

Research Report

Indian Hotels Company



Prepared By-

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About

IHCL and its subsidiaries bring together a group of brands and businesses that offer a fusion of warm Indian hospitality and world-class service. These include Taj – the iconic brand for the most discerning travellers and ranked as the World's Strongest Hotel Brand and India's Strongest Brand across sectors as per Brand Finance Hotels 50 Report 2022 and India 100 Report 2022 respectively. Indian Hotels Company (IHCL) is ramping up its expansion plans with INR 750-800 crore capital expenditure allocated for FY25, a significant increase from previous years.

Key Brands

4 main brands catering different segments:

- Luxury- Taj
- Upscale- Vivanta
- Upper Upscale- Seleqtions
- Midscale/ lean luxury- Ginger segments.

Synopsis of Financials

- Achieved EBITDA margin of 33.7%.
- Consolidated revenue grew 17% year-on-year to INR6,952 crores.
- EBITDA grew 20% year-on-year to INR2,340 crores.
- ROE increased 7x to 14%.
- ROCE increased 3x to 15%.
- EPS increased 11x from INR 0.8 in FY 2017-'18 to INR 8.9 in FY '23-'24.

Stock data (as 21st May 2024)

Nifty Price	: 22,534.15
52 week High (in Rs.)	: 622
52 week Low (in Rs.)	: 368
Market Cap. (in Crore)	: 80,972
NSE Code	: <u>INDHOTEL</u>

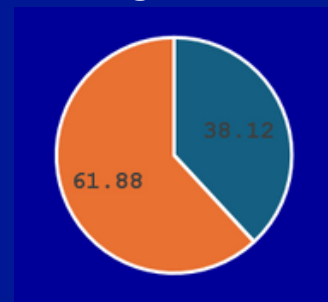
Stock data



-NIFTY50

- Indian Hotels Company

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	6,769	5,810	3,056
Sales Growth %	16.50%	90.10%	94.03%
Expenses	4,612	4,005	2,651
Operating Profit	2,157	1,805	405
OPM %	32%	31%	13%
Profit after tax	1,202	971	-222
EPS in Rs	8.85	7.06	-1.74

Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	1,233	1,686	1,625	1,466	1,433	1,964	1,905
Expenses	939	1,089	1,090	1,056	1,078	1,231	1,246
Operating Profit	294	597	535	410	355	732	660
OPM %	24%	35%	33%	28%	25%	37%	35%
Other Income	37	58	29	49	48	40	46
Interest	60	57	57	57	59	53	52
Depreciation	103	103	108	109	111	114	120
Profit before tax	169	495	400	294	232	605	535
Tax %	26%	23%	24%	28%	31%	28%	26%
Net Profit	130	404	339	236	179	477	438

Source: Screener

Key Ratios

Sr No	Particulars	Year ended	
		March 31, 2023	March 31, 2022
1	Debt – Equity ratio (in times)	0.09	0.26
2	Debt service coverage ratio (in times)	1.48	0.11
3	Interest Service Coverage Ratio (in times) – {a}	74.19	1.76
4	Current ratio (in times)	1.56	1.87
5	Net capital turnover ratio (in times)	5.38	7.21
6	Trade receivables turnover ratio (in days)	22	21
7	Inventory turnover ratio – {b}	NA	NA
8	Operating profit margin (in %) – {c}	31.06	13.24
9	Net profit margin (in %)	16.33	(6.93)
10	Return on capital employed (in %)	12.96	1.43
11	Return on Equity (in %)	12.92	(4.44)

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	142	142	142
Reserves	9,314	7,840	6,920
Borrowings	2,736	3,139	3,888
Other Liabilities	2,663	2,391	2,052
Total Liabilities	14,856	13,512	13,002
Fixed Assets	9,336	8,819	8,415
CWIP	231	332	194
Investments	2,261	1,891	1,967
Other Assets	3,028	2,470	2,426
Total Assets	14,856	13,512	13,002

Synopsis Quarter Results

Con-Call April 24: Key Highlights

Financial Performance:

- Bottom line grew by 26% to INR1,259 crores.
- Stand-alone basis showed revenue growth of 20% year-on-year to INR4,590 crores.

Return Ratios:

- EPS increased 11x from INR0.8 in FY 2017-'18 to INR8.9 in FY '23-'24.

