

Indian Hotels Company (IHCL) delivered a beat on consolidated revenue and margin, aided by standalone occupancy of 76.8% (vs. 72.1% in Q3FY23) and ARR/RevPAR growth of 17% YoY/25% YoY. IHCL expects growth to remain in double digits for FY25, with 'business on books' staying strong and new businesses expected to grow at over 30%YoY. We like IHCL's diversified topline, operational efficiency, and debt-free balance sheet. IHCL has a pipeline of 82 hotels, and is set to add ~11k rooms (~8.7k room-adds over FY24-26E). This will aid consol. revenue/EBITDA CAGR of 14%/19% over FY23-26E, amid margin expansion. We raise FY25E/FY26E EBITDA by 7%/6%, on the results beat. We maintain ADD on IHCL, with TP of Rs525/sh (Rs485 earlier), ascribing 24x Dec-25E EV/EBITDA (23.5x earlier) amid continued strength in business.

Indian Hotels: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	30,562	58,099	67,797	77,384	86,194
EBITDA	4,048	18,046	21,970	26,573	30,072
Adj. PAT	(2,805)	10,495	13,686	17,947	21,566
Adj. EPS (Rs)	(2.0)	7.4	9.6	12.6	15.2
EBITDA margin (%)	13.2	31.1	32.4	34.3	34.9
EBITDA growth (%)	0.0	345.8	21.7	20.9	13.2
Adj. EPS growth (%)	0.0	0.0	30.4	31.1	20.2
RoE (%)	(5.2)	14.0	15.8	17.6	17.8
RoIC (%)	0.0	12.3	14.4	18.0	20.4
P/E (x)	(250.6)	67.0	51.4	39.2	32.6
EV/EBITDA (x)	172.9	38.3	30.9	25.0	21.4
P/B (x)	10.0	8.8	7.5	6.3	5.3
FCFF yield (%)	(0.1)	1.2	2.2	2.8	3.5

Source: Company, Emkay Research

Beat on Q3 estimates; standalone RevPAR up 25% YoY

Consol. revenue stood at 16.5%, up YoY (3%/6% above Street/our expectations). Company has maintained the growth momentum seen in Q1/Q2 (16%YoY each). EBITDA margin expanded by 190bps YoY (+1,250bps QoQ) to 37.3%, led by decline in employee cost and cost of raw material as share of revenue. Standalone revenue was up 20.6% YoY to Rs12.8bn (9% above our estimate) vs. 17%YoY/19%YoY growth in Q1/Q2, indicating pickup in momentum. Standalone occupancy was 76.8%, up by 470bps YoY. ARR was at 17% YoY, leading to RevPAR improving 25% YoY. Implied subsidiary revenue was up 9% YoY vs. 12%YoY/14% YoY growth in Q2/Q1, pointing to moderation in growth rate. New Business clocked growth of 33% YoY, with TajSATS clocking 34% YoY growth.

Growth to sustain in double digits as new businesses grow at a fast pace

IHCL expects revenue growth to sustain in double-digits YoY, aided by i) continued addition keys with an over 11.1k strong pipeline for FY24-27 (~8.5k through management contract); ii) new businesses growing at over 30% YoY aided by Qmin being added to more Ginger hotels, Ama Stays & Trails revenue doubling in FY25, and TajSATS well-poised to exceed Rs10bn in revenue in FY25 (vs. Rs 6.5bn in 9MFY24). TajSATS has levers for growth with increase in number of airports/flights and rise in non-aviation revenue for TajSATS. Plans to add 2 new full-service brands at a price-point below Rs10k for tier 2/tier 3 cities can aid further growth for IHCL.

FY23-26E EBITDA CAGR to clock at 19%; ADD

Company continues to focus on diversification of topline with new brands, along with investment in digitization that can help in mid- & long-term revenue growth and improvement in margin. Robust demand will aid RevPAR CAGR of 11% and consol. revenue/EBITDA CAGR of 14%/19% over FY23-26E, amid margin expansion. We have increased consol. EBITDA by 5%/7%/6% for FY24E/FY25E/FY26E, as we adjust for the revenue/margin beat. We maintain ADD on IHCL, with TP of Rs525/sh (Rs485 earlier), ascribing 24x Dec-25E EV/EBITDA (23.5x earlier) given continued strength in business.

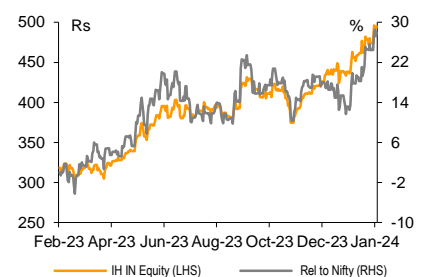
Target Price – 12M	Dec-24
Change in TP (%)	8.2
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	6.1
CMP (01-Feb-24) (Rs)	495.0

Stock Data	Ticker
52-week High (Rs)	502
52-week Low (Rs)	298
Shares outstanding (mn)	1,423.4
Market-cap (Rs bn)	705
Market-cap (USD mn)	8,491
Net-debt, FY12E (Rs mn)	0
ADTV-3M (mn shares)	3
ADTV-3M (Rs mn)	1,223.4
ADTV-3M (USD mn)	14.7
Free float (%)	-
Nifty-50	21,697
INR/USD	83.0
Shareholding, Dec-23	
Promoters (%)	38.1
FPIs/MFs (%)	23.3/22.3

Price Performance

(%)	1M	3M	12M
Absolute	13.5	27.2	51.5
Rel. to Nifty	13.7	11.3	23.0

1-Year share price trend (Rs)



