

DALALBYTES RESEARCH

TajGVK Hotels & Resorts

A Trophy Portfolio with a Pledge Overhang

Seven Taj and Vivanta hotels, a net debt-free balance sheet, the Bengaluru expansion, and the one-fifth-of-the-company promoter pledge every investor must price

NSE: TAJGVK · BSE: 532390

October 6, 2026

Reference: Rs 318.30, NSE close of October 6, 2026.

The IHCL exit, the seven hotels, the valuation trap in the headline multiples, financials, the promoter question, competition, valuation vs peers, risks, and FY2029 scenarios.

01 BLUNT VERDICT FIRST

68 / 100 : Selective Positive

TajGVK Hotels & Resorts is a genuinely good operating business in a suspicious wrapper. The operating assets are real: seven Taj and Vivanta hotels, over 1,500 keys, with Taj Krishna Hyderabad a landmark luxury property running 81% occupancy at Rs 9,157 average room rates, a net debt-free consolidated balance sheet, and the best standalone year in company history in FY26 (Rs 474 cr revenue, Rs 117 cr PAT, 35% EBITDA margin). The 30-year Taj joint venture just ended in a way that clarifies the future: IHCL sold its 25.52% stake to the Bhupal family in December 2025 for Rs 370 a share and now manages the hotels under long-term contracts, while the company is renaming itself Krishna GVK Luxury Hotels Limited and entering its first real expansion cycle in a decade, a 256-key Taj in Bengaluru opening in H2 FY27 with a stated 4,000-key ambition.

The suspicious part is the promoter level. In December 2025 the family's Moonshot and Starlight Trusts pledged about 21.5% of the company's shares to 360 ONE Prime for personal borrowing, days before the IHCL deal closed. In the same quarter the promoter group's holding fell from 74.98% to 71.00%, meaning roughly 4% was sold in the open market, likely to part-fund the Rs 592 cr IHCL buyout. The wider GVK Group is stressed: the power arm is under insolvency with about Rs 15,576 cr of debt. At Rs 318.30, about 17-20x underlying earnings, the stock trades at a real discount to listed hotel peers (EIH ~25x, Chalet ~35x, Leela ~39x). The discount has a reason: Hyderabad concentration (~70% of revenue), thin liquidity, the post-IHCL brand transition, and a one-fifth-of-the-company pledge for personal borrowing.

Rs 318.30

Reference price
NSE close, Oct 6 2026

**Rs 1,977
cr**

Market cap

**Rs 474.09
cr**

FY26 standalone
revenue
(record year)

Rs 117 cr

FY26 standalone PAT
(EPS Rs 18.66)

Rs 260

FY2029 bear

Rs 470

FY2029 base

Rs 650

FY2029 bull

17-20x

Underlying P/E
(headline 4.8x is a trap)

02 SNAPSHOT: WHAT TAJGVK IS

Item	Detail
Founded	1995, Hyderabad; GVK Group (renaming to Krishna GVK Luxury Hotels Limited, approved Sep 2026)
Structure	Former GVK-IHCL JV; IHCL exited Dec 2025 (25.52% at Rs 370/share); IHCL manages hotels under long-term contracts
Portfolio	7 hotels, 1,500+ keys across Hyderabad, Chandigarh, Chennai, Mumbai
Scale	FY26 standalone revenue Rs 474.09 cr; Q1 FY27 Rs 109 cr; 6.27 cr shares, Rs 2 face value
Economics	EBITDA margin 31-35% (4 yrs); ROE 17.2%; ROCE 21.5% (FY26)
Balance sheet	Net debt-free consolidated at Mar 2026; ICRA AA- stable; CWIP Rs 298 cr (Bengaluru)
Promoter	71.00% (from 74.98%); about 21.5% of company shares pledged by family trusts

03 FOUNDING STORY: THE REDDY FAMILY MEETS THE TATAS, THEN PARTS WAYS

TajGVK was incorporated on 2 February 1995 by G. Venkata Krishna Reddy of the Hyderabad-based GVK Group, a first-generation infrastructure group that began as one of India's first independent power producers and later built airports including Mumbai and Bengaluru. In 1999-2000 the company tied up with the Taj group as strategic investor and operating partner: Indian Hotels Company Ltd (IHCL, Tata) invested Rs 40 cr, and a scheme of arrangement folded in the Novopan Industries hotel division and Hotel Sree Krishna Ltd. The company became TajGVK Hotels & Resorts, a listed GVK-IHCL joint venture owning trophy hotels managed under the Taj brand.

