

Week Gone

- ⇒ In the week ended on Friday, 4 March 2022, the S&P BSE Sensex lost 1,524.71 points or 2.73% to settle at 54,333.81. The Nifty 50 index dropped 413.05 points or 2.48% to settle at 16,245.35.
- ⇒ The BSE Mid-Cap index fell 2.35% to settle at 23,771.95.
- ⇒ The BSE Small-Cap index lost 0.62% to settle at 26286.66.

Week Ahead

- ⇒ Market may remain highly volatile due to the Russia-Ukraine crisis.
- ⇒ On the economic front, India's industrial production data for January will be unveiled on 11 March 2022.
- ⇒ India's manufacturing production data for January 2022 will also be declared on the same day.

Technical Overview

Index opened the week on a negative note and witnessed selling pressure in last 2 session of the weeks, ending the week near weekly low with loss 2.48% at 16245. Going ahead index has an important support around 16150, failure to defend the support will open the gate for 15900-15700. While on the other hand resistance is seen at 16400-16600.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

| Index | 04-Mar-22 | 25-Feb-22 | Weekly % Chg |
|------------------|-----------|-----------|--------------|
| Nifty 50 | 16,245.4 | 16,658.4 | -2.5 |
| Nifty Next 50 | 39,042.3 | 39,609.4 | -1.4 |
| Nifty 100 | 16,482.9 | 16,872.4 | -2.3 |
| Nifty 500 | 13,893.2 | 14,187.4 | -2.1 |
| NIFTY MIDCAP 100 | 27,517.1 | 27,953.3 | -1.6 |
| S&P BSE SENSEX | 54,333.8 | 55,858.5 | -2.7 |
| S&P BSE 100 | 16,513.8 | 16,898.0 | -2.3 |
| S&P BSE 200 | 7,027.4 | 7,187.0 | -2.2 |
| S&P BSE 500 | 22,087.9 | 22,551.9 | -2.1 |
| S&P BSE MidCap | 22,618.6 | 23,162.5 | -2.3 |
| S&P BSE SmallCap | 26,286.7 | 26,450.4 | -0.6 |

WORLD INDICES

| Index | 04-Mar-22 | 25-Feb-22 | Weekly % Chg |
|-----------------------|-----------|-----------|--------------|
| Nikkei Index | 25,985.5 | 26,476.5 | -1.9 |
| Hang Seng Index | 21,905.3 | 22,767.2 | -3.8 |
| Kospi Index | 2,713.4 | 2,676.8 | 1.4 |
| Shanghai SE Composite | 3,447.7 | 3,451.4 | -0.1 |
| Strait Times Index | 3,226.8 | 3,294.5 | -2.1 |
| Dow Jones | 33,614.8 | 34,058.8 | -1.3 |
| NASDAQ | 13,313.4 | 13,694.6 | -2.8 |
| FTSE | 6,987.1 | 7,489.5 | -6.7 |

FOREX

| Currency | 04-Mar-22 | 25-Feb-22 | Weekly % Chg |
|---------------------|-----------|-----------|--------------|
| US\$ (Rs.) | 76.5 | 75.0 | 2.0 |
| GBP (Rs.) | 101.0 | 100.6 | 0.4 |
| Euro (Rs.) | 83.4 | 84.5 | -1.3 |
| Yen (Rs.) 100 Units | 66.7 | 64.0 | 4.2 |

NIFTY TOP GAINERS (WEEKLY)

| Scrip | 04-Mar-22 | 25-Feb-22 | Weekly % Chg |
|------------|-----------|-----------|--------------|
| Coal India | 181.0 | 150.0 | 20.7% |
| GAIL India | 155.5 | 129.8 | 19.8% |
| Tata Steel | 1277.1 | 1074.0 | 18.9% |
| UPL | 713.8 | 632.3 | 12.9% |
| Hindalco | 583.8 | 517.7 | 12.8% |

FII - ACTIVITY

(INR. Cr.)

| Date | Purchases | Sales | Net |
|------------|-----------------|-----------------|------------------|
| 04-Mar-22 | 5,996.3 | 13,627.3 | -7,631.0 |
| 03-Mar-22 | 7,153.4 | 13,798.1 | -6,644.7 |
| 02-Mar-22 | 12,971.7 | 17,310.6 | -4,338.9 |
| 28-Feb-22 | 14,629.7 | 18,578.1 | -3,948.5 |
| MTD | 40,751.0 | 63,314.1 | -22,563.1 |

