

Hotels

Healthy demand led to price surge in key destinations

Summary

In our monthly Hotels update we have summarized key events of the domestic hotel industry, new hotels signing/addition by key players during the month and pricing trend of key cities for March, 2024. We have analyzed pricing of 171 hotels with ~33,000 keys across key 8 cities to understand the trend over last 24 months (Exhibit 1-8). After a healthy start to the year, the industry has kept its momentum of healthy price uptick, majorly supported by good demand. Wedding season (as well as destination weddings), improved MICE travel and demand from corporate travel have been key levers for growth in ADR. The organized players continued healthy inventory addition with LTH adding 6 hotels and IHCL adding 5 hotels in March, 2024. We maintain our positive outlook on Indian Hotels, Chalet hotels and Lemon Tree hotels amongst the listed players.

Investment Rationale

- Another month of double digit YoY growth in ADR:** The domestic hospitality industry reported average room rate increase per night by 19.9% YoY/31.5% YoY on lower/upper price band respectively. On MoM basis the prices were marginally down by 6% and up by 20% over lower/upper price band respectively. Out of 8 cities, Mumbai and Hyderabad witnessed outperformance in ADR growth. Being the wedding season, mid-market of Jaipur rebounded as YoY prices increased by ~46% in March, 2024.
- Organized players continued to pounce on inventory addition opportunities:** The organized players continued to add new inventory, majorly through management contract. During the month, IHCL announced opening/signing of 5 new hotels, while LTH had another month of impressive hotel opening/signing with 6 new additions. Royal Orchid too signed 2 new hotels additions in the month.

Valuation snapshot

Companies	Reco	Mkt Cap Rs bn	CMP (Rs)	TP (Rs)	Upside (%)	FY25E	FY26E	EV/EBITDA
Indian Hotels Co.	BUY	842	591	586	-0.9	26.8	23.6	
Chalet hotels	HOLD	182	883	845	-4.3	28.2	21.8	
Lemon Tree Hotels	HOLD	104	131	156	19.3	18.4	14.3	

Source: IDBI Capital Research

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City wise Average Room Rate per night (in Rs)

