

Strategic Measures, Proactive Capex, & Reviving Industry to Provide Growth

We initiate coverage on Indian Hotels Company Ltd (IHCL) with a BUY rating and a target price of Rs 360 (EV/EBITDA 26x for FY25E EBITDA), implying an upside of 16% from the CMP. The Indian Hotels Company Limited (IHCL), along with its subsidiaries, offers a fusion of warm Indian hospitality and world-class service. These include Taj – the iconic brand for the most discerning travellers, SeleQtions – a named collection of hotels; Vivanta – sophisticated upscale hotels; and Ginger – which is revolutionising the lean luxe segment.

Indian Hospitality & Tourism industry at cusp of a turnaround

Indian Travel & Tourism industry is pegged to report ARR CAGR 11.2% and occupancy improvement by 400 bps to 70% during the period CY22E-CY24E. The said growth will be driven by 1) Easing supply-side constraints that would improve Rev PAR and occupancies, 2) The release of pent-up demand in domestic leisure travel, extended stays, weddings, and social events, 3) Government delegations, and 4) Spiritual and Medical tourism. Furthermore, the opening and increase in international travel could improve occupancies in the upcoming quarters. Against this backdrop, we expect significant improvement in the company's realizations and occupancies, which in turn, would be further augmented by the strong operating leverage it enjoys among the industry peers.

Strategic initiatives to support sustainable revenue growth and margins

IHCL's Hotel and F&B segments contribute the majority of revenue (70%) to business. While it is cyclical in nature, the company enjoys healthy EBITDA margins of ~25% during peak business season. Moreover, IHCL has successfully developed new businesses such as Management fees, The Chambers, Qmin, and Ama, among others where it enjoys much higher EBITDA margins which stand in the range of ~70%-80%. We expect these less-cyclical new businesses to add 40%-50% of the company's absolute EBITDA in the next two years. We also expect the company to deliver overall EBITDA margins of ~35%, backed by the operational leverage in Room & F&B business, high margins of new businesses, and increase of management contracts in total room inventory in FY24E and FY25E. We expect IHCL to post standalone revenue growth of 25.7% CAGR over FY22-FY25E.

Strong Cash flow generation constituting ~50%-60% of operating profit

We expect IHCL to generate FCFF of Rs 1,000-1,500 Cr per year after incurring a minimal Capex of Rs 400 Cr per year over the next 3 years. The company is expected to incur a Capex on maintenance, Ginger Santa Cruz, and the Kevadia which would be 10% of the overall Capex. We expect IHCL's RoIC to improve to ~13.2% (Standalone RoIC 24%) in FY24E. The company's RoIC is currently dragged by two major investments of Searock investment and international subsidiaries. IHCL is looking for a strategic partner to offload a stake in Searock Investment while the company is on track to monetize a few international assets. We expect both these steps to improve RoIC in the next 2-3 years.

Key Financials (Consolidated)

(Rs Cr)	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	1,575	3,056	4,051	4,781	5,722
EBITDA	-362	405	1,183	1,535	1,886
Net Profit	-880	-263	613	952	1,296
EPS (Rs)	-7.4	-1.9	4.3	6.7	9.1
PER (x)	(41.9)	(167.3)	71.8	46.2	34.0
EV/EBITDA (x)	(116.7)	115.5	39.0	29.4	23.2
P/BV (x)	10.1	6.2	5.8	5.2	4.5
ROE (%)	(24.1)	(3.7)	8.1	11.2	13.4

Source: company, Axis Research

(CMP as of Sep 5, 2022)

CMP (Rs)	310
Upside /Downside (%)	16%
High/Low (Rs)	311/138
Market cap (Rs Cr)	44,039
Avg. daily vol. (6m) Shrs (Cr).	27,72,149
No. of shares (Cr)	142.0

Shareholding (%)

	Dec-21	Mar-22	Jun-22
Promoter	41.1	38.2	38.2
FII's	15.2	16.0	15.1
MFs / UTI	18.1	21.4	22.5
Banks / FI's	0.5	0.4	0.0
Others	25.2	24.0	24.3

Financial & Valuations

Y/E Mar (Rs Bn)	FY23E	FY24E	FY25E
Net Sales	4,051	4,781	5,722
EBITDA	1,183	1,535	1,886
Net Profit	613	952	1,296
EPS (Rs)	4.3	6.7	9.1
PER (x)	71.8	46.2	34.0
EV/EBITDA (x)	39.0	29.4	23.2
P/BV (x)	5.8	5.2	4.5
ROE (%)	8.1	11.2	13.4

Key Drivers (%) (Growth in %)

Y/E Mar	FY23E	FY24E	FY25E
Net Sales	4,051	4,781	5,722
EBITDA	1,183	1,535	1,886
Net Profit	613	952	1,296

ESG disclosure Score**

Environmental Disclosure Score	NA
Social Disclosure Score	NA
Governance Disclosure Score	NA
Total ESG Disclosure Score	NA

Source: Bloomberg, Scale: 0.1-100

**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2020 disclosures

Relative performance



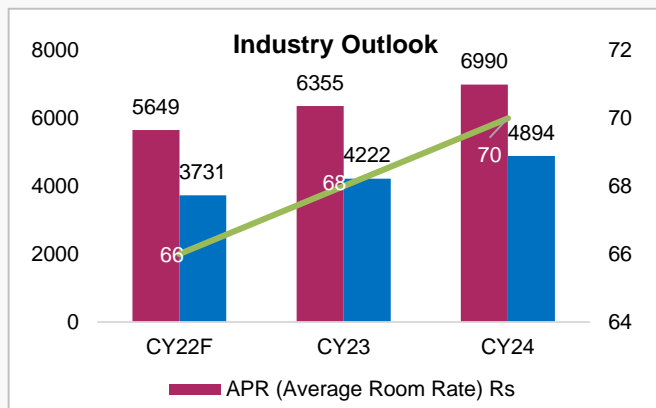
Source: Capitaline, Axis Securities

Ankush Mahajan
Research Analyst

email: ankush.mahajan@axissecurities.in

Focus Charts

Exhibit 1: Occupancies: According to HVS Anarock, occupancy and ARR is expected to return to Pre-COVID levels by the end of CY22 and by mid-CY23, respectively

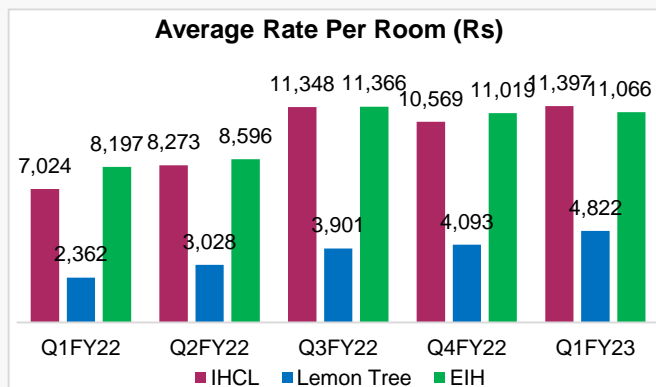


Source: company, Axis Securities Research, Hotelivate, HVS Anarock

Exhibit 2: Supply-side Constraint: We expect a demand CAGR of 6.5% vs. Supply of 5.1% over FY20-FY26E.

