INDIAN HOTELS CO

RESULT UPDATE

KEY DATA

Rating	REDUCE
Sector relative	Neutral
Price (INR)	684
12 month price target (INR)	574
52 Week High/Low	721/394
Market cap (INR bn/USD bn)	973/11.5
Free float (%)	0.0
Avg. daily value traded (INR mn)	2,045.5

SHAREHOLDING PATTERN

	Sep-24	Jun-24	Mar-24
Promoter	38.12%	38.12%	38.12%
FII	27.44%	27.19%	24.47%
DII	18.79%	18.43%	20.79%
Pledge	0%	0%	0%

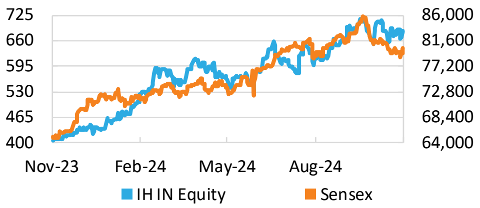
FINANCIALS (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	67,688	83,283	96,516	1,06,482
EBITDA	21,571	26,877	32,028	35,866
Adjusted profit	12,591	17,121	20,902	23,648
Diluted EPS (INR)	8.8	12.0	14.7	16.6
EPS growth (%)	nm	70.4	66.0	38.1
RoAE (%)	14.2	17.2	17.5	0
P/E (x)	77.3	56.8	46.6	41.1
EV/EBITDA (x)	39.9	31.2	26.7	0
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY25E	FY26E	FY25E	FY26E
Revenue	83,283	96,516	-2.5%	-2.6%
EBITDA	26,877	32,028	-2.7%	-2.8%
Adjusted profit	17,121	20,902	-7.6%	-7.4%
Diluted EPS (INR)	12.0	14.7	-7.7%	-7.5%

PRICE PERFORMANCE



In-line performance; valuation rich

In light of another strong guidance of 16%-plus RevPAR growth in the hotel segment, we believe IHCL's LFL growth may be capped in early teens in FY25E, which is lower than our previous estimate. We have also been factoring in double-digit LFL growth each for FY26E and FY27E, which leaves little room to ratchet it up further.

Considering the elevated ask rate, we are revising FY25E/26E/27E revenue by -2%/-3%/-3% and EBITDA by -3%/-3%/+1%. Furthermore, taking cognisance of the recent run-up, we are downgrading IHCL to 'REDUCE (from 'HOLD') with a revised SotP-based target price of INR574.

October kicks off with 16% RevPAR surge, even as costs climb

Consolidated revenue came in at INR18.3bn, +27% YoY. Excluding TajSATS and Ginger Santacruz, consolidated revenue grew by 14% YoY—including 13% (estimated) growth in room revenue and 16% growth in F&B. RevPAR for LFL domestic hotels improved 12% YoY, propelling standalone revenue by 13% YoY (excluding Ginger Santacruz). Standalone revenue rose 16% YoY to INR10.3bn. EBITDA/PAT improved 26%/62% YoY. Subsidiaries fared better, clocking 15% YoY revenue growth with UOH/Roots registering 25%/31% YoY growth.

Amid all the positives, LFL cost continues to rise ~10% YoY, both on a standalone and consolidated basis, which leaves little room for slippage if RevPAR undershoots.

Management fee income stood at INR1,000mn in Q2FY25 versus INR870mn in Q2FY24. Management fee per room per quarter came in at INR73,148 in Q2FY25 versus INR70,617 in Q2FY24, up 3.6% YoY.

International business: UOH witnessed 25% YoY revenue growth driven *The Pierre*.

Current portfolio: 350 hotels with 42,584 rooms, including 232 operating hotels containing 25,230 rooms. Current room pipeline is 17,354.

Key positives: Management hopes to carry October's momentum (+16% RevPAR growth YoY) through the rest of Q3. Expect to negotiate double-digit hikes in the negotiated business for the next cycle. Expects margin to inch up. Management will divulge the SeaRock project details in the next 100 days.

Key negatives: Reduced disclosures on standalone, international portfolio and non-LFL hotels' KPIs.

