [click here](#)

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