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Strong Q2FY27; Guidance upgrade reinforces confidence

About the stock: Indian Hotels Company (IHCL) and its subsidiaries bring together a group of brands and businesses that offer fusion of warm Indian hospitality and world class services. It has 390 operational hotels and 280 hotels under development.

Q2FY27 performance: IHCL reported consolidated revenue growth of 21.7% YoY to Rs.2484cr led by 26% YoY growth in Standalone revenues. Standalone RevPAR stood at Rs.13680 growing by 28% YoY led by 700bps YoY expansion in occupancy and mid-teens ADR growth. Consolidated EBITDA margins expanded by 47bps YoY to 28.4% and EBITDA grew by 24% YoY to Rs.705.8cr. Adjusted PAT grew by 20.3% YoY to Rs.382.3cr in Q2FY27.

Investment Rationale:

- **FY27 Revenue guidance revised upwards by 300bps to 15-17%:** IHCL's consolidated revenues grew 18% YoY in H1FY27, driven by 22% growth in standalone revenues and 19.8% growth in subsidiaries. Domestic performance was supported by strong leisure demand in Q1 and MICE-led traction in Q2. H2FY27 demand is expected to benefit from MICE events, alongside concerts, sporting events and ~40 wedding dates aiding F&B revenues. 30+ hotel openings, acquisition ramp-ups and renovation-led pricing power should complement LFL growth in H2FY27. International business recovery offers further upside, with London recording double-digit growth in October, San Francisco expected to recover fully over the next quarter and New York performing well. Management fee revenues grew ~53% in H1FY27, supported by additions to managed rooms, with further growth expected as the portfolio expands. Hence, management has revised its revenue guidance by 300bps to 15-17% for FY27 (from 12-15% earlier). Further, Management expects FY28 to outperform FY27, driven by acquisition ramp-ups, continued LFL growth, international recovery and 6-7% incremental revenues from Oriental Hotels merger. Management fee revenues are also expected to grow at a 15-20% CAGR ahead. Overall, we expect IHCL's revenues to grow at a CAGR of 13% over FY26-29E to Rs.14,107cr.
- **Asset upgrades, recovery in airline catering and international business to aid margin expansion:** IHCL's consolidated EBITDA margin expanded by 50bps YoY in H1FY27. Standalone margins expanded by 400bps, driven by strong domestic hospitality performance, operating leverage and improved pricing power following asset upgrades. However, subdued performance in Taj SATS and the international portfolio weighed on consolidated margin expansion. In H2FY27, sustained MICE demand, improved leisure travel and higher F&B revenues should support hotel business profitability. Management fee income is expected to grow by 15-20%, while better performance at international portfolio and Taj SATS, should further add to margins. We expect consolidated EBITDA margins to expand by 100bps YoY to 34% in FY27. Over FY26-29E, continued asset upgrades, sustained domestic demand and improving international performance should drive ~200bps margin expansion to ~35% by FY29E.

Rating and Target Price: In view of strong demand for luxury hotels and lower supply in tier I towns, IHCL is well placed to maintain double digit revenue growth momentum ahead. **We recommend Buy with revised price target of Rs.950 (rolling it over to average of FY28E-29E EBITDA; valuing at 29x EV/EBIDTA).**

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Revenues	6768.8	8334.5	9689.2	19.6	11197.0	12600.4	14107.4	13.3
EBIDTA	2157.1	2769.3	3194.7	21.7	3802.6	4370.0	4933.7	15.6
EBIDTA Margins (%)	31.9	33.2	33.0		34.0	34.7	35.0	
Adjusted PAT	1330.2	1794.8	2040.6	23.9	2484.2	2923.3	3362.5	18.1
EPS (Rs.)	8.4	12.1	14.0		17.0	20.1	23.2	
PE (x)	84.3	62.5	55.0		45.2	38.4	33.4	
EV to EBIDTA (x)	52.5	40.7	34.8		29.2	25.0	21.7	
RoE (%)	12.8	15.2	14.5		15.1	15.6	15.7	
RoCE (%)	14.8	16.7	16.6		17.7	18.7	19.2	

