



Equity Research Report Hotels

Indian Hotels Company

Equity Research

Date: June 27, 2025

Analyst Recommendation: **BUY**

BSE Code: 500850

NSE: INDHOTEL

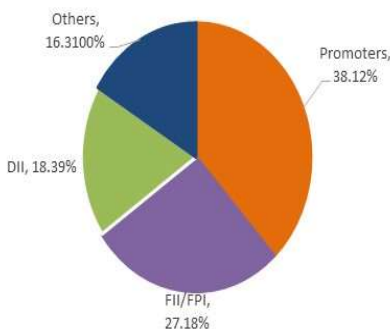
CMP: Rs 781
2 Year Target - Rs 950

Face Value	1.00
Market Cap (Rs cr)	1,05,455
Stock PE	61.4
Dividend Yield	0.30%
Shares O/S (Cr)	142.0
Book Value per Share (Rs)	78.4
Sensex	84,058
Nifty	25,600

1 yr. Price Chart of Stock and Nifty



Shareholding pattern as on 31st March 2025



Investor's Rationale

We hosted the management of IHCL in our virtual conference represented by Puneet Chhatwal, CEO & Managing Director, and Ankur Dalwani, CFO, to get a view on the current business trend and the company's future plan. Taj has historically contributed over 95% of IHCL's revenue, but the management plans to gradually reduce this to ~70% in the medium term, and ultimately to ~60% over the next 5-7 years. This strategic shift comes despite strong growth in the flagship Taj properties—such as the Taj Mahal Palace and Tower in Mumbai, which grew from around Rs5,000mn to around Rs8,000mn in FY25. The aim is not to dilute the Taj brand but to rebalance the portfolio and align it with India's evolving travel ecosystem across luxury, midscale, and budget segments.

Ginger delivered Rs5,770mn revenue in FY25 with its Mumbai airport property alone contributing Rs970mn. IHCL expects Ginger to surpass Rs10,000mn in topline within the next 18 months driven by expansion into metro suburbs and Tier-2/3 cities. Most new Ginger hotels operate at over 50% EBITDA margins, enabled by a lean-luxe design, low construction costs, and capital-light models. With four Ginger hotels already in Mumbai and room for four more, the brand is scalable and suited for deployment across 600+ districts nationwide; every district capital is specifically targeted.

Valuation

Given IHCL's strong brand equity, premium positioning, and a healthy development pipeline, we reiterate our BUY rating with a target price of Rs950, based on an SOTP valuation and a blended EV/EBITDA multiple of 29x (vs. the 3-year average of 26x). The company's multi-brand expansion strategy—spanning luxury (Taj), upper midscale (Vivanta, SeleQtions), midscale (Gateway), and lean-luxe (Ginger)—is expected to drive meaningful portfolio growth through new key additions, particularly across Tier 1, 2, and 3 markets. We forecast FY25-FY27E revenue, EBITDA, and PAT at 15%, 20%, and 26% CAGR, respectively, with ROE improving from 16% to 18% supported by operating leverage and brand diversification.

Y/E March (Rsmn)	FY24	FY25	FY26E	FY27E
Revenue (Rs.Cr)	67,688.0	83,345.0	96,047.0	1,09,283.0
EBITDA (Rs. cr)	21,571.0	27,693.0	33,559.0	39,913.0
Adj. profit (Rs.Cr)	12,591.0	19,076.0	21,450.0	26,611.0
P/E (x)	88.0	66.2	51.7	41.6
EV/Sales (x)	16.4	13.3	11.5	10.1
EV/EBITDA (x)	50.8	39.4	32.0	26.3
PAT margin	18.1	19.5	21.8	23.6
EBITDA margin	31.9	33.2	34.9	36.5



Investor's Rationale

Redevelopment of Sea Rock:

A landmark luxury project IHCL is set to redevelop the iconic Sea Rock property at Bandstand, Mumbai, into a flagship luxury hotel under the Taj brand. The company is likely to follow an asset-heavy model here, given the high visibility and long-term brand value, with expectation of over Rs10,000mn in annual revenue potential once operational. This project is strategically important due to its prime waterfront location and heritage value and is being positioned as a future landmark akin to the Taj Mahal Palace. The development aligns with IHCL's vision of building timeless, iconic properties in select high-return urban markets.