Santosh Sinha

santosh.sinha@emkayglobal.com
+91 22 6624 2414

Kevin Shah

kevin.shah@emkayglobal.com
+91 22 6612 1340

Key takeaways from the earnings call

- **Demand to stay robust:** The healthy demand in Q3 is seen continuing in Q4FY24 (January stood strong). With increase in the booking window, Company is able to attain higher visibility till March which suggests continuation of demand momentum. This will be further accelerated by the commencement of IPL at end-March.
- **ARRs to sustain:** The management believes that ARR has seen negligible growth for the past several years. ARR in India is also well below that in the Asia-Pacific region (as per an STR report), with an enduring healthy demand-trend indicating further scope for ARR increase. Additionally, Bharat Mandapam, Delhi Yashobhoomi in Delhi, and addition of Jio coupled with effective asset management (including premium offering) will help the company charge higher.
- **Cost optimization:** As a % of revenue, cost will appear to be most efficient in Q3FY24, which is typically the strongest quarter. On an annual basis, costs at all levels have been optimized. Additionally, Company is investing towards digitization of new businesses as a part of its cost-reduction initiative.
- **Healthy traction in new businesses:** IHCL's new/re-imagined businesses grew 34% YoY in 9MFY24 (vs. 17% growth for the traditional business). Revenue share of new business increased to 17% from 10% in FY20, while EBITDA share increased to 24% from 16% over the same period. The company expects this growth momentum to increase, thus helping it achieve 30% growth going forward with EBITDA margin of ~35%.
 - **Ginger's** lean luxe transformation for two-thirds of its portfolio is helping it witness a healthy growth momentum and is expected to record Rs6bn revenue in FY25.
 - **Ama Stays & Trails** to reach portfolio-strength of 150 bungalows (100 operational) by the end of FY24. Its revenues are expected to double in FY25.
 - **Qmin** to achieve record Rs1bn of GMV in FY24 aided by its expansion to 34 Ginger hotels till date.
 - **TajSATS** continues to record industry-leading metrics and is well-poised to exceed Rs10bn in FY25. This will be aided by strong addition of airports and aircraft.
- **International business:** The international portfolio is performing well and is profitable overall, led by the UK. USA (especially New York), however, is yet to recover completely post the pandemic period. San Francisco is temporarily impacted and is now showing signs of recovery (the management expects recovery in 12-18 months).
- **Hotels pipeline:** IHCL opened 16 hotels in 9MFY24 and plans to open 4 more in Q4FY24. It has plans to open 2 hotels in Ayodhya – one in the next 12 months and another in the next 20. The company has a total pipeline of 85 hotels, indicating an increase in the pace of hotel openings. The management plans to maintain an average of 2 hotel openings per month for the next 3 years, aided by its asset-light model.
- **Ginger Mumbai (airport) debuts on a positive note:** Opened (260 of the 371 rooms that are operational) with an average occupancy of 80% at an ARR of Rs6,500 (expected to move up to Rs7,500) which helped it achieve a positive PBT from the first month of operations; the management believes it will maintain this rate going ahead too. The complete official launch is scheduled for 8th February 2024.
- **Two new brand launches in the pipeline for Tier 2/3 cities:** IHCL targets launching new or reimagined existing brands in the coming few months. Unlike Ginger, these will be full-service brands (including banqueting, weddings, etc), with key focus on Tier 2 and Tier 3 cities. The company intends to add a minimum of 50 hotels within a single brand that gets launched. The price-points will be of Rs8,000-Rs9,000, i.e. between that of TAJ and Ginger, and similar to Vivanta's. With these brand launches, the company aims to strengthen its asset-light initiatives, support margin expansion, and make it less volatile to the market cyclicity.
- **Outlook:** The macro tailwinds are expected to remain strong, and so aid demand momentum with no significant uptick in supply in all key markets. Additionally, 58% of IHCL's customers are transient (non-negotiated), helping achieve high ARR. As a result, Company expects the strong growth in RevPAR (45% revenue contribution) to continue. Company believes it will register double-digit revenue growth for FY25 as well, driven by growth in its core business, new businesses, and its traditional business enabled by effective

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asset management (76% of portfolio being asset-light). It expects to double its management fee from pre-Covid levels to ~Rs4.5bn in FY24.

■ Other highlights:

- The upgrade of 24 Vivanta hotels to the TAJ brand is paying off positively.
- Tata Neu loyalty platform delivers with 24% of enterprise revenue coming from loyalty members. The total loyalty base stands at 5.1mn members as on date vs. 2.2mn at the time of the Tata Neu launch.
- Company has planned for capex of Rs6bn in FY24 and of Rs7.5-8bn in FY25.
- Healthy gross cash of Rs18bn gives benefit of capturing accretive opportunities.
- IHCL invested in 4 villas in Goa to strengthen its Ama brand.
- Company is on track to deliver its 2030 ESG targets with the help of Paathya, its ESG plus initiative.

Q3FY24 results: Beat on revenue and margin

- Consol. revenue was Rs19.6bn (6% above our and 3% above street expectations), coming 16.5% up YoY. Company has maintained the growth momentum seen in Q1/Q2 (16%YoY each).
- EBITDA margin expanded by 190bps YoY (+1,250bps QoQ) to 37.3% (120bps above consensus and 150bps above our estimates). Margin expansion was led by i) 130bps decline in employee cost (as share of revenue); and ii) 50bps decline in cost of raw material (as share of revenue). Company's focus on optimizing cost and revenue flow-through has helped expand margin.
- Finance cost was down 6% YoY (-10% QoQ) at Rs0.53bn, while depreciation increased 10.6% YoY (+2.8% QoQ) to Rs1.1bn.
- EBITDA increase of 22.6%YoY aided an increase in PAT by 18% YoY to Rs4.8bn (9%/8% above consensus/our estimate).

