

February 20, 2026

The Indian Hotels Company Limited: Long-term rating upgraded; short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term – overdraft-fund based	15.00	15.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
Short-term – fund-based facilities (sub limit)	(15.00)	(15.00)	[ICRA]A1+; reaffirmed
Total	15.00	15.00	

*Instrument details are provided in Annexure-I

Rationale

The upgrade in the long-term ratings for the bank lines of The Indian Hotels Company Limited (IHCL) factors in the strengthening of its business and financial risk profiles in recent years, as the dominant player in the Indian hospitality industry, with presence across segments and locations, well-established brands across price points, and expected sustenance of its strong credit profile over the medium term. IHCL's consolidated operating income stood at Rs. 8,334.5 crore in FY2025¹, growing at a CAGR of 40% over FY2022–FY2025, supported by healthy domestic leisure demand, business travel, weddings/social MICE² and corporate events, among others. The demand momentum sustained into 9M FY2026 as well, and IHCL reported an operating income of Rs. 6,923.9 crore, a 17.2% YoY growth, despite various external challenges faced by the travel industry during the period. Further, benefits from improved operating leverage and sustenance of cost optimisation measures undertaken in the last few years, along with increasing adoption of an asset-light model for expansion, have resulted in healthy operating margins and accruals. IHCL reported consolidated operating margins of 33.2% in FY2025 and 32.1% in 9M FY2026, significantly higher than pre-Covid margins of 21.7% (FY2020). ICRA expects IHCL's revenue growth and margins to remain healthy, going forward, albeit vulnerable to exogenous shocks. The company's capital structure and coverage metrics remain comfortable, which along with a strong liquidity profile, impart strength to the overall financial profile, which is expected to continue over the medium term.

The ratings remain supported by IHCL's parentage (Tata Sons Private Limited [Tata Sons], rated [ICRA]AAA (Stable)/[ICRA]A1+, holds 35.66% stake in IHCL), its strong financial flexibility and lender/investor comfort by virtue of the Tata Group lineage. There have been equity infusions from the parent in the past, and ICRA expects this to continue going forward as well, on need basis. Overall, the ratings favourably factor in IHCL's dominant position in the Indian hotel industry and its strong brand equity, with revenue per available room (RevPAR) consistently being higher than the industry average over the last several years. Its geographic and segment diversification with the portfolio comprising well-recognised brands with presence across luxury/resorts (Taj and Tree of Life), upscale and upper upscale (Seleqtions, Vivanta and Gateway), and midscale/lean luxury (Ginger) segments mitigate concentration risks to a large extent. Further, its portfolio expansion through management contracts in recent years has limited capex/investments and project implementation risks for the company.

IHCL's consolidated margins and profitability have been historically lower than the standalone numbers because of subdued performance of some of its key overseas properties and the sizeable investments in ELEL Hotels and Investment Limited (ELEL), which holds the Sea Rock property (now christened as Taj Bandstand). While the operating performance of subsidiaries has improved, further improvement in the subsidiaries' performance and adequate return from the Sea Rock asset would be

¹ As per reported consolidated financials

² MICE – Meetings, Incentives, Conferences and Exhibitions

critical for improvement in consolidated profitability, going forward. ICRA also notes that the company has an ongoing lease rental dispute with the Mumbai Port Trust (MPT), pertaining to Taj Mahal Palace & Tower, Mumbai. While MPT has claimed an additional rent of Rs. 1,874.0 crore with effect from FY2007, IHCL has contested the same. The outcome of the litigation has been pending for the last several years and any adverse verdict for IHCL could result in a relatively significant cash outflow; although the sizeable liquidity relative to the size of the liability, provides comfort.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company's credit profile will remain strong supported by its healthy market position, cash accruals and strong liquidity position, amid a favourable outlook for the industry.

Key rating drivers and their description

Credit strengths

Strong parentage – The Tata Group holds 38.12% stake in IHCL through Tata Sons (35.66% stake) and other Group companies (as of December 31, 2025). Tata Sons has demonstrated its financial support to IHCL over the years, by subscribing to various equity-raising activities of the company and ICRA expects the same to continue going forward as well, on need basis. The company also enjoys strong financial flexibility and significant lender/investor comfort by virtue of the Tata Group lineage. IHCL had an equity infusion of Rs. 3,982.0 crore in FY2022; of which Rs. 1,982.0 crore was in the form of rights issue and the remaining through qualified institutional placements (QIP). Part of the rights issue was subscribed by Tata Sons. The fund infusion, along with improvement in accruals from the business, resulted in the company becoming net cash positive since FY2022.