Financials

Year to March	Q2FY25	Q2FY24	% Change	Q1FY25	% Change
Net Revenue	18,261	14,332	27.4	15,502	17.8
EBITDA	5,013	3,548	41.3	4,496	11.5
Adjusted Profit	5,546	1,669	232.2	2,484	123.3
Diluted EPS (INR)	0.0	1.2	(100.0)	0.0	

Rajiv Bharati
rajiv.bharati@nuvama.com

Ashish Vanwari
AshishK.Vanwari@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	67,688	83,283	96,516	1,06,482
Gross profit	62,479	76,875	89,089	98,289
Employee costs	18,052	21,654	25,094	27,685
Other expenses	22,856	28,344	31,967	34,737
EBITDA	21,571	26,877	32,028	35,866
Depreciation	4,543	4,933	5,279	5,668
Less: Interest expense	2,202	2,086	2,209	2,348
Add: Other income	1,829	2,027	2,237	2,474
Profit before tax	17,942	23,468	28,611	32,349
Prov for tax	4,639	5,471	6,694	7,581
Less: Other adj	0	0	0	0
Reported profit	12,591	17,121	20,902	23,648
Less: Excp.item (net)	0	0	0	0
Adjusted profit	12,591	17,121	20,902	23,648
Diluted shares o/s	1,423	1,423	1,423	1,423
Adjusted diluted EPS	8.8	12.0	14.7	16.6
DPS (INR)	0	0	0	0
Tax rate (%)	25.9	23.3	23.4	23.4

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	1,423	1,423	1,423	1,423
Reserves	93,143	1,08,129	1,26,185	1,46,274
Shareholders funds	94,567	1,09,553	1,27,608	1,47,698
Minority interest	6,721	7,596	8,611	9,731
Borrowings	2,605	2,138	2,138	2,138
Trade payables	5,194	8,023	8,848	9,784
Other liabs & prov	12,864	15,176	17,159	18,684
Total liabilities	1,47,334	1,69,654	1,93,281	2,18,816
Net block	61,397	65,203	68,764	72,941
Intangible assets	12,258	12,228	12,134	12,035
Capital WIP	2,310	2,310	2,310	2,310
Total fixed assets	75,965	79,740	83,208	87,286
Non current inv	15,371	15,371	15,371	15,371
Cash/cash equivalent	14,855	27,611	43,178	60,372
Sundry debtors	4,765	6,845	7,933	8,752
Loans & advances	1,047	1,047	1,047	1,047
Other assets	10,018	14,433	18,684	22,873
Total assets	1,47,334	1,69,654	1,93,281	2,18,816

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
EBITDA margin (%)	31.9	32.3	33.2	33.7
Net profit margin (%)	18.6	20.6	21.7	22.2
Revenue growth (% YoY)	16.5	23.0	15.9	10.3
EBITDA growth (% YoY)	19.5	24.6	19.2	12.0
Adj. profit growth (%)	25.6	36.0	22.1	13.1

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	12,591	17,121	20,902	23,648
Add: Depreciation	4,543	4,933	5,279	5,668
Interest (net of tax)	1,633	1,600	1,692	1,798
Others	0	0	0	0
Less: Changes in WC	0	0	0	0
Operating cash flow	15,677	29,125	34,567	38,695
Less: Capex	(6,797)	(8,000)	(8,000)	(9,000)
Free cash flow	8,880	21,125	26,567	29,695

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	6.9	6.0	6.2	0
Repo rate (%)	6.5	6.0	5.0	0
USD/INR (average)	83.0	84.0	82.0	0
EBITDA margin - Sub (%)	4.7	4.3	4.0	3.7

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	14.2	17.2	17.5	0
RoCE (%)	19.0	21.7	22.0	0
Inventory days	76	76	74	80
Receivable days	20	25	24	27
Payable days	318	364	345	397
Working cap (% sales)	(3.0)	(0.8)	1.9	4.1
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.1)	(0.2)	(0.3)	(0.4)
Interest coverage (x)	7.7	10.5	12.1	12.9

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	77.3	56.8	46.6	41.1
Price/BV (x)	10.3	8.9	7.6	6.6
EV/EBITDA (x)	39.9	31.2	26.7	0
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	nm	70.4	66.0	38.1
RoE (%)	14.2	17.2	17.5	0
EBITDA growth (%)	19.5	24.6	19.2	12.0
Payout ratio (%)	0	0	0	0