Standalone: Beat on revenue and margin; momentum picks up in Q3

- Standalone revenue was up 20.6% YoY to Rs12.8bn (9% above our estimate). Standalone revenue was up 17%YoY/19% YoY in Q1/Q2, indicating pickup in momentum.
- EBITDA margin expanded by 223bps YoY (1,293bps QoQ) to 43.6% (Emkay: 41.2%; at a 240bps beat).

Subsidiary: Growth rate moderating

- Implied subsidiary revenue was up 9% YoY to Rs6.8bn (in line with our estimate). Growth rate YoY has been moderating, with growth of 12%/14% in Q2/Q1.
- EBITDA margin expanded by 15bps YoY (1,050bps QoQ) to 25.5% (Emkay: 26.5%; at a 100bps miss).

KPIs and other highlights

- **Standalone occupancy** was 76.8% (vs. 72.1% in Q3FY23 and 75.9% in Q2FY24), up 470bps YoY. Bengaluru (+4ppts YoY) and Goa (+5ppts YoY) registered good improvement in occupancy YoY.
- **ARR of Rs18,111, up 17% YoY** (vs. +18% YoY/11% in Q2/Q1FY24).
- **RevPAR was up 25% YoY** at Rs13,918 vs. 28% YoY/18% YoY growth in Q2/Q1 (a 12% beat). In Q3, Mumbai, Rajasthan, Hyderabad and Kolkata logged RevPAR growth of over 20% YoY in Q3. Internationally, Sri Lanka (+95% YoY); Cape Town (+37%); Dubai/UK (+10%) registered good growth in RevPAR; Maldives (-9%) and USA (-3%) registered de-growth in RevPAR.
- UOH INC (USA) registered de-growth in revenue/EBITDA.
- **Chambers:** Over 50 Chamber members were added in Q3, taking the total to over 2,850. Q3 revenue was Rs300mn from Chambers vs. Rs540mn in H1.

- **TajSATS:** Company's air catering business, TajSATS, clocked revenue of Rs2.33bn, 34% YoY growth (vs. 48% YoY/55% YoY growth in Q2/Q1). Margin improved, from 24.4% in Q2 to 26% in Q3.
- **New Business clocked** growth of 33% YoY (11.1% of revenue in Q3FY24 vs. 9.8% last year), while IHCL Enterprise revenue was up 17% YoY.
- **Management Fee income** grew 13% YoY vs. 14% YoY in Q2, indicating continued focus on its asset-light strategy.
- **IHCL signed 11 hotels in Q3** (vs. 6/11 in Q2/Q1).
- **IHCL opened 8 new hotels in Q3** (vs. 3/5 new hotels in Q2/Q1).
- IHCL's recent signings include destinations like Ayodhya, Itanagar, Dibrugarh, Surat, Dehradun, and Chitwan in Nepal.

Exhibit 1: Consolidated results

Consolidated P&L (Rs mn)	Q3FY23	Q2FY24	Q3FY24	Chg YoY %	Chg QoQ %
Revenue	16,858	14,332	19,638	16.5	37.0
Costs of RM	1,405	1,124	1,532	9.1	36.4
Employee costs	4,244	4,405	4,686	10.4	6.4
Fuel, Power & Light	740	810	730	(1.4)	(9.9)
Other Expenses	4,497	4,445	5,366	19.3	20.7
Total Expenses	10,886	10,784	12,315	13.1	14.2
EBITDA	5,972	3,548	7,324	22.6	106.4
D&A	1,033	1,112	1,143	10.6	2.8
EBIT	4,939	2,436	6,181	25.1	153.8
Other Income	577	477	398	(31.0)	(16.5)
Finance Costs	567	591	532	(6.3)	(10.0)
PBT before Xo	4,949	2,322	6,047	22.2	160.4
Exceptional gain/(loss)	1	-	-		
PBT after Xo	4,950	2,322	6,047	22.2	160.4
Tax	1,161	723	1,667	43.6	130.7
Profit/(loss) of JV/Associate	246	191	389	58.0	104.3
PAT	4,036	1,790	4,769	18.2	166.5
APAT	4,035	1,790	4,769	18.2	166.5
% of Revenue	Q3FY23	Q2FY24	Q3FY24	Chg YoY (bps)	Chg QoQ (bps)
Revenue	100.0	100.0	100.0	-	-
Cost of RM	8.3	7.8	7.8	(53)	(4)
Employee costs	25.2	30.7	23.9	(131)	(687)
Fuel, Power & Light	4.4	5.7	3.7	(67)	(193)
Admin & Other Expenses	26.7	31.0	27.3	65	(369)
Total Expenses	64.6	75.2	62.7	(187)	(1,254)
EBITDA	35.4	24.8	37.3	187	1,254
D&A	6.1	7.8	5.8	(31)	(194)
EBIT	29.3	17.0	31.5	217	1,448

