The Indian Hotels Company Limited

December 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	393.00	CARE AA+; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings to bank loan facilities of The Indian Hotels Company Limited (IHCL).

The rating assessment continues to consider IHCL's market leadership position in the Indian hotels industry supported by its iconic Brand of "Taj" and pan-India network of hotels. The company has a portfolio of 268 operational hotels with 28,273 room keys across brands with major being Taj, Vivanta, SeleQtions, Gateway, and Ginger, among others, as on September 30, 2025. The company has strong operating profitability supported by healthy revenue per available room (RevPAR). IHCL has 40%:60% mix of capital heavy to capital light (capital light includes hotels on operating leases and managed contracts) portfolio of operational hotels, which provides boost to its operating profitability considering higher contribution margin and is also expected to partially reduce volatility in operating profitability in downturn. IHCL's ratings continue to be underpinned by the strong support of its parent, Tata Sons Private Limited (TSPL, which holds a 35.66% stake) The company benefits from robust financial flexibility and high lender and investor confidence due to its Tata Group affiliation. There have been equity infusions in the past from the promoter group and CareEdge Ratings continues to factor the group support, as and when needed.

One of the key risks partly tempering the rating include IHCL's susceptibility to macroeconomic factors, seasonal uncertainty, and uncertain global economic outlook. The company has ongoing litigation with Mumbai Port Trust leading to significant contingent liability.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Rise in turnover and reducing the significant cyclicality associated with the hospitality industry leading to consistent robust cashflow generation on a sustained basis.
- Return on capital employed (ROCE) of over 20% on a sustained basis.

Negative factors

- Any significant deterioration in the profitability margins and/or large debt-funded capital expenditure leading to weakening of debt coverage metrics particularly net debt to profit before interest, lease rentals, depreciation, and taxation (PBILDT) of 1.75x on a sustained basis.
- Unanticipated occurrence events, leading to disruption in travel/leisure activities.
- Significantly scaling down of linkages with the parent, Tata Sons Private Limited (TSPL).

Analytical approach: Consolidated

CareEdge Ratings has considered a consolidated view of IHCL and its subsidiaries, owing to significant business and financial linkages between the parent and subsidiaries/associates. Subsidiaries and associates consolidated as on March 31, 2025, are listed under Annexure-6. Ratings continue to factor in linkages with strong promoter, TSPL.

Outlook: Stable

The outlook is 'Stable' indicating expectation of sustenance of its strong business risk profile backed by healthy occupancy levels and average room rate (ARR) in the medium term. In the absence of plans for incremental borrowings, IHCL's capital structure and debt coverage metrics are likely to remain robust going forward.

Detailed description of key rating drivers:

Key strengths

Strong promoter group and strategic importance to the Tata group; demonstrated support from promoter, proven track record of management

IHCL is a part of the Tata group (recorded overall revenue of US$180 billion in FY25 and market capitalisation of ₹25+ lakh crore as on November 11, 2025), which comprises over 100 operating companies in business sectors, including information technology, communications, engineering, materials, services, energy, consumer products, and chemicals, among others. The group has operations in over 100 countries across six continents, and its companies export products and services to 85 countries. IHCL is one of the largest companies in terms of market capitalisation within the Tata group, with market capitalisation of ~₹1 lakh crore as on November 11, 2025. The company enjoys strong support from its key promoter, TSPL (35.66% stake as on September 30, 2025) and is an important strategic business for the Tata group.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Iconic brand of "Taj" and pan-India network of hotels making it market leader in India
As a brand with over 120 years legacy and continuing to meet latest market dynamics, "Taj" is one of the well-known hotel brands on a global arena. Per Brand Finance report 2024, Taj was rated as the "World's strongest Hotel brand". In the domestic market, Taj is an epitome of luxury, managing iconic properties, including "The Taj Mahal Palace & Tower, Mumbai ", "Taj Lake Palace, Udaipur", "Taj Falaknuma Palace, Hyderabad", and "Taj Mansingh, Delhi", among others. The properties having "Taj" brand are historical palace/high-end luxury properties, through which, the company targets luxury and international travellers. IHCL has also solidified other brands in the last five years that were lagging behind, through sharp demarcation of each brand and their value propositions. However, concentration of Taj hotels remains high in IHCL's overall enterprise revenue at 71% in FY25. As on September 30, 2025, the company has 268 operational hotels with 28,000+ operational rooms across India and abroad with total 200+ locations, under its brands Taj, Vivanta, SeleQtions, Ginger, Gateway, Ama, and Tree of Life.