Q2FY25 conference call takeaways

Q2FY25

- Signed 23/42 hotels and opened 6/14 hotels in Q2FY25/YTDOct24, crossed the milestone of 350 hotels (including pipeline). It plans to open 25 hotels in FY25.
- Gateway was launched in a fresh new avatar to capture growth in tier-2 and -3 cities and emerging central business districts in metros. The idea is to expand the portfolio to 100 hotels by 2030 from current 22 hotels.
- Signed brand license agreement with Claridges Hotels Pvt Ltd (CHPL) to license the brand 'The Claridge' and 'Claridge Collection' for India and Nepal. 'THE CLARIDGES' has a strong luxury positioning with marquee presence in New Delhi. Starting 1st April 2025, IHCL will manage 'THE CLARIDGES' New Delhi as part of this arrangement.
- IHCL has entered into a Share Subscription & Purchase agreement and a shareholders agreement to acquire ~55% in Rajscape Hotels Pvt Ltd for an investment not exceeding INR180mn, which owns the brand 'Tree of Life Resorts & Hotels'. IHCL already has a marketing & distribution tie-up for Tree of Life. It currently has 19 properties spread across 16 locations clocking INR240mn in revenue.
- EBITDA and PAT losses in UOH reduced by USD17bn each.
- Mumbai market led the domestic micro-markets with 25% RevPAR growth along with 27% growth in Kerala and 20% growth in Kolkata. New Delhi had a high base clocking 2% RevPAR growth. Goa was the only market that witnessed a RevPAR decline (-1% YoY), as several assets were under renovation.
- Qmin is expanding into Westside stores in SIS format.
- Free cash flows of INR2,190mn in Q2. Gross cash in hand of INR24.6bn.

Outlook

- The wedding industry is poised for a rebound due to an increased number of auspicious wedding dates between Nov-24 and Mar-25.
- The company has experienced a promising beginning to Q3, with a 17% year-over-year hotels revenue in October. Management anticipates this positive trend to persist throughout the remainder of the quarter.
- Guidance of double-digit revenue growth for FY25 is maintained, excluding the TajSATS.
- In the international portfolio, demand in New York remained strong in October as well, whereas Maldives and Sri Lanka were soft.

Exhibit 1: Quarterly snapshot – Consolidated

Particulars (INR mn)	Q2FY25	Q2FY24	YoY%	Q1FY25	QoQ (%)	6MFY25	6MFY24	YoY (%)
Net Sales	**18,261**	**14,332**	**27**	**15,502**	**18**	**33,764**	**28,996**	**16**
Operating expenses:								
Food & beverages consumed	1,740	1,124	55	1,143	52	2,883	2,278	27
Other expenses	6,283	5,255	20	5,259	19	11,542	10,376	11
Employee cost	5,225	4,405	19	4,605	13	9,830	8,692	13
Total Expenditure	13,249	10,784	23	11,006	20	24,255	21,346	14
EBITDA	**5,013**	**3,548**	**41**	**4,496**	**11**	**9,509**	**7,650**	**24**
Other Income	641	477	34	460	39	1,101	970	14
Depreciation	1,249	1,112	12	1,173	7	2,422	2,203	10.0
EBIT	4,404	2,912	51	3,784	16	8,188	6,417	28
Interest	522	591	(12)	499	5	1,021	1,156	(12)
PBT before exceptional items	3,882	2,322	67	3,285	18	7,167	5,261	36
Exceptional items	3,074	-		-		3,074	-	
PAT after exceptional items	6,956	2,322	200	3,285	112	10,241	5,261	95
Total Tax	1,224	723	69	943	30	2,166	1,556	39
Reported PAT	**5,732**	**1,599**	**258**	**2,342**	**145**	**8,074**	**3,705**	**118**
Minority interest + Share of profit from associates	(186)	70		142		(45)	189	
Total PAT	5,546	1,669	232	2,484	123	8,030	3,894	106
Adjusted PAT	2,472	1,669	48	2,484		4,956	3,894	27
EPS	3.9	1.2	232	1.7	124	5.6	2.7	106
Margins			bps		bps			bps
Gross Margin (%)	90.5%	92.2%	(169)	92.6%	(216)	91.5%	92.1%	(68)
EBITDA Margin (%)	27.5%	24.8%	270	29.0%	(155)	28.2%	26.4%	178
EBIT Margin (%)	24.1%	20.3%	380	24.4%	(29)	24.3%	22.1%	212
PAT Margin (%)	21.3%	16.2%	506	21.2%	7	21.2%	18.1%	308
Tax Rate (%)	17.6%	31.1%	(1,354)	28.7%	(1,111)	21.2%	29.6%	(842)
Adj PAT Margin (%)	13.5%	11.6%	189	16.0%	(248)	14.7%	13.4%	125