Business travel has recovered, leisure still lagging:

Corporate travel has surpassed FY19 levels, led by inbound delegations, MICE events, and rising domestic corporate activity. However, foreign leisure travel—especially from western markets—remains below pre-Covid benchmarks. Management believes this segment is structurally important for India's soft power and forex earnings and is engaging with global tour operators through events like ITB Berlin and Arabian Travel Market to revive demand.

Indian diaspora's travel rising, but skews FTA stats:

The Indian diaspora is increasingly visiting India with family, especially after opening of the Ram Mandir and other cultural sites. However, many of them stay with family rather than in hotels, thus reducing the impact on actual room nights despite showing up in Foreign Tourist Arrival (FTA) data. IHCL sees potential to target this cohort through curated heritage and resort stays across its portfolio.

Weddings and spiritual segments provide stability:

IHCL views the wedding and spiritual tourism segments as inherently crisis-resilient, offering stable revenue even during macro disruptions. These events are largely domestic and calendar-linked, providing strong F&B and banqueting revenue in addition to rooms. Taj-branded palaces and resorts remain the preferred choice for ultra-luxury weddings, while Ginger and Gateway cater to more value-conscious customers in cultural hubs.

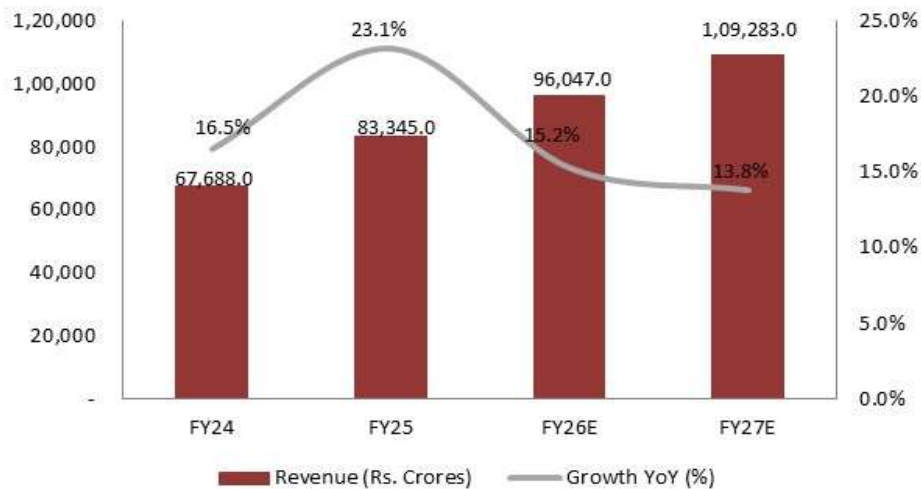
Advanced pricing algorithms & shorter booking windows:

With economic prosperity and time-starved lifestyles, customers are now booking hotels with shorter lead times, often within 7- 10 days. IHCL has adopted AI-enabled revenue management systems to dynamically adjust pricing based on demand signals. OTAs are also helping enforce pricing discipline, and in many cases command higher retail rates than direct bookings, contrary to common belief.

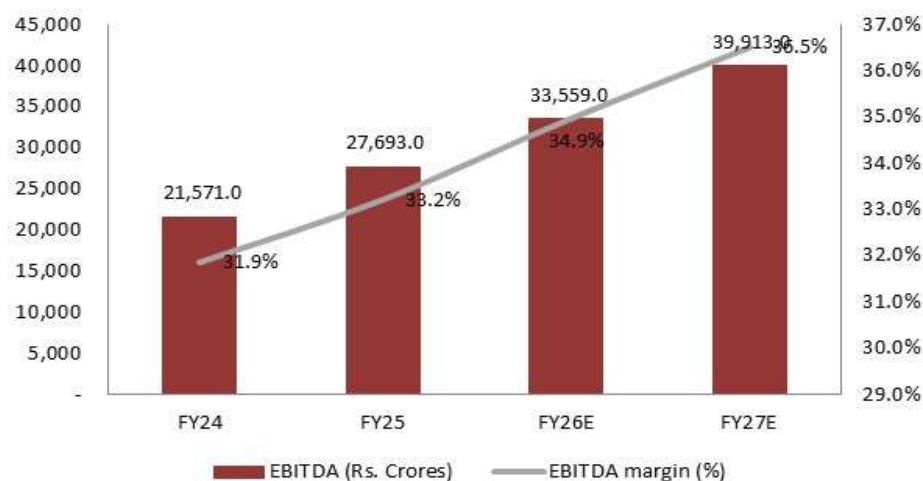
Tech & process investments to build for scale:

IHCL continues to invest in being 'future-ready' through projects in ERP, AI, and digital assurance systems. One such initiative, Project SAR, is being built as a robust compliance and control platform that could become an industry benchmark. These systems will help IHCL improve cost efficiency, reduce manual dependencies, and drive scalable growth across brands and locations.

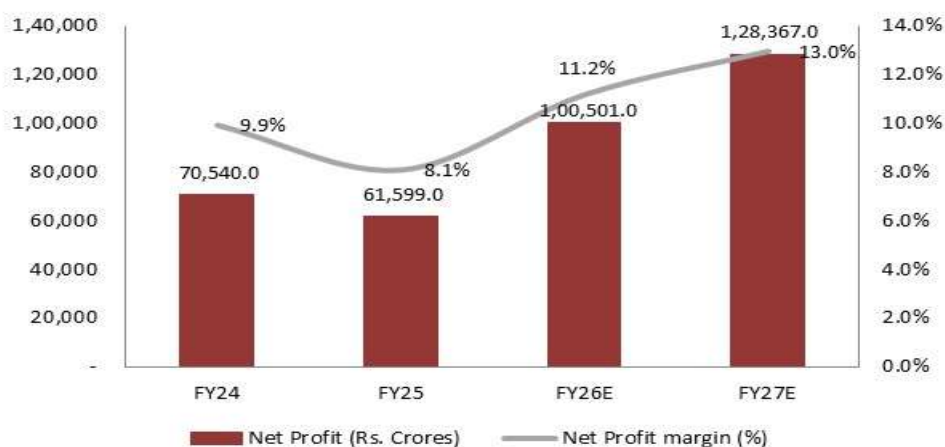
Revenue growth to be steady



EBITDA to grow going ahead



Net profit to surge going ahead





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Outlook and Valuation

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Indian Hotels Ltd - Company Overview

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.

As of Mar'24, company has 218 operational hotels with a total inventory of 24,136 rooms. It also has a pipeline of 92 hotels with 12,953 rooms increasing the Taj (26 hotels with 4611 rooms), Vivanta (27 hotels with 3,797 rooms), SeleQtions (13 hotels with 1,518 rooms) and Ginger (26 hotels with 3,027 rooms) portfolios. Company opened total 20 hotels with 650 rooms in Q4FY24: 3 SeleQtions (256 rooms) , 1 Vivanta hotel (48 rooms) under Mangement contracts, 2 ginger hotel (155 rooms) under ownership and 14 Tree of life resorts (191 rooms) under sales & distribution agreement. Company Signed 53 hotel in FY24 and opened 34 hotels



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Balance sheet (Consolidated)

Y/E March (Rsmn)	FY24	FY25	FY26E	FY27E
Share Capital	1423	1423	1423	1423
Reserves & Surplus	93143	110184	130415	158563
Net worth	94567	111607	131838	159986
Long term debt	467	2032	467	467
Short term debt	2138	216	216	216
Total debt	2605	2247	683	683
Net debt	-19492	-28557	-47632	-72152
Other non-current liabilities	26821	30890	32296	33772
Total Equity & Liabilities	148558	177039	197201	229178
Gross block	113898	119695	135695	147695
Accumulated depreciation	32798	37979	42795	48379
Net Block	81100	81716	92900	99316
CWIP	2310	5758	5269	5269
Intangible and others	20077	20434	26565	26565
Other non-current assets	6835	6034	6034	6034
Investments	14793	15778	19374	24407
Trade receivables	4765	6509	6670	7488
Inventories	1164	1355	1628	1850
Cash & Cash equivalents	22097	30804	48314	72835
Other current assets	2658	3032	3032	3032
Total current assets	30684	41699	59644	85205
Trade payables	5194	5784	6483	7186
Other current liabilities	12651	13962	13353	15003
Total current liabilities	19983	19962	20051	22404
Total Assets	148558	177039	197201	229178

