




# Indian Hotels Company Ltd.

## Accumulate

Sector: Hotels, Restaurants &amp; Leisure

29<sup>th</sup> May, 2025

<b>Key Changes</b>	<b>Target</b> 	<b>Rating</b> 	<b>Earnings</b> 	<b>Target</b>	<b>Rs. 856</b>		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 760</b>
Mid Cap	IH:IN	81,312	INDHOTEL	500850	12 Months	<b>Return</b>	<b>+13%</b>

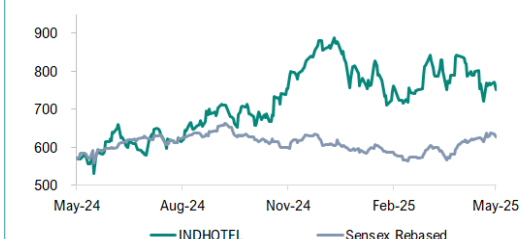
Data as of: 28-May-2025

Company Data	
Market Cap (Rs.cr)	1,08,181
52 Week High — Low (Rs.)	894 - 507
Enterprise Value (Rs. cr)	108,138
Outstanding Shares (cr)	142.3
Free Float (%)	61.5
Dividend Yield (%)	0.3
6m average volume (lacs)	41.8
Beta	1.2
Face value (Rs. )	1.0

Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	38.1	38.1	38.1
FII's	27.4	27.8	27.0
MFs/Institutions	18.8	18.6	19.2
Public	14.4	14.2	14.4
Others	1.3	1.3	1.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-1.2%	-0.2%	31.7%
Absolute Sensex	7.2%	4.7%	9.7%
Relative Return	-8.4%	-4.9%	22.0%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	8,335	9,968	11,204
Growth (%)	23.1	19.6	12.4
EBITDA	2,769	3,521	4,079
EBITDA Margin (%)	33.2	35.3	36.4
PAT Adjusted	1,603	2,136	2,532
Growth (%)	27.3	33.2	18.5
Adjusted EPS	11.3	15.0	17.8
Growth (%)	27.3	33.2	18.5
P/E	69.9	50.1	42.3
P/B	10.0	8.2	7.1
EV/EBITDA	40.9	30.7	26.5
ROE (%)	18.3	17.5	17.7
D/E	0.0	0.0	0.0

## Growth on track; valuation limits upside

Founded in 1902, Indian Hotels Company Ltd. (IHCL) is a leading hospitality player with a portfolio of 381 hotels across 14 countries. It owns popular brands like Taj, Ginger and Vivanta. Tata Sons holds a 35.7% stake in IHCL.

- In Q4FY25, consolidated revenue surged 27.3% YoY to Rs. 2,425cr, led by strong demand growth in the hotel segment and higher RevPAR growth.
- Consolidated RevPAR achieved a notable 16% YoY growth, helping the company maintain its premium positioning. It enjoyed a 73% RevPAR premium over the Indian industry average.
- IHCL's international consolidated portfolio saw a 440bps increase in occupancy to 73%, driving a 7% YoY RevPAR growth.
- At the operational level, EBITDA rose 29.9% YoY to Rs. 857cr and EBITDA margin expanded 70bps YoY to 35.3%.
- IHCL remains steadfast in its commitment to bolstering its assets and capabilities, thereby fortifying its competitive edge. In FY25, IHCL's capex was over Rs. 1,000cr, with a focus on renovations, maintenance, digital initiatives and greenfield projects.

## Outlook & Valuation

In Q4FY25, IHCL displayed robust financial performance driven by strong domestic demand in the hotel segment. IHCL is likely to deliver impressive double-digit revenue growth in FY26, driven by robust domestic demand and substantial prospects for a resurgence in international arrivals, with over 70 auspicious wedding dates evenly distributed throughout the year. With a focus on scaling new businesses, evolving its brandscape, and strengthening its competitive advantage and with a target to open 30+ hotels in FY26, IHCL is well-positioned to deliver strong growth with sustained margins. **IHCL is expected to maintain a steady growth trajectory. Therefore, we are upgrading our rating on the stock to 'Accumulate' with a revised target price of Rs.856, based on a 30x FY27E EV/EBITDA.**