Source: Company, Nuvama Research

Exhibit 2: IHCL standalone KPIs

IHCL Standalone	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Occupancy	28.4%	56.6%	66.6%	58.4%	70.4%	70.0%	72.1%	74.7%	74.7%	75.9%	76.8%	79.1%	76.0%	78.0%
ARR	7,024	8,273	11,348	10,569	11,397	11,003	15,456	16,915	12,614	12,972	18,111	17,546	12,906	14,321
Revpar	1,992	4,679	7,559	6,176	8,021	7,681	11,137	12,634	9,428	9,840	13,918	13,885	9,810	11,163
Room Revenue (Rs mn)	880	1,990	3,110	2,500	3,250	3,180	4,520	4,990	3,770	4,000	5,750	6,000	4,130	NA
F&B	650	1,650	2,840	2,000	2,810	2,840	4,000	4,170	3,200	3,150	4,570	4,710	3,040	NA

Source: Company, Nuvama Research

Exhibit 3: Key subsidiaries, JVs and associates

Revenue (INR mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
UOH Inc USA	1,100	670	1,680	1,480	2,220	1,200	1,840	1,420	2,170	1,280	2,040	1,780
St James Court	540	520	1,100	1,170	1,120	790	1,420	1,430	1,260	830	1,360	1,510
Piem	970	770	1,130	1,060	1,420	1,430	1,220	1,190	1,630	1,650	1,260	1,350
Roots Corp	550	510	700	730	820	820	780	840	1,040	1,080	1,000	1,100
Benares Hotels	193	162	200	180	290	280	260	270	340	370	240	260
Taj SATS			1,320	1,430	1,730	1,930	2,050	2,130	2,330	2,490	2,410	2,540
Oriental Hotels	793	685	911	913	1,070	1,156	940	930	1,070	1,100	830	1,040
EBITDA (INR mn)												
UOH Inc USA	80	-360	180	-30	320	-350	50	-270	170	-530	100	-100
St James Court	170	-20	350	350	250	10	490	470	380	40	440	500
Piem	170	50	260	200	440	400	250	230	540	550	280	310
Roots Corp	200	150	270	260	320	300	270	280	400	410	340	360
Benares Hotels	117	104	80	60	130	110	100	110	170	160	100	110
Taj SATS			190	230	360	490	500	520	600	680	590	620
Oriental Hotels	228	140	272	258	340	360	230	220	340	300	130	250
EBITDA Margin (%)												
UOH Inc USA	7.3	-53.7	10.7	-2.0	14.4	-29.2	2.7	-19.0	7.8	-41.4	4.9	-5.6
St James Court	31.5	-3.8	31.8	29.9	22.3	1.3	34.5	32.9	30.2	4.8	32.4	33.1
Piem	17.5	6.5	23.0	18.9	31.0	28.0	20.5	19.3	33.1	33.3	22.2	23.0
Roots Corp	36.4	29.4	38.6	35.6	39.0	36.6	34.6	33.3	38.5	38.0	34.0	32.7
Benares Hotels	60.6	64.3	40.0	33.3	44.8	39.3	38.5	40.7	50.0	43.2	41.7	42.3
Taj SATS			14.4	16.1	20.8	25.4	24.4	24.4	25.8	27.3	24.5	24.4
Oriental Hotels	28.7	20.4	29.9	28.3	31.8	31.1	24.5	23.7	31.8	27.3	15.7	24.0
PAT Margin (%)												
UOH Inc USA					5.9	-70.0	-9.2	-34.5	-1.8	-57.0	-5.4	-18.0
St James Court					6.3	7.6	15.5	11.9	10.3	6.0	13.2	15.2
Piem					17.6	25.2	8.2	6.7	17.8	16.4	7.9	9.6
Roots Corp					15.9	70.7	7.7	7.1	15.4	14.8	10.0	10.0
Benares Hotels					27.6	53.4	23.1	25.9	32.4	32.4	25.0	26.9
Taj SATS					13.3	29.5	16.6	16.4	18.0	18.1	16.2	15.7
Oriental Hotels	9.3	2.0	12.6	12.1	15.0	13.4	7.4	4.3	17.8	18.2	-1.2	5.8