Exhibit 1: Bengaluru

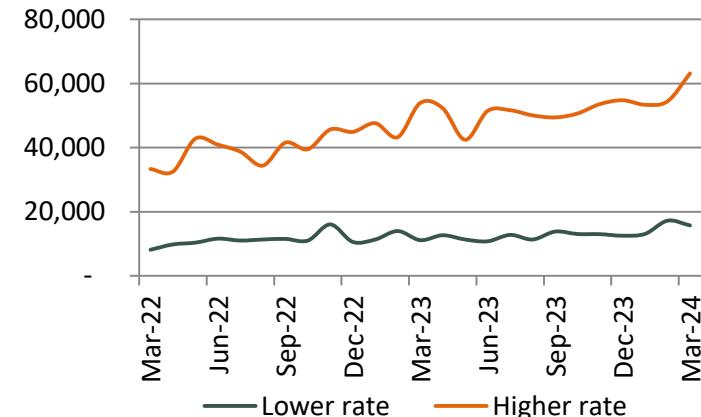


Exhibit 2: Chennai

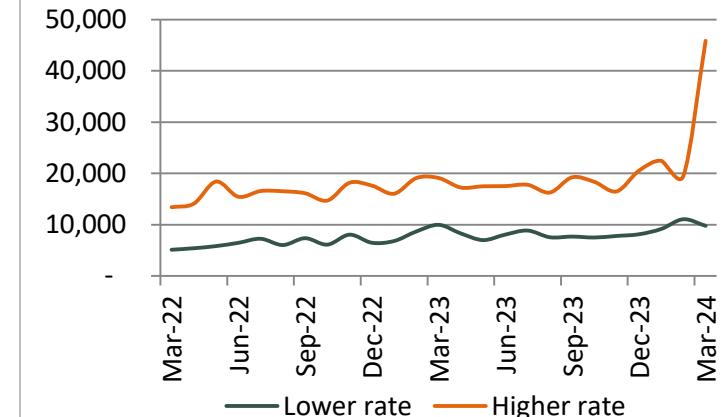


Exhibit 3: Delhi

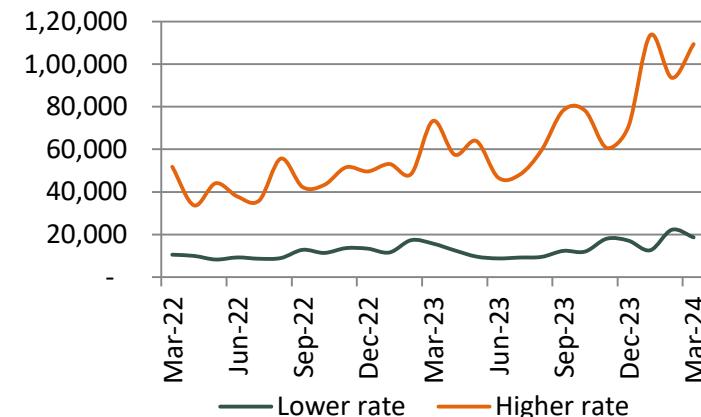


Exhibit 4: Goa

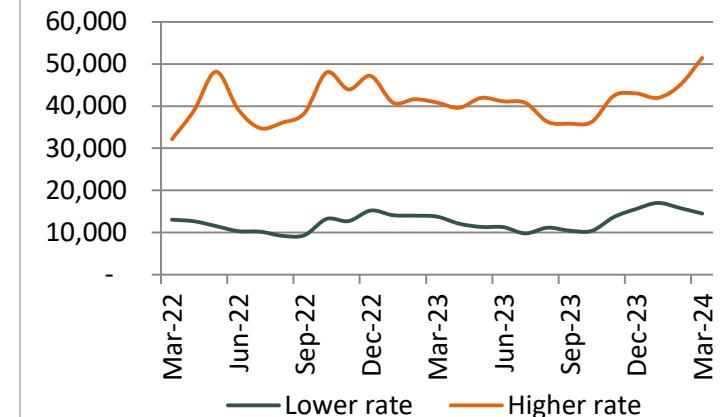


Exhibit 5: Hyderabad

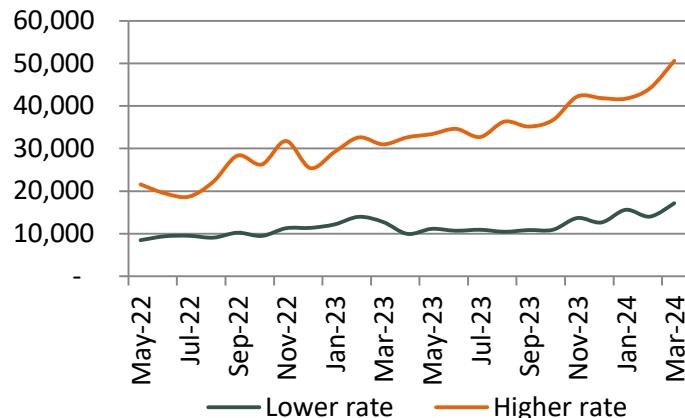


Exhibit 6: Jaipur

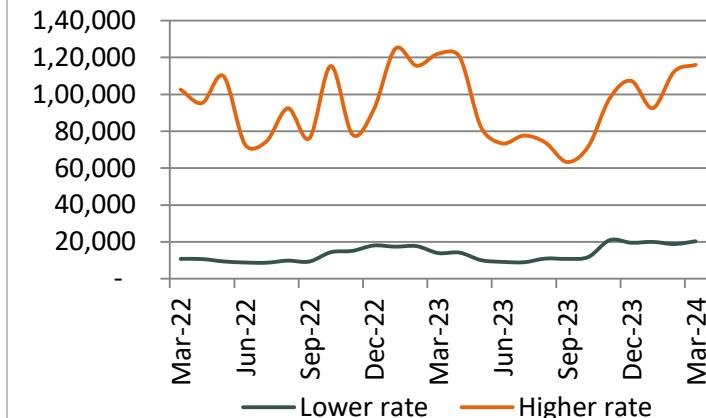


Exhibit 7: Kolkata

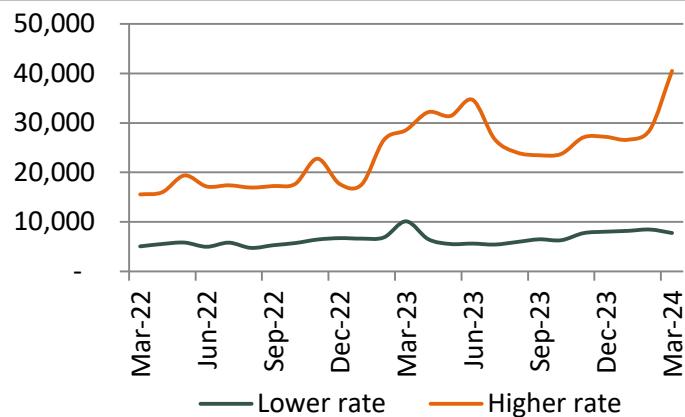
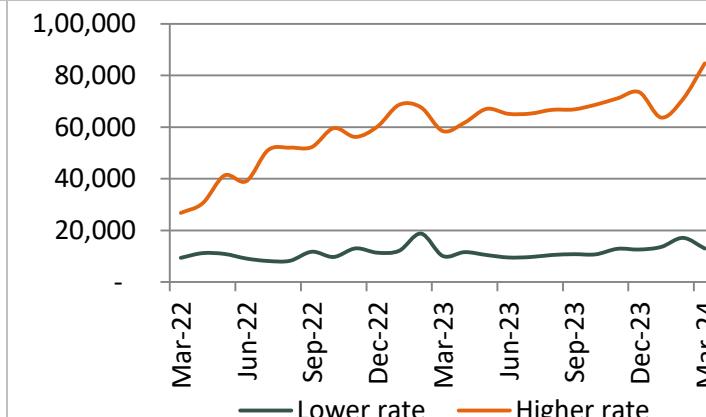


Exhibit 8: Mumbai



New hotel additions in March, 2024

In order to benefit from thriving domestic hospitality trends, the organized players are more focused on increasing footprints now than ever before. Further, in order to keep the balance sheet healthy, inventory addition is through management contracts/license agreement rather than owned hotels. We have summarized the new hotels opened/signed during March, 2024.

Lemon Tree Hotels

- **Lemon Tree Hotel, Kasauli, Himachal Pradesh**

Lemon Tree Hotels has launched Lemon Tree Hotels at Kasauli, Himachal Pradesh. This is the fourth property of the group in state of Himachal Pradesh. The property will have 49 Keys will open in two phases. Of the 49 well-appointed rooms and suites 28 rooms opened on Thursday 28th March 2024 along with Citrus Café- a multi cuisine coffee shop, an expansive banquet space and conference facility as a part of Phase 1 launch. The remaining rooms, lounge, Spa centre and fitness centre will open as part of phase 2 in upcoming days.

- **Lemon Tree Hotels, Ranchi, Jharkhand**

Lemon Tree Hotels announced its latest signing – Lemon Tree Hotels, Ranchi. This is the third upcoming property Lemon Tree Hotels in the state of Jharkhand. The company believes the state has huge potential for growth with several tourist attractions and religious significance. The hotel will have 45 keys, a restaurant, a bar, banquet facilities, a swimming pool, a fitness centre and other public areas. The property is 7km away from the airport and 2km away from the railway station.