	FY16 (K)	FY26 (K)	CAGR %
New Delhi	14.1	15.7	1.08%
Mumbai	13	16.3	2.29%
Bengaluru	11.5	18.7	4.98%
Chennai	7.5	10.3	3.22%
Hyderabad	5.9	7	1.72%
Goa	5.5	9.3	5.39%
Pune	6.1	7.5	2.09%
Gurugram	5.1	7.6	4.07%
Jaipur	4.9	7.2	3.92%
Kolkata	2.7	5	6.36%
Top 10 Market	76.3	104.6	3.20%

Exhibit 3: The average rate per Room is improving from the last 6 quarters. IHCL realizations have outpaced the industry realizations



Source: company, Axis Securities Research,

Exhibit 4: Occupancies are improving continuously from the last 6 quarters, touching pre-pandemic levels

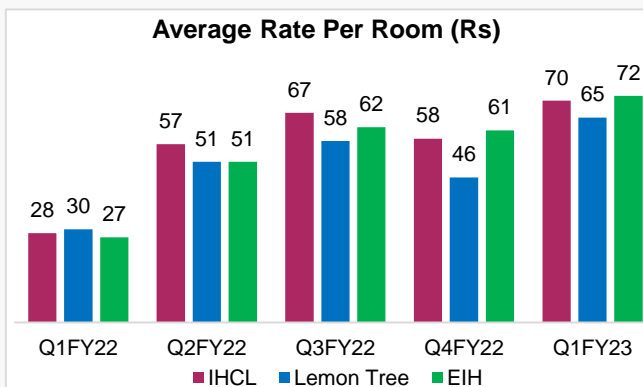
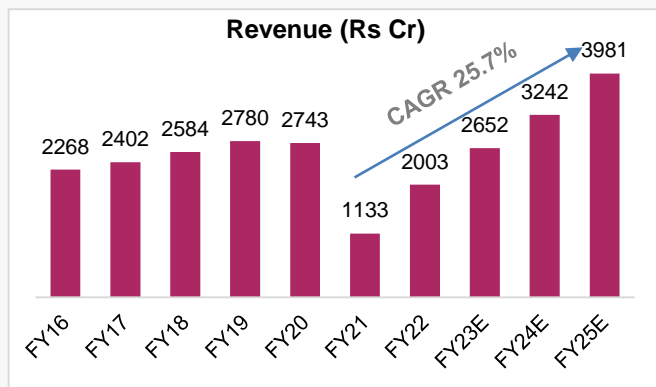
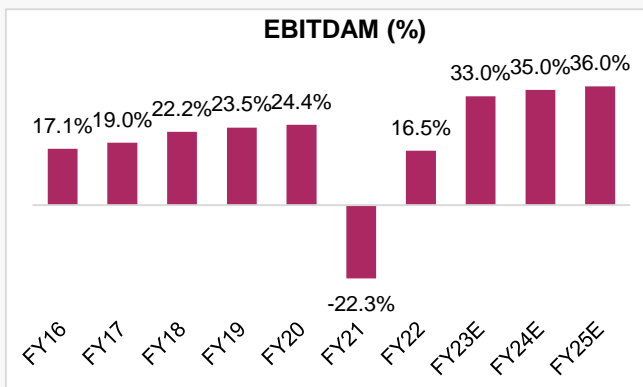


Exhibit 5: We expect IHCL to report standalone revenue growth of 25.7% CAGR over FY22-FY25E



Source: company, Axis Securities Research,

Exhibit 6: We expect the company to deliver ~35% EBITDA margins under the strategy "AHVAAN" 2025



Company Background:

The Indian Hotels Company Limited (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 travelers, SeleQtions – a named collection of hotels, Vivanta – sophisticated upscale hotels, and Ginger – which is revolutionizing the lean luxe segment.

IHCL has a portfolio of 242 hotels including 63 under development globally across 4 continents, 11 countries, and in over 100 locations. Its pipeline comprises 60+ hotels consisting of 7,500+ rooms across brands. It has devised a new strategy called 'AHVAAN 2025' which is a roadmap for profitable growth by FY25/26.

