

## Pick of the Day (Short Term Delivery Call)

**Company Name: Indian Hotels Co Ltd**

NSE code	INDHOTEL
BSE code	500850
Market Cap (Rs Cr)	74,695
Promotor holding (%)	35.12
PE(x) TTM	63.9
Industry PE (x)	39.6
EV/EBITDA (x)	34.8
P/PB (x)	8.99

**CMP (Rs): 525 | Buy Range: 515-525 | Target Price: 600 |  
Upside: 15%**

**Duration of recommendation: 1 to 3 months**

**About Company:** The Indian Hotels Company Ltd is involved in the business of owning, operating & managing hotels, palaces & resorts. IHCL has also created hotel chains under different brand such as Taj hotels, Taj Safari, Taj Exotica, The Gateway Hotel and Ginger.

### Investment Rationale

#### Business Outlook:

- ❖ Indian Hotels is the largest hotel player in India ahead of Marriott, Radisson, ITC & other large corporations. The company operates its hotels under 4 main brands – Taj, Vivanta & Ginger.
- ❖ Hotels Portfolio – 200 hotels are operational & 85 are in pipeline (Taj 105, Vivanta 92, Ginger 88). Company targets to reach 300 hotels by FY25.

**Strong Parentage & Brand Value:** Indian Hotels is a part of the Tata Group which holds 38% stake of the company. Over the years, the group has provided financial backing to IHCL through participation in various equity fundraising initiatives

**Strong Financial Position:** Revenue has grown at a CAGR of 7.20% over FY18-23 period from Rs. 4104 crores in FY18 to Rs. 5810 crores in FY23. EBITDA has grown at a CAGR of 10% during FY18-23 from Rs. 671 to Rs. 1085 crores. Operating margins improved from 16% to 31% in same period. PAT has grown at a CAGR of 58.8% from Rs. 104 crores in FY18 to Rs. 1053 crores in FY23. Company's ROE/ROCE are 12.7 & 12.6 respectively. Company's leverage position is also good with D/E at 0.33%.

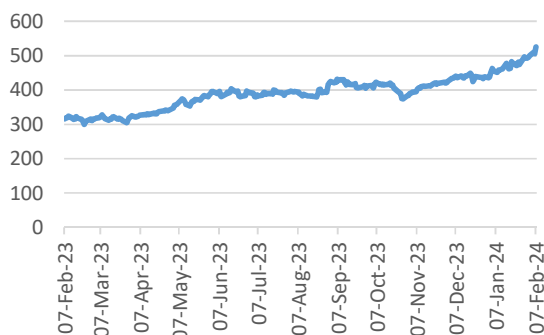
**Q3FY24 Results:** Company presented robust performance - best ever Q3 results.

- ❖ Consolidated Revenue/EBITDA/PAT increasing by 16.6%/22.6%/18% YoY to Rs. 1964/732/477 crores respectively.
- ❖ EBITDA margins improved by 200 bps to 37% YoY.
- ❖ On QoQ basis, Revenue/EBITDA/PAT increased by 13.5%/106%/166% respectively. EBITDA margins improved 1200 bps.
- ❖ Average room rate, Occupancy and RevPAR stood at Rs. 12,550, 72% and Rs. 9,050 respectively.

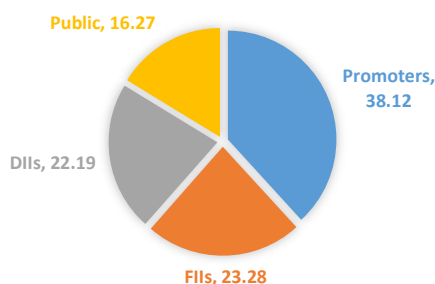
**Our Valuation & Recommendation:** Stock is currently trading at 43.6x its FY25E EPS (Rs. 12), which puts valuation on higher side, but given Q3FY24 strong performance and management guidance of double digit revenue growth in coming quarters, **we recommend BUY in price range of 515-525 with target price 600 (based on 50x FY25E EPS), upside 15%.**

**Key risks:** High Competition in Industry can impact margins and overall profitability.

**Price Performance**



**Shareholding Pattern %**



**Disclosure:**

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