Source: Company, Nuvama Research

Exhibit 4: Current inventory and pipeline

Brands	Operational hotels (Rooms)	Pipeline Hotels (Rooms)	Total Hotels (Rooms)
Taj	82 (12,302)	39 (6,912)	121 (19,214)
Vivanta	30 (4,062)	20 (2,933)	60 (5,955)
SeleQtions	25 (1,893)	13 (1,521)	38 (3,414)
Ginger	70 (6,164)	30 (3,933)	100 (10,097)
Gateway	8 (591)	14 (1,997)	22 (2,588)
Tree of Life	17 (218)	2 (58)	19 (276)
Total	232 (25,230)	118 (17,354)	350 (42,584)
	Operational hotels (Rooms)	**Pipeline Hotels (Rooms)**	**Total Hotels (Rooms)**
Ownership	119 (14,145)	28 (3,532)	147 (17,677)
Management Contract	113 (11,085)	90 (13,822)	205 (25,177)

Source: Company, Nuvama Research

Exhibit 5: Portfolio pipeline

Brands	FY25	FY26	FY27	Beyond FY27	Total
TAJ					
IHCL & Group	112	233		279	**624**
Management Contracts	535	773	1,929	3,051	**6,288**
Vivanta					
IHCL & Group		125			**125**
Management Contracts		1,213	450	1,145	**2,808**
Seleqtions					
Management Contracts	386	721		414	**1,521**
Gateway					
Management Contracts		571	585	841	**1,997**
Ginger					
IHCL & Group	421	150	529	1,683	**2,783**
Management Contracts	45		100	1,005	**1,150**
Tree of Life					
Management Contracts	33			25	**58**
By Contract					
IHCL & Group	533	508	529	1,962	**3,532**
Management Contracts	999	3,278	3,064	6,481	**13,822**
Total	**1,532**	**3,786**	**3,593**	**8,443**	**17,354**

Source: Company, Nuvama Research

Exhibit 6: IHCL network – occupancy by city

Occ (%)	Q4FY20	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	LFL-YoY increase (pp)
Mumbai	69.0	82.0	81.0	84.0	88.0	86.0	85.0	85.0	89.0	85.0	83.0	0.0
Delhi & NCR	66.0	67.0	73.0	76.0	76.0	76.0	79.0	80.0	82.0	82.0	84.0	2.0
Bengaluru	55.0	77.0	73.0	66.0	68.0	77.0	79.0	71.0	73.0	78.0	79.0	0.0
Goa	73.0	80.0	73.0	80.0	84.0	77.0	73.0	79.0	80.0	81.0	76.0	-1.0
Chennai	60.0	70.0	74.0	72.0	74.0	73.0	78.0	75.0	79.0	75.0	81.0	1.0
Rajasthan	53.0	37.0	45.0	59.0	61.0	42.0	50.0	60.0	65.0	36.0	61.0	8.0
Kolkata	57.0	76.0	72.0	75.0	69.0	71.0	75.0	77.0	79.0	75.0	76.0	5.0
Total Domestic	**59.0**	**68.0**	**66.0**	**71.0**	**71.0**	**70.0**	**69.0**	**72.0**	**75.0**	**76.0**	**77.0**	**2.0**