- **Lemon Tree Hotels, Agartala , Tripura**

Lemon Tree Hotels announced its latest signing- Lemon Tree Hotels, Agartala. The property is expected to open in FY27 and shall be managed by Carnation Hotels Private Ltd, a wholly owned subsidiary of LTH. The hotel will have 80 Keys, two restaurants, a bar, banquet facilities, meeting rooms, a swimming pool, a fitness centre and other public areas. The property is 11km away from the airport and 6.5km away from the railway station. This is the first property of LTH in Tripura, a state which has several tourist attractions along with historical and religious monuments.

- **Keys Select by Lemon Tree Hotels, Udaipur, Rajasthan**

Lemon Tree Hotels announced the signing of Keys Select by Lemon Tree Hotels, Udaipur. This is the eighth property in state of Rajasthan and the second in Udaipur. The property will have 48 keys, Keys Café, Unlock bar- a bar, a fitness centre, a rejuvenating spa and other public areas. The hotel also has an expansive banquet spaces and conference facilities.

- **Keys Lite by Lemon Tree Hotels, Coimbatore**

Lemon Tree Hotels announced its latest signing – Keys Lite by Lemon Tree Hotel, Coimbatore. The property is expected to get open in FY26 and shall be managed by Carnation Hotels private ltd, a wholly owned subsidiary of LTH. The hotel will have 40 keys, a restaurant and a meeting room. The property is about 10 km away from airport and 3 km away from railway station. The company is expanding its portfolio in Tamil Nadu and the opening will be in addition to five existing and one upcoming properties in the state which has several tourist attractions and religious significances.

