

Lemon Tree Hotels

Estimate change	