From a branded house to a house of Brands

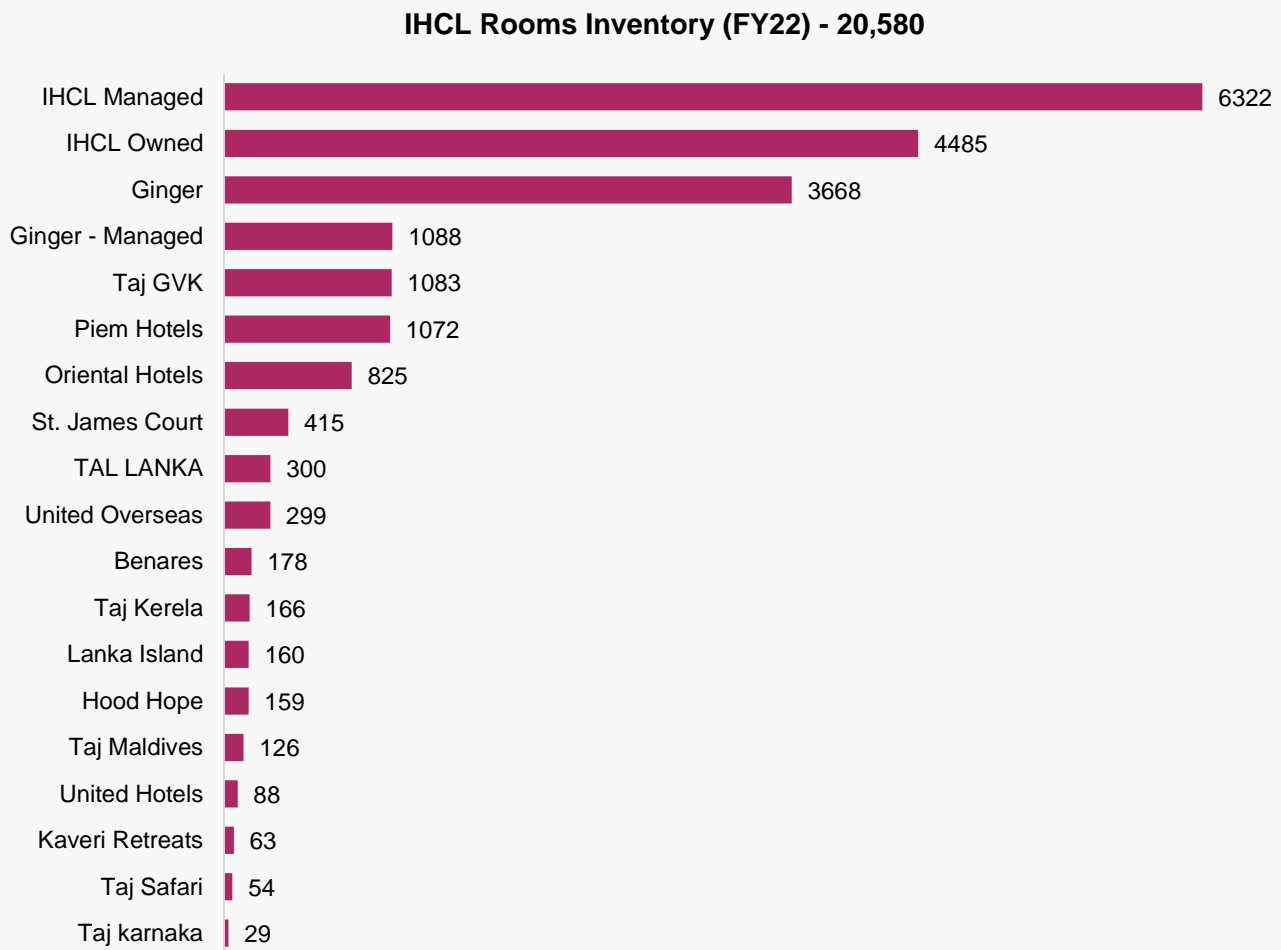
Brands	Category	Operations	Hotels (Numbers)	Rooms (Numbers)	Revenue (Rs Cr)	Remarks
Taj	Luxury	Owned, Leased & Managed	75	10,930		
Vivanta	Upscale	Owned, Leased & Managed	25	3,543	Rs 2,000 Cr	1800+ incremental rooms over the next 5 years
SeleQtions	Select Hotels	Owned, Leased & Managed	18	1,352		
Ginger	Lean Luxe	Owned, Leased & Managed	57	4,756	Rs 180 Cr	5700+ incremental rooms over the next 4 years
ama	Homestays	Owned	80 properties		Rs 48 Cr	Grow to 500 properties till 2025
The Chambers	Club Membership	Owned	8 Clubs		Rs 85 Cr	Grow to 3000+ members till 2025
Qmin	Food Delivery	Owned	-	-	Rs 66 Cr	Expand to 25 cities from 20 cities now

Source: company, Axis Securities Research

Key features of brands

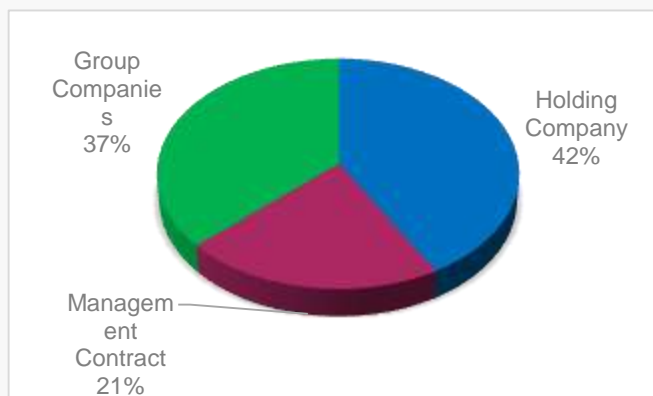
- **IHCL:** IHCL's agenda is to pursue a strategy of growing its portfolio and pioneering new destinations in India. Its new additions to the hotels during FY22 included a 325 room, Taj Exotica Resort & Spa, The Palm (Dubai) and India's first all women-run luxury residences, Taj Wellington Mews, Chennai.
- **Ginger:** The brand now has a portfolio of 85 hotels across 50 cities, including 28 under development. With its refurbished hotels and new openings under the Lean Luxe model, the brand is well-poised to harness the opportunities offered by a new normal. Ginger has achieved close to 95% of its pre-pandemic business in FY22, which was aided by a good recovery in accommodations, increased revenue from its new food and beverage outlets, and increased fees from the managed properties.
- **amā Stays & Trails:** This is a homestay brand preferred by families for exclusive and extended stays over conventional hotels. The demand for homestays has been increasing since the successive lifting of lockdown restrictions. IHCL opened 27 properties under amā Stays & Trails in the current year taking the portfolio to 80 bungalows including 47 bungalows in operation and 33 in the pipeline.
- **Qmin:** IHCL's culinary and food delivery platform is present in 20 cities, delivering via the Qmin app and has an offline presence through Qmin Shops, Qmin QSR and Qmin food trucks.
- **The Chambers:** India's first exclusive business club with a presence across eight landmark Taj hotels in India, Dubai, London and one in New York in the pipeline consolidated its member base.
- **IHCL** has a room inventory of 20,850 which is the largest in the industry as compared to EIH (4500) and Lemon Tree (8,500). We expect IHCL would get strong operating leverage in the industry with improvements in realizations and occupancies.

Exhibit 7: IHCL Rooms Inventory (FY22) - 20,580



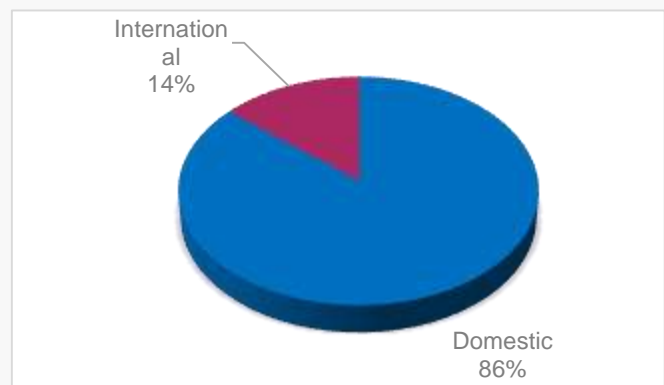
Source: company, Axis Securities Research,

Exhibit 8: Group Inventory by Contract Type: IHCL (Standalone) is earning ~70%-80% EBITDA margins in the management contracts.