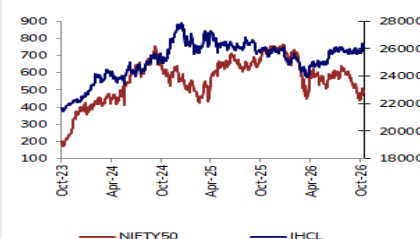
Source: Company, ICICI Direct Research

**Particulars**

Particular	Amount
Market Capitalisation (₹ crore)	112164
Debt (FY26) - ₹ crore	3396
Cash (FY26) - ₹ crore	4331
EV (Rs crore)	111228
52-week H/L (₹)	787/ 565
Equity capital (₹ crore)	142
Face value (₹)	1.0

Shareholding pattern (%)

	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	38.1	38.1	38.1	38.1
FII	25.1	23.2	21.7	22.1
DII	20.7	22.6	24.5	24.5
Others	16.1	16.1	15.7	15.3

Price Chart**Key risks**

- Any adverse event such as terrorist attack or pandemic might affect room demand.
- Disruption in the performance of the international properties.
- Delay in launch of new hotels.

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Q2FY27 – Key Performance highlights

- Consolidated revenues recorded 21.7% YoY growth to Rs.2484.3cr in Q2FY27. It reported a strong operating performance despite Q2 being seasonally weaker quarter. Consolidated revenues were primarily driven by standalone (domestic) business which grew by 26% YoY to Rs.1336.1cr during the quarter.
- Standalone RevPAR grew by 28% YoY to Rs.13860/night supported by 700bps YoY increase in occupancy to 82% and ~17% YoY growth in ADR to Rs.16902 (as per our calculation) in Q2FY27. Standalone room revenues reported 27% YoY growth to Rs.578cr while F&B revenues grew by 20% YoY to Rs.441cr in Q2FY27.
- Consolidated RevPAR grew by 25% YoY to Rs.8220/night in Q2FY27. Consolidated room revenues grew by 22% YoY to Rs.1,115cr while F&B revenues grew by 20% YoY to Rs.686cr during the quarter.
- Hotel segment revenues reported 25% YoY growth to Rs.2204cr in Q2FY27. Hotel segment margins reported 100bps YoY expansion to 29.7% with EBITDA growing by 30% YoY to Rs.655cr. Margin expansion was largely aided better operating performance during the quarter.
- Taj SATS reported 1% YoY decline in revenues to Rs.283cr impacted by lower air traffic during the quarter. Operating EBITDA declined 24% YoY to Rs.50cr while margins declined by 563bps YoY to 17.8% during the quarter.
- Among key international subsidiaries, UOH and St. James Court, UK witnessed mid-teens revenue growth of 14%/15% YoY to Rs.230cr/210cr respectively. EBITDA margins for UOH and St.James Court declined by 103bps/94bps YoY respectively as the company had witnessed headwinds due to West Asia war and delay in renovations in UK. PIEM hotels continue to be in the path of recovery with revenues growing by 1.5% YoY to Rs.138cr and EBITDA margins declining by 615bps YoY to 18.1% in Q2FY27.
- Overall, consolidated EBITDA margins witnessed 47bps YoY improvement to 28.4%. Standalone EBITDA margins witnessed 397bps YoY expansion on the back of robust growth in revenues while subsidiary margins declined due to lower performance by Taj SATS and international subsidiaries.
- Higher depreciation charges (due to capitalisation of Frankfurt hotel and other assets) and lower other income led to Adjusted PAT growth of 20% YoY to Rs.383cr. Reported PAT (adjusted for exceptional items) grew by 19.3% YoY to Rs.379.9cr.

Exhibit 1: Q2FY27 consolidated result overview (₹ crore)