## Quarterly Finance Consol.

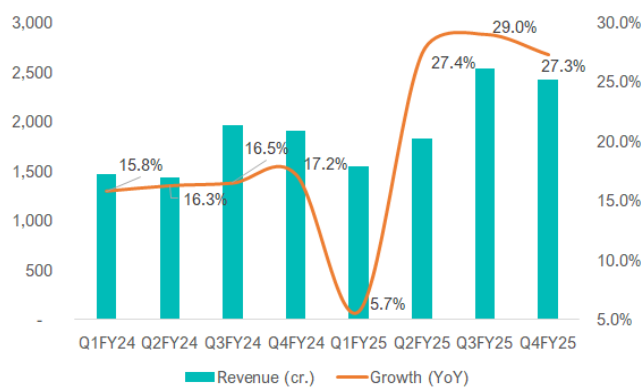
Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	2,425	1,905	27.3	2,533	-4.3	8,335	6,769	23.1
EBITDA	857	660	29.9	962	-10.9	2,769	2,157	28.4
Margin (%)	35.3	34.6	70bps	38.0	-270bps	33.2	31.9	130bps
EBIT	715	540	32.3	828	-13.6	2,251	1,703	32.2
PBT	720	535	34.6	834	-13.7	2,578	1,666	54.8
Rep. PAT	563	438	28.4	633	-11.0	2,038	1,330	53.2
Adj PAT	522	418	25.0	582	-10.3	1,603	1,259	27.3
Adj. EPS (Rs)	3.7	2.9	25.0	4.1	-10.3	11.3	8.8	27.3



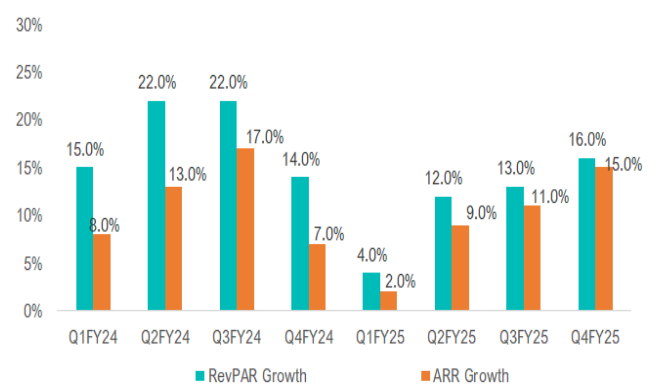
## Key concall highlights

- The hospitality sector remains in an upward trajectory, fueled by robust domestic demand, constrained supply expansion, and favorable demographic trends. In FY25, the industry witnessed a 6% increase in room nights sold, outpacing the modest 3% growth in room nights available, thereby underscoring the sector's continued momentum.
- IHCL added 74 new properties and opened 26 hotels in FY25, taking its total to 381 hotels. Currently, 247 hotels are operational, with a pipeline of 134 upcoming hotels. Over 95% of the new additions were capital light.
- Capex of over Rs.1,200cr has been targeted for FY26 and it is estimated that approximately 60-65% of the total capital outlay will be allocated for renovations and digital investments, while the remaining amount will be utilized for greenfield assets.
- IHCL's capital-light growth strategy yielded a 20% YoY increase in management fees, reaching Rs. 562cr in FY25, driven by an 11% net unit growth in managed hotel rooms, increase in RevPAR, technical fees and new fee stream like brand fees.
- IHCL reported a 40% YoY growth in FY25, with a consolidated revenue of Rs. 602cr from their new business vertical, which includes Ginger, Qmin, Ama Stays & Trails, and Tree of Life, and achieved a consolidated margin of 37%.

