

RESEARCH REPORT

INDIAN HOTELS CO LIMITED



PREPARED BY:

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About

IHCL is one of India's leading hospitality companies. IHCL and its subsidiaries comprise diversified portfolio across luxury, upscale/upper upscale and lean luxury/midscale segments. IHCL's operations are spread across four continents, 12 countries and over 100 cities.

Revenue Breakup

Rooms: ~49%

F&B: ~34%

Management Fee : ~7%

Other Operating Income : 8%

Other Income: ~3%

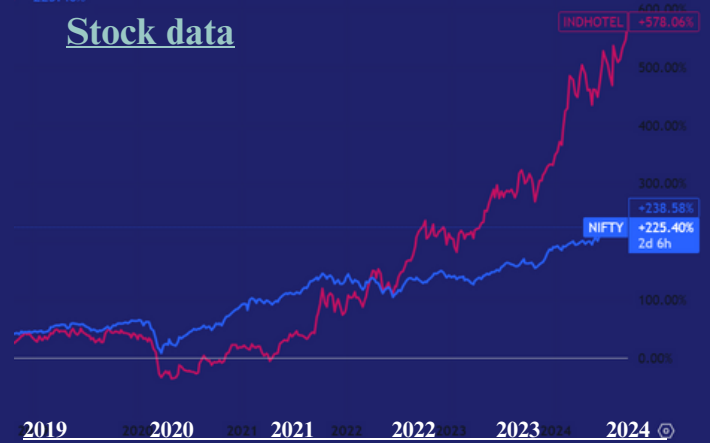
Synopsis of Financials

- 9 consecutive quarters of record performance.
- Enterprise revenue crossed INR 3,000 crores in Q1, growing 7% YoY.
- Consolidated revenue grew 5% YoY to INR 1,596 crores.
- EBITDA grew 8% YoY to INR 496 crores with a margin expansion of 70 basis points to 31%.
- Standalone revenues grew 4% YoY to INR 972 crores.
- Standalone EBITDA margin expanded by 160 basis points to 37.8%.
- Standalone PAT margin stood at a healthy 21.5%.
- Operating revenue and EBITDA showcased stronger growth at 6% and 10% respectively.
- Bottom line (PAT) grew by 12% to INR 248 crores.
- Management fee growth through capital-light strategy at 17% YoY.

Stock data (as 22nd Oct 2024)

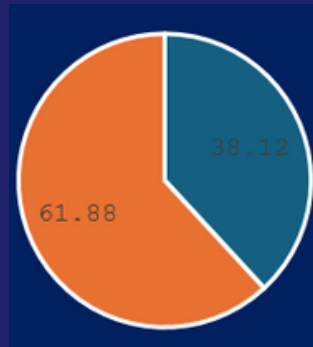
Nifty Price : 24,377
52 week High (in Rs.) : 721
52 week Low (in Rs.) : 399
Market Cap. (in Crore) : ₹ 96,509 Cr.
NSE Code : INDHOTEL

Stock data



-NIFTY50
-INDHOTEL

Shareholding Pattern (March 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	Mar 2022	Mar 2023	Mar 2024
Sales	3,056	5,810	6,769
Sales Growth %	94.03%	90.10%	16.50%
Expenses	2,651	4,005	4,609
Operating Profit	405	1,805	2,160
OPM %	13%	31%	32%
Net Profit	-265	1,053	1,330
EPS in Rs	-1.74	7.06	8.85

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.	Ratio	in times/%	Numerator	Denominator	Current Year	Previous Year
a)	Current Ratio	in times	Current Assets excluding Assets classified as held for sale	Current Liabilities excluding current maturities of long-term borrowings	1.78	1.76
b)	Debt – Equity	in times	Non - Current Borrowings + Current Borrowings	Total Equity	-	0.05
c)	Debt service coverage	in times	Profit before Tax + Interest on borrowings (Net) + Provision for impairment of investments + Depreciation and amortisation expenses	Interest on borrowings (Net) + Principal Repayment of long-term Debt	4.56	2.78
d)	Net Capital Turnover	in times	Net Sales	Working Capital i.e., (Average Current Assets - Average Current Liabilities excluding current maturities of long-term borrowings)	4.63	3.25
e)	Return on Equity	in %	Profit/(Loss) after tax	Average Total Equity	11.54	9.96
f)	Inventory Turnover	NA	NA	NA	NA	NA
g)	Trade Receivable Turnover	in days	Average Trade Receivables	Revenue from operations per day	32	29
h)	Trade Payable Turnover	in days	Average Trade Payables	Total expenses other than Payroll Cost, Finance Cost and Depreciation per day	67	65
i)	Net Profit Ratio	in %	Profit/(Loss) after tax	Total Income	23.85	22.12
j)	Return on capital employed	in %	EBIT	Average Equity + Average Debt + Average Lease Liabilities + Average Deferred Tax Liabilities	15.20	12.50
k)	Return on Investment	in %	Income earned on mutual funds and fixed deposit investments	Average investment in mutual funds and fixed deposit	6.95	4.84