Source: company, Axis Securities Research,

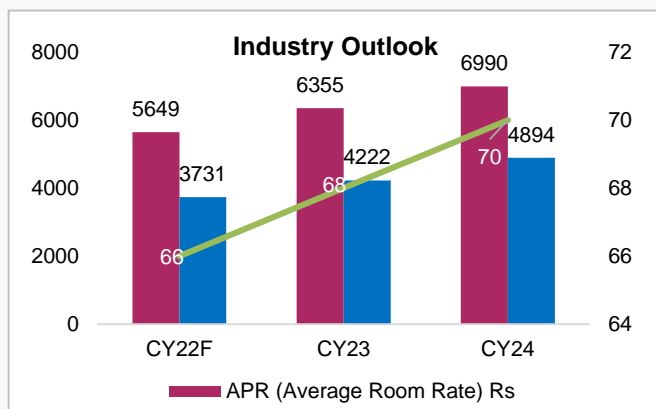
Exhibit 9: Group Inventory by Geography: Management contracts comprise 46% of the portfolio. IHCL is eying for a 50:50 ratio in the upcoming years.



Indian hospitality and tourism industry at cusp of a turnaround

With the increasing momentum of the vaccination drive, travel demand has gradually started improving in the country. Declining COVID cases and easing travel restrictions across the country, along with the pent-up travel demand is leading to the revival of the industry. We expect a strong recovery in the Indian Travel & Tourism industry driven by 1) Easing supply-side constraints that would improve Rev PAR and occupancies, 2) Release of pent-up demand in domestic leisure travel, extended stays, weddings, and social events, 3) Government delegations, and 4) Spiritual and Medical tourism. Furthermore, the opening of economic activities has increased international travel, improving occupancies in the upcoming quarters.

Exhibit 10: Occupancies: According to HVS Anarock, occupancy and ARR is expected to return to Pre-COVID levels by the end of CY22 and by mid-CY23, respectively

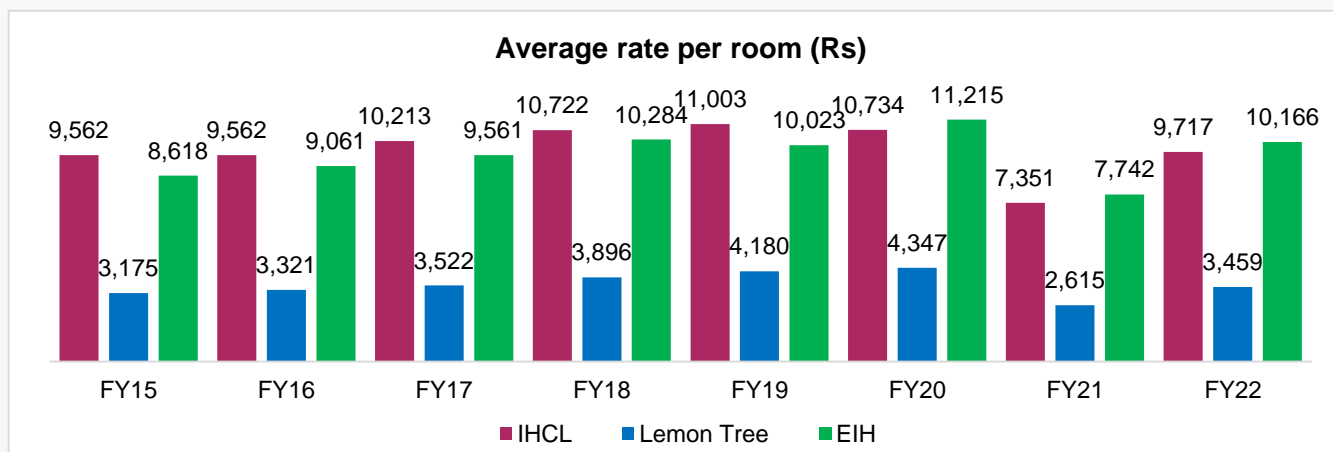


Source: company, Axis Securities Research, Hotelivate, HVS Anarock

Exhibit 11: Supply-side Constraint: We expect a demand CAGR of 6.5% vs. Supply of 5.1% over FY20-FY26E.

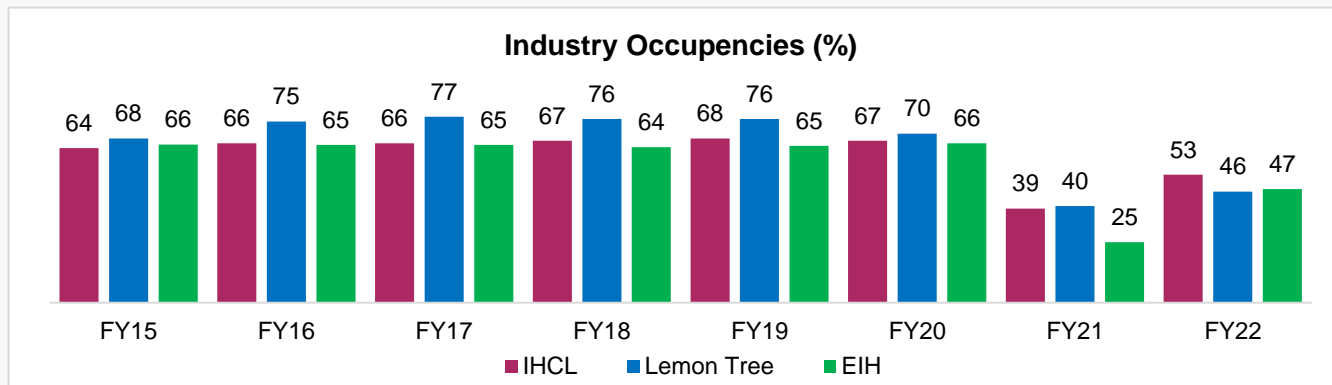
	FY16 (K)	FY26 (K)	CAGR %
New Delhi	14.1	15.7	1.08%
Mumbai	13	16.3	2.29%
Bengaluru	11.5	18.7	4.98%
Chennai	7.5	10.3	3.22%
Hyderabad	5.9	7	1.72%
Goa	5.5	9.3	5.39%
Pune	6.1	7.5	2.09%
Gurugram	5.1	7.6	4.07%
Jaipur	4.9	7.2	3.92%
Kolkata	2.7	5	6.36%
Top 10 Market	76.3	104.6	3.20%

Exhibit 12: The average Rate per Room (ARR) has reached pre-covid levels due to the release of pent-up demand in domestic leisure travel, extended stays, weddings, social events, and government delegations.