One of the largest hotel chains in India; strong brand equity – IHCL, at the consolidated level, operates 361 hotels with a total inventory of 32,296 rooms under eight brands—Taj, Claridges Collection, Gateway, Seleqtions, Vivanta, Ginger, Tree of Life, and Brij (as of February 10, 2026). Including those in the pipeline, the company has 617 hotels with an inventory of 62,496 rooms, which is expected to increase to over 700 hotels by FY2030. Supported by its brand equity, the company has consistently commanded premium RevPARs compared to industry standards over the last several years, which has continued into FY2025 and 9M FY2026 as well.

Geographical and segment diversification – IHCL's operations are spread across four continents, 13 countries and over 250 locations. The geographical diversification reduces the vulnerability of the company's revenues to any localised downturn/unforeseen events or region-specific risks and helps in capitalising on demand growth across regions. Further, the hotel portfolio is diversified across segments, such as luxury/resorts (Taj, Claridges Collection, Tree of Life and Brij), upscale and upper upscale (Seleqtions, Vivanta and Gateway), and midscale/lean luxury (Ginger) segments, which mitigate the revenue concentration risk to a large extent. This helps IHCL capture a wide range of customers, including those travelling for leisure as well as business.

Diversified business model with mix of ownership and asset-light strategy; portfolio expansion through management contracts in recent years limited capex – IHCL's hotel portfolio comprises a mix of owned and leased properties at the standalone level, properties held by subsidiaries, joint ventures (JVs) and associates, as well as hotels under management contracts. As on February 10, 2025, 45% of the consolidated inventory was owned by IHCL (directly or via its Group companies), while the remaining was held through an asset-light model. The share of management contract inventory has increased significantly over the last few years with focus on growing through an asset-light model. This has limited capex/investments and project implementation risk for the company. IHCL is looking at increasing its share of asset-light inventory by keeping around 80% of its pipeline under management contracts.

Comfortable capital structure and coverage metrics – The company had an equity infusion of Rs. 3,982.0 crore in FY2022, whose proceeds were primarily utilised for debt reduction. The company has remained conservative on borrowings since then. It did not have any significant debt except lease liabilities as of December 31, 2025, and its unencumbered cash and liquid investments stood at over Rs. 3,500 crore as on the same date. The reduction in debt and improvement in accruals have

resulted in comfortable capital structure and coverage metrics. The company's capital structure and coverage metrics are likely to remain comfortable, going forward.

Credit challenges

Vulnerability of revenues to inherent industry cyclicality, economic cycles and exogenous events – The operating performance of the properties remains vulnerable to industry cyclicality/seasonality, macro-economic cycles and exogenous factors (geopolitical crises, terrorist attacks, disease outbreaks, etc). Nonetheless, the risk to revenues is partially mitigated by IHCL's diversified portfolio across geographies and segments, which allows it to withstand any demand vulnerability related to any micro-market/particular segment.

Any unfavorable verdict on ongoing lease rentals dispute with MPT could result in significant cash outflow – The company has an ongoing lease rental dispute with the MPT, pertaining to Taj Mahal Palace & Tower, Mumbai. While MPT has claimed an additional rent of Rs. 1,874.0 crore with effect from FY2007, IHCL has contested the same. The outcome of the litigation has been pending for the last several years and any adverse verdict for IHCL could result in significant cash outflow.

Environmental and Social Risks

Environmental considerations – Akin to other hotel companies, IHCL is exposed to natural disasters (such as hurricanes and floods) and extreme weather conditions, which could interrupt operations or damage properties. However, the availability of insurance provides a safeguard in these circumstances. Moreover, the company's diversified presence across multiple cities mitigates the risks from such environmental aspects to a large extent. Overall, the company faces low environmental risk.

Social considerations – Akin to other hotel companies, the company would need to adapt to the evolving social fabric (including changing consumer preferences and social trends) from time to time, while relying heavily on human capital. IHCL is also vulnerable to data security and data privacy issues. Hence, there is moderate exposure to social risk.

Liquidity position: Strong

IHCL's liquidity position is expected to remain strong, supported by its healthy anticipated cash flow from operations of Rs. 2,100-2,200 crore annually, unencumbered cash and liquid investments of over Rs. 3,500.0 crore, and undrawn lines of over Rs. 300.0 crore at a consolidated level as on December 31, 2025. Against this, the company has scheduled repayment of Rs. 24 crore in FY2027 and Rs. 18 crore in FY2028, primarily in Oriental Hotels Limited (OHL) on its existing debt over the medium term. The company is expected to incur around Rs. 1,500 crore capex on greenfield projects, renovations and maintenance capex, on an annual basis, over the medium term. Overall, ICRA expects IHCL to be able to meet its medium-term commitments and yet be left with healthy cash/liquid investments surplus.

Rating sensitivities

Positive factors – NA.