Particulars	Q2FY27	Q2FY26	YoY(%)	Q1FY27	QoQ(%)
Net Sales	2484.3	2040.9	21.7	2339.2	6.2
Foods & Beverage consumed	229.1	208.2	10.0	228.9	0.1
Employee cost	705.6	591.1	19.4	669.1	5.5
Other operating & general expenses	843.8	671.5	25.7	768.5	9.8
Total expenditure	1778.5	1470.8	20.9	1666.5	6.7
EBITDA	705.8	570.1	23.8	672.7	4.9
Other income	81.9	83.4	-1.8	80.2	2.1
Interest cost	64.8	56.1	15.7	57.0	13.8
Depreciation	174.0	144.7	20.3	162.6	7.0
PBT	548.8	452.7	21.2	533.3	2.9
Tax	165.9	136.5	21.5	142.4	16.5
Adjusted PAT	382.9	316.2	21.1	390.9	-2.1
Share of profit from associates	0.0	2.1	-	0.0	0.0
Adjusted PAT after MI	382.9	318.3	20.3	390.9	-2.1
Extraordinary item	-3.0	0.0		-3.0	
Reported PAT	379.9	318.3	19.3	387.9	-2.1
EPS (Rs.)	2.7	2.2	21.1	2.7	-2.1
Margins	Q2FY27	Q2FY26	bps	Q1FY27	bps
GPM (%)	90.8	89.8	98	90.2	57
EBITDA margin (%)	28.4	27.9	47	28.8	-35
NPM (%)	15.4	15.5	-8	16.7	-130
Tax rate (%)	30.2	30.2	7	26.7	353

Source: Company, ICICI Direct Research

Exhibit 2: Q2FY27 standalone result overview (₹ crore)

Particulars	Q2FY27	Q2FY26	y-o-y (%)	Q1FY27	q-o-q (%)
Net Sales	1336.1	1060.5	26.0	1232.0	8.5
Foods & Beverage consumed	85.5	78.2	9.3	84.7	1.0
Employee cost	266.1	243.6	9.2	252.3	5.5
Other operating & general expenses	464.9	368.3	26.2	418.5	11.1
Total expenditure	816.5	690.1	18.3	755.4	8.1
EBITDA	519.7	370.4	40.3	476.6	9.0
Other income	105.2	105.4	-0.2	65.6	60.3
Interest cost	25.0	25.1	-0.4	24.8	0.7
Depreciation	69.7	67.0	4.1	69.9	-0.2
PBT	530.1	383.7	38.2	447.5	18.5
Tax	130.8	94.6	38.2	110.3	18.5
Adjusted PAT	399.4	289.1	38.1	337.2	18.5
Extraordinary item	-6.8	0.0	-	0.0	-
Reported PAT	392.6	289.1	35.8	337.2	16.4
EPS (Rs.)	2.8	2.0	38.1	2.4	18.5
Margins	Q2FY27	Q2FY26	bps	Q1FY27	bps
GPM (%)	93.6	92.6	98	93.1	47
EBITDA margin (%)	38.9	34.9	396	38.7	21
NPM (%)	29.9	27.3	263	27.4	252
Tax rate (%)	24.7	24.7	-	24.7	1

Source: Company, ICICI Direct Research

Exhibit 3: Q2FY27 subsidiary revenue and performance

Particulars	Q2FY27	Q2FY26	y-o-y (%)	Q1FY27	q-o-q (%)	Particulars	Q2FY27	Q2FY26	y-o-y (%)	Q1FY27	q-o-q (%)
UOH Inc. USA	230.0	199.0	15.6	246.0	-6.5	UOH Inc. USA	-7.0	-4.0	-	19.0	-
St. James Court - UK	210.0	185.0	13.5	165.0	27.3	St. James Court - UK	65.0	59.0	10.2	36.0	-
PIEM Hotels Ltd	138.0	136.0	1.5	151.0	-8.6	PIEM Hotels Ltd	25.0	33.0	-24.2	38.0	-34.2
Benaras Hotels	30.0	25.0	20.0	35.0	-14.3	Benaras Hotels	9.0	10.0	-10.0	14.0	-35.7
Taj Sats	283.0	286.0	-1.0	300.0	-5.7	Taj Sats	50.0	66.6	-25.0	57.0	-12.3

Source: Company, ICICI Direct Research

H1FY27 Earnings call highlights

- Consolidated revenues reported 18% YoY growth to Rs.4823.5cr in H1FY27. Standalone revenues grew by 22% YoY to Rs.2568.1cr in H1FY27.
- Consolidated EBITDA margins reported 50bps YoY expansion to 28.6%. Standalone EBITDA margins witnessed 400bps YoY expansion to 38.8% led by robust performance in the domestic hotel business. Subsidiary margins (difference between Consolidated and Standalone) declined ~400bps YoY to 16.9%. This was majorly due to drag in Taj Sats business and slower growth amongst its international portfolio (impacted by West Asia war). Consolidated EBITDA grew by 20.3% YoY to Rs.1378.5cr during the quarter.
- Adjusted PAT grew by 19.4% to Rs.773.8cr in Q2FY27. Reported (adjusted for exceptional items) grew by 19% YoY to Rs.767.7cr.