Mix of owned, operating lease and managed hotels portfolio expected to partially reduce volatile operating profitability
IHCL operates its hotel business with a mix of owned assets, operating leases and managed contracts. Under management contracts, the company gets management fees in the form of base fee, incentive fee and reimbursements. Currently, the company has 40:60% operational portfolio of capital heavy (owned) to capital light (operating leases and managed contracts) hotels. Presence of management contracted assets partially safeguard operating margins in industry downturns, as base incentive (percentage of revenue) and reimbursements would significantly flow through to operating profitability, while owned assets may face pressure on profitability. The company also gets a boost to operating profitability, as management contracted fees has significantly high contribution margin. On the contrary, in upcycles, owned assets are expected to provide significant scale and profitability to the company.

Strong operating profitability margins supported healthy RevPAR
The company continues to operate at strong margins with FY25 being the third successive year of record revenue and profits. The company posted a PBILDT margin of 33% (32%) in FY25 (FY24), which sharply rose from 13% in FY22 and operating loss in FY21. Continuous strength in ARR, which stood at ₹17,216 (₹15,414) in FY25 (FY24) and occupancy level, which improved to 78% in FY25 from 72% in FY23 at standalone level, underscore the reason for strong operating profitability. Industry is benefiting from supply growth lagging to catch up with robust demand growth, which is expected to continue over the medium term. The company's key properties in metro cities are at prime locations, where new supply is difficult to come by. The company has benefitted from renovations undertaken in the last few fiscal years, re-jig in effective utilisation of brands and enhanced manpower productivity. In the medium term, healthy pickup in demand and expansion of IHCL's hotel portfolio are likely to aid revenue growth and operating profitability is expected to be in the range of 30%-33% in the medium term.

Historically, IHCL's consolidated margins and profitability have been relatively lower compared to the standalone margins and ROCE, because of subdued performance of some of its key overseas properties and delay in Sea Rock asset development, however, operating performance improvement in such properties with adequate return from Sea Rock asset shall strengthen consolidated profitability going forward and is a key rating monitorable.

Robust capital structure and debt coverage metrics
The company's net worth stood strong at ₹11,130 crore as on March 31, 2025, against ₹8,927 crore as on March 31, 2024. The company had deleveraged its balance sheet significantly in the last three fiscal years, particularly in FY22, backed by inflow of ~₹4,000 crore through qualified institutional placement (QIP) and rights issue. Thereafter, the company has been generating significant cash flow from operations leading to limited reliance on debt. The company's overall gearing stood at 0.28x (0.31x) as on March 31, 2025 (2024). Major portion of the outstanding debt are lease liabilities. With no major incremental debt expected, overall gearing is expected to be less than 0.25x over the medium term.

With comfortable debt position and strong profitability in FY24, the company's debt coverage metrics also remain robust. Interest coverage ratio was 13.34x (10.13x) in FY25 (FY24) and the company was in net cash position as of FY25-end after accounting for lease liabilities as debt. These metrics are expected to remain robust in the medium term with continued strong profitability and no major reliance on debt.

Key weaknesses

Macroeconomic factors and seasonal uncertainty
The company is exposed to changes in macroeconomic factors, industrial growth, and tourist arrival growth in India, international and domestic demand-supply scenarios, competition in the industry, government policies and regulations, and other socioeconomic factors, which lead to inherent cyclicality in the hospitality industry. These risks can impact the company's occupancy rate, and hence, its profitability. However, these risks are mitigated to an extent through extensive presence across the value chain and a strong brand image. Adverse event in global/domestic market would lead to fall in willingness to spend on travel/leisure segment, as individuals will prefer to save for future uncertainty rather than luxury. Though the current demand uptrend in the hospitality industry is driven by boost from domestic customers, foreign tourists are required to diversify the customer base and sustain current occupancy levels and ARRs.

Litigation with Mumbai Port and Coastal Regulatory Authority
IHCL continues to face a long-pending lease rental dispute with the Mumbai Port Trust (MPT) regarding the land on which the Taj Mahal Palace & Tower, Mumbai, is situated. The 99-year lease for the ~4,000 sq.m. plot expired in 2000–01 and has not been renewed. MPT has raised a cumulative demand of ₹1,874 crore as on March 31, 2025 (linked to retrospective rental revision from FY07), which IHCL has legally contested. Per the company's assessment, the payable amount cannot exceed ₹163.56 crore (excluding interest and penalty), and even this computation is disputed on merit. IHCL has filed a notice of motion before the Bombay High Court seeking a stay on further proceedings pending final resolution.