Source: Company, Nuvama Research

Exhibit 7: IHCL network – ARR trend by city

ARR	Q4FY20	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	LFL-YoY increase (%)
Mumbai (Rs)	11,544	10,567	10,064	13,334	14,959	12,222	11,865	17,000	16,555	13,100	15,500	25.0
Delhi & NCR (Rs)	7,145	6,960	6,684	8,702	9,446	8,273	9,349	10,600	11,027	10,000	12,050	0.0
Bengaluru (Rs)	7,869	7,554	8,083	9,143	11,074	8,532	8,648	10,000	10,245	9,300	9,700	11.0
Goa (Rs)	14,394	14,801	14,407	21,730	20,873	14,336	13,561	19,000	19,391	14,200	14,350	1.0
Chennai (Rs)	6,188	6,496	6,820	7,557	8,399	7,321	7,560	8,600	8,850	5,200	5,750	4.0
Rajasthan (Rs)	21,974	15,009	14,953	27,193	27,945	14,472	16,102	32,500	33,158	18,000	18,400	0.0
Kolkata (Rs)	6,972	6,056	6,041	7,575	8,448	6,698	6,091	9,000	8,698	7,900	8,100	12.0
Total Domestic (Rs)	**8,594**	**8,423**	**8,049**	**10,737**	**11,554**	**9,381**	**9,176**	**12,600**	**12,582**	**9,900**	**10,800**	**9.0**

Source: Company, Nuvama Research

Exhibit 8: IHCL network – Revpar trend

Revpar	Q4FY20	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	LFL-YoY increase
Mumbai (Rs)	7,698	8,625	8,182	11,151	13,096	10,502	10,101	14,400	14,672	11,100	12,900	25.0
Delhi & NCR (Rs)	4,695	4,646	4,886	6,578	7,200	6,286	7,352	8,500	9,055	8,200	10,200	2.0
Bengaluru (Rs)	4,290	5,816	5,866	6,061	7,585	6,593	6,856	7,100	7,483	7,200	7,650	11.0
Goa (Rs)	10,489	11,807	10,480	17,394	17,618	11,094	9,945	14,900	15,509	11,400	10,850	-1.0
Chennai (Rs)	3,705	4,551	5,029	5,457	6,192	5,351	5,861	6,400	7,032	3,900	4,650	6.0
Rajasthan (Rs)	11,606	5,598	6,766	16,063	17,006	6,112	7,977	19,600	21,435	6,500	11,250	14.0
Kolkata (Rs)	4,006	4,601	4,366	5,706	5,859	4,779	4,580	6,900	6,899	5,900	6,450	20.0
Total Domestic (Rs)	**5,112**	**5,727**	**5,347**	**7,588**	**8,184**	**6,549**	**6,350**	**9,000**	**9,431**	**7,500**	**8,350**	**12.0**

Source: Company, Nuvama Research

Exhibit 9: Revenue contribution by type of traveller

Room Revenue (Non-Ginger)	Q2FY20	Q3FY20	Q4FY20	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Transient	53	49	46	58	59	57	51	58	59	57	56	59	58
Corporate	16	16	12	11	12	11	9	11	12	11	11	12	12
MICE	15	16	19	16	15	17	23	16	15	17	17	13	17
Long Stay	5	3	4	4	4	3	3	3	4	3	3	3	3
Leisure	7	9	12	8	7	9	10	9	7	9	9	9	7
Groups	2	5	5	1	1	2	2	1	1	2	2	2	1
Crew	3	2	2	2	2	1	2	2	2	2	2	2	2

Source: Company, Nuvama Research

Exhibit 10: Non-Ginger portfolio — Contribution by channel

Room Revenue (Ginger) (%)	Q2FY20	Q3FY20	Q4FY20	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Hotels Reservation Office (A)	48.0	50.0	49.0	50.0	48.0	51.0	53.0	48.0	46.0	48.0	49.0	44.0	46.0
Taj Reservation Worldwide (B)	11.0	14.0	16.0	7.0	6.0	7.0	7.0	8.0	7.0	8.0	8.0	8.0	7.0
Global Distribution System	9.0	8.0	6.0	5.0	5.0	5.0	5.0	5.0	6.0	5.0	5.0	6.0	6.0
Alternative Distribution System	24.0	20.0	20.0	24.0	26.0	24.0	23.0	25.0	27.0	25.0	24.0	26.0	26.0
Taj Website (C)	8.0	8.0	8.0	14.0	15.0	13.0	12.0	14.0	14.0	14.0	14.0	16.0	15.0
Direct channel (A+B+C)	67.0	72.0	73.0	71.0	69.0	71.0	72.0	70.0	67.0	70.0	71.0	68.0	68.0