Market Leadership:

- Outperforming industry on RevPAR with a premium of 65% over the competition.
- Presence in key markets with around 100 hotels in top 7 cities.

Portfolio Growth:

- Demonstrated industry-leading growth with 53 hotels and 34 hotels opened during FY '23-'24.

Capital Mix and Brand Expansion:

- Balanced mix of 60% capital light and 40% capital heavy assets.
- Reimagined businesses vertical showing revenue growth of 35% over the previous year.

Outlook and Growth Strategy:

- Expecting consistent double-digit top-line growth.
- Focus on evolving brand scape and strengthening competitive advantage.
- Confidence in opening a minimum of 25 hotels in FY '25.
- New dividend policy proposed at a payout ratio of 20% of consolidated PAT.

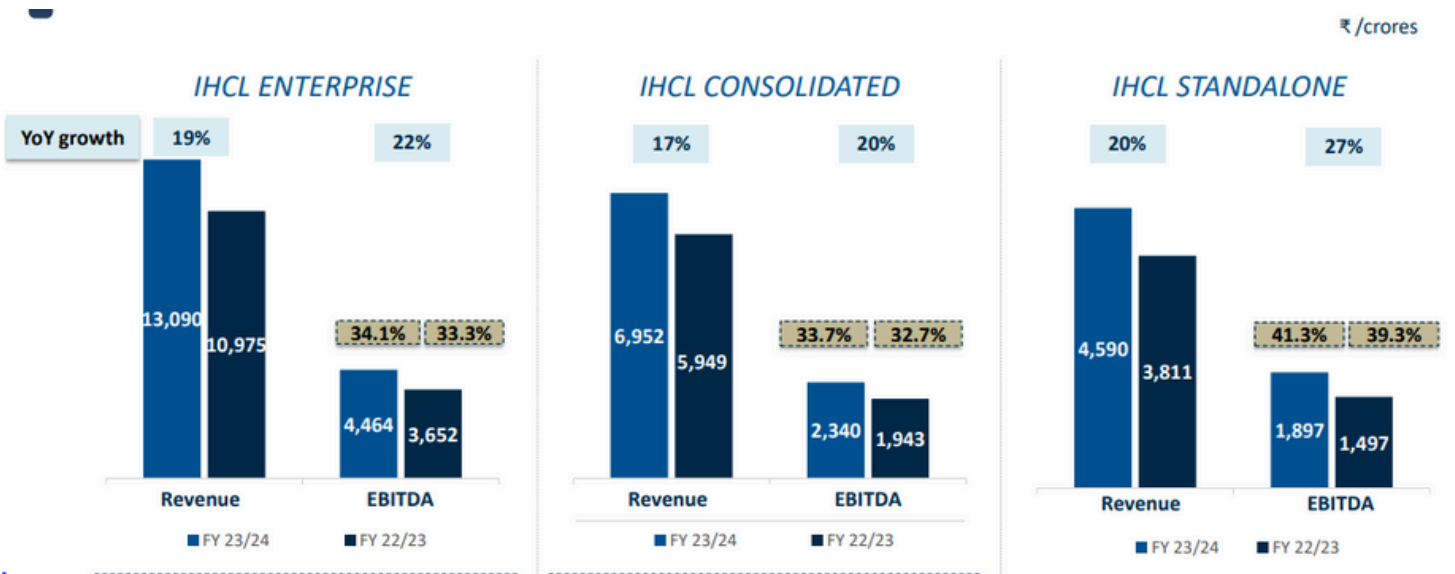
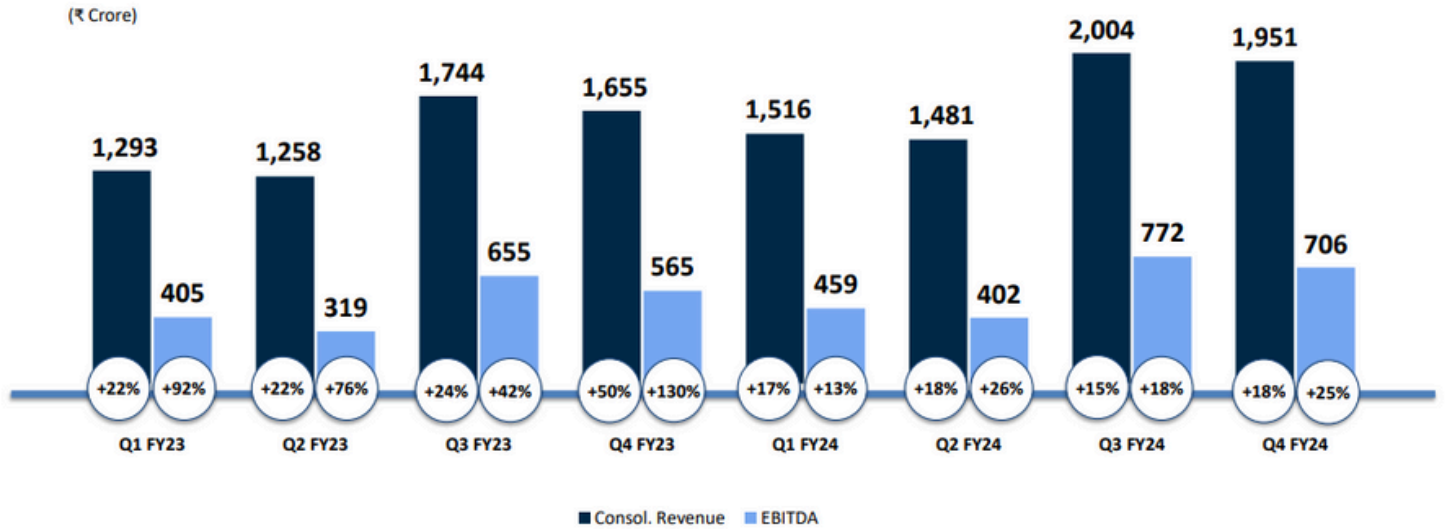
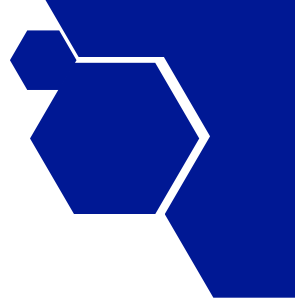
Expansion Plans:

