kotak Securities

Dated: 6th Nov 2025

Indian Hotels (IH) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.743	**Rs.830**

Rationale:

- Q2FY26: Growth impacted by renovation of key properties and a lack of events.
- Management has alluded to a rebound in H2FY26 while reiterating its double-digit revenue growth guidance for FY26E.
- IHCL continues to add new keys with 32 new hotels signed in H1FY26, building on strong pipeline of 22k keys, to be operationalized in the next 5-6 years.
- IHCL is a key beneficiary of the favorable demand-supply dynamics in the hotel sector, Q2FY26 performance notwithstanding.
- IHCL is the largest play on India's hospitality sector with its wide presence across the mid-to-premium segments as well as presence in business/leisure locations.
- We expect earnings per share (EPS) growth of 27.6% in FY26E and 30.4% in FY27E.
- We maintain ADD with a revised FV of Rs830 (Rs850 earlier).

Positives:

- Consolidated EBITDA of Rs570 cr (+14% yoy); was in line with our estimate.
- Consolidated EBITDA margin was 27.9% (27.5% in Q2FY25); was above our estimate.
- Strong growth in management fees (up 26% yoy) and improved performance from international hotels.

Negatives:

- IHCL reported weak Q2FY26 consolidated revenue of Rs2041 cr (below our estimate).
- IHCL reported flat Q2FY26 ARR (standalone, domestic) of Rs14.2k/day.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; ARR: Average Room Rate)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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