


Manthan

Hotels

What do we make of Adani's entry into hospitality?

Adani Airport City Ltd, a step down wholly owned subsidiary of Adani Enterprises Ltd, has incorporated 7 wholly owned subsidiaries (for complete list check exhibit 1 below) that would engage in the business of real estate activities including hotels.

Exhibit 1 : List of newly formed subsidiaries of Adani Airport City Ltd

| Airports managed by Adani | Passenger traffic as of FY25 (In mn) | Name of the subsidiary | Date of incorporation |
|---------------------------|--------------------------------------|------------------------------------|-----------------------|
| Jaipur | 6.1 | Adani Jaipur Airport City Ltd | 8th April 2026 |
| Ahmedabad | 13.6 | Adani Ahmedabad Airport City Ltd | 6th April 2026 |
| Mumbai | 55.3 | NA (educated guess) | NA |
| Navi Mumbai | NM* | Adani Navi Mumbai Airport City Ltd | 6th April 2026 |
| Mangaluru | 2.4 | Adani Mangaluru Airport City Ltd | 8th April 2026 |
| Trivandrum | 4.9 | Adani TRV Airport City Ltd | 9th April 2026 |
| Lucknow | 7.0 | Adani Lucknow Airport City Ltd | 9th April 2026 |
| Guwahati | 6.7 | Adani Guwahati Airport City Ltd | 6th April 2026 |

Source: Company, PL

*Note: Navi Mumbai airport was inaugurated on 25th Dec 2025

As can be seen, these subsidiaries are formed to exploit the city side development (CSD) potential adjoining the airports owned by Adani Group. To give you some context, Adani Airport Holdings Ltd (AAHL), a wholly owned subsidiary of Adani Enterprises, owns 8 airports across India. Along with aero and non-aero revenue, airport development also has an inherent delta arising from CSD that entails income from construction of hotels, business centres, fine dine restaurants, and hospitals in the adjoining area. Across 8 airports, 21.5mn sq ft of construction is planned (overall potential of 150mn sq ft) by AAHL in phase-1. Incorporation of subsidiaries in April-26 indicates the development may begin soon.

What is our view on Adani's entry into the hospitality industry?

Prima facie, planned entry into hospitality is by the virtue of having access to land bank alongside the airport area. Airports are transit hubs and provide strategic advantage in aiding occupancy by milking the passenger traffic. As of FY25, the 8 airports managed by AAHL handled passenger traffic of 96mn (up 8.4% YoY). However, real opportunity lies in the development potential surrounding the newly inaugurated Navi Mumbai airport. Currently, the airport has capacity to handle 20m passengers. However, once all the phases are completed by 2033-34, it will be able to handle 90mn passengers. Thus, the potential target market (passenger footfalls across airports) is likely to expand over a period of time benefitting the hotels located nearby.

As AAHL has location advantage, we believe onboarding brands of international repute will not be a challenge. As of FY25, the share of international passengers at 8 airports managed by AAHL was 24%. Given foreign travellers will be able to resonate better with global brands we do not rule out the possibility of roping international hotel brands especially at the Navi Mumbai airport. For other airports, tier-1 domestic brands could be under evaluation.

Location and brand are two key elements needed to make a mark in the hospitality industry. We believe Adani Group has both these ingredients in place (access to brand via tie-ups) indicating the start is indeed likely to be exciting.

Can Adani Group emerge a serious long-term player?

In order to emerge as a serious pan-India player, geographical diversity is of prime importance. Having an own brand and strong parentage also provides an edge if one has pan-India aspirations. We believe these entry barriers are not easy to overcome. Strong parentage (promoters engaged into real estate or commercial business) lends deep understanding of micro markets and strategic access to land parcels enabling one to build hotels in cost efficient and timely manner. Nonetheless, it does bring some geographical concentration risk as well.

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Exhibit 2 : List of hoteliers having a parental edge

| Hotel | Parental edge | Parental Group | Area of stronghold | Inventory concentration in area of stronghold | Own Brand |
|---------------------|---------------|-----------------|--------------------|---|-----------|
| Chalet Hotels | Yes | Raheja Group | MMR | 45% | Yes |
| Brigade Hospitality | Yes | Brigade Group | Bangalore | 47% | No |
| Ventive Hospitality | Yes | Panchshil Group | Pune | 53% | No |

Source: Company, PL

The Adani Group has a realty arm with exposure to cities like Ahmedabad, Gurugram, Mumbai and Pune indicating the presence of parental edge. While the Group does not have its own brand, there are enough brands of international repute available for management contracts. Planned entry into hospitality business via the CSD development route is a natural forward extension move but we believe a true hospitality debut would arise when the Group announces entry into some non-airport location. Given parental edge is already in place, and brand ownership challenge can be manoeuvred we do not rule out a true debut sometime in future.

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (INR) | Share Price (INR) |
|---------|---|--------|----------|-------------------|
| 1 | Apeejay Surrendra Park Hotels | BUY | 207 | 114 |
| 2 | Chalet Hotels | BUY | 1080 | 754 |
| 3 | Delhivery | BUY | 526 | 442 |
| 4 | DOMS Industries | BUY | 2889 | 2346 |
| 5 | Flair Writing Industries | BUY | 387 | 296 |
| 6 | Imagicaaworld Entertainment | BUY | 71 | 47 |
| 7 | Indian Railway Catering and Tourism Corporation | BUY | 850 | 532 |
| 8 | InterGlobe Aviation | HOLD | 5203 | 4449 |
| 9 | Lemon Tree Hotels | BUY | 164 | 113 |
| 10 | Mahindra Logistics | BUY | 406 | 355 |
| 11 | Navneet Education | Reduce | 119 | 156 |
| 12 | Nazara Technologies | BUY | 318 | 248 |
| 13 | PVR Inox | BUY | 1236 | 955 |
| 14 | S Chand and Company | BUY | 291 | 185 |
| 15 | Safari Industries (India) | HOLD | 1989 | 1562 |
| 16 | Samhi Hotels | BUY | 268 | 154 |
| 17 | TCI Express | BUY | 694 | 514 |
| 18 | V.I.P. Industries | REDUCE | 267 | 319 |
| 19 | Zee Entertainment Enterprises | BUY | 122 | 79 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| BUY | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

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