



## 3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

## What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✓	↔	✓
RV	✓	↔	✓

## Company details

Market cap:	Rs. 1,09,583 cr
52-week high/low:	Rs. 894/507
NSE volume: (No of shares)	41.2 lakh
BSE code:	500850
NSE code:	INDHOTEL
Free float: (No of shares)	88.1 cr

## Shareholding (%)

Promoters	38.1
FII	27.8
DII	19.2
Others	14.9

## Price chart



Source: NSE India, Mirae Asset Sharekhan Research

## Price performance

(%)	1m	3m	6m	12m
Absolute	-8.0	8.4	3.8	36.4
Relative to Sensex	-13.9	1.3	-1.0	25.1

Source: Mirae Asset Sharekhan Research, Bloomberg

## Indian Hotels Company Ltd

## Strong Q4; double-digit growth outlook maintained

Consumer Discretionary	Sharekhan code: INDHOTEL		
Reco/View: Buy	↔	CMP: Rs. 770	Price Target: Rs. 917
↑ Upgrade	↔ Maintain	↓ Downgrade	

## Summary

- Indian Hotels Company Ltd's (IHCL's) Q4FY25 performance was strong, in line with expectations, with consolidated revenue/adjusted PAT (including Taj SATS) growing by 27%/38% y-o-y, respectively. EBITDA margin rose 70 bps y-o-y to 35.3%.
- IHCL has maintained guidance of double-digit revenue growth in FY26 driven by strong same-store performance, sustained momentum in new businesses and new hotel openings, supported by strong industry tailwinds.
- For FY26, management has guided for a capex of Rs. 1,200 crore, of which 60-65% would be towards renovation and maintenance of existing assets, and the balance 35-40% towards greenfield assets.
- We maintain a Buy with a revised PT of Rs. 917. Stock trades at 27x/23x its FY26E/27E EV/EBITDA, respectively.

(IHCL's Q4FY2025 performance is strictly not comparable with previous periods due to consolidation of Taj SATS.)

IHCL's Q4FY25 numbers were strong with consolidated revenues rising 27% y-o-y to Rs. 2,425 crore (in line with expectation of Rs. 2,440 crore) driven by growth across all businesses, EBITDA margin rising 70 bps y-o-y to 35.3% (in line with 35.4% expected) and adjusted PAT growing by 38% y-o-y to Rs. 542 crore (in line with expectation of Rs. 540 crore). The hotel segment's revenues grew 13% y-o-y, with operating EBITDA margin at 38.5% (up 230 bps y-o-y), while TajSATS' (air & institutional catering business) revenue grew by 13% y-o-y, with operating EBITDA margin at 25% (down 210 bps y-o-y). Domestic same-store hotels posted 16% y-o-y consolidated LFL RevPAR growth and consolidated management fee income grew by 15% y-o-y. In FY25, consolidated revenue grew by 23% y-o-y to Rs. 8,335 crore, EBITDA margin rose 136 bps y-o-y to 33.2% and adjusted PAT grew by 43% y-o-y to Rs. 1,717 crore. IHCL signed 74 hotels and opened 26 hotels in FY25, taking the total to 381 hotels (247 operational and 134 in pipeline) as of FY25-end. The board recommended a dividend of Rs. 2.25 per share for FY25.

## Key positives

- Domestic like-for-like RevPar grew by 16% y-o-y, with robust RevPAR growth across all segments.
- Hotel business operating margin rose by 230 bps y-o-y to 38.5%.

## Key negatives

- TajSATS reported a 210 bps y-o-y decline in EBITDA margin to 25% due to new levy mechanism at select facilities, which hit Q4 margins by 150 bps.