The matter has been under litigation for several years, and unfavourable judgement could result in a sizeable cash outflow and also carry reputational implications, given that the Taj Mahal Palace is the flagship property and brand icon of the group. CareEdge Ratings will continue to monitor the developments in this regard.

Liquidity: Strong
IHCL's strong liquidity is supported by healthy cash and cash equivalents and significant generation of gross cash accruals (GCA) and modest bank limit utilisation. The company had generated GCA of ₹2488 crore in FY25 and net cash flow from operations of ₹2180 crore. The company's repayment obligations (including lease liabilities) in FY26 is ~₹93 crore and ~₹75 crore in FY27, which can be easily serviced by its cash flow from operations. The company has also fully prepaid term loan taken in its overseas subsidiary, St James Court Hotel Limited in H1FY26. The company had cash and bank balances of ₹2,179 crore as on March 31, 2025, while liquid investments were ₹899 crore as on March 31, 2025. The company had modestly utilised its fund-based working capital limits (10%) in 12-months ended September 2025. Currently, the company has robust capital structure, providing headroom for incremental debt if required, however, no major incremental debt is envisaged as on date. IHCL's liquidity further gets a boost from the promoter's strong financial flexibility. The company has an ongoing lease rental dispute with MPT, outcome of the litigation has been pending for several years and an adverse verdict for IHCL could result in relatively significant cash outflow.

Environment, social, and governance (ESG) risks
Increasing awareness among consumers for greener environment and equitable society could risk the brand image issues among hoteliers, if there is a significant lapse in ESG metrics relative to peers. The company has continued to focus on its ESG metrics through its programme "Paathya". Some of the key target areas and the company's achievement against it are as follows:

Environment:
- 50% of Energy from Renewable Sources by 2030 – The company's green power mix was 39% in FY25. Around 51 hotels run on green energy with three hotels operating with 100% green energy.
- 5% of Hotel Guest Parking Area Allotment to EV Charging Stations by 2030 – The company has installed 371 EV Charging Stations across its properties.
- 100% recycling of waste water by 2030 – In FY25, 48% of total waste water was recycled.

Social:
- Employee Related achievements in FY25 (FY24) – 22.9% (20% employees being women with 18.7% women in leadership positions and 57 differently abled employees. The company had reported 77.60% (75.40%) employee retention rate in FY25 (FY24). IHCL conducted 26,348 safety training.
- Target of one lakh plus young livelihoods to be empowered by 2030 – About 15,000+ youth skilled since 2020.

Governance
- Target of 25% Women Representation in Board by 2030 – 17% (17%) achieved in FY25 (FY24).
- Target of 100% Board Level Committee Chaired by Independent Director by 2030 – 100% was achieved in FY23 itself and sustained in FY24 and FY25.
- Target of three Board Members with Expertise in Sustainability/ ESG by 2030 - 100% was achieved in FY24 and FY25.

CareEdge Ratings takes comfort from progress on IHCL's targets against its achievements.

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Hotels & Resorts
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Leisure services	Hotels and resorts

Incorporated in 1903, IHCL is promoted by TSPL. It has long-standing operations spanning over 100 years and operates the largest chain of hotels in South Asia. IHCL, its subsidiaries, and associates are widely recognised under the umbrella brand name 'Taj Hotels Resorts and Palaces', which has 268 operational hotels with a room inventory of 28,000+ rooms as on September 30, 2025, globally across four continents, 14 countries and in over 200 locations. This includes presence in India, North America, the UK, Africa, the Middle East, Malaysia, Sri Lanka, Maldives, Bhutan, and Nepal. IHCL has presence across luxury, upscale and value segments of the market through its brands, Taj Hotels Resorts and Palaces, Vivanta, SeleQtions, Ginger, Gateway, AMA, and Tree of Life. The group also has presence in air catering, spas, wildlife lodges, and service apartments.