Source: Company

Exhibit 2: Standalone financial result

Standalone P&L (Rs mn)	Q3FY23	Q2FY24	Q3FY24	Chg YoY %	Chg QoQ %
Revenue	10,616	8,929	12,806	20.6	43.4
Cost of RM	907	708	984	8.5	39.0
Employee costs	1,992	2,140	2,224	11.6	3.9
Fuel, Power & Light	450	500	450	-	(10.0)
Admin & Other Expenses	2,875	2,843	3,565	24.0	25.4
Total Expenses	6,224	6,191	7,223	16.0	16.7
EBITDA	4,391	2,738	5,584	27.1	103.9
D&A	519	552	586	13.0	6.1
EBIT	3,873	2,186	4,998	29.1	128.6
Other Income	218	559	426	95.6	(23.9)
Finance Costs	325	314	277	(14.7)	(11.6)
PBT before Xo	3,765	2,431	5,146	36.7	111.7
Exceptional gain/(loss)	-	(312)	-	-	-
PBT after Xo	3,765	2,119	5,146	36.7	142.8
Tax	934	547	1,342	43.7	145.2
PAT	2,832	1,572	3,804	34.3	142.0
APAT	2,832	1,884	3,804	34.3	101.9
% of Revenue	Q3FY23	Q2FY24	Q3FY24	Chg YoY (bps)	Chg QoQ (bps)
Revenue	100.0	100.0	100.0	-	-
Costs of RM	8.5	7.9	7.7	(86)	(24)
Employee costs	18.8	24.0	17.4	(140)	(661)
Fuel, Power & Light	4.2	5.6	3.5	(73)	(209)
Admin & Other Expenses	27.1	31.8	27.8	75	(400)
Total Expenses	58.6	69.3	56.4	(223)	(1,293)
EBITDA	41.4	30.7	43.6	223	1,293
D&A	4.9	6.2	4.6	(31)	(161)
EBIT	36.5	24.5	39.0	254	1,454

Source: Company

Exhibit 3: Standalone operational performance

	Q3FY23	Q2FY24	Q3FY24	Chg YoY %	Chg QoQ %
Occupancy (%)	72.1	75.9	76.8	470 bps	90 bps
ARR (Rs)	15,456	12,972	18,111	17.2	39.6
RevPAR (Rs)	11,144	9,840	13,918	24.9	41.4
Revenue Break-up (Rs mn)					
Room Revenue	4,520	4,000	5,750	27.2	43.8
F&B Revenue	4,000	3,150	4,570	14.3	45.1
Other Revenues	2,096	1,779	2,486	18.6	39.7
Total	10,616	8,929	12,806	20.6	43.4

Source: Company

Exhibit 4: Implied subsidiary performance

(Rs mn)	Q3FY23	Q2FY24	Q3FY24	Chg YoY %	Chg QoQ %
Revenue	6,242	5,403	6,832	9.4	26.5
Costs of RM	498	416	548	10.1	31.8
Employee costs	2,253	2,265	2,463	9.3	8.7
Fuel, Power & Light	290	310	280	(3.4)	(9.7)
Admin & Other Expenses	1,621	1,603	1,801	11.1	12.4
Total Expenses	4,662	4,593	5,092	9.2	10.9
EBITDA	1,581	810	1,740	10.1	115.0
D&A	514	560	557	8.3	(0.5)
EBIT	1,067	250	1,183	10.9	373.5
Other Income	360	(82)	(28)	(107.6)	(66.5)
Finance Costs	243	277	255	4.9	(8.1)
PBT before Xo	1,184	(109)	901	(23.9)	(926.0)
Exceptional gain/(loss)	1	312	-	(100.0)	-
PBT after Xo	1,185	203	901	(23.9)	345.0
Tax	227	176	326	43.3	85.4
Profit/(loss) of JVs/Assoc.	246	191	389	58.0	104.3
PAT	1,204	218	965	(19.8)	343.7
APAT	1,203	(94)	965	(19.8)	
% of Revenue	Q3FY23	Q2FY24	Q3FY24	Chg YoY (bps)	Chg QoQ (bps)
Revenue	100.0	100.0	100.0	-	-
Costs of RM	8.0	7.7	8.0	5	33
Employee costs	36.1	41.9	36.0	(4)	(588)
Fuel, Power & Light	4.6	5.7	4.1	(55)	(164)
Admin & Other Expenses	26.0	29.7	26.4	39	(330)
Total Expenses	74.7	85.0	74.5	(15)	(1,049)
EBITDA	25.3	15.0	25.5	15	1,049
D&A	8.2	10.4	8.2	(8)	(221)
EBIT	17.1	4.6	17.3	23	1,269

Source: Company

Changes in estimates

Exhibit 5: Changes in estimate

Rs	FY24E			FY25E			FY26E		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
Revenue (Rs mn)	66,229	67,797	2.4	75,186	77,384	2.9	84,496	86,194	2.0
EBITDA (Rs mn)	21,021	21,970	4.5	24,862	26,573	6.9	28,462	30,072	5.7
EBITDA Margin (%)	31.7	32.4	67 bps	33.1	34.3	127 bps	33.7	34.9	120 bps
APAT (Rs mn)	11,833	12,336	4.2	14,889	16,260	9.2	18,250	19,542	7.1
AEPS (Rs mn)	9.2	9.6	4.2	11.7	12.6	7.7	14.6	15.2	4.3

Source: Company, Emkay Research

Valuation

Exhibit 6: Valuation

Valuation snapshot (Consolidated)	Dec-25E
EBITDA (Rs mn)	29,197
Target multiple (x)	24
Enterprise Value (Rs mn)	7,00,734
Less: Minority Interest (Rs mn)	7,550
Less: Net Debt (Rs mn)	(29,323)
Equity Value (Rs mn)	7,22,502
O/s shares (mn)	1,420
Value per share (Rs)	510
Add: Value of IHCL stake in TajGVK/Oriental	9
Add: Others (Rs)	6
Value per share (Rs)	525