Source: Company, Nuvama Research

Exhibit 11: IHCL valuation – Sum of the parts

	Label	Criteria	Factor	Ownership/ Shares Held	Value (Rs m)	TTMSep'26 Valuation (Rs m)	Per share value
Owned Asset	A	18 x EBITDA	EBITDA		18,042	3,24,758	228
Managed Asset	B	22 x EBITDA	EBITDA		5,320	1,17,037	82
New Businesses	C	20 x EBITDA	EBITDA		2,341	46,818	33
Piem Hotels	D	18 x EBITDA	EBITDA	58.7%	2,602	27,481	19
Benares Hotels	E	30% discount to (Debt+Market value of investments)		51.7%	11,875	4,296	3
Oriental Hotels	F	Market Value		35.7%	32,041	11,429	8
TajGVK Hotels & Resort	G	Market Value		25.5%	20,165	5,146	4
TajSATS	H	18 x EBITDA	EBITDA	51.0%	3,064	28,131	20
Roots Corporation	I	20 x EBITDA	EV	100.0%	2,246	44,928	32
St James Court	J	16 x EBITDA	EBITDA	76.9%	1,391	17,106	12
Other International Subs	K	Book Value				28,182	20
US subs cash loss	L	OCF			(160)	(1,217)	(0.9)
Tata Sons stake	M	30% discount to (NW+Market value of investments)		1.1%	1,09,32,937	1,21,734	86
EV (Rs. m)	N=Sum (A:M)					7,75,829	
Net Debt (Rs. m)	O					(40,529)	-28
Valuation of Equity (Rs. m)	P=N-O					8,16,358	
Number of Shares Outstanding (m)	Q					1,423	
Fair Value	**R=P/Q**					**574**	
CMP	S					684	
Upside	**T=R/S-1**					**-16.1%**	

Source: Company, Nuvama Research

Company Description

IHCL, incorporated in 1902, is among India's largest hotel operators with a presence in the luxury, business and leisure hotel segments. The company manages ~18,000 rooms (~150 properties) across India and international locations. It entered the budget hotel segment with Ginger in 2004 and also has a presence in adventure tourism with wildlife lodges. In international markets, IHCL is present via operations in Maldives, the US, South Africa, the Middle East, UK and Malaysia. International operations contribute ~30% to group sales (~15% of inventory).

Investment Theme

The hotel sector merrily sprang towards a faster-than expected full recovery in FY23 and a record Q1FY24 driven by: i) sustained domestic leisure travel demand, reviving domestic corporate and a strong wedding season in H1FY23; and ii) potential full recovery for the international business and leisure travel in H2FY23. IHCL has stronger immediate triggers — leisure demand, wedding season and a buoyant Mumbai market.

Key Risks

Any earlier-than-expected resurrection in the industry or sale of noncore assets to pare debt may prompt a relook at our view/assumptions.

Additional Data

Management

CEO	Puneet Chhatwal
CFO	Giridhar Sanjeevi
COO	
Other	
Auditor	BSR & Co.

Holdings – Top 10*

	% Holding		% Holding
HDFC AMC	3.71	Franklin Resour	1.38
Axis AMC	2.84	HDFC Life	1.31
Nippon	2.77	Republic of Sin	1.17
Blackrock	2.42	Canara Robeco A	1.17
Vanguard	2.35	SBI Funds Manag	1.16