For a quarter century that structure was the moat: GVK owned the bricks, Taj brought the brand, the sales machine, and the operating standards. The split came in December 2025. IHCL sold its entire 25.52% stake (1.6 cr shares) to Shalini Bhupal at Rs 370 per share, a Rs 592 cr transaction completed on 30 December 2025. IHCL nominees resigned from the board, IHCL was reclassified from promoter to public in August 2026 holding zero shares, and shareholders approved renaming the company Krishna GVK Luxury Hotels Limited in September 2026. IHCL continues to manage all operating hotels plus the upcoming Bengaluru property under long-term management agreements. What changed structurally: the Tata imprimatur is gone from the shareholding and the company is giving up the Taj corporate name. The assets are Taj-grade, but the brand and the operating contract are rented, not owned.

04 THE SEVEN HOTELS

Taj Krishna, Hyderabad (260 rooms): the flagship. A landmark luxury property in Banjara Hills, about 54% of standalone revenue (per industry analysis, treat as approximate), and the economic engine of the company. Taj Deccan (151 rooms) and Vivanta Begumpet (181 rooms) make Hyderabad three of the seven hotels and roughly 70% of revenue: concentration is the business.

Taj Chandigarh (149 rooms) and Taj Club House, Chennai (220 rooms): the diversifiers. Solid mid-luxury performers outside Hyderabad; limited pricing power beyond their micro-markets.

Taj Santacruz, Mumbai (279 rooms): the newest leg. Held through Green Woods Palaces and Resorts, a 48.99% JV until TAJGVK bought an additional 2.01% on 10 February 2026, making it a subsidiary with line-by-line consolidation from that date. Adds the Mumbai airport micro-market.

Pipeline: 256-key Taj Yelahanka, north Bengaluru. Greenfield, occupancy certificate and key NOCs received, opening targeted in H2 FY27, about 25% capacity addition. Owned keys were about 966 in March 2026 (1,245 including Taj Santacruz). The stated ambition is about 4,000 keys in five years, the first real expansion pivot in a decade. Taj Banjara (122 rooms, Hyderabad) shut in February 2023 after its lease expired and was returned to the landowner.

Operating metrics (company-disclosed): FY26 average daily rate Rs 9,157 (up 5.4%), occupancy 81%, RevPAR Rs 7,458. Q4 FY26 was stronger on rate: ADR Rs 9,853, occupancy 83%, RevPAR Rs 8,201. In Q1 FY27 the company had rooms under renovation at Taj Deccan (24) and Taj Chandigarh (74).

05 THE FLYWHEEL: HYDERABAD'S LUXURY LANDLORD ENTERS AN EXPANSION PHASE

The strategy is simple: dominate the supply-constrained Hyderabad luxury market, grow rates faster than costs, and now, for the first time in a decade, add inventory:

- **Structural city demand:** Hyderabad's corporate corridor (HITEC City, Gachibowli) generates durable business travel, and new luxury supply has been limited. TAJGVK is the dominant luxury player there.
- **Rate-led growth:** with occupancy already at 81%, incremental revenue comes from average rate, and ADR compounding flows almost directly to EBITDA. FY26 ADR rose 5.4%.
- **Taj brand premium:** the hotels trade on the Taj name and IHCL's sales and loyalty machinery (Taj InnerCircle/NeuPass, corporate MICE contracts), even though the corporate name is changing.
- **Expansion:** Bengaluru adds about 25% room capacity in H2 FY27; Taj Santacruz is fully consolidated; refurbishment-led premiumisation (Taj Deccan, Taj Chandigarh) defends rates; the 4,000-key ambition signals an inorganic pipeline.
- **Balance sheet repair funding it:** standalone borrowings fell from Rs 214 cr (FY22) to Rs 44 cr (FY25), with the company net debt-free on a consolidated basis at March 2026.