Source: Annual Report

Yearly Results

Particulars	Mar 2022	Mar 2023	Mar 2024
Equity Capital	142	142	142
Reserves	6,920	7,840	9,314
Borrowings	3,888	3,139	2,736
Other Liabilities	2,052	2,391	2,541
Total Liabilities	13,002	13,512	14,733
Fixed Assets	8,415	8,819	9,311
CWIP	194	332	256
Investments	1,967	1,891	2,261
Other Assets	2,426	2,470	2,905
Total Assets	13,002	13,512	14,733

Synopsis Quarter Results

Key Highlights

Portfolio Growth:

- 16 hotels signed and 6 hotels opened in Q1 '24-25, crossing a total portfolio of 325+ hotels.
- Entry into Taj Branded Residences segment in Chennai to diversify revenue streams and leverage strong brand equity of Taj.

Industry Outlook:

- Outperformed the industry despite temporary headwinds in Q1.
- Structural tailwinds for the sector expected to continue.
- Strong brand equity, customer trust, and focus on performance helped in resilience and outperformance.
- Demand-supply mismatch expected to continue in the coming years.
- Industry experts expecting a 10% growth in demand versus a muted 6% growth in supply.

New Brands and Reimagined Businesses:

- New businesses (Ginger, Qmin, Ama Stays and Trails) showcased strong growth at 37% YoY.
- Ginger grew 45% YoY.
- TajSATS maintained market leadership with a share of 59% and a 24% EBITDA margin.
- Reimagined brands TajSATS and chambers showed strong double-digit growth.
- Introducing reimagined Gateway in Q2, aiming to scale to 100 hotels by 2030.

Digital Initiatives and Loyalty Program:

- Launched new tajhotels.com website.
- Tata Neu Loyalty Program with 5.5 million members.
- 37% of enterprise level revenue generated by loyalty customers in Q1.

Balance Sheet and ESG+ Program:

- Free cash flows tripled in Q1 to INR 146 crores.
- Gross cash reserves close to INR 2,100 crores.
- ESG+ program focus on achieving stated goals, using 37% energy from renewable sources, installing 343 EV charging stations, and achieving 42% recycling of water used in Q1.

Corporate Actions:

- Approved changes to the shareholders' agreement of TajSATS Limited.
- Proposed to combine business of TIHL with St. James Hotels London.
- Simplification in operating model and holding structure expected to complete in Q3.

Outlook and Guidance:

- Industry bounced back in July from temporary headwinds faced in Q1.
- Expecting double-digit growth in FY '24-'25.
- Expected 20% revenue growth in July based on business on the books.
- Confident to deliver on guidance for the full financial year.

Customer Base:

- Tata Neu platform has almost 80 million to 100 million customers, with a large potential for expansion.

Loyalty Programs:

- Management has big hopes for loyalty programs and acknowledges their power, especially in the airline industry.

Future Interactions:







- Management looks forward to interacting with stakeholders in-person or offline, with the next call at the end of quarter 2 results.

Closing Remarks:

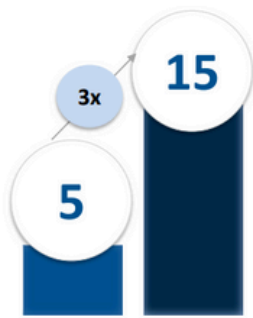
- Management thanked participants for joining the call and encouraged them to have a wonderful evening and a great weekend at any of their properties.

Revenue Highlights

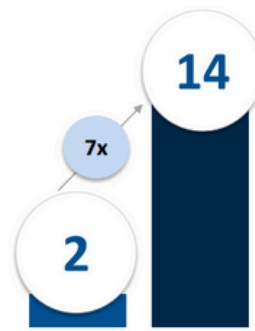
IHCL Consol.
FY 2023-24

₹ 6,952 Crore ↑ 17%	 REVENUE	₹ 1,951 Crore ↑ 18%
₹ 2,340 Crore ↑ 20%	 EBITDA	₹ 706 Crore ↑ 25%
33.7% ↑ 1.0 pp	 EBITDA MARGIN	36.2% ↑ 2.0 pp
₹ 1,259 Crore ↑ 26%	 PAT	₹ 418 Crore ↑ 27%
18.1% ↑ 1.3 pp	 PAT MARGIN	21.4% ↑ 1.6 pp
₹ 1,162 Crore ↑ 14%	 FREE CASH FLOW	₹ 419 Crore ↑ 67%