Source: Company, Emkay Research

Exhibit 7: Sensitivity for 5% decline in RevPAR

		FY25	FY26
Base Revpar	Rs	12,810	13,544
New Revpar	Rs	12,169	12,867
Change	%	-5.0%	-5.0%
Base Revenue	Rs mn	77,384	86,194
New Revenue	Rs mn	73,743	82,131
Change	%	-4.7%	-4.7%
Base EBITDA	Rs mn	26,573	30,072
New EBITDA	Rs mn	23,215	26,325
Change	%	-12.6%	-12.5%
Base PAT	Rs mn	17,947	21,566
New PAT	Rs mn	15,512	18,783
Change	%	-13.6%	-12.9%
Base RoE	%	17.6%	17.8%
New RoE	%	15.4%	16.0%
Change	bps	-221	-180
Base RoCE	%	19.8%	19.4%
New RoCE	%	16.9%	17.0%
Change	bps	-286	-240
Base Net Debt	Rs bn	-38.2	-59.0
New Net Debt	Rs bn	-35.8	-53.9
Change	%	-6.2%	-8.7%
Base Net Debt/EBITDA	x	-1.4	-2.0
New Net Debt/EBITDA	x	-1.5	-2.0
Change	%	7.3%	4.3%
Base TP	Rs	525	
New TP	Rs	460	
Change	%	-12.4%	

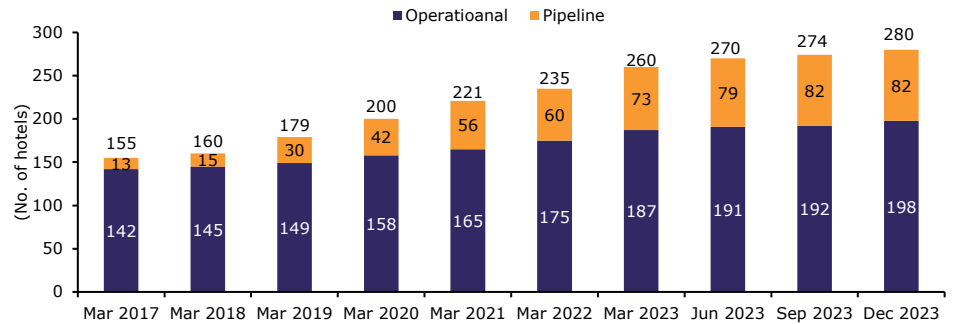
Source: Emkay Research, Company

Exhibit 8: IHCL has a pipeline of 11k rooms

Brands	Current		Pipeline		Total	
	No. of Hotels	No. of Rooms	No. of Hotels	No. of Rooms	No. of Hotels	No. of Rooms
Taj	84	12,233	21	3,833	105	16,066
Vivanta	29	3,992	23	3,142	52	7,134
SeleQtions	23	1,567	13	1,250	36	2,817
Ginger	62	5,376	25	2,889	87	8,265
Total	198	23,168	82	11,114	280	34,282

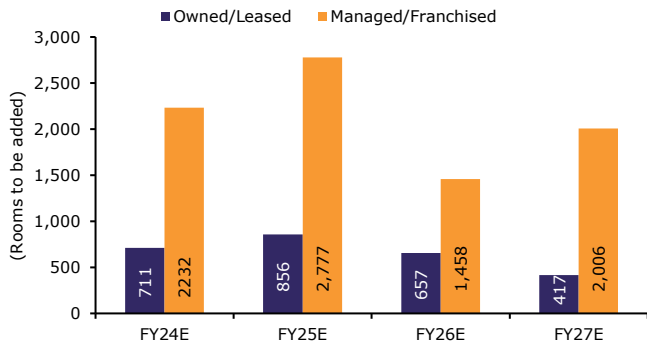
Source: Company

Exhibit 9: Pipeline of 82 hotels



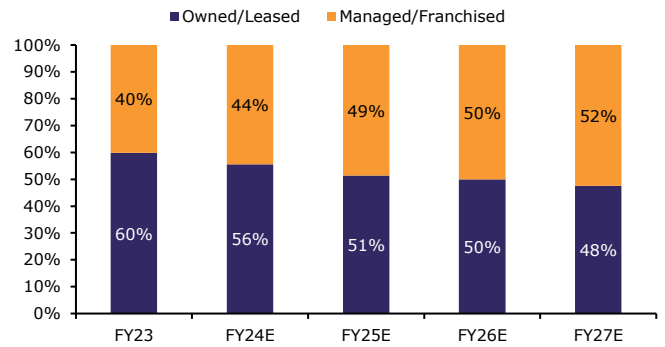
Source: Company, Emkay Research

Exhibit 10: Managed-room addition to happen at a fast pace



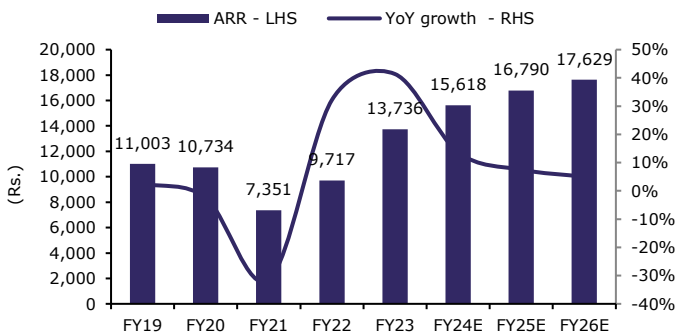
Source: Company, Emkay Research

Exhibit 11: Share of managed rooms to be ~50% by FY26E



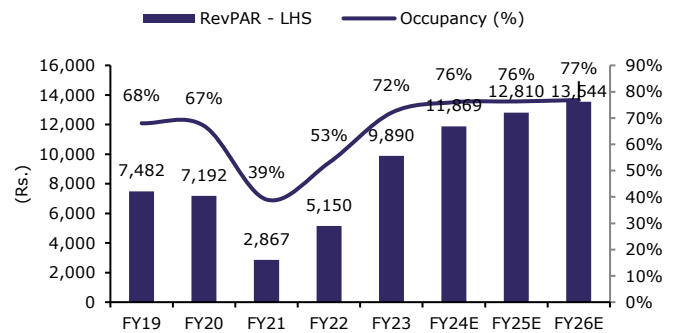
Source: Company, Emkay Research

Exhibit 12: Company to clock ARR CAGR of 9% over FY23-26E...