## Key Management Commentary

- In FY25, industry room demand grew by 5.7% y-o-y while room supply grew by just 2.2% y-o-y. Industry-level RevPAR grew by 11.8% y-o-y in FY25.
- The management expects double-digit mid-teen growth in Q1FY26 led by high domestic demand, strong wedding season and a low base of Q1FY25 hit by extreme heat and general elections. April-25 started on healthy 17% y-o-y growth.
- Management fees grew by 20% y-o-y in FY25 to Rs. 562 crore led by 11% y-o-y net unit growth to 14,433 managed rooms and 9% RevPAR growth to Rs. 10,000 per night. About 95% of the 74 signings in FY25 were management contracts (capital light).
- New businesses reported 40% y-o-y revenue growth in FY25 to Rs. 602 crore, with EBITDA margin at 37%.
- In FY25, IHCL incurred a capex of Rs. 1,074 crore out of which 50% was towards renovations while the balance was spent on greenfield projects. Capex for FY26 has been guided at Rs. 1,200 crore.
- IHCL generated an FCF of Rs. 1,099 crore in FY25 had a net cash balance of Rs. 3,073 crore at FY25-end.

**Revision in earnings estimates** – We have broadly maintained our earnings estimates for FY26 and FY27 as Q4 performance was in line with expectations.

## Our Call

**View – Retain Buy with revised PT of Rs. 917:** IHCL delivered yet another quarter of strong performance in Q4FY25, with double-digit revenue growth and margin expansion. The company has excelled its performance in the past five years by delivering consistent growth ahead of industry, strong uptick margins and strengthening its balance sheet by becoming net cash positive. We expect the next five years' journey to be good for IHCL on back of industry tailwinds and its strategic initiatives. We expect revenues and PAT to clock a CAGR of 16% and 23% respectively over FY25-27. The stock trades at 27x and 23x its FY26E and FY27E EV/EBITDA, respectively. IHCL remains one of our top picks in the hospitality space. We retain a Buy with a revised price target of Rs. 917.

## Key Risks

Any slowdown in corporate travel or a slower recovery in inbound and the outbound tourism industry would act as a key risk to our earnings estimates.

## Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	5,810	6,769	8,335	10,001	11,202
EBITDA margin (%)	31.1	31.9	33.2	34.3	35.5
Adjusted PAT	968	1,202	1,717	2,121	2,597
Adjusted EPS (Rs.)	6.8	8.4	12.1	14.9	18.2
P/E (x)	-	82.4	61.1	48.9	40.2
P/B (x)	12.7	10.8	8.8	7.6	6.4
EV/EBITDA (x)	53.6	43.3	33.5	27.0	23.2
RoNW (%)	11.9	12.8	15.2	15.8	16.5
RoCE (%)	13.0	14.8	16.7	18.1	19.4

Source: Company; Mirae Asset Sharekhan estimates

## FY25 Key business highlights

- Domestic same-store hotels delivered a 12% consolidated RevPAR growth in FY25 driven by 10% y-o-y growth in the ARR and 200 bps y-o-y rise in the occupancy. IHCL commanded a 73% premium over RevPAR of the industry in FY25.
- International consolidated portfolio reported an occupancy of 73%, up 440 bps y-o-y, resulting in a 7% y-o-y rise in RevPAR.
- TajSATS clocked a revenue growth of 17% y-o-y to Rs. 1,051 crore, with EBITDA margin at 25.2%. TajSATS was consolidated during Q2FY25, resulting in Rs. 724 crore revenue and Rs. 185 crore EBITDA reported as a part of IHCL's consolidated performance in FY25.
- New businesses vertical comprising *Ginger*, *Qmin*, *amã Stays & Trails* and *Tree of Life* reported an enterprise revenue of Rs. 802 crore (y-o-y growth of 41%) and consolidated revenue of Rs. 601 crore (y-o-y growth of 40%).
- For FY25, enterprise revenue of Ginger stood at Rs. 675 crore with a strong EBITDA margin at 43% with a portfolio of 103 hotels including a pipeline of 30 hotels.
- TAJ reported revenue of Rs. 10,500 crore in FY25, crossing the milestone of Rs. 10,000 crore. *Vivanta/Selections* reported 9%/28% y-o-y revenue growth in FY25 to Rs. 1,240 crore/Rs. 700 crore, respectively.
- The Chambers has reported revenue of Rs. 148 crore for FY25 (up 25% y-o-y) with over 3,100 members. Enterprise revenue for re-imagined Gateway has reached Rs. 110 crore in FY25 (up 20% y-o-y).
- Qmin grew to 72 outlets across multiple formats, amã Stays & Trails has reached a milestone of 301 bungalows in its portfolio with 132 in operation and Tree of Life is at a 20 resorts portfolio with 18 in operation.