- **Keys Lite by Lemon Tree Hotels, Udaipur, Rajasthan**

Lemon Tree Hotels announced its latest signing - Keys Lite by Lemon Tree Hotels, Udaipur. The property will be franchised by LTH, is expected to open in FY25. The property will have 68 keys, a restaurant and other public areas. The property is 25 km away from the airport and 10 km away from the railway station. The LTH is expanding its portfolio in Rajasthan and opening will be in addition to seven existing and five upcoming properties in state which has its historical and religious significance.

Indian Hotels

- **Vivanta, Chitwan, Bharatpur**

Indian Hotels Company (IHCL) announced the signing of a new Vivanta hotel in Chitwan, Bharatpur, marking IHCL's third hotel in Nepal. As one of the country's major urban centres, Bharatpur is a gateway to two UNESCO world heritage sites of Chitwan National Park and Lumbini. The hotel will be having 45 keys, a bar, fitness center, and an outdoor pool. The hotel is also equipped with 2,400 square feet of meeting space including a business centre.

- **Scenic Munnar, An IHCL SeleQtions Hotel, Kerala**

Indian Hotels announced the opening of Scenic Munnar- IHCL SeleQtions hotel in Kerala. The hotel is situated in the idyllic landscapes of the Western Ghats of Kerala. The property will have 55 keys including secluded villas with private pools, a spa, state of the art gymnasium, and the swimming pool. It also features intimate banqueting spaces for social get-togethers and off sites. So, with the addition of this hotel, IHCL will have 20 hotels across Taj, SeleQtions, Vivanta and Ginger in Kerala including 6 under development.

- **Taj Hotel, Indore**

Indian Hotels Company (IHCL) announced the signing of a Taj hotel in Indore, Madhya Pradesh. The hotel is a greenfield project and will be one of the largest convention facilities in central India. The hotel will have 350 Keys situated along with the new super corridor, a spa, a swimming pool, a fitness center, a specialty restaurant, a bar, and a lobby lounge. The hotel is expected to become a leading convention center in Central India, offering ~50,000 square feet of banqueting and event spaces. So, with the addition of this hotel, IHCL will have 12 hotels across Taj, SeleQtion, Vivanta and Ginger brands in Madhya Pradesh including four under development.

- **IHCL SeleQtions Hotel, Surat, Gujarat**

Indian Hotels Company (IHCL) announced the signing of a hotel in Surat, Gujarat. The Greenfield project will be branded an IHCL-SeleQtions hotel. The property will have 175 keys, will offer all day diner, a specialty restaurant, a swimming pool and a fitness center. Also, the hotel will have an over 8,000 square feet spacious banquet hall, it will also have multiple conference and meeting rooms. So, with the addition of this hotel, IHCL will have 23 hotels across Taj, SeleQtions, Vivanta and Ginger brands in Gujarat including four under development.

- **Vivanta, Ujjain, Madhya Pradesh**

Indian Hotels Company (IHCL) announced the signing of Vivanta hotel in Madhya Pradesh. The hotel is a greenfield project. The hotel will have 130 keys and is strategically located between Indore airport and renowned 'Mahakal Corridor'. The hotel will feature an all-day diner, a swimming pool, and a fitness centre. Also, it will offer sophisticated banqueting space along with meeting rooms. So, with the addition of this hotel, IHCL will have 12 hotels across Taj, SeleQtion, Vivanta, Ginger brands in Madhya Pradesh including 4 under development.

Chalet Hotels

- **Acquisition of Courtyard by Marriott Aravali Resort, NCR**

Chalet Hotels announced the acquisition of Courtyard by Marriott Aravali Resort, NCR. The resort is spread over 14 acres of land and has 158 keys. It is located within 1.5hrs drive from Delhi, Gurgaon and Noida. The property reported an ADR of Rs ~13,500 for the YTD December FY24 with occupancy of 44%.

Royal Orchid

- **Royal Orchid Hotel, Surat, Gujarat**

Royal Orchid has signed an agreement for an upcoming 5 star hotel in Surat, Gujarat. The new property will be managed by ROHL in partnership with Hindva Hospitality, LLP. The hotel will have 288 Keys, 3 restaurants, 6 conference rooms, 1 exhibition hall, and a multi-service wellness spa. The property is expected to get open in May 2024.