What is NOT in the strategy yet: the 4,000-key ambition has no announced acquisitions or management-contract wins behind it. It is a statement of intent, not a pipeline. And the flywheel's geography is one city: about 70% of revenue from Hyderabad means the company compounds when the city

compounds and suffers when it does not.

06 THE VALUATION TRAP IN THE HEADLINE MULTIPLES

The screeners will mislead you. Finnhub shows a TTM P/E of about 4.8x and EPS of Rs 65.3; tickertape shows TTM PE 5.41. Both are wrong as measures of the business. Consolidated FY26 PAT of Rs 410.26 cr (versus Rs 117.19 cr in FY25) includes a large one-time exceptional gain: when Taj Santacruz's Green Woods became a subsidiary in February 2026, Ind AS required remeasuring the previously held 48.99% stake at fair value, and the revaluation gain ran through the P&L. It is accounting, not cash, and not repeatable.

The right lens is the standalone business plus the subsidiary's steady profits. Standalone FY26: revenue Rs 474.09 cr, EBITDA Rs 175.31 cr (35%), PAT Rs 117 cr, EPS Rs 18.66. On that, the real P/E is about 17x, and about 20x on TTM EPS of Rs 15.86 (which includes the softer Q1 FY27). Still a discount to peers, but not a 5x P/E miracle. Anyone buying on the headline 4.8x is buying a misunderstanding.

07 FINANCIALS: THE BEST YEAR IN COMPANY HISTORY, THEN A SOFT QUARTER

Year	Revenue (cr)	EBITDA (cr)	PAT (cr)	EPS (Rs)	CFO (cr)
FY22	227	52 (23%)	10	1.58	53
FY23	384	119 (31%)	80	12.73	100
FY24	408	130 (32%)	74	11.87	123
FY25	450	139 (31%)	95	15.13	116
FY26	474	147 (31%)	117	18.66	146

All standalone. Screener operating EBITDA of Rs 147 cr vs the company's total EBITDA of Rs 175.31 cr at 35% margin; the difference is other income. The arc: FY22 was still Covid-depressed; FY23-24 was the rebound; FY25-26 is the mature phase, with FY26 the record year on revenue, PAT, and EPS. EBITDA margins have held at 31-35% for four years. Finance costs fell to Rs 5 cr in FY26 from Rs 9 cr in FY25. ROE 17.2%, ROCE 21.5%.

Q1 FY27 (June 2026 quarter), standalone: revenue Rs 109 cr (vs Rs 106 cr a year ago), operating profit Rs 30 cr (28% margin, vs Rs 32 cr at 30%), PAT Rs 19 cr (vs Rs 36 cr; the year-ago quarter included about Rs 22 cr of other income), EPS Rs 2.98. The soft-looking PAT is mostly the other-income base effect; operating profit was roughly flat on rooms under renovation. Consolidated Q1 FY27: revenue Rs 161.29 cr, EBITDA Rs 50.06 cr, now with Green Woods line-by-line consolidated, so not comparable to prior quarters. The subsidiary's own numbers: revenue Rs 56.69 cr, EBITDA Rs 20.87 cr, PAT Rs 12.97 cr. Steady, not

spectacular. Seasonality: Q3 and Q4 are the strong quarters; Q1 and Q2 are structurally softer.