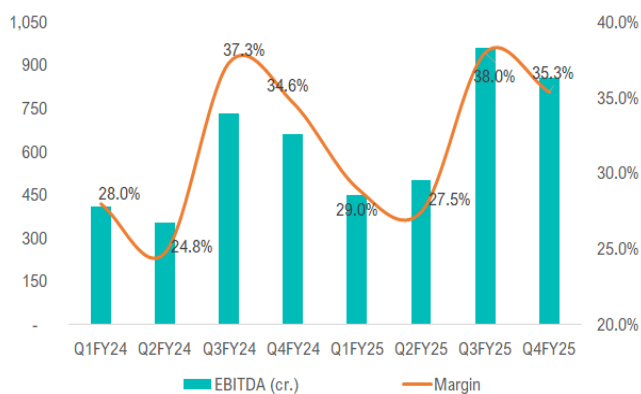
## Revenue



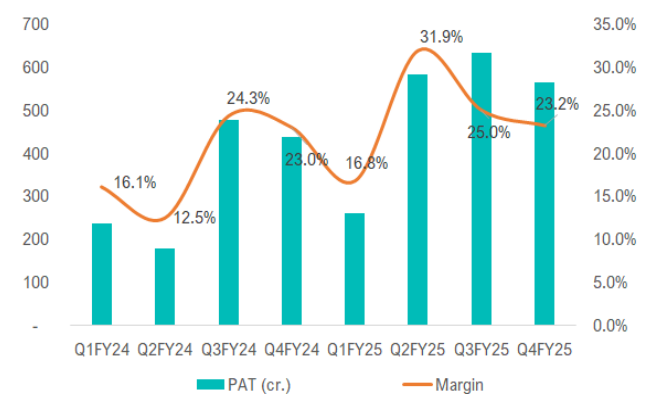
## RevPAR Growth and ARR Growth



## EBITDA



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	9,892	-	9,968	11,204	0.8	-
EBITDA	3,466	-	3,521	4,079	1.6	-
Margins (%)	35.0	-	35.3	36.4	30bps	-
Adj. PAT	2,119	-	2,136	2,532	0.8	-
EPS	14.9	-	15.0	17.8	0.8	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>5,810</b>	<b>6,769</b>	<b>8,335</b>	<b>9,968</b>	<b>11,204</b>
% change	90.1	16.5	23.1	19.6	12.4
<b>EBITDA</b>	<b>1,805</b>	<b>2,157</b>	<b>2,769</b>	<b>3,521</b>	<b>4,079</b>
% change	345.8	19.5	28.4	27.2	15.8
Depreciation	416	454	518	596	635
<b>EBIT</b>	<b>1,389</b>	<b>1,703</b>	<b>2,251</b>	<b>2,925</b>	<b>3,445</b>
Interest	236	220	208	181	171
Other Income	142	183	535	199	224
<b>PBT</b>	<b>1,295</b>	<b>1,666</b>	<b>2,578</b>	<b>2,944</b>	<b>3,498</b>
% change	-601.4	28.6	54.8	14.2	18.8
Tax	323	464	617	736	875
Tax Rate (%)	25.0	27.9	23.9	25.0	25.0
<b>Reported PAT</b>	<b>1,053</b>	<b>1,330</b>	<b>2,038</b>	<b>2,269</b>	<b>2,679</b>
<b>PAT att. to common shareholders</b>	<b>1,003</b>	<b>1,259</b>	<b>1,908</b>	<b>2,136</b>	<b>2,532</b>
Adj.*	-3	-	-305	-	-
<b>Adj. PAT</b>	<b>999</b>	<b>1,259</b>	<b>1,603</b>	<b>2,136</b>	<b>2,532</b>
% change	-479.5	26.0	27.3	33.2	18.5
No. of shares (cr)	142.0	142.3	142.3	142.3	142.3
<b>Adj EPS (Rs.)</b>	<b>7.0</b>	<b>8.8</b>	<b>11.3</b>	<b>15.0</b>	<b>17.8</b>
% change	-479.5	25.7	27.3	33.2	18.5
DPS (Rs.)	1.0	1.8	2.3	2.5	3.0

### Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,469	1,785	2,556	2,866	3,314
Non-cash adj.	126	115	-309	-258	-5
Other adjustments	-	-	-	-	-
Changes in W.C	24	36	-53	11	85
<b>C.F. Operation</b>	<b>1,619</b>	<b>1,935</b>	<b>2,194</b>	<b>2,618</b>	<b>3,394</b>
Capital exp.	-403	-633	-1,062	-1,296	-1,288
Change in inv.	147	61	-137	-901	-1,716
Other invest.CF	112	-638	-694	-	-
<b>C.F - Investment</b>	<b>-145</b>	<b>-1,210</b>	<b>-1,892</b>	<b>-2,197</b>	<b>-3,005</b>
Issue of equity	1	7	-	-	-
Issue/repay debt	-1,194	-572	-50	-12	-12
Dividends paid	-64	-155	-252	-320	-359
Other finance.CF	-271	-265	-246	102	133
<b>C.F - Finance</b>	<b>-1,528</b>	<b>-985</b>	<b>-547</b>	<b>-231</b>	<b>-237</b>
Chg. in cash	-53	-260	-245	191	152
Closing Cash	736	479	257	448	600