## Results (Consolidated)

Particulars	Q4FY25	Q4FY24	y-o-y (%)	Q3FY25	q-o-q (%)
<b>Net Sales</b>	<b>2,425.1</b>	<b>1,905.3</b>	<b>27.3</b>	<b>2,533.1</b>	<b>-4.3</b>
Foods & Beverage consumed	234.9	139.8	68.0	250.5	-6.2
Employee cost	588.2	467.4	25.9	579.5	1.5
Other operating & general expenses	745.2	638.3	16.7	741.4	0.5
<b>Total expenditure</b>	<b>1,568.4</b>	<b>1,245.5</b>	<b>25.9</b>	<b>1,571.4</b>	<b>-0.2</b>
<b>EBITDA</b>	<b>856.8</b>	<b>659.8</b>	<b>29.9</b>	<b>961.7</b>	<b>-10.9</b>
Other income	61.6	46.1	33.7	58.7	5.0
Interest cost	53.9	51.5	4.7	52.4	2.9
Depreciation	142.0	119.7	18.6	133.9	6.0
<b>PBT</b>	<b>722.5</b>	<b>534.7</b>	<b>35.1</b>	<b>834.0</b>	<b>-13.4</b>
Tax	180.6	141.6	27.5	220.2	-18.0
<b>Adjusted PAT</b>	<b>541.9</b>	<b>393.1</b>	<b>37.9</b>	<b>613.8</b>	<b>-11.7</b>
Share of profit from associates	22.7	45.2	-49.9	18.7	21.1
Adjusted PAT after MI	564.6	438.3	28.8	632.5	-10.7
Extraordinary item	-1.9	0.0	-	0.0	-
<b>Reported PAT</b>	<b>562.7</b>	<b>438.3</b>	<b>28.4</b>	<b>632.5</b>	<b>-11.0</b>
EPS (Rs.)	3.8	2.8	37.9	4.3	-11.7
			<b>bps</b>		<b>bps</b>
GPM (%)	90.3	92.7	-235	90.1	20
EBITDA margin (%)	35.3	34.6	70	38.0	-264
NPM (%)	22.3	20.6	171	24.2	-189
Tax rate (%)	25.0	26.5	-149	26.4	-141

Source: Company; Mirae Asset Sharekhan Research

## Outlook and Valuation

### ■ Sector Outlook – Hotel industry to benefit from demand supply gap

Higher demand from domestic leisure travellers, recovery in foreign tourist arrivals (FTAs) and a revival in corporate travels will keep room demand high for hotel companies (also help in achieving higher room rentals) in the short to medium term. Recent industry data shows that demand is expected to continue to grow in double digits (~12%). However, room supply is expected to grow by ~9% over the next 4-5 years. This augurs well for the industry because hotels' performance in India is highly sensitive to supply and demand dynamics. Margins of hotel companies are likely to expand, aided by better operating leverage coupled with various cost-saving initiatives undertaken by companies.

### ■ Company Outlook –Strong growth over FY25-27

With room demand expected to exceed supply, domestic performance would be strong in the coming years. This along with a likely recovery in international properties and higher contribution from new ventures, will aid revenues and PAT clock a CAGR of 16% and 23% over FY25-27E. Cost-saving initiatives undertaken in FY21 will help operating profit improve in coming years. We expect IHCL's EBIDTA margins to be over 35% in FY27. Asset-light model will help in high free cash generation. RoE/RoCE are expected to increase to ~17%/19% in FY27 from 13%/15% in FY24.