08 BALANCE SHEET, CASH FLOW, CAPITAL ALLOCATION

Fortress balance sheet, mid-investment

Net debt-free on a consolidated basis at 31 March 2026. Standalone borrowings cut from Rs 214 cr (FY22) to Rs 44 cr (FY25), then back to Rs 113 cr for the Bengaluru build. ICRA AA- stable (reaffirmed September 2026). Net worth Rs 731 cr standalone, up from Rs 395 cr in FY22, with zero equity dilution. Operating cash flow Rs 146 cr in FY26; the only red year in the series is FCF (about negative Rs 40 cr on Rs 202 cr of Bengaluru capex), which is growth capex, not distress.

Capital allocation read: one project at a time, funded largely from internal accruals and modest debt, refurbishment of existing assets alongside the greenfield build. Dividends are token: Rs 2 per share for FY26 (100%), a payout of about 11-13% in recent years. Cash is being directed to the Bengaluru capex and debt reduction rather than shareholders. No equity dilution; the share count is unchanged at 6.27 cr shares of Rs 2 face value.

09 THE PROMOTER QUESTION: PLEDGE, SELLDOWN, AND THE GVK CONTEXT

One-fifth of the company pledged for personal borrowing

On 22 December 2025, Moonshot Trust and Starlight Trust (managing trustee Shalini Bhupal) pledged 67,37,967 and 67,37,957 shares respectively, together about 21.5% of the company's equity, with 360 ONE Prime Ltd as beneficiary. Stated purpose: personal borrowing. A revised disclosure was filed on 7 January 2026 after BSE observations. The encumbrance is separately reported as backing a term-loan facility of about Rs 250 cr. On a stock trading about 24,000-25,000 shares a day, a margin-call spiral is the single biggest non-operating risk in this report.

Second fact: promoter holding fell from 74.99% (flat since 2017) to 71.00% in the December 2025 quarter and has stayed there. Because IHCL's 25.52% was an inter-se transfer to Shalini Bhupal within the promoter group, the group total should have been unchanged at about 74.99%. The drop to 71.00% means the promoter group sold about 4% (roughly 25 lakh shares) in the open market in that quarter, most likely to part-fund the Rs 592 cr IHCL buyout.

Third, the context. The wider GVK Group is stressed: GVK Power & Infrastructure carried net debt of about Rs 13,600 cr as of March 2019, sold its Mumbai airport stake to Adani in 2021 for about Rs 15,000 cr, and its power arm GVK Energy is under insolvency with about Rs 15,576 cr of debt (CCI approved Adani Power's acquisition in May 2026). TAJGVK itself is clean and debt-free, but the pledge connects the company's shares to the family's personal borrowing at a stressed group. The honest framing: the pledge is shareholder-level, not company-level; it does not touch the balance sheet. But it is the reason the stock

trades at 17-20x instead of 25x, and the reason the verdict is Selective Positive rather than Positive. FII holding is negligible (0.41% at June 2026), DIIs about 4.08%, public about 24.5%.

10 COMPETITION: A HYDERABAD LANDLORD AMONG NATIONAL CHAINS

Taj Krishna competes with other luxury hotels in Hyderabad (the ITC, Marriott, and independent luxury set; most city-level competition is unlisted or part of larger chains). Its edge is location, the Taj brand, and the dominant position in the city's luxury segment, backed by ICRA's 'dominant Hyderabad market share' citation. In Mumbai, Taj Santacruz competes in the airport micro-market; in Chennai and Chandigarh the properties are solid mid-luxury performers.

Company	P/E (TTM)	EV/EBITDA	Note
IHCL	~49	-	The former JV partner
Leela Palaces	38.9	24.2	Luxury pure-play
Elh	25.2	16.9	Oberoi
Chalet Hotels	34.5-35.6	19.8	-
Lemon Tree	32-36	-	Midscale; derated on segment weakness
TAJGVK	17.0 / 20.1	~12-13 (est.)	P/BV ~2.7; SAMHI excluded (one-time tax credit)

TAJGVK trades at a clear discount on every multiple: about 17-20x earnings versus 25-39x for peers, EV/EBITDA about 12-13x versus 17-24x. The discount reflects the microcap discount, thin liquidity, Hyderabad concentration, the pledge overhang, and post-IHCL brand uncertainty. It is not obviously mispriced; it is priced for its risks.