NIFTY TOP LOSERS (WEEKLY)

| Scrip | 04-Mar-22 | 25-Feb-22 | Weekly % Chg |
|---------------------|-----------|-----------|--------------|
| Maruti Suzuki | 7247.3 | 8210.2 | -11.7% |
| Asian Paints | 2738.2 | 3069.1 | -10.8% |
| Eicher Motors | 2339.3 | 2617.2 | -10.6% |
| Mahindra & Mahindra | 732.3 | 795.8 | -8.0% |
| Hero MotoCorp | 2311.3 | 2490.4 | -7.2% |

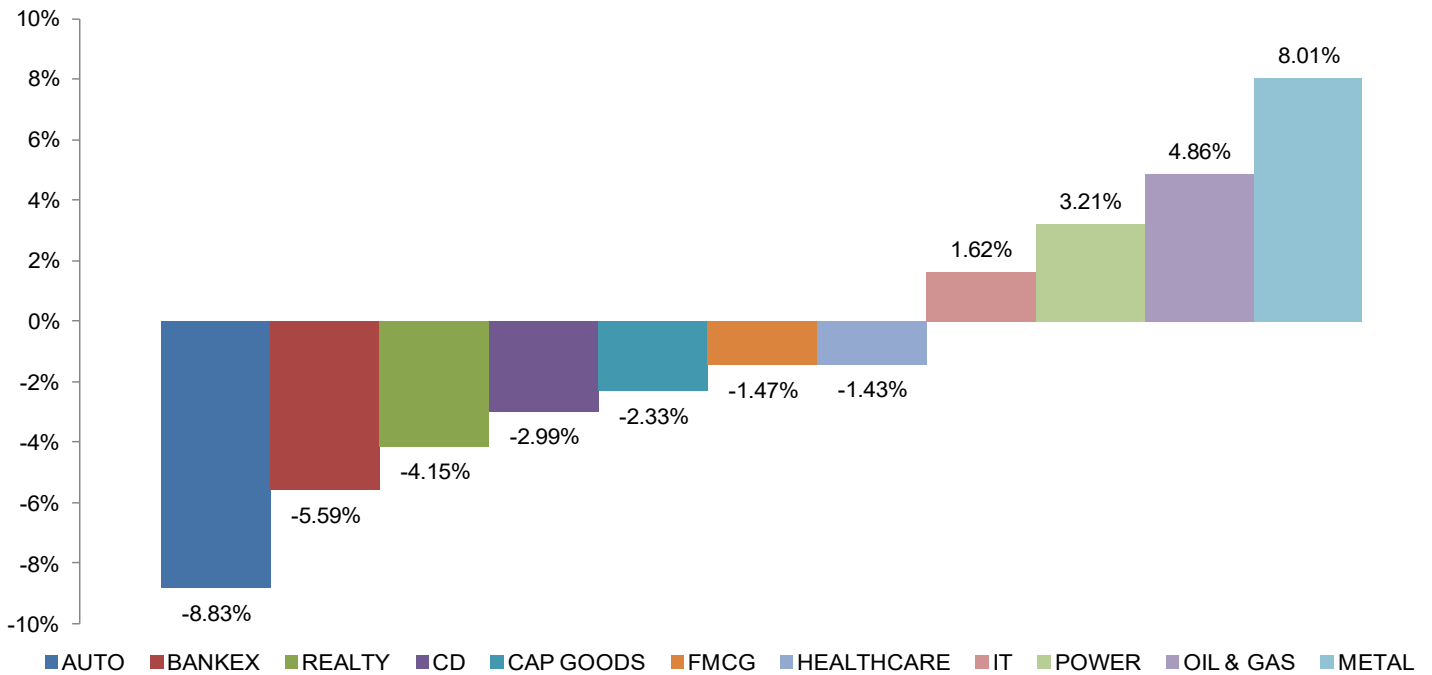
DII - ACTIVITY

(INR. Cr.)

| Date | Purchases | Sales | Net |
|------------|-----------------|-----------------|-----------------|
| 04-Mar-22 | 11,668.7 | 6,929.7 | 4,739.0 |
| 03-Mar-22 | 11,803.4 | 7,004.1 | 4,799.2 |
| 02-Mar-22 | 10,264.6 | 7,202.9 | 3,061.7 |
| 28-Feb-22 | 9,128.6 | 4,985.8 | 4,142.8 |
| MTD | 42,865.3 | 26,122.5 | 16,742.8 |