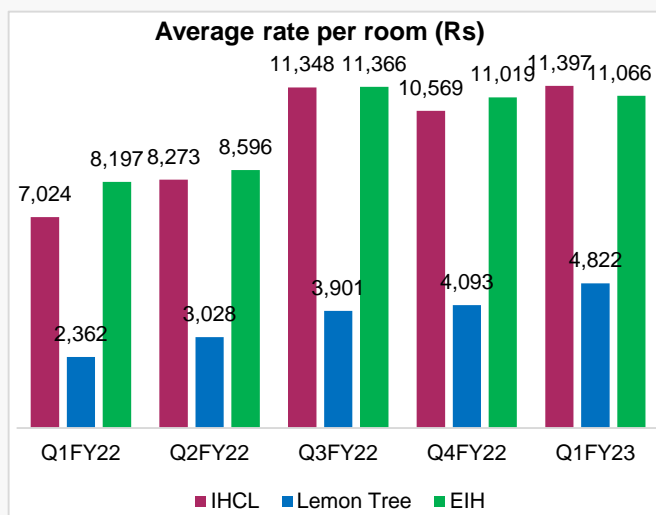
Source: company, Axis Securities Research,

Exhibit 13: Industry Occupancies are improving after the pandemic levels and further have scope to go up with the increase in demand in upcoming quarters.



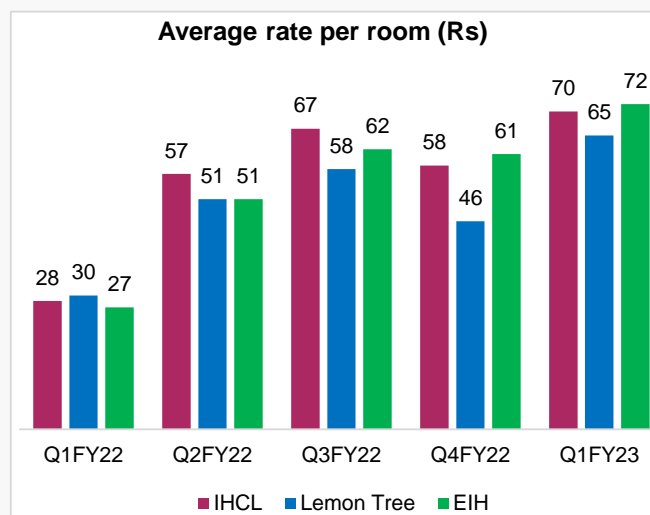
Source: company, Axis Securities Research,

Exhibit 14: The average rate per Room is improving from the last 6 quarters. IHCL realizations have outpaced the industry realizations.



Source: company, Axis Securities Research,

Exhibit 15: Occupancies are improving continuously for the last 6 quarters. They have approached pre-pandemic levels.



Strategic Initiatives to augment sustainable revenue growth and margins

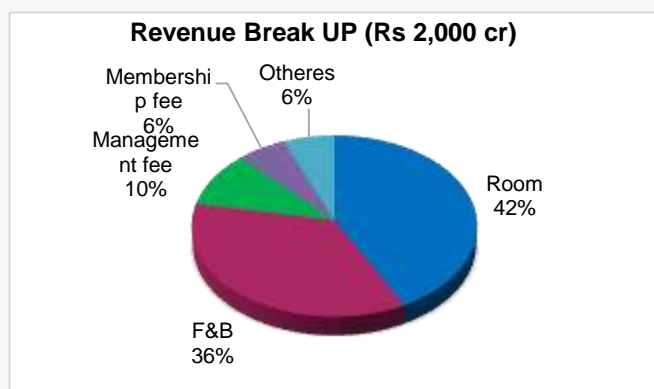
IHCL's Hotel and F&B segments contribute the majority of revenue (70%) to the business which is cyclical in nature and the company enjoys ~25% EBITDA margins during the peak of the business. Moreover, IHCL's new successfully developed new businesses like Management fees, The Chambers, Qmin, and Ama, among others are enjoying much superior EBITDA margins in the range of ~70%-80%. We expect new businesses to add 40%-50% of absolute EBITDA in the next two years which is less cyclical in nature. We expect the company to deliver ~35% of EBITDA margins driven by operational leverage in Room & F&B business, new businesses having high margins, and an increase of management contracts in overall room inventory in FY24E and FY25E as the management's endeavour to achieve such margins under the strategy "Ahvan" 2025.

IHCL reported an ARR of Rs 9,717 and occupancies of 53% for FY22. We believe occupancies could reach 70% similar to historical levels in FY24E and FY25E owing to higher demand led by easing supply-side constraints, releasing pent-up domestic leisure travel as well as extended stays, wedding, social events, and government delegations. Management Fees Rooms comprise 42% of overall room inventory (20,580 Number) which is expected to reach 50:50 proportion in the next 2 years. New businesses comprising The Chambers, Qmin, Ama, etc are likely to add revenue in proportion to other businesses. We expect IHCL's standalone revenue to report growth of 25.7% CAGR over FY22-FY25E.

Under Ahvan strategy 2025, IHCL's management is targeting to increase revenue from Management Fees to Rs 400 Cr from its current revenue of Rs 231 Cr. The Chambers business could add 3,000+ members and deliver revenue of Rs 150 Cr from current members (2,400+) and revenue of Rs 85 Cr. Currently, Qmin and Ama reported revenue of Rs 66 Cr and Rs 48 Cr and have huge potential to grow further. The margins in the new businesses are higher than the Room business.

Ginger comprises 3,668 rooms and the company expects to add additional 3,500 incremental rooms in the next three years on a management fee basis. We expect Ginger could add ~Rs 225 Cr of revenue in FY24E.

Exhibit 16: IHCL's (Standalone) Hotel and F&B segments contribute the majority of revenue (70%) to the business which is cyclical in nature and the company enjoys ~25% EBITDA margins during the peak of the business.



Source: company, Axis Securities Research,

Exhibit 17: IHCL's (Standalone) new successfully developed new businesses like Management fees, The Chambers, Qmin, and Ama, among others are enjoying much superior EBITDA margins in the range of ~70%-80%.