11 STRENGTHS

- **Prime owned luxury assets in supply-constrained micro-markets:** Taj Krishna at 81% occupancy and Rs 9,157 ADR, a portfolio at 33-35% EBITDA margins.
- **Balance sheet repaired:** net debt-free consolidated, finance costs down to Rs 5 cr, ICRA AA- stable.
- **Record FY26 standalone performance:** Rs 474 cr revenue, Rs 117 cr PAT, ROE 17.2%, ROCE 21.5%.
- **Structural Hyderabad tailwind:** corporate demand from the HITEC City and Gachibowli corridor with limited new luxury supply; the dominant luxury player in the city.

- **Operating leverage:** ARR-led growth with occupancy already at 81%, so incremental revenue flows strongly to EBITDA.
- **A genuine new growth cycle:** Bengaluru (about 25% capacity addition in H2 FY27), Taj Santacruz fully consolidated, refurbishment-led premiumisation, and a 4,000-key ambition.
- **Peer discount:** about 17-20x underlying earnings versus 25-39x for listed peers.
- **Broker validation:** Monarch Network Capital initiated BUY on 6 October 2026 with a Rs 475 target, forecasting revenue and EBITDA CAGR of about 26.4% and 26.6% over FY26-29E.

12 WEAKNESSES AND RISKS

- **Promoter pledge:** about 21.5% of the company's shares encumbered for the family's personal borrowing. A margin-call spiral on a thinly traded stock is the single biggest external risk.
- **Promoter selldown:** about 4% sold in the open market in December 2025 to part-fund the IHCL buyout, breaking a holding level flat since 2017.
- **Hyderabad concentration:** about 70% of revenue from one city; Taj Krishna alone is over half of revenue.
- **Post-IHCL transition:** the Tata imprimatur is gone from the shareholding, the corporate name is changing, and dependence on IHCL management contracts is now purely contractual.
- **Small scale:** about Rs 508 cr consolidated revenue is tiny versus peers; limited pricing power beyond Hyderabad.
- **Cyclicality:** hotels are deeply cyclical; Q4 FY26 already showed softness on West Asia geopolitical cancellations.
- **Thin liquidity and zero institutional sponsorship** (MF holding 0.40% at March 2026, FIIs negligible): the stock is 27% below its 52-week high and below all key moving averages.
- **The 4,000-key ambition has no announced pipeline** behind it: a statement of intent, not a plan with deals.

13 MANAGEMENT AND GOVERNANCE

Krishna Bhupal (Joint Managing Director) drives the narrative: the Bengaluru opening, refurbishment, inorganic opportunities, and the 4,000-key ambition. Shalini Bhupal (CEO/Managing Director/Executive Director) acquired the IHCL stake and is the managing trustee of the pledging trusts; Dia Mehta Bhupal was appointed an additional director in July 2026. J. Srinivasa Murthy is CFO and Company Secretary.

The operating record is strong: deleveraging from Rs 214 cr to Rs 44 cr of standalone borrowings, record FY26 results, disciplined one-project-at-a-time capex, ICRA AA- reaffirmed in September 2026. The governance record is mixed: the pledge for personal borrowing and the open-market selldown are genuine deductions, and the family's stressed wider group (insolvency in the power arm) is the context investors

cannot ignore. Assessment: capable operators with a promoter-level overhang that keeps this from being a compounder-grade governance story.

14 VALUATION VS PEERS

At Rs 318.30 (October 6, 2026): underlying P/E about 17.0x on FY26 standalone EPS of Rs 18.66 (about 20.1x on TTM EPS of Rs 15.86), P/BV about 2.7x, EV/EBITDA about 12-13x (estimate), dividend yield about 0.63%. Market cap about Rs 1,977 cr on 6.27 cr shares.