### ■ Valuation – Retain Buy with a revised PT of Rs. 917

IHCL delivered yet another quarter of strong performance in Q4FY25, with double-digit revenue growth and margin expansion. The company has excelled its performance in the past five years by delivering consistent growth ahead of industry, strong uptick margins and strengthening its balance sheet by becoming net cash positive. We expect the next five years' journey to be good for IHCL on back of industry tailwinds and its strategic initiatives. We expect revenues and PAT to clock a CAGR of 16% and 23% respectively over FY25-27. The stock trades at 27x and 23x its FY26E and FY27E EV/EBITDA, respectively. IHCL remains one of our top picks in the hospitality space. We retain a Buy with a revised price target of Rs. 917.

#### Peer Comparison

Companies	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Lemon tree Hotels	50.9	36.1	26.3	17.4	14.6	12.2	12.1	14.2	16.7
Chalet Hotels	54.5	38.9	32.6	25.2	19.4	16.4	12.6	16.1	16.9
Indian Hotels Company	61.1	48.9	40.2	33.5	27.0	23.2	16.7	18.1	19.4

Source: Company; Mirae Asset Sharekhan Research

## About company

IHCL and its subsidiaries bring together a group of brands and businesses that offer a fusion of warm Indian hospitality and world-class service. These include Taj, the iconic brand for the most discerning travellers; Claridges Collection, a curated set of boutique luxury hotels merging elegance with historical charm; SeleQtions, a named collection of hotels; Tree of Life, private escapes in tranquil settings; Vivanta, sophisticated upscale hotels; Gateway, full-service hotels designed to be your gateway to exceptional destinations and Ginger, which is revolutionising the lean luxe segment. Incorporated by the founder of the Tata Group, Jamsetji Tata, IHCL opened its first hotel - The Taj Mahal Palace, in Bombay in 1903. It currently has a portfolio of 381 hotels including 134 under development globally across 4 continents, 14 countries and in over 150+ locations.

## Investment theme

The hotel industry's business fundamentals have recently improved with room demand outpacing room supply. Strong domestic travel coupled with recovery in foreign travel would help IHCL in posting better performance in the medium term. A strong focus on building an asset-light model, market share gains in key markets and scale-up in the new businesses will help IHCL to deliver strong growth in the coming years with strong growth in profitability. Further, the company is focusing on strengthening its balance sheet by a sustained reduction in debt, which augurs well from a long-term perspective.

## Key Risks

- ♦ Any drop in room demand due to the emergence of any black swan event/sustained high inflationary environment or a significant increase in room supply in the coming years would be a key risk to our earnings estimates.
- ♦ Any delay in the launch of new hotels/rooms will impact profitability.
- ♦ Any disruption in the performance of international properties will affect the consolidated performance of IHCL in the coming years.

## Additional Data

### Key management personnel

Name	Designation
N. Chandrasekaran	Chairman
Ankur Dalwani	Executive Vice President and Chief Financial Officer
Puneet Chhatwal	Chief Executive Officer and Managing Director
Beejal Desai	Senior Vice President - Corporate Affairs, Company Secretary (Group) and Compliance Officer

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	HDFC AMC Ltd.	2.70
2	Nippon Life India AMC Ltd.	2.44
3	Vanguard Group Inc.	2.41
4	Blackrock Inc.	2.41
5	Axis AMC Ltd.	2.26
6	Jhunjhunwala Rekha	2.02
7	NPS Trust A/c Uti Retirement Solutions Ltd.	1.61
8	SBI Pension Funds Pvt Ltd.	1.55
9	Canara Robeco AMC Ltd.	1.47
10	Franklin Resources Inc.	1.19

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

## Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

**DISCLAIMER**

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/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 Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts.

have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit [bit.ly/AsiamoneyPoll](https://bit.ly/AsiamoneyPoll)

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on [www.sharekhan.com](https://www.sharekhan.com)

Registered Office: The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA. Tel: 022-6750 2000. Fax no. 022 2432 7343.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000, Fax no. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-6226 3303; email id: [complianceofficer@sharekhan.com](mailto:complianceofficer@sharekhan.com)

For any complaints/ grievances, email us at [igc@sharekhan.com](mailto:igc@sharekhan.com), or you may even call the Customer Service desk on 022-41523200/ 022-61151111.