- **Regenta Place Vasco, Goa**

Royal Orchid has announced the launch of its newest property Regenta Place Vasco, Goa. The property will have 37 elegantly appointed accommodations equipped with state of the art amenities, a swimming pool, multi-cuisine restaurant, conference hall, and a banquet hall spanning 1,485 square feet. The property is located 3.2 km away from the airport and 1.9 km away from the railway station.

Domestic Industry updates

Royal Orchid Hotels plans to add up to 35 new properties in FY25

As per the management, Royal Orchid Hotels is planning to add 30-35 new properties with about 2,000 rooms in the 2024-25 fiscal as part of its expansion plans across India. The company, which operates hospitality properties under the Royal Orchid and Regenta brands, is also looking to expand its wedding destination portfolio by adding four to five locations every year. These new properties will be across various segments under the management contract.

Thomas Cook eyes complete recovery of international biz

Thomas Cook (India) expects to reach its pre-covid international business volumes in FY25, as airfares moderate and visa wait times ease. Supply-chain constraints for airlines have eased post-covid, but input costs such as labour and fuel remain high and are trending upwards, particularly for international flights. Yet, Thomas Cook (India) looks to make a complete recovery in its international business. Domestically, airfares have softened by 8-10% compared to previous years, but on international routes, they are still 20% higher. It may take 12-18 months to see some moderation in airfares as demand increases. In the calendar year 2023, the company's holidays business at the portfolio level recovered 65-70% of its pre-covid volumes. Long-haul travel out of India for the company was sub-50% in recovery in CY23 - and this year, by March 2024, the business has already recovered to 65-68% of its pre-covid numbers. The short-haul travel segment in 2024-25 out of India is already at 100% and domestic travel has peaked and will reach 2x of pre-covid levels by March 2024.

IHCL to accelerate luxury homestay business

Indian Hotels Company Ltd (IHCL) will continue to accelerate its expansion in the luxury homestay segment, the hotel chain said after the launch of its 100th property in Bhimtal, Uttarakhand. IHCL entered the homestay segment with the launch of amā Stays & Trails in 2019. The brand is now present in 15 States and IHCL aims to grow further by deepening its presence in high-growth markets and attracting new customers including corporates. Between April-December FY24, amā Stays & Trails clocked revenue of ₹25crore which was 31 per cent higher compared to same period last year.

Oberoi Chief Plans to Double Its Luxury Hotel Room Count by 2030

Oberoi Group — known for its luxury hotel brands Oberoi and Trident — is quietly developing new hotels close to nature. The new concept could help support the group's push to double its overall room count by 2030 — a plan disclosed in November. In the past decade, Oberoi Group barely expanded its pipeline, while rival players like IHCL (Indian Hotels Company), Aman Group, and Rosewood have enjoyed growth spurts. However, Oberoi Group announced in November it planned to scale up.

Prestige Estate Projects set to finalise INR 4,250 cr deal with Marriott for six new hotels

As per media reports, Prestige Estate Projects Ltd. is poised to forge a strategic partnership with Marriott Inc. as part of its aggressive expansion strategy across South Asia. The collaboration entails the development of six upscale properties in key regions of the western and southern sectors, marking a significant milestone in Prestige Estate's growth trajectory. Among the notable projects, Marriott will introduce its prestigious Autograph Collection brand with the debut of a signature hotel in Goa, marking the brand's inaugural entry into South Asia.

Hyatt Hotels to open 8 new properties in India, Southwest Asia in 2024

Global hospitality major Hyatt Hotels Corporation plans to open eight new hotels in India and Southwest Asia across various leisure and city destinations in 2024. The opening of eight new hotels will lead to addition of 1,200 new keys (rooms) across leisure and city locations. Hyatt has 49 hotels in the region with over 10,000 keys. The company said the brand expansion in India and Southwest Asia this year will continue with its 'Hyatt Regency', 'Hyatt Place' and 'Hyatt Centric' brands. In its 2024 expansion, the company said the 'Hyatt Regency' brand, a key growth driver for it in the region, will enter a new destination with the slated openings of Hyatt Regency Kasauli and Hyatt Regency Ghaziabad. The 'Hyatt Place' brand is expected to enter three new locations with Hyatt Place Aurangabad, Hyatt Place Haridwar and in a new country with Hyatt Place Dhaka Uttara, in Bangladesh.



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