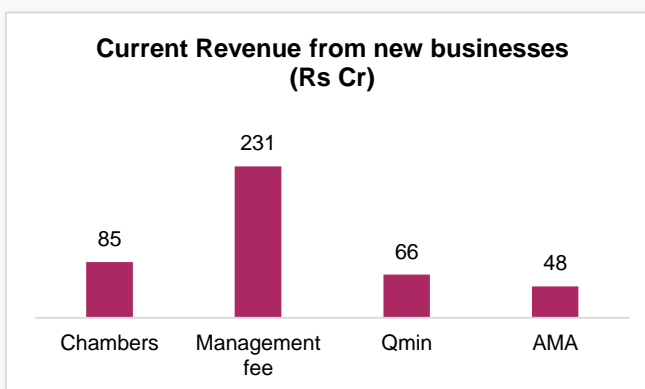
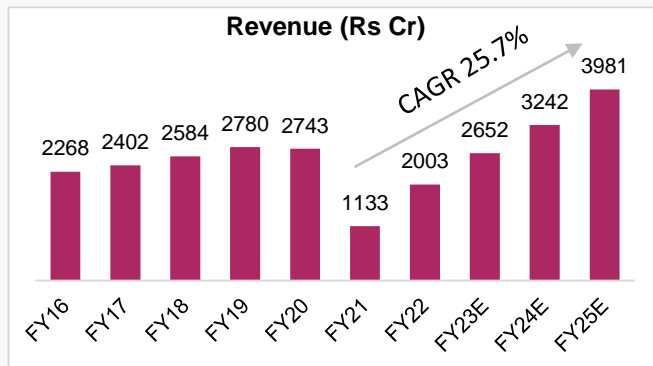
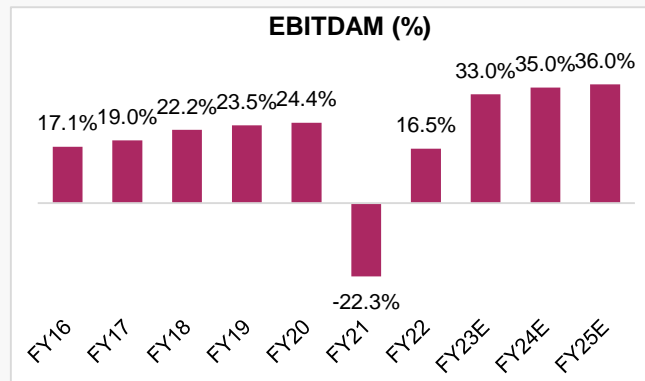


Exhibit 18: IHCL reported an ARR of Rs 9,717 and occupancies of 53% for FY22 respectively while we believe occupancies could reach 70% similar to historical levels in FY24E. Management Contracts are expected to reach 50:50 proportion in the next 2 years. New businesses like The Chambers, Qmin, Ama etc. could add revenue which is in proportion to other businesses. We expect IHCL's standalone revenue to CAGR 25.7% for FY22-FY25E.



Source: company, Axis Securities Research,

Exhibit 19: We expect the company could deliver ~35% of EBITDA margins based on operational leverage in Room & F&B business, new businesses with high margins and an increase of management contracts in overall room inventory in FY24E and FY25E as management's endeavour to achieve such margins under the strategy "Ahvan" 2025.



Strong Cash flow Generation to the tune of ~50%-60% of operating profit

We expect IHCL to generate FCFF of Rs 1,000 -15,00 Cr per year after incurring a minimal Capex of Rs 400 Cr per year over the next 3 years. The company could incur a Capex on maintenance, Ginger Santa Cruz, and the Kevadia which could be 10% of the overall Capex. We expect IHCL's RoIC to improve to ~13.2% (Standalone RoIC 24%) in FY24E.

IHCL's RoIC has been dragged by two major investments – Searock investment and international subsidiaries. IHCL is looking for a strategic partner to offload a stake in Searock Investment while the company is on track to monetize a few international assets. We expect both these steps to improve the company's RoIC in the next 2-3 years.

IHCL remains focused on restructuring the balance sheet by managing assets, monetizing non-core assets and maintaining a healthy capital structure. It shall continue its unwavering focus on profitability and healthy returns on capital employed armed with a strong balance sheet to realize future growth.

In terms of monetization simplification, IHCL is looking at a Rs 1,000 Cr target up to FY25E-FY26E. These consist of a mix of land banks, hotels which are not in strategic locations and some sales of some investments. IHCL put money in St. James Court to bring down the debt but through rights issues which allows it to consolidate shareholding because St. James Court happens to be a joint venture with Oriental Hotels and PM Hotels. This enables IHCL to continue consolidating its shareholdings as well. IHCL successfully concluded the rights issue and QIP for close to ~Rs 4,000 Cr. The proceeds of this issue were utilised to repay debt and consolidate the company's strategic investments to simplify its holdings which fortified the balance sheet strength to minimal debt levels.

Exhibit 20: IHCL could generate FCFF of Rs 1,000 -1,500 Cr per year after incurring a minimal Capex of Rs 400 Cr per year over the next 3 years. The company could incur a Capex on maintenance, Ginger Santa Cruz, and the Kevadia which could be 10% of the overall Capex. We expect IHCL's RoIC to improve to ~13.2% (Standalone RoIC 24%) in FY24E.

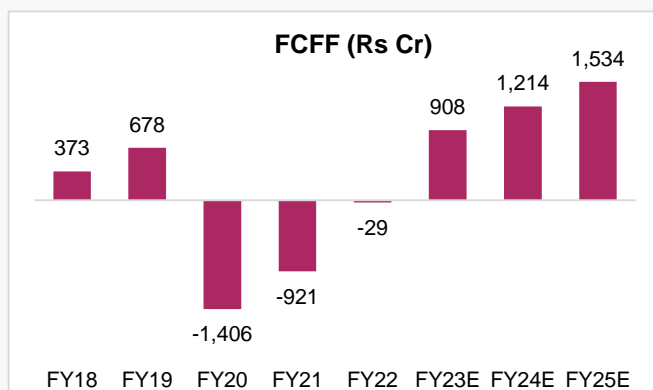
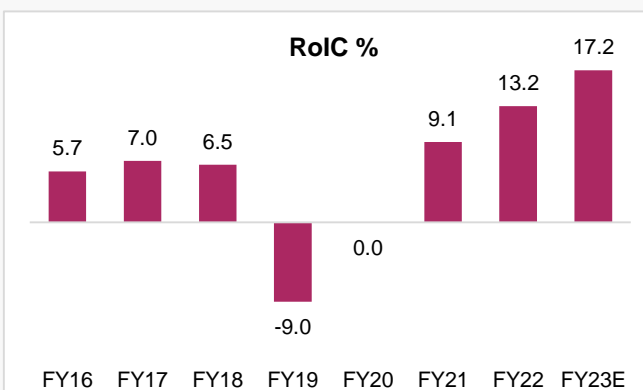


Exhibit 21: IHCL's RoIC was dragged by two major investments – Searock investment and international subsidiaries. IHCL is looking for a strategic partner to offload a stake in Searock Investment while it is on track to monetize a few international assets. We expect these steps to improve the company's RoIC in the next 2-3 years.