### Balance Sheet

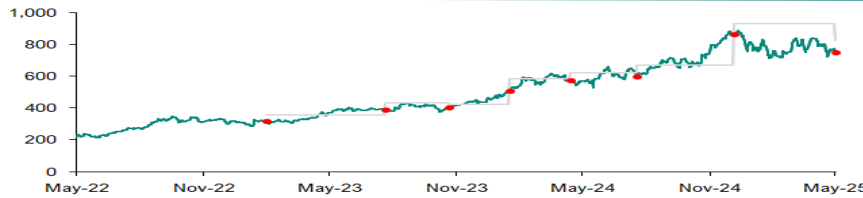
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	736	479	257	448	600
Accts. Receivable	446	476	651	743	812
Inventories	109	116	135	154	171
Other Cur. Assets	1,298	1,996	3,127	3,250	3,298
Investments	1,134	1,537	1,380	2,440	4,109
Gross Fixed Assets	10,275	11,200	12,261	13,557	14,846
Net Fixed Assets	7,615	8,110	9,632	10,275	10,865
CWIP	324	231	576	633	697
Intangible Assets	1,211	1,226	1,342	1,485	1,485
Def. Tax -Net	158	122	88	110	175
Other Assets	636	561	515	553	581
<b>Total Assets</b>	<b>13,669</b>	<b>14,856</b>	<b>17,704</b>	<b>20,090</b>	<b>22,791</b>
Current Liabilities	1,632	1,785	1,975	2,200	2,393
Provisions	107	98	130	133	136
Debt Funds	818	260	225	212	201
Other Liabilities	2,470	2,584	2,959	3,180	3,377
Equity Capital	142	142	142	142	142
Res. & Surplus	7,840	9,314	11,018	12,834	15,007
Shareholder Funds	7,982	9,457	11,161	12,976	15,149
Minority Interest	660	672	1,255	1,389	1,536
<b>Total Liabilities</b>	<b>13,669</b>	<b>14,856</b>	<b>17,704</b>	<b>20,090</b>	<b>22,791</b>
BVPS	56	66	78	91	106

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	31.1	31.9	33.2	35.3	36.4
EBIT margin (%)	23.9	25.2	27.0	29.3	30.7
Net profit mgn.(%)	17.3	18.6	22.9	21.4	22.6
ROE (%)	13.2	14.1	18.3	17.5	17.7
ROCE (%)	14.7	16.4	17.8	20.1	20.4
<b>W.C &amp; Liquidity</b>					
Receivables (days)	28.0	25.7	28.5	27.2	26.5
Inventory (days)	19.4	18.3	16.9	16.8	16.7
Payables (days)	84.6	81.5	72.2	75.1	76.4
Current ratio (x)	1.2	1.5	2.1	2.1	2.0
Quick ratio (x)	0.9	0.8	0.9	1.0	1.0
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	0.6	0.6	0.7	0.8	0.8
Total asset T.O (x)	0.4	0.5	0.5	0.5	0.5
Int. covge. ratio (x)	5.9	7.7	10.8	16.2	20.2
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0
<b>Valuation</b>					
EV/Sales (x)	8.0	12.5	13.6	10.8	9.7
EV/EBITDA (x)	25.9	39.2	40.9	30.7	26.5
P/E (x)	46.0	66.9	69.9	50.1	42.3
P/BV (x)	5.8	8.9	10.0	8.2	7.1



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
17-Feb-23	ACCUMULATE	357
08-Aug-23	ACCUMULATE	431
08-Nov-23	HOLD	423
05-Feb-24	BUY	583
02-May-24	HOLD	620
06-Aug-24	HOLD	670
24-Dec-24	HOLD	930
29-May-25	ACCUMULATE	856

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
<b>Buy</b>	Upside is above 10%	Upside is above 15%	Upside is above 20%
<b>Accumulate</b>	-	Upside is between 10%-15%	Upside is between 10%-20%
<b>Hold</b>	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
<b>Reduce/sell</b>	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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