

Indian Hotels (IH) - ADD

Result Update

Current Market Price (CMP)

Rs.716

Target Price

Rs.860

Rationale:

- IHCL continued to deliver a strong performance in Q3FY25.
- Q3FY25: Strong ARR growth and consolidation of TajSATS aid earnings growth.
- Operational portfolio of 25,935 keys to be supplemented by 17,664 incremental keys.
- Management expects the healthy momentum to sustain in Q4FY25 and beyond.
- We expect earnings per share to grow by 33.5% in FY26E and by 25.8% in FY27E.
- We maintain ADD with a revised SoTP-based FV of Rs860/share (from Rs800/share).

Q3FY25 Earnings update:

Positives:

- Better-than-expected consolidated revenue of Rs2,533 cr (29% yoy, 39% qoq).
- EBITDA of Rs962 cr (31% yoy, 92% qoq), yielded healthy margins of 38%.
- Standalone ARR: 11% yoy growth to Rs20,440/day, 4% ahead of our estimate.
- IHCL had a net cash balance of Rs2,820 cr, as of December 2024.

Negatives:

- Chennai (4% yoy) saw weak ARR growth, while Goa (2% yoy) was impacted by renovation at the Taj Holiday Village.

(EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization; ARR – Average Room Rate; SoTP: Sum of the Parts; FV: Fair Value)

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For detailed report dated 19th Jan 2025. Note: CMP & valuation may differ due to difference in dates.



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