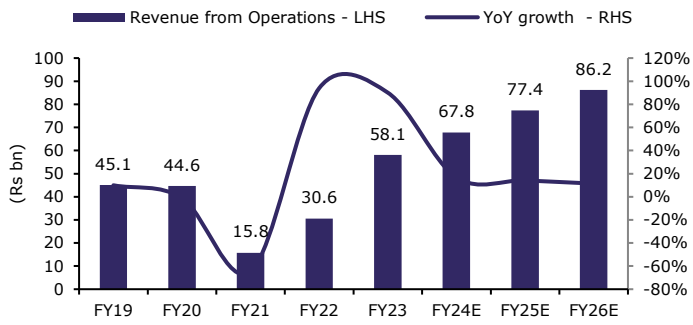
Source: Company, Emkay Research

Exhibit 13: ...and RevPAR CAGR of 11% over FY23-26E



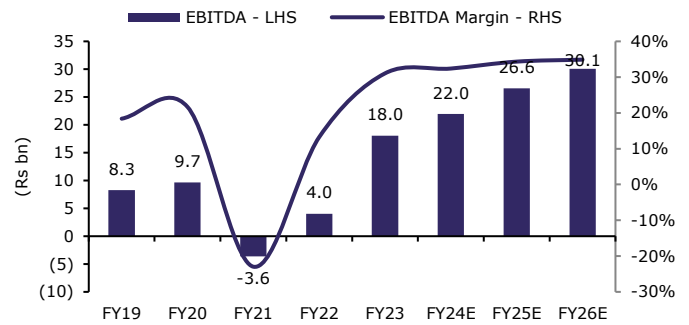
Source: Company, Emkay Research

Exhibit 14: Company to clock revenue CAGR of 14% in FY23-26E...



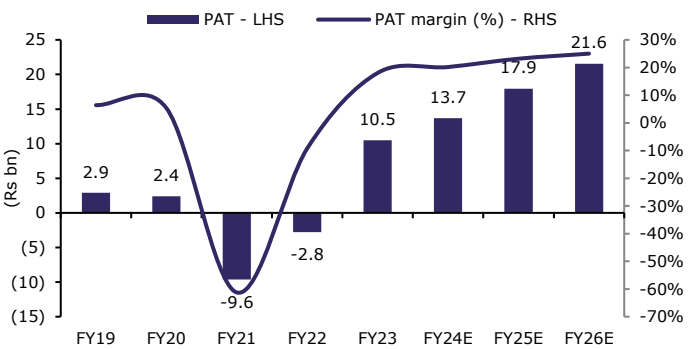
Source: Company, Emkay Research

Exhibit 15: ...and EBITDA CAGR of 19% over FY23-26E



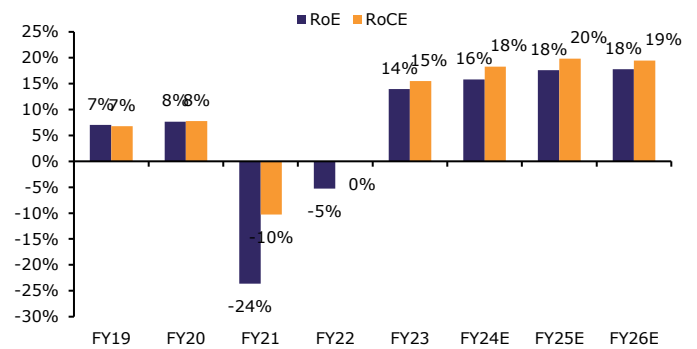
Source: Company, Emkay Research

Exhibit 16: IHCL to register PAT at Rs21.6bn by FY26E...