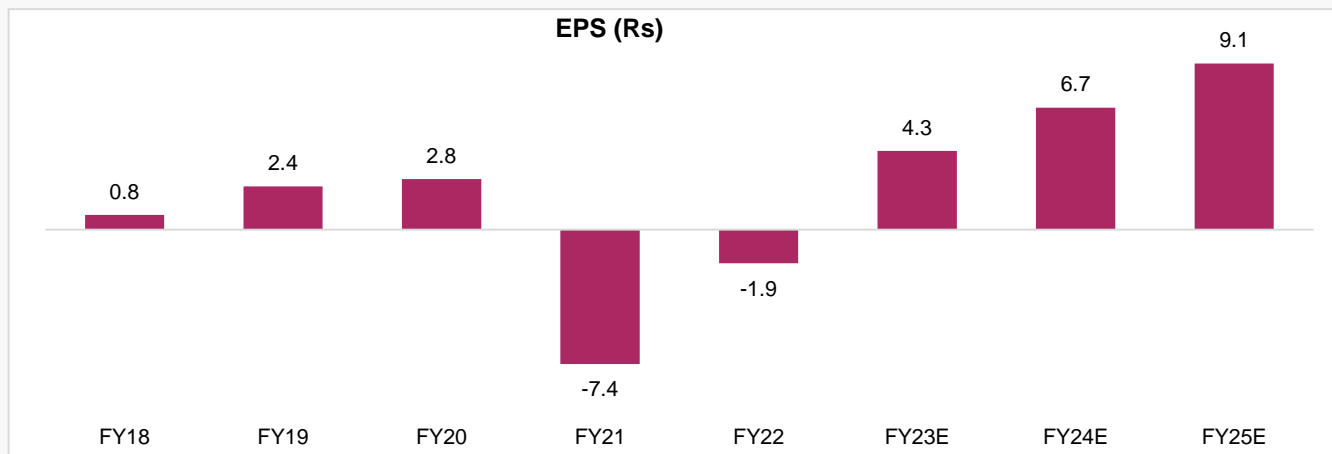


Source: company, Axis Securities Research,

Valuations & Outlook

We initiate coverage on Indian Hotels Company Ltd (IHCL) with a BUY rating and a target price of Rs 360 (EV/EBITDA 26x for FY25E EBITDA), implying an upside of 16% from the current levels.

Exhibit 22: EPS (Rs)



Source: company, Axis Securities Research,

Peers comparison

	CMP (Rs)	Mcap (Rs Cr)	PE (X)				EV/EBITDA (x)				RoE (%)			
			FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
IHCL	310	44,032	(167.3)	71.8	46.2	34.0	115.5	39.0	29.4	23.2	(3.7)	8.1	11.2	13.4
EIH	184	11,500	-36.7	39.1	28.8	25.0	112.2	23.5	17.6	15.5	(2.0)	9.2	11.8	13.0
Lemon Tree	73	5,780	(66.7)	36.7	22.2	22.9	56.3	18.4	15.1	13.0	(10.5)	15.8	16.0	17.0
Chalet Hotels	329	6,790	(164.5)	164.5	32.9	27.4	72.4	27.5	17.5	15.8	(6.0)	3.0	11.0	12.0
Average			(108.8)	78.0	32.5	27.3	89.1	27.1	19.9	16.9	(5.6)	9.0	12.5	13.8

Source: Company, Axis Securities

Robust corporate governance and a deeply experienced management team

Puneet Chhatwal

*Managing Director and
Chief Executive Officer*

- He is a global professional with around four decades of leadership experience at highly acclaimed hotel groups in Europe and North America.
- Under his leadership, IHCL has embarked on a journey of re-imagination to achieve sustainable profitable growth.

Giridhar Sanjeevi

*Executive Vice President
and Chief Financial Officer*

- Giri has built a broad-based career, both finance and commercial, - across multiple businesses - consumer businesses, financial services, retail and pharma - and across multiple geographies - Asia and Europe.

Rohit Khosla

*Executive Vice President
– Operations (North and
West India)*

- Rohit joined IHCL in 1999 as Executive Assistant Manager at the capital's iconic landmark, Taj Palace, New Delhi, and has held several positions within the group since then. Currently, he oversees Hotels in the Northern, Eastern, and Western states of India

Prabhat Verma

*Executive Vice President
– Operations (South India,
International and
Expressions)*

- He joined IHCL in the year 1990 as a Management Trainee and has held key positions like General Manager of Taj Malabar, Cochin, and Taj Coromandel, Chennai.
-

Key Risks & Mitigation

- **A slowdown in India's economic growth** could hurt the hospitality business, affecting both operational and financial performance.
Mitigation Step - Awareness and scanning of environment, Strategic Initiatives
- **A new variant/ rise in the spread of COVID-19 cases**, indicating the fourth wave may have a large-scale impact on the economy leading to subdued demand for hotel rooms.
Mitigation Step - Initiatives introduced for the pandemic that continue to support revenues
- **Inflation amplified by increasing fuel prices** - Risk of multiple commodity prices going up due to increasing fuel prices.
Mitigation Step - Development of alternate energy sources, suppliers and equipment
- **Talent acquisition/development to match the pace of property acquisitions** - Need to acquire, develop and retain talent of right caliber.
Mitigation Step: Career and succession planning process, Focused development of talent in critical roles and Partnership with global business schools
- **Inadequate returns from investments** - Risks of not generating sufficient return from investments in overseas hotels and greenfield projects
Mitigation Step: Focused monitoring of business performance

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	1,575	3,056	4,051	4,781	5,722
Growth (%)	-64.7%	94.0%	32.5%	18.0%	19.7%
Total Expenditure	1,937	2,651	2,868	3,246	3,836
Raw Material Consumed	144	257	351	415	498
Gross margins (%)	90.9%	91.6%	91.3%	91.3%	91.3%
Employee Expenses	894	1,150	1,195	1,317	1,525
% of sales	56.8%	37.6%	29.5%	27.5%	26.7%
Other Expenses	899	1,244	1,323	1,515	1,814
% of sales	57.1%	40.7%	32.7%	31.7%	31.7%
EBIDTA	-362	405	1,183	1,535	1,886
EBITDAM (%)	-23.0%	13.2%	29.2%	32.1%	33.0%
Depreciation	410	406	406	411	422
% of GB	3.9%	3.7%	3.6%	3.5%	3.5%
EBIT	-771	-1	777	1,124	1,463
EBITM (%)	-49.0%	0.0%	19.2%	23.5%	25.6%
Interest	403	428	249	199	149
Other Income	325	171	225	271	325
Share of P/L of Associates	-101	-43	50	58	66
PBT	-1,035	-299	804	1,253	1,705
Tax Rate (%)	15.0%	12.0%	23.7%	24.0%	24.0%
Tax	-155	-36	191	301	409
Reported PAT	-880	-263	613	952	1,296