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

| SCRIP NAME | 25/02/22 | 04/03/22 | Weekly % Chg | 25/02/22 | 04/03/22 | Weekly % Chg |
|------------|-------------------|----------|--------------|---------------|----------|--------------|
| | Share Price (Rs.) | | | Open Interest | | |
| RAMCOCEM | 778.5 | 735.0 | -5.6 | 1395700 | 2260150 | 61.9 |
| ULTRACEMCO | 6569.6 | 6051.9 | -7.9 | 1954900 | 3070200 | 57.1 |
| UBL | 1505.0 | 1342.8 | -10.8 | 827400 | 1202250 | 45.3 |
| BIOCON | 395.3 | 329.0 | -16.8 | 12275100 | 17555900 | 43.0 |
| DALBHARAT | 1579.7 | 1406.5 | -11.0 | 520750 | 744000 | 42.9 |

TOP OPEN INTEREST LOSERS (WEEKLY)

| SCRIP NAME | 25/02/22 | 04/03/22 | Weekly % Chg | 25/02/22 | 04/03/22 | Weekly % Chg |
|------------|-------------------|----------|--------------|---------------|-----------|--------------|
| | Share Price (Rs.) | | | Open Interest | | |
| MCX | 1264.1 | 1268.2 | 0.3 | 1920800 | 1584100 | -17.5 |
| APOLLOHOSP | 4628.5 | 4743.6 | 2.5 | 2558750 | 2128250 | -16.8 |
| ITC | 214.3 | 225.4 | 5.2 | 160348800 | 133862400 | -16.5 |
| GAIL | 131.5 | 151.4 | 15.1 | 28609000 | 24040100 | -16.0 |
| MCDOWELL-N | 882.3 | 825.7 | -6.4 | 15238750 | 13002500 | -14.7 |

Company Background

Incorporated in 1902 by Jamshed N. Tata, Indian Hotels Company Limited (IHCL) is India's leading hotel company. IHCL has been redefining hospitality over the past 117 years. At a consolidated level, the company operates 171+ hotels consisting of 19,920 rooms across four continents, 12 countries, and 100+ cities. IHCL has a portfolio of economy, upscale, and luxury brands through 'Taj Hotels, Resorts and Palaces', 'Vivanta by Taj', 'SeleQtions', 'AMA' and 'Ginger'. IHCL has strengthened its presence and operations across India and selected overseas destinations over time. The group also has a presence in air catering, spas, wildlife lodges and service apartments.

Investment Rationale

Widespread portfolio across segments with a geographically diversified presence

As of Q3FY22, IHCL has a vast room inventory of 27,900+ rooms (incl pipeline) spread across 88 locations in India and is present in other geographies such as the USA, Middle East, Africa and the UK. Owing to its geographical diversification, the company's operations do not get impacted to a larger extent due to any unforeseen circumstances or region-specific risks. Further, the company is present across various segments through its different brands, Taj (luxury), Vivanta (upscale) and Ginger (economy). In addition to the revenue generated as room income, revenue is earned from other avenues such as Food & Beverages(F&B), management fees, membership fees, etc. Going ahead, IHCL's management aims at opening more than one hotel per month and +1700 rooms across domestic and international destinations in the year going forward.

Strong parentage with improved financial performance

Being a part of the USD 150Bn+ Tata group, IHCL enjoys strong support from its key promoter Tata Sons Private Limited (TSPL). Further, Tata is well known for its values and has strong brand equity. The group has operations in more than 100 countries across 6 continents, and its companies export products and services to 85 countries. On the financial front, IHCL has taken structural cost optimization measures, and in Q3FY22 vs Q3FY20, total expenditure, fixed costs and corporate overheads have reduced 17%,15%,23%, respectively. The occupancy in domestic hotel segment was at 66% and 67% in the leisure and non-leisure segment in Q3FY22(inching towards the pre-COVID levels). IHCL is currently focusing on ROCE acceleration through operating on an asset-light business model, focusing on free cash flow and asset monetization.