The peer table in Section 10 shows the discount: TAJGVK at 17-20x versus EIH 25.2x, Chalet 34.5-35.6x, Leela 38.9x, Lemon Tree 32-36x. The discount is earned: the pledge overhang, Hyderabad concentration, thin liquidity, and the post-IHCL transition are real and priced. Monarch's Rs 475 target (BUY, initiated October 6, 2026) implies the discount closes as the Bengaluru earnings step-up lands. The honest read: the discount closes only if the pledge does not blow up and Bengaluru delivers. Those are two different risks, and the market is pricing both.

15 FY2029 SCENARIOS (INR)

Built off FY26 standalone revenue of Rs 474 cr and PAT of Rs 117 cr (EPS Rs 18.66); 6.27 cr shares; assumptions explicit. Targets are estimates.

	Bear: Rs 260	Base: Rs 470	Bull: Rs 650
FY29E EPS	Rs 17	Rs 26-27	Rs 32
Exit P/E	15x	17-18x	20x
Hyderabad	Cools, occ. low-70s	Holds, occ. ~80%	Strong, ARR CAGR 9-10%
Bengaluru	Delayed/slow ramp	Ramps from H2 FY27	Firing, pipeline visible

Bear: Hyderabad demand cools, occupancy falls to the low-70s, ARR flat, Bengaluru delayed or slow to ramp, the pledge overhang persists and caps the multiple at about 15x. The pledge, not the operations, is the bear case. **Base:** Bengaluru ramps from H2 FY27, ARR CAGR 6-7%, occupancy about 80%, EBITDA margin about 34%, FY29E EPS about Rs 26-27 at a 17-18x multiple, broadly consistent with Monarch's Rs 475 target issued today. **Bull:** ARR CAGR 9-10%, the 4,000-key pipeline becomes visible (inorganic or management contracts), Taj Santacruz and Bengaluru firing together, FY29E EPS about Rs 32 at a 20x multiple. The multiple only reaches 20x if the pledge is released or the market stops caring about it.

16 WHY IT MATTERS

TajGVK is the cheapest way to own Indian luxury hospitality's upcycle with a real expansion kicker: trophy owned assets, a repaired balance sheet, rate-led growth, and a peer discount of roughly a third. The December 2025 IHCL exit was the defining corporate event in the company's 30-year listed history: the Tata family left the shareholding, the Bhupal family bought them out, and the company is now renaming itself and expanding for the first time in a decade. If Bengaluru ramps and the pledge stays a paper overhang rather than a forced seller, Rs 318 is a discounted entry into a genuine compounder-in-waiting. If the pledge is called or Hyderabad stumbles, the thin liquidity makes the exit expensive. At 68/100 Selective Positive, the verdict is: buy the operating business at a discount, underwrite the promoter risk with your eyes open, and watch the pledge disclosures the way you watch the occupancy numbers.

17 SOURCES

Company press releases and results filings (BSE/NSE archives): Q4 FY26, Q1 FY27 results and press releases; FY26 audited results; pledge disclosures (22 Dec 2025, revised 7 Jan 2026); IHCL stake-sale and board-resignation filings (Dec 2025); reclassification to public (Aug 2026); name-change shareholder approval (Sep 2026). FY26 annual report (via [valueresearchonline](#)); ICRA rating reaffirmation (Sep 2026). [screener.in](#) (standalone P&L, shareholding pattern, pledging data); [finnhub.io](#) (price snapshot, TAJGVK.NS); [tickertape.in](#) (returns, scorecard); [dhan.co](#) and [bajajfinserv.in](#) (price and fundamentals); [stockopedia.com](#) (consensus data). Hindu BusinessLine, Economic Times, Livemint (IHCL exit, pledge, and GVK Group coverage); India Ratings; Equitymaster; MarketsMojo. Monarch Network Capital initiation (BUY, Rs 475 target, 6 Oct 2026). Full research brief filed with this report.