Source: company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY21	FY22	FY23E	FY24E	FY25E
Share Capital	119	142	142	142	142
Reserves & Surplus	3,530	6,920	7,464	8,336	9,542
Net Worth	3,648	7,062	7,606	8,478	9,684
Total Loan funds	5,518	3,888	2,488	1,988	1,488
Deferred Tax Liability	78	88	88	88	88
Long Term Provisions	92	95	95	95	95
Other Long Term Liability	42	40	40	40	40
Capital Employed	11,513	13,090	12,493	13,172	14,271
Gross Block	10,485	10,870	11,270	11,670	12,070
Less: Depreciation	2,048	2,454	2,860	3,271	3,694
Net Block	8,438	8,415	8,410	8,398	8,376
Investments	449	902	902	902	902
Sundry Debtors	220	255	333	393	470
Cash & Bank Bal	154	1,188	397	857	1,682
Loans & Advances	17	6	6	6	6
Inventory	93	101	133	157	188
Other Current Assets	222	221	243	287	343
Total Current Assets	2,948	1,964	2,203	2,485	2,848
Curr Liab & Prov	1,154	2,674	2,015	2,603	3,593
Net Current Assets	-1,794	710	-189	118	744
Total Assets	11,513	13,090	12,493	13,172	14,271

Source: company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY21	FY22	FY23E	FY24E	FY25E
PBT	(1,035)	(299)	804	1,253	1,705
Add: depreciation	410	406	406	411	422
Add: Interest	403	428	249	199	149
Cash flow from operations	(223)	535	1,458	1,863	2,276
Change in working capital	144	187	(40)	(52)	(67)
Taxes	(155)	(36)	191	301	409
Net cash from operations	(212)	383	1,308	1,614	1,934
Capital expenditure	(709)	(412)	(400)	(400)	(400)
Net cash from investing	(766)	(896)	(400)	(400)	(400)
Increase/Decrease in debt	1,328	(1,630)	(1,400)	(500)	(500)
Dividends	(59)	(60)	(70)	(80)	(90)
Proceedings from equity	0	23	0	0	0
Interest	(403)	(428)	(249)	(199)	(149)
Others	(50)	3,642	20	25	30
Net cash from financing	816	1,547	(1,699)	(754)	(709)
Net Inc./(Dec.) in Cash	(162)	1,034	(791)	460	825
Opening cash balance	316	154	1,188	397	857
Closing cash balance	154	1,188	397	857	1,682

Source: company, Axis Securities

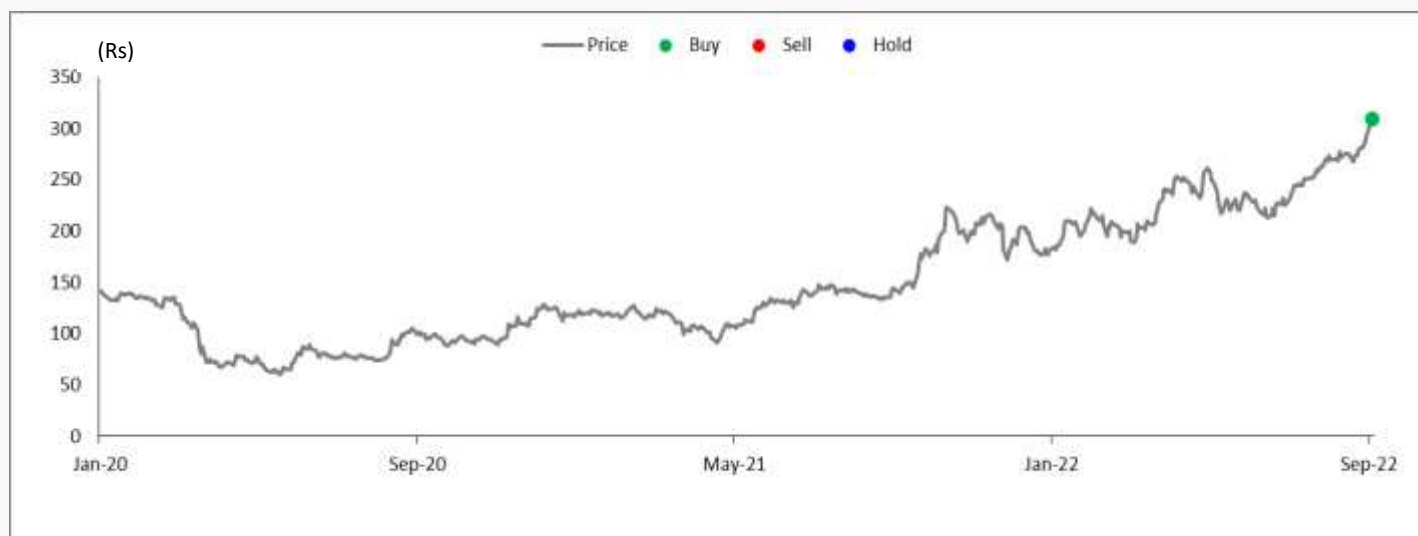
Ratio Analysis

(%)

Y/E March	FY21	FY22	FY23E	FY24E	FY25E
Sales growth	(64.7)	94.0	32.5	18.0	19.7
OPM	(23.0)	13.2	29.2	32.1	33.0
Oper. profit growth	(138.3)	(211.9)	192.3	29.7	22.9
COGS / Net sales	9.1	8.4	8.7	8.7	8.7
Overheads/Net sales	113.8	78.3	62.1	59.2	58.3
Depreciation / G. block	3.9	3.7	3.6	3.5	3.5
Effective interest rate	15.0	12.0	23.7	24.0	24.0
Net wkg.cap / Net sales	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)
Net sales / Gr block (x)	0.2	0.3	0.4	0.4	0.5
RoCE	(9.0)	(0.0)	9.1	13.2	17.2
Debt / equity (x)	1.5	0.6	0.3	0.2	0.2
Effective tax rate	15.0	12.0	23.7	24.0	24.0
RoE	(24.1)	(3.7)	8.1	11.2	13.4
Payout ratio (Div/NP)	49.6	42.2	49.3	56.3	63.4
EPS (Rs.)	(7.4)	(1.9)	4.3	6.7	9.1
EPS Growth	(365.8)	(70.1)	(333.1)	55.2	36.1
CEPS (Rs.)	(4.0)	1.0	7.2	9.6	12.1
DPS (Rs.)	0.5	0.4	0.5	0.6	0.6

Source: company, Axis Securities

Indian Hotels Price Chart and Recommendation History



Date	Reco	TP	Research
06-Sep-22	BUY	360	Initiating Coverage

Source: Axis Securities

About the analyst**Analyst:** Ankush Mahajan**Contact Details:** ankush.mahajan@axissecurities.in**Sector:** Midcaps/ Pharma Sector**Analyst Bio:** Ankush Mahajan is MBA (Finance) from SMVDU with over 12 years of research experience in the Midcaps/ Pharma Sector**Disclosures:**

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