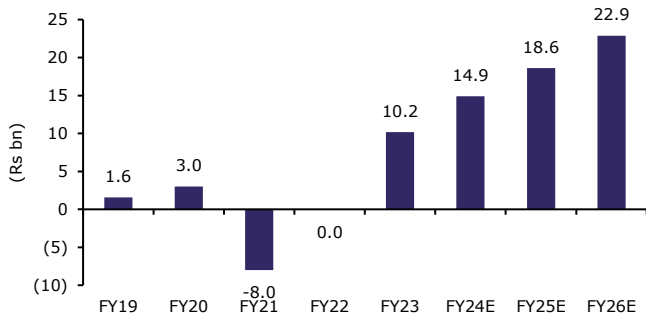
Source: Company, Emkay Research

Exhibit 17: ...RoE at 18% by FY26E



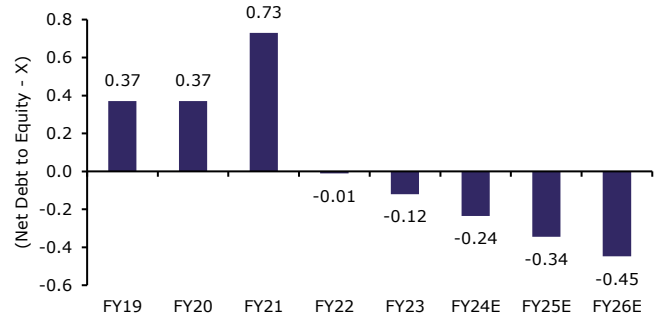
Source: Company, Emkay Research

Exhibit 18: Over Rs50bn of FCF to be generated in 3 years



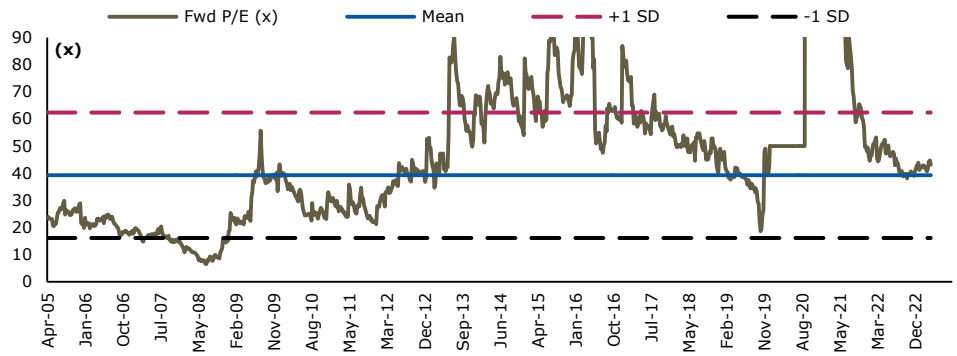
Source: Company, Emkay Research

Exhibit 19: Net debt-to-equity position to improve



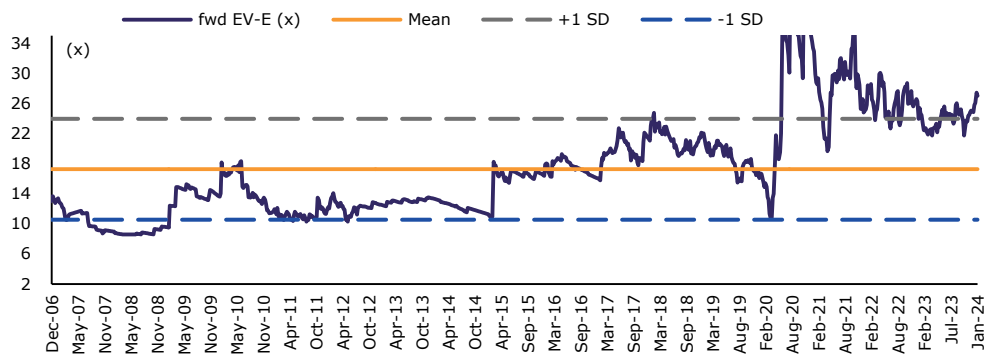
Source: Company, Emkay Research

Exhibit 20: 1-year forward P/E



Source: Bloomberg

Exhibit 21: 1-year forward EV/EBITDA



Source: Bloomberg

Indian Hotels: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	30,562	58,099	67,797	77,384	86,194
Revenue growth (%)	94.0	90.1	16.7	14.1	11.4
EBITDA	4,048	18,046	21,970	26,573	30,072
EBITDA growth (%)	0.0	345.8	21.7	20.9	13.2
Depreciation & Amortization	4,061	4,161	4,484	4,706	4,910
EBIT	(13)	13,885	17,486	21,866	25,162
EBIT growth (%)	0.0	0.0	25.9	25.1	15.1
Other operating income	0	0	0	0	0
Other income	1,552	1,389	1,725	1,953	2,698
Financial expense	4,277	2,361	2,190	1,762	1,282
PBT	(2,738)	12,914	17,021	22,058	26,578
Extraordinary items	0	0	0	0	0
Taxes	(358)	3,232	4,685	5,798	7,037
Minority interest	0	0	0	0	0
Income from JV/Associates	(426)	814	1,350	1,687	2,025
Reported PAT	(2,649)	10,529	13,686	17,947	21,566
PAT growth (%)	0.0	0.0	30.0	31.1	20.2
Adjusted PAT	(2,805)	10,495	13,686	17,947	21,566
Diluted EPS (Rs)	(2.0)	7.4	9.6	12.6	15.2
Diluted EPS growth (%)	0.0	0.0	30.4	31.1	20.2
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	13.2	31.1	32.4	34.3	34.9
EBIT margin (%)	0.0	23.9	25.8	28.3	29.2
Effective tax rate (%)	13.1	25.0	27.5	26.3	26.5
NOPLAT (pre-IndAS)	(11)	10,410	12,673	16,119	18,500
Shares outstanding (mn)	1,420.4	1,420.4	1,420.4	1,420.4	1,420.4