Profit & Loss Account (Consolidated)

Y/E March (Rsmn)	FY24	FY25	FY26E	FY27E
Net Sales	67688	83345	96047	109283
Growth YoY %	16.5	23.1	15.2	13.8
Foods, Beverages Consumed	5208	7738	6240	6821
% of sales	7.7	9.3	6.5	6.2
Staff costs	18052	21507	24452	26666
% of sales	26.7	25.8	25.5	24.4
Other expenses	22856	26408	31797	35882
% of sales	33.8	31.7	33.1	32.8
EBITDA	21571	27693	33559	39913
Growth YoY %	19.5	28.4	21.2	18.9
EBITDA margin %	31.9	33.2	34.9	36.5
Depreciation	4543	5182	5264	5584
EBIT	17028	22512	28295	34329
Interest	2202	2084	2247	2359
Other income	1829	2305	2408	3338
PBT (bei)	17942	23501	30308	37530
PBT	17942	26549	30308	37530
ETR (%)	26	23	25	25
PAT	12591	19076	21450	26611



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Cash Flow (Consolidated)

Y/E March (Rsmn)	FY24	FY25	FY26E	FY27E
PBT	16655	25781	30308	37530
Depreciation	4543	5182	5264	5584
Interest	2202	2084	2247	2359
Other adjustments	-1319	-4758	-2408	-3338
Change in Working capital	359	-533	-345	1313
Tax paid	-3089	-5811	-7577	-9382
Operating cash flow	19351	21944	27489	34066
Capex	-6370	-10741	-7481	-12000
Free cash flow	12982	11203	20008	22066
Other investing activities	-14757	-23899	-11842	-16798
Investing cash flow	-12100	-18925	-8669	-13696
Issuance of share capital	39820	39820	0	0
Movement of Debt	-30469	-38088	-21586	-7776
Other financing activities	-11770	-10511	12536	12477
Financing cash flow	-9847	-5473	14341	-883
Net change in cash flow	-2595	-2455	33161	19487
Opening C&CE	7364	4793	2569	35730
Closing C&CE	4793	2569	35730	55217

Key Ratios & Valuations (Consolidated)

Y/E March	FY24	FY25	FY26E	FY27E
Per share (Rs)				
Adj EPS	8.9	11.8	15.1	18.7
Book value	66.6	78.6	92.8	112.6
DPS	-	-	-	-
Valuation (x)				
P/Sales	16.4	13.3	11.5	10.1
EV/EBITDA	50.8	39.4	32	26.3
P/E	88	66.2	51.7	41.6
P/BV	11.7	9.9	8.4	6.9
EV/Room	98.3	88.3	84	80.1
Return ratios (%)				
ROCE	13.6	16.4	17.2	17.6
RoCE (pre-tax)	18.4	21.3	23	23.4
RoIC	15.3	18.7	20.5	22.1
RoE	14.4	16.2	17.6	18.2
Profitability ratios (%)				
EBITDA margin	31.9	33.2	34.9	36.5
EBIT margin	25.2	27	29.5	31.4
PAT margin	18.1	19.5	21.8	23.6



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Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Between 10% & -5%	Accumulate*	Upside between 10% & 15%
Reduce	Less than -5%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

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



Member: BSE, NSE, MCX, MCX-SX, CDSL

Reg. office: PG-4, Rotunda Bldg, Bombay Samachar Marg, Fort, Mumbai -
400001, Maharashtra, India

Corp Office: 24/26 Cama Bldg, 3rd Floor, Dalal Street, Fort Mumbai -
400001, Maharashtra India

Tel: 91-22-67378001 **Fax:** 91-22-22646410

Dealing: 91-22-67378011 **Institutional Dealing:** 91-22-6737833

Email: research@mjpgdirect.com **Website:** www.mjpgdirect.com

Registration Number: SEBI- INZ000218338

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