Negative factors – Weakening in the parent's (Tata Sons; rated [ICRA]AAA (Stable)/[ICRA]A1+) credit profile or IHCL's operational/ financial linkages with the parent could be a negative rating trigger. Further, negative pressure on IHCL's rating could emerge with sharp deterioration in the earnings or significant rise in debt arising from capex/ increase in owned assets, resulting in deterioration in coverage metrics on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels
Parent/Group support	Parent Company: Tata Sons Private Limited (rated [ICRA]AAA (Stable)/[ICRA]A1+) ICRA expects Tata Sons to extend timely and adequate financial support to IHCL, should there be a need.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of IHCL. Details of consolidation provided in Annexure-II.

About the company

Incorporated in 1902 by Jamsetji N. Tata of the Tata Group, The Indian Hotels Company Limited is one of India's leading hospitality companies. The Tata Group holds 38.12% stake in IHCL through Tata Sons (35.66% stake) and other Group companies (as of December 31, 2025). IHCL and its subsidiaries comprise 361 operational hotels with 32,296 keys (as on February 10, 2026). Further, a portfolio of over 256 hotels and 30,200 rooms is under development. The company is present at over 250 locations. It derives 78% of its revenues from domestic and 22% from international inventories (in 9M FY2026).

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	6,768.8	8,334.5
PAT	1,201.6	1,961.3
OPBDIT/OI	31.9%	33.2%
PAT/OI	17.8%	23.5%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	1.3	1.1
Interest coverage (times)	9.8	13.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortization; The above KFI is as per the reported consolidated financial statements of IHCL. Taj SATS Air Catering Limited (TSACL) and Oriental Hotels Limited have been consolidated as per the equity method, the entities being a joint venture and an associate, respectively. However, with effect from July 23, 2024, IHCL has been fully consolidating TSACL, due to modifications in shareholding agreement. However, for analytical purposes, ICRA has fully consolidated these entities as IHCL is expected to extend financial support to them, if needed.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	Feb 20, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based facilities	Long-term	15.00	[ICRA]AAA (Stable)	Jan 09, 2025	[ICRA]AA+ (Stable)	Nov 06, 2023	[ICRA]AA+ (Stable)	Sep 01, 2022	[ICRA]AA+ (Stable)
Fund-based facilities (sub limit)	Short-term	(15.00)	[ICRA]A1+	Jan 09, 2025	[ICRA]A1+	Nov 06, 2023	[ICRA]A1+	Sep 01, 2022	[ICRA]A1+
Non-convertible debentures	Long-term	-	-	-	-	-	-	Sep 01, 2022	[ICRA]AA+ (Stable); Withdrawn

Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term fund-based facilities	Simple
Short-term fund-based facilities (sub limit)	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based facilities	NA	NA	NA	15.00	[ICRA]AAA (Stable)
NA	Short-term fund-based facilities (sub limit)	NA	NA	NA	(15.00)	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	IHCL's Ownership	Consolidation Approach
Piem Hotels Limited	58.65%	Full Consolidation
Benares Hotels Limited	51.97%	Full Consolidation
United Hotels Ltd.	55.00%	Full Consolidation
Roots Corporation Limited	100.00%	Full Consolidation
Inditravel Limited	81.19%	Full Consolidation
Taj Trade and Transport Company Limited	75.30%	Full Consolidation
KTC Hotels Limited	100.00%	Full Consolidation
Northern India Hotels Limited	55.23%	Full Consolidation
Taj Enterprises Limited	93.40%	Full Consolidation
Skydeck Properties and Developers Private Limited	100.00%	Full Consolidation
Sheena Investments Private Limited	100.00%	Full Consolidation
ELEL Hotels and Investments Limited	100.00%	Full Consolidation
Luthria and Lalchandani Hotel and Properties Private Limited	100.00%	Full Consolidation
Ideal Ice Limited	100.00%	Full Consolidation
Genness Hospitality Private Limited	100.00%	Full Consolidation
Qurio Hospitality Private Limited	100.00%	Full Consolidation
Kadisland Hospitality Private Limited	100.00%	Full Consolidation
Suisland Hospitality Private Limited	74.00%	Full Consolidation
Zarrenstar Hospitality Private Limited	100.00%	Full Consolidation
United Overseas Holdings Inc	100.00%	Full Consolidation
St. James Court Hotel Limited	78.95%	Full Consolidation
Taj International Hotels Limited	100.00%	Full Consolidation
Taj International Hotels (H.K.) Limited	100.00%	Full Consolidation
PIEM International (H.K.) Limited	58.65%	Full Consolidation
IHOCO BV	100.00%	Full Consolidation
IHMS Hotels (SA) (Pty) Limited	100.00%	Full Consolidation
Good Hope Palace Hotels Proprietary Limited	100.00%	Full Consolidation
Demeter Specialities Pte Ltd	100.00%	Full Consolidation
IH Hospitality GmbH	100.00%	Full Consolidation
Taj SATS Air Catering Limited	51.00%	Full Consolidation
Oriental Hotels Limited	35.86%	Full Consolidation
Nekta Food Solutions Limited	51.00%	Full Consolidation
Rajscape Hotels Private Limited	55.00%	Full Consolidation
ANK Hotels Private Limited	51.00%	Full Consolidation
Pride Hospitality Private Limited	51.00%	Full Consolidation