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	(2,738)	12,914	17,021	22,058	26,578
Others (non-cash items)	8,181	6,488	6,674	6,468	6,192
Taxes paid	358	(3,232)	(4,685)	(5,798)	(7,037)
Change in NWC	(1,744)	672	(46)	772	697
Operating cash flow	3,631	17,655	20,314	25,188	28,456
Capital expenditure	(4,122)	(9,578)	(5,409)	(6,592)	(5,574)
Acquisition of business	36,539	314	1,849	2,564	3,085
Interest & dividend income	(4,871)	(3,781)	(4,928)	(5,353)	(5,596)
Investing cash flow	32,573	(9,230)	(3,560)	(4,028)	(2,489)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(16,609)	(7,473)	(2,226)	(1,182)	(594)
Payment of lease liabilities	0	0	0	0	(1,483)
Interest paid	(4,277)	(2,361)	(2,190)	(1,762)	(1,282)
Dividend paid (incl tax)	(595)	(1,420)	(2,738)	(3,590)	(4,314)
Others	0	0	0	0	0
Financing cash flow	(21,480)	(11,253)	(7,154)	(6,535)	(6,190)
Net chg in Cash	14,724	(2,828)	9,599	14,625	19,777
OCF	3,631	17,655	20,314	25,188	28,456
Adj. OCF (w/o NWC chg.)	5,376	16,983	20,360	24,415	27,759
FCFF	(491)	8,078	14,905	18,596	22,882
FCFE	(9,639)	1,936	7,786	11,481	16,003
OCF/EBITDA (%)	89.7	97.8	92.5	94.8	94.6
FCFE/PAT (%)	343.6	18.4	56.9	64.0	74.2
FCFF/NOPLAT (%)	4,346.7	77.6	117.6	115.4	123.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	1,420	1,420	1,420	1,420	1,420
Reserves & Surplus	69,202	78,399	91,811	109,399	130,534
Net worth	70,623	79,820	93,231	110,820	131,954
Minority interests	5,930	6,601	6,931	7,277	7,641
Deferred tax liability (net)	(704)	(15)	27	53	62
Total debt	40,226	32,829	30,687	29,655	29,211
Total liabilities & equity	116,074	119,234	130,877	147,805	168,869
Net tangible fixed assets	641	850	1,059	0	0
Net intangible assets	4	7	9	91,833	92,314
Net ROU assets	(301)	(315)	(539)	19,548	19,939
Capital WIP	1,933	3,242	2,275	2,483	2,667
Goodwill	6,229	6,536	6,536	6,536	6,536
Investments [JV/Associates]	14,502	14,084	14,789	15,528	16,304
Cash & equivalents	17,044	15,360	24,822	39,303	58,928
Current assets (ex-cash)	11,681	14,155	15,292	16,662	18,194
Current Liab. & Prov.	13,242	15,871	16,457	18,004	19,538
NWC (ex-cash)	(1,561)	(1,716)	(1,165)	(1,342)	(1,344)
Total assets	116,074	119,234	130,877	147,805	168,869
Net debt	(3,165)	(12,051)	(23,167)	(38,475)	(58,515)
Capital employed	89,728	89,716	101,844	118,978	140,071
Invested capital	82,595	86,548	88,991	90,491	90,970
BVPS (Rs)	49.7	56.2	65.6	78.0	92.9
Net Debt/Equity (x)	0.0	(0.2)	(0.2)	(0.3)	(0.4)
Net Debt/EBITDA (x)	(0.8)	(0.7)	(1.1)	(1.4)	(1.9)
Interest coverage (x)	2.8	0.2	0.1	0.1	0.0
RoCE (%)	0.0	15.5	18.3	19.8	19.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	(250.6)	67.0	51.4	39.2	32.6
P/CE(x)	560.1	48.0	38.7	31.0	26.6
P/B (x)	10.0	8.8	7.5	6.3	5.3
EV/Sales (x)	22.9	11.9	10.0	8.6	7.5
EV/EBITDA (x)	172.9	38.3	30.9	25.0	21.4
EV/EBIT(x)	(53,841.0)	49.8	38.9	30.4	25.6
EV/IC (x)	8.5	8.0	7.6	7.3	7.1
FCFF yield (%)	(0.1)	1.2	2.2	2.8	3.5
FCFE yield (%)	(1.4)	0.3	1.1	1.6	2.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
DuPont-RoE split					
Net profit margin (%)	(9.2)	18.1	20.2	23.2	25.0
Total asset turnover (x)	0.4	0.6	0.7	0.7	0.7
Assets/Equity (x)	1.6	1.2	1.1	1.1	1.1
RoE (%)	(5.2)	14.0	15.8	17.6	17.8
DuPont-RoIC					
NOPLAT margin (%)	0.0	17.9	18.7	20.8	21.5
IC turnover (x)	0.4	0.7	0.8	0.9	1.0
RoIC (%)	0.0	12.3	14.4	18.0	20.4
Operating metrics					
Core NWC days	(22.1)	(12.8)	(11.4)	(11.2)	(11.3)
Total NWC days	(18.6)	(10.8)	(6.3)	(6.3)	(5.7)
Fixed asset turnover	0.4	0.7	0.8	0.9	0.9
Opex-to-revenue (%)	78.3	60.8	59.8	57.9	57.3

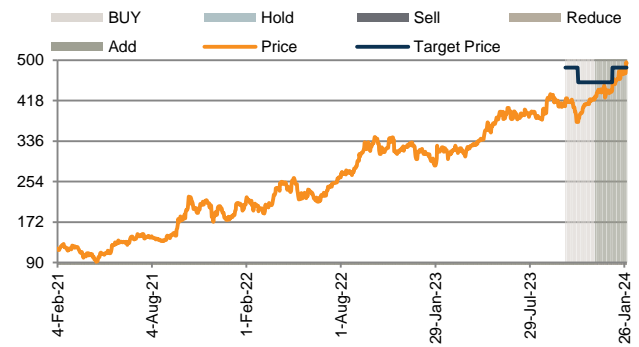
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
03-Jan-24	451	485	Add	Santosh Sinha
04-Dec-23	434	455	Add	Santosh Sinha
30-Nov-23	422	455	Add	Santosh Sinha
29-Oct-23	375	455	Buy	Santosh Sinha
05-Oct-23	418	485	Buy	Santosh Sinha

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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