- Considering turning existing loss-making hotels into profitable ones.
- Exploring opportunities to add new large hotel owned buyers in city locations, mainly under the Taj brand.
- Working on 2 large projects in the leisure segment, with land already owned for almost 30 years.

Future Outlook:

- Management is hopeful about the new projects and the potential for existing hotels to become profitable.
- Looking forward to the next quarter for updates on the new projects and expansion plans.

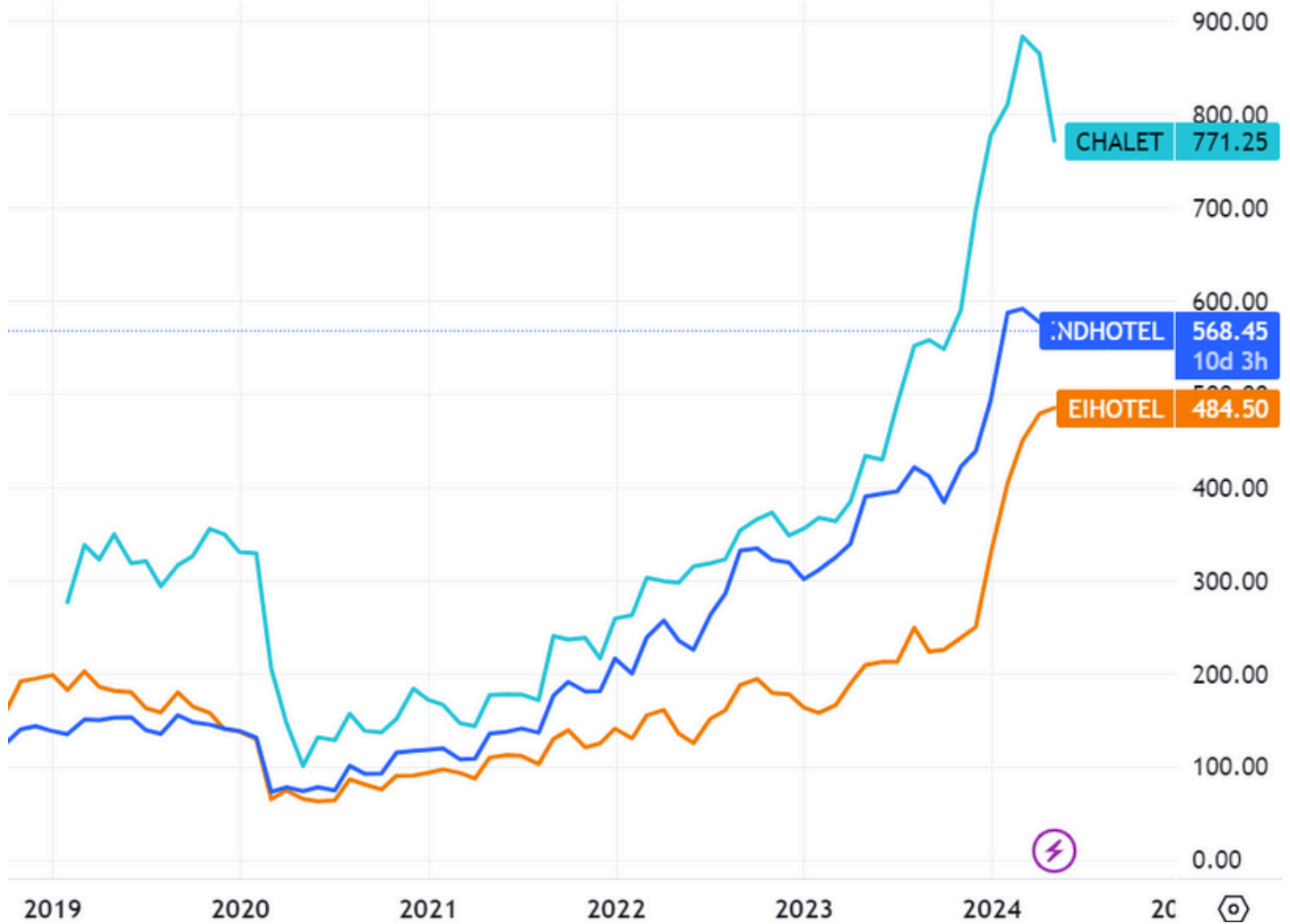
Revenue Highlights



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Indian Hotels Co	568.85	64.36	80971.96	0.31	438.33	27.26	1905.34	17.22	15.30
2.	EIH	485.00	55.37	30330.20	0.23	229.94	61.63	741.26	26.41	15.61
3.	Chalet Hotels	772.60	60.57	16850.40	0.00	82.44	78.95	418.26	23.79	9.88
4.	Lemon Tree Hotel	148.50	93.76	11764.82	0.00	43.79	-11.43	288.69	23.61	10.13
5.	Juniper Hotels	443.35		9864.70	0.00	3.54	190.16	236.27	32.30	7.51

Source: Screener

Final Outlook

INDHOTEL: HOLD | LTP: 569

Expect the strong momentum to continue in FY25, due to increase in ARR(average revenue per room due to healthy demand, asset management strategy of company (upgrades in hotels) and rooms addition pipeline till FY28 in both owned/leased (2,779 rooms) and management . Expected to Target double-digit consolidated revenue growth in FY25 Due to posted record financial performance and achieved key milestones with resilient balance sheet and strong FCF; it is a zero debt company now.

The management has set aside double-digit revenue growth for FY25, with the launch of 25 hotels, new business ventures, and asset management initiatives leading the way. The industry expects a long-term recovery in the hotel sector driven by increasing demand and limited supply growth. For new brands and reimagined businesses, growth is anticipated to be roughly +30% YoY. The company wants to build new hotel brands in metro areas and Tier 2 and Tier 3 locations as quickly as possible. IHCL outperforms industry on RevPAR with a 65% premium. Eighth consecutive quarter of best-ever performance for IHCL. Consolidated revenue grew by 17% year-on-year to INR6,952 crores. EBITDA increased by 20% year-on-year to INR2,340 crores, with a margin of 33.7%. Bottom line grew by 26% to INR1,259 crores ROE increased 7x to 14%, and ROCE increased 3x to 15%. EPS surged from INR0.8 in FY 2017-'18 to INR8.9 in FY '23-'24. Opened 53 hotels and 34 hotels during FY '23-'24, crossing 300-plus hotels milestone.