Company Name	IHCL's Ownership	Consolidation Approach
Taj Karnataka Hotels and Resorts Limited	45.02%	Equity Method
Taj Kerala Hotels and Resorts Limited	28.78%	Equity Method
Taj Safaris Limited	42.20%	Equity Method
Kaveri Retreats and Resorts Limited	50.00%	Equity Method
TAL Hotels and Resorts Limited	27.60%	Equity Method
Taj Madurai Limited	26.00%	Equity Method
Taida Trading & Industries Limited	36.79%	Equity Method
Lanka Island Resort Limited	24.66%	Equity Method
TAL Lanka Hotels PLC	24.62%	Equity Method

Source: IHCL annual report FY2025 and 9M FY2026 results; As per the reported consolidated financial statements of IHCL, Taj SATS Air Catering Limited (TSACL) and Oriental Hotels Limited have been consolidated as per the equity method, the entities being a joint venture and an associate, respectively. With effect from July 23, 2024, IHCL has been fully consolidating TSACL, due to modifications in shareholding agreement. However, for analytical purposes, ICRA has fully consolidated these entities as IHCL is expected to extend financial support to them, if needed.

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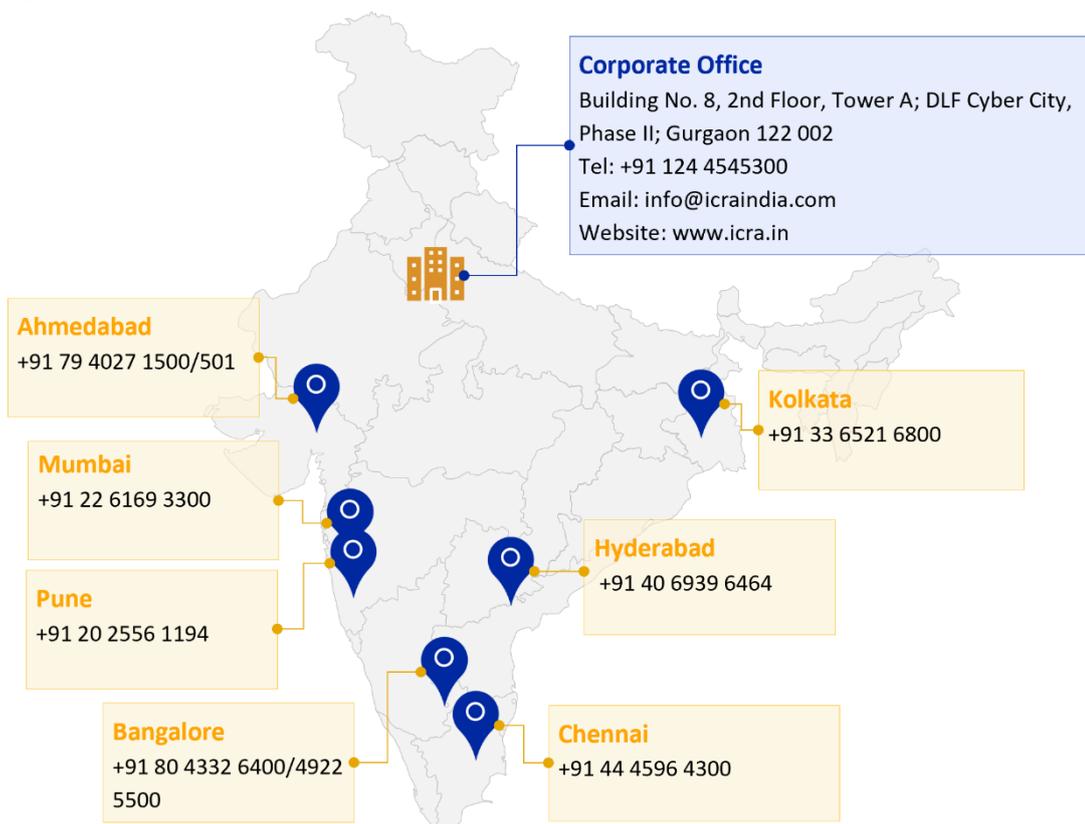


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