Q2FY27 Earnings call highlights

- **Demand Trends and Outlook**

- IHCL reported double-digit RevPAR growth across all brands, supported by resilient domestic demand and market-share gains. Standalone occupancy improved to 82% in Q2FY27 from 75% in Q2FY26.
- Domestic travel remained resilient despite West Asia-related geopolitical tensions, higher fuel prices, reduced airline capacity and higher airfares, which moderated demand in certain international and long-haul corridors.
- MICE remain structural growth driver, supported by India's expanding event infrastructure, corporate and government events. Management expects corporate MICE demand to be more evenly distributed through the year, while H2 likely to remain seasonally stronger due to leisure travel and weddings.
- Management highlighted a strong wedding calendar Q3/Q4FY27 and Q1FY28, with around 95 wedding dates versus normal 60–65 dates, supporting social MICE demand.
- Bengaluru is expected to see further recovery, while Chennai and Kolkata are expected to improve meaningfully over the coming quarters.

- **Management revises revenue guidance upwards by 300bps to 15-17% amidst strong performance in the domestic portfolio**

- IHCL raised FY27 consolidated revenue growth guidance by 300 bps to 15–17% from 12–14%; The key driver of consolidated revenue will be the hotel-segment with its revenue is expected to grow at 17–19%.
- Management expects H2 to benefit from seasonal leisure demand, weddings, MICE activity and portfolio expansion. It reiterated that MICE is a structural demand driver rather than a one-off event-led opportunity.
- Management fee income grew 25% YoY to Rs.156 crore in Q2FY27, supported by a 25% increase in managed room inventory, higher RevPAR, technical fees and brand fees from branded residences and villas. IHCL remains confident of 15-20% in management fee income led by sustained room addition under asset light model. The 300bps revision in guidance has considered the management fees revenue guidance.
- The management expects management fees revenues to scale to ~Rs.1000cr over the next 2 years.
- The company expects around 30 hotel openings in H2FY27, supporting growth through incremental room inventory and management-fee contributions.
- The proposed Oriental Hotels merger is expected to provide a 6–7% uplift to standalone operating revenue and EBITDA in FY28. This is not included in FY27 guidance; the appointed date is 1 April 2027.
- With 30 more hotel openings in FY27, 50 openings in FY28, the merger of Oriental Hotels and possible recovery in the international portfolio, the management expects FY28 revenue growth to be better than FY27.

- **Standalone EBITDA margin expansion aided by robust demand and asset upgradations**
 - Standalone operating EBITDA margin expanded 400 bps YoY to 38.9% in Q2FY27, while consolidated operating EBITDA margin expanded 50 bps to 28.4%.
 - Management attributed standalone margin improvement to operating leverage, MICE activity and the mix benefit from management fees being booked in the standalone entity. It clarified that there was no one-off benefit in the quarter.
 - Margins absorbed costs associated with new-hotel stabilisation, IT spending and regulatory/HR-related changes, including provident-fund changes. Management maintained a positive margin outlook.
 - Renovation-led pricing power is supporting profitability. Taj Palace, New Delhi reported 132% YoY growth in room revenue in Q2FY27 and crossed Rs.100 crore in monthly revenue in September, while delivering a high margin.
- **International business on the road to recovery**
 - Management guided for a positive outlook for international operations in H2FY27 as the impact of renovations and other temporary factors begins to ease, subject to no further material geopolitical disruption. Growth will be driven by conferences and sports events across the global locations where IHCL is present.
 - London showed signs of recovery following upgrades, with management citing double-digit revenue growth in October and expecting operating leverage.
 - The Pierre in New York continues to face challenges, although FY27 EBITDA is expected to exceed the positive EBITDA achieved last year. San Francisco is recovering towards levels seen three to four years ago.
 - Dubai operations have been affected by the West Asia crisis. Capetown has been profitable for the company. It also highlighted that pre-West Asia war; Dubai had reported consistent management fees growth.
 - The company is also positive on the early ramp up of Frankfurt property which was opened 6 months ago.
- **Ginger and other new business continue to scale**
 - Ginger revenue grew 24% YoY to Rs.193 crore in Q2FY27, with an EBITDA margin of 40%. The brand reached 100 operational hotels and is on track to reach 150 by 31 March 2027.
 - The integration of Clarks with Ginger is progressing around 75 signings had been completed, with three hotels onboarded. Management expects improvements in quality, customer experience, RevPAR and margins as integration progresses into FY28.
 - Ama Stays & Trails crossed 400 bungalows in its portfolio, while Tree of Life grew to more than 50 resorts.
 - Atmantan and Brij are expected to benefit from integration with IHCL's sales and marketing platform, with benefits expected to strengthen through H2FY27 and FY28.