Valuation Outlook

IHCL is one of the largest hotel chains in India, with a diverse brand portfolio and an extensive global footprint. Though the hospitality industry as a whole was hit with the pandemic caused disruptions, IHCL has bounced back strongly due to its asset-light model, new revenue-generating avenues, improved occupancies and the cost rationalization effort. Going ahead, the company has a huge expansion pipeline in process and is focusing on leveraging its premium brand image under "Taj". We are optimistic about the company's ability to increase its profits keeping in mind the COVID related relaxations leading to an increase in leisure travel and business travel. On the valuation front, we valued the company based on 21x FY24E EV/EBITDA and arrive at a target price of INR 243 (28% upside from CMP 190) with a 12 months investment horizon.

Stock Rating

| BUY | HOLD | SELL |
|-------|------------|-------|
| > 15% | -5% to 15% | < -5% |

Sector Outlook

Positive

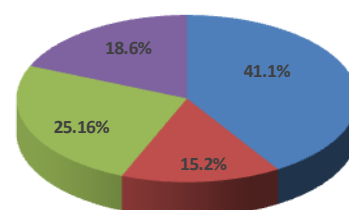
Stock

| | |
|---------------------|----------|
| CMP (INR) | 190 |
| Target Price (INR) | 243 |
| NSE Symbol | INDHOTEL |
| BSE Code | 500850 |
| Bloomberg | IH IN |
| Reuters | IHTL.BO |
| Nifty | 16,245 |
| 52WeekH/L(INR) | 230/90 |
| O/s Shares (Mn) | 1,321 |
| Market Cap (INR bn) | 251 |
| Face Value (INR) | 1 |

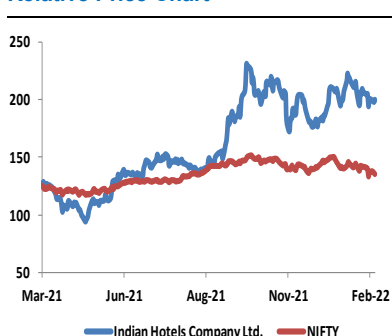
Average volume

| | |
|----------|-----------|
| 3 months | 6,717,430 |
| 6 months | 9,166,110 |
| 1 year | 6,620,090 |

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

| YE March (Rs. millions) | FY19 | FY20 | FY21 | FY22E | FY23E | FY24E |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 45,120 | 44,631 | 15,752 | 30,637 | 48,161 | 54,181 |
| <i>Revenue Growth (Y-o-Y)</i> | 10.0% | (1.1%) | (64.7%) | 94.5% | 57.2% | 12.5% |
| EBIDTA | 8,297 | 9,675 | -3,618 | 4,534 | 13,100 | 16,850 |
| <i>EBIDTA Growth (Y-o-Y)</i> | 23.8% | 16.6% | (137.4%) | (225.3%) | 188.9% | 28.6% |
| Net Profit | 2,868 | 3,544 | -7,201 | -3,125 | 4,142 | 6,935 |
| <i>Net Profit Growth (Y-o-Y)</i> | 184.3% | 23.6% | (303.2%) | (56.6%) | (232.5%) | 67.4% |
| Diluted EPS | 2.2 | 2.7 | (5.5) | (2.4) | 3.1 | 5.2 |
| <i>Diluted EPS Growth (Y-o-Y)</i> | 184.3% | 23.6% | (303.2%) | (56.6%) | (232.5%) | 67.4% |

Key Ratios

| | | | | | | |
|--------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| EBIDTA margin (%) | 18.4% | 21.7% | -23.0% | 14.8% | 27.2% | 31.1% |
| NPM (%) | 6.4% | 7.9% | -45.7% | -10.2% | 8.6% | 12.8% |
| RoE (%) | 6.6% | 8.1% | -19.7% | -9.5% | 11.4% | 16.2% |
| RoCE (%) | 12.4% | 13.9% | -5.0% | 7.6% | 21.2% | 26.6% |

Valuation Ratios

| | | | | | | |
|-------------------------|--------------|--------------|---------------|---------------|--------------|--------------|
| P/E (x) | 87.5x | 70.8x | -34.9x | -80.3x | 60.6x | 36.2x |
| EV/EBITDA | 32.8x | 28.3x | -79.0x | 61.0x | 20.9x | 15.8x |
| P/BV (x) | 5.8x | 5.8x | 6.9x | 7.6x | 6.9x | 5.9x |
| Market Cap. / Sales (x) | 5.6x | 5.6x | 15.9x | 8.2x | 5.2x | 4.6x |

Source: Company, BP Equities Research



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