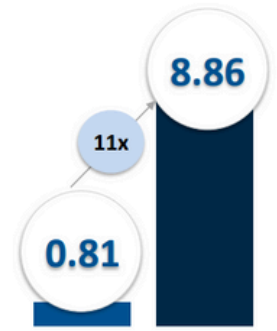
IHCL Consol.
Q4 2023-24



Return on Capital Employed %
■ FY18 ■ FY24



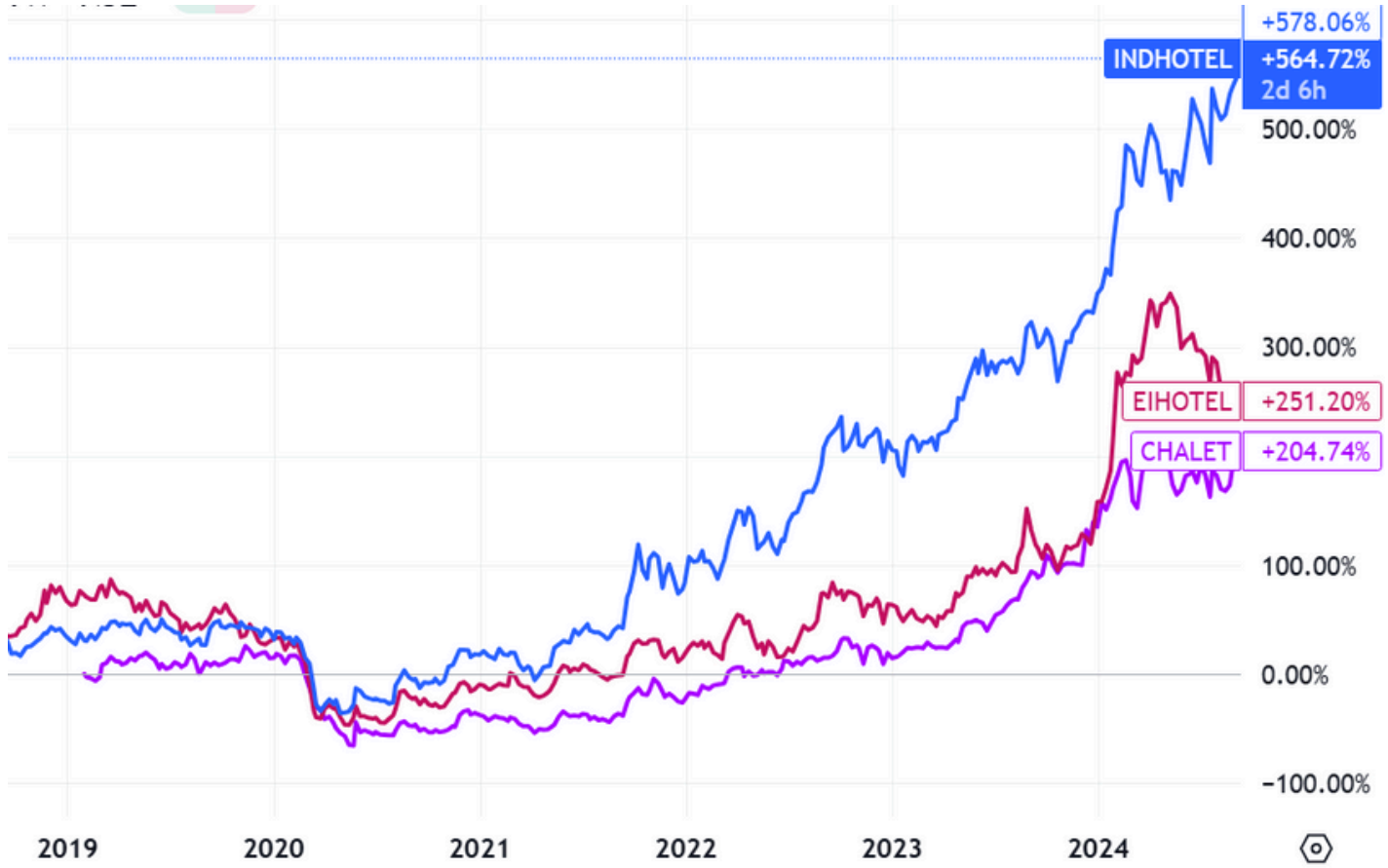
Return on Equity %
■ FY18 ■ FY24



EPS (₹)
■ FY18 ■ FY24

Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

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 %
Indian Hotels Co	678.55	75.15	96586.99	0.25	260.19	11.67	1550.23	5.72	15.11
EIH	359.90	35.39	22506.88	0.33	96.75	-9.72	526.54	5.71	23.62
Chalet Hotels	864.05	250.70	18857.53	0.00	-138.51	-480.15	377.05	19.87	10.06

Source: Screener

Final Outlook

INDHOTEL: BUY | LTP: 679

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.

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

I would give **Buy** recommendation for this stock.

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