- **Taj SATS airline business impacted by lower air travel; Institutional catering demand remains strong**
 - Management linked Taj SATS' relative performance versus the hotel segment to reduced airline capacity and higher airfares amid West Asia-related geopolitical tensions, which moderated travel demand, particularly on international and long-haul corridors.
- **Other Highlights**
 - Management said standalone RevPAR growth would still have been comfortably in high teens even without the BRIC Summit, as other events and business demand would have partly offset its impact. Management sees MICE activity as increasingly structural, supported by events such as the AI and Bloomberg summits and India's expanding event infrastructure.
 - Management indicated consolidated depreciation increased around 20% YoY. The increase reflected normal depreciation across standalone and subsidiary businesses and newer assets, including acquired assets. Excluding the impact of assets added during the year, depreciation growth would have been around 8–9%.
 - Gross cash reserves stood at over Rs.4,350 crore, supporting investment in hotel upgrades, greenfield developments, expansion and other revenue-enhancing initiatives.
- **Renovations and Upgrades**
 - The company has concluded major updates across its marquee properties including Taj Palace, New Delhi, Taj President, Mumbai, Taj West End, Bengaluru, Taj Fort Aguada, Goa and Taj Lake Palace, Udaipur are driving stronger pricing power and improved operating performance.

Revision in earnings estimates

We have fine-tuned our earnings estimates for FY27E and FY28E to factor in higher revenue growth in-line with increase guidance by the management. We have also increased the depreciation charges to factor-in the capitalisation of some of the properties opened during the year. Overall, there is no material increase in the PAT estimates for FY27E and FY28E. We have also introduced FY29E estimates through this note. Further, FY28E and FY29E earnings estimates does not include incremental benefit coming in from consolidation of Oriental hotels.

Exhibit 4: Changes in headline estimates

(₹ crore)	FY27E			FY28E		
	Old	New	% Chg	Old	New	% Chg
Net Revenues	10841.1	11197.0	3.3	12209.0	12600.4	3.2
EBIDTA	3692.5	3802.6	3.0	4242.8	4370.0	3.0
EBIDTA margin (%)	34.1	34.0		34.8	34.7	
PAT	2459.8	2484.2	1.0	2891.0	2923.3	1.1
EPS (Rs.)	17.3	17.5	1.0	20.3	20.5	1.1

Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total Operating Income	9689.2	11197.0	12600.4	14107.4
Growth (%)	16.3	15.6	12.5	12.0
Raw Material Expenses	950.9	1063.7	1165.5	1304.9
Gross Profit	8738.3	10133.3	11434.8	12802.4
Employee Expenses	2486.7	2859.6	3202.8	3587.1
Other Expenditure	3057.0	3471.1	3862.0	4281.6
Total Operating Exp.	6494.6	7394.4	8230.3	9173.7
EBITDA	3194.7	3802.6	4370.0	4933.7
Growth (%)	15.4	19.0	14.9	12.9
Interest	221.4	184.6	176.3	158.2
Depreciation	605.2	678.8	762.4	812.9
Other Income	282.2	330.1	431.3	493.5
PBT	2650.4	3269.2	3862.6	4456.1
Less Tax	661.8	850.0	1004.3	1158.6
Adjusted PAT	1988.5	2419.2	2858.3	3297.5
Profit or loss from Associates	52.1	65.0	65.0	65.0
Adjusted PAT	2040.6	2484.2	2923.3	3362.5
Exceptional Items	206.6	0.0	0.0	0.0
Reported PAT	2247.3	2484.2	2923.3	3362.5
Reported EPS	14.3	17.5	20.5	23.6