Brief Financials Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	6,769	8,335	4,082
PBILDT	2,164	2,775	1,146
PAT	1,330	1,961	648
Overall gearing (times)	0.31	0.28	0.28
Interest coverage (times)	10.13	13.34	10.36

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	113.00	CARE AA+; Stable / CARE A1+
Non-fund-based-LT/ST		-	-	-	280.00	CARE AA+; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	113.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (25-Sep-24)	1)CARE AA+; Stable / CARE A1+ (04-Oct-23)	1)CARE AA; Positive / CARE A1+ (07-Oct-22)
2	Non-fund-based-LT/ST	LT/ST	280.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (25-Sep-24)	1)CARE AA+; Stable / CARE A1+ (04-Oct-23)	1)CARE AA; Positive / CARE A1+ (07-Oct-22)
3	Debentures-Non-convertible debentures	LT	-	-	-	-	-	1)Withdrawn (07-Oct-22)
4	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (07-Oct-22)
5	Debentures-Non-convertible debentures	LT	-	-	-	-	1)Withdrawn (04-Oct-23)	1)CARE AA; Positive (07-Oct-22)
6	Debentures-Non-convertible debentures	LT	-	-	-	-	1)Withdrawn (04-Oct-23)	1)CARE AA; Positive (07-Oct-22)
7	Debentures-Non-convertible debentures	LT	-	-	-	-	-	1)Withdrawn (07-Oct-22)
8	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	-	-	-	1)Withdrawn (07-Oct-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple
2	Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of Entity	Extent of consolidation	Rationale for consolidation
	Indian Subsidiaries		
1.	PIEM Hotels Limited	Full	Subsidiary
2.	Benares Hotels Limited	Full	Subsidiary
3.	United Hotels Limited	Full	Subsidiary
4.	Roots corporation Limited	Full	Wholly owned subsidiary
5.	Inditravel Limited	Full	Subsidiary
6.	Taj Trade and Transport Company Limited	Full	Subsidiary
7.	KTC Hotels Limited	Full	Wholly owned subsidiary
8.	Northern India Hotels Limited	Full	Subsidiary
9.	Taj Enterprises Limited	Full	Subsidiary
10.	Skydeck Properties and Developers Private Limited	Full	Wholly owned subsidiary
11.	Sheena Investments Private Limited	Full	Wholly owned subsidiary
12.	ELEL Hotels and Investments Limited	Full	Wholly owned subsidiary
13.	Luthria and Lalchandani Hotel and Properties Private Limited	Full	Wholly owned subsidiary
14.	Ideal Ice Limited	Full	Wholly owned subsidiary
15.	Genness Hospitality Private Limited	Full	Wholly owned subsidiary
16.	Qurio Hospitality Private Limited	Full	Wholly owned subsidiary
17.	Kadisland Hospitality Private Limited	Full	Wholly owned subsidiary
18.	Suisland Hospitality Private Limited	Full	Subsidiary
19.	Zarrenstar Hospitality Private Limited	Full	Wholly owned subsidiary
20.	Taj SATS Air Catering Limited (Joint Venture upto July 23, 2024, Subsidiary w.e.f July 23, 2024)	Full	Subsidiary
21.	Nekta Food Solutions Limited (Joint Venture upto July 23, 2024, Subsidiary w.e.f July 23, 2024)	Full	Subsidiary
22.	Rajscape Hotels Private Limited	Full	Subsidiary
	Foreign Subsidiaries		
23.	United Overseas Holdings Inc and its subsidiaries	Full	Wholly owned subsidiary
24.	St. James Court Hotel Limited	Full	Subsidiary
25.	Taj International Hotels Limited	Full	Wholly owned subsidiary
26.	Taj International Hotels (H.K.) Limited	Full	Wholly owned subsidiary
27.	PIEM International (H.K) Limited	Full	Subsidiary
28.	IHOCO BV	Full	Wholly owned subsidiary
29.	IHMS Hotels (SA) Proprietary Limited	Full	Wholly owned subsidiary
30.	Good Hope Palace Hotels Proprietary Limited	Full	Wholly owned subsidiary
31.	Demeter Specialites Pte Ltd	Full	Wholly owned subsidiary
32.	IH Hospitality GmbH	Full	Wholly owned subsidiary
	Joint Venture		
33.	Taj SATS Air Catering Limited	Moderate	Joint Venture
34.	Taj Karnataka Hotels and Resorts Limited	Moderate	Joint Venture
35.	Taj Kerala Hotels and Resorts Limited	Moderate	Joint Venture
36.	Taj GVK Hotels and Resorts Limited and its joint venture	Moderate	Joint Venture
37.	Taj Safaris Limited	Moderate	Joint Venture
38.	Kaveri Retreat & Resorts Limited	Moderate	Joint Venture
39.	TAL Hotels & Resorts Limited and its subsidiaries and an associate	Moderate	Joint Venture
	Associates		
40.	Oriental Hotels Limited	Moderate	Associate
41.	Taj Madurai Limited	Moderate	Associate
42.	Taida Trading & Industries Limited	Moderate	Associate
43.	Lanka Island Resorts Limited	Moderate	Associate
44.	TAL Lanka Hotels PLC	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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