**Latest public data*

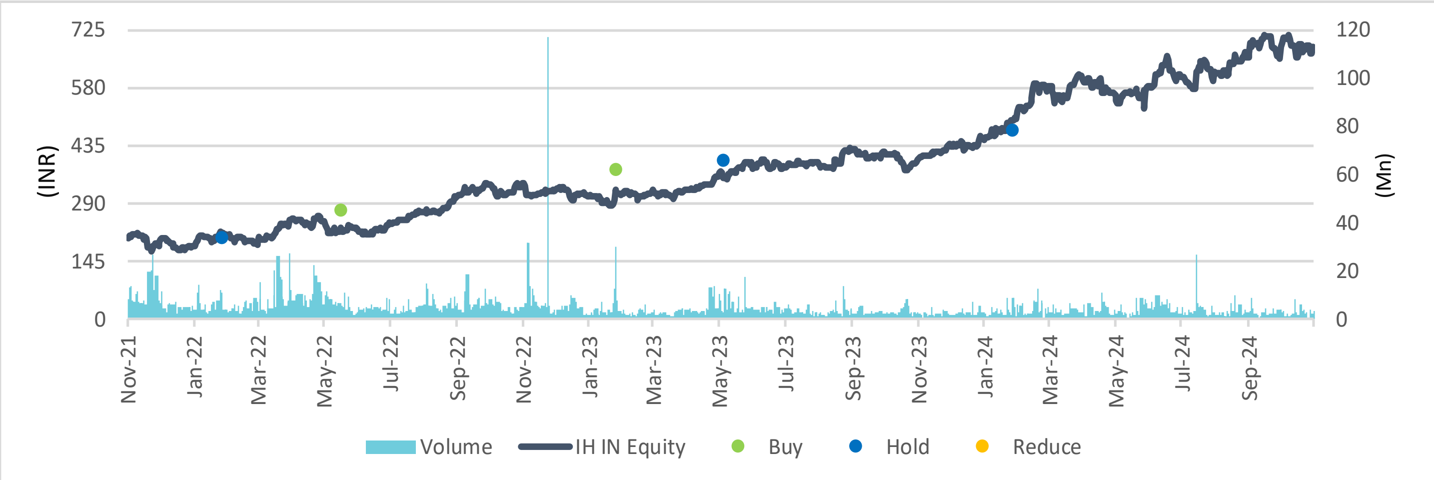
Recent Company Research

Date	Title	Price	Reco
20-Jul-24	Soft performance; guidance unchanged; *Result Update*	578	Hold
24-Apr-24	Stable showing; stepping up capex; *Result Update*	608	Hold
02-Feb-24	Firm showing; sustainability key; *Result Update*	500	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
19-Aug-24	Leisure & Hotels	A pit-stop quarter; *Sector Update*
09-Aug-24	LEMON TREE HOTEL	Renovations and Aurika hurt margins; *Result Update*
03-Jun-24	LEMON TREE HOTEL	Performance in line; stable showing; *Result Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	224
Hold	<15% and >-5%	62
Reduce	<-5%	27

DISCLAIMER

Nuvama Wealth Management Limited (defined as "NWML" or "Research Entity") a company duly incorporated under the Companies Act, 1956 (CIN No L67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities. Name of Compliance/Grievance officer: Mr. Atul Bapna, E-mail address: complianceofficer.nwm@nuvama.com Contact details +91 (22) 6623 3478 Investor Grievance e-mail address- grievance.nwm@nuvama.com

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No.INH000011316 and Enlistment no. 5723 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance .The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWML shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWML to present the data. In no event shall NWML be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWML through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWML or provide any assurance of returns to investors and clients.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWML has financial interest in the subject companies: No

NWML's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

NWML has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years.
A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:
The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons
This research report is a product of NWML, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by NWML only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc. (formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

Disclaimer for U.K. Persons
The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons
This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons
In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Disclaimer for Hong Kong persons
This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH KUMAR ROY

Digitally signed by ABNEESH KUMAR ROY
DN: c=IN, o=Personal, pseudonym=MH0z6uWRNZkczK6PleN50FvOvOyHy7Ay, 2.5.4.20=e648fc28137c6fa4c0e6296c524ee518d54fd4f7ba4be4d07cb750c531c68e2c, postalCode=400098, st=Maharashtra, serialNumber=7370c9de10fb28bbf7cbc6f71afe3cfe848fa7245a8d681629dc3093fb2a8ea9, cn=ABNEESH KUMAR ROY
Date: 2024.11.08 08:17:42 +05'30'
Adobe Acrobat version: 2024.004.20243