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit/(Loss) before taxation	2247.3	2484.2	2923.3	3362.5
Add: Depreciation & Amort.	605.2	678.8	762.4	812.9
Changes in working capital	87.6	90.4	97.0	120.6
CF from Operating activities	2940.0	3253.5	3782.7	4296.0
Investments & Bank bal.	-1779.5	-1914.4	-521.8	-2022.9
(Purchase)/Sale of Fixed Assets & Intangible Assets	-1564.7	-1850.0	-1500.0	-1750.0
CF from Investing activities	-3344.2	-3764.4	-2021.8	-3772.9
(inc)/Dec in Loan	-235.8	-150.0	-150.0	-500.0
Change in equity & reserves	739.1	94.4	99.1	104.0
Dividend paid	-462.6	-498.2	-498.2	-569.4
Deferred tax liability & others	13.2	8.0	8.4	8.9
CF from Financing activities	53.8	-545.8	-540.7	-956.5
Net Cash Flow	-350.4	-1056.7	1220.2	-433.4
Opening cash	2181.6	1831.2	774.5	1994.7
Closing cash balance	1831.2	774.5	1994.7	1561.3
Free Cash Flow	4504.7	5103.5	5282.7	6046.0

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Equity Capital	142.3	142.3	142.3	142.3
Reserve and Surplus	12910.0	14896.0	17321.1	20114.2
Total Shareholders' funds	13052.3	15038.3	17463.4	20256.5
Non-controlling interest	1887.0	1981.4	2080.5	2184.5
Total Debt	3395.6	3245.6	3095.6	2595.6
Deferred Tax Liability	160.6	168.7	177.1	186.0
Total Liabilities	18495.5	20433.9	22816.5	25222.5
Gross Block - Fixed Assets	14593.4	16980.7	18480.7	20230.7
Accumulated Depreciation	4212.9	4891.7	5654.1	6467.1
Net Block	10380.5	12089.0	12826.6	13763.6
Capital WIP	787.3	250.0	250.0	250.0
Fixed Assets	11167.8	12339.0	13076.6	14013.6
Goodwill	1829.5	1829.5	1829.5	1829.5
Investments	1106.6	2000.0	2000.0	2000.0
Other non-Current Assets	415.7	436.5	458.3	481.2
Inventory	149.7	173.0	194.7	218.0
Debtors	726.8	839.9	945.2	1058.2
Current Investments	2499.9	3500.0	4000.0	6000.0
Other current assets	196.8	206.6	217.0	227.8
Loans	373.0	391.6	411.2	431.8
Cash	1831.2	774.5	1994.7	1561.3
Bank balance	5777.4	5885.7	7762.8	9497.1
Total Current Assets	2499.9	3500.0	4000.0	6000.0
Creditors	719.8	819.5	912.2	1016.7
Provisions	501.6	576.9	663.4	762.9
Other Current Liabilities	580.0	660.4	735.0	819.3
Total Current Liabilities	1801.4	2056.8	2310.6	2598.9
Net Current Assets	3975.9	3829.0	5452.2	6898.2
Application of Funds	18495.5	20433.9	22816.5	25222.5

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (I)				
Adjusted EPS	14.0	17.0	20.1	23.2
Cash EPS	18.2	21.8	25.4	28.9
BV per share	105.0	119.6	137.3	157.7
Dividend per share	30.4	30.0	42.1	53.1
Operating Ratios (%)				
EBITDA margins	33.0	34.0	34.7	35.0
Adjusted PAT Margins	20.5	21.6	22.7	23.4
Cash conversion cycle	-7.4	-7.4	-7.4	-7.4
Return Ratios (%)				
RoE	14.5	15.1	15.6	15.7
RoCE	16.6	17.7	18.7	19.2
Valuation Ratios (x)				
P/E	55.0	45.2	38.4	33.4
EV / EBITDA	34.8	29.2	25.0	21.7
EV / Net Sales	11.5	9.9	8.7	7.6
Market Cap / Sales	11.6	10.0	8.9	8.0
Price to Book Value	7.5	6.6	5.7	5.0
Solvency Ratios				
Debt / EBITDA	1.1	0.9	0.7	0.5
Net Debt / Equity	0.2	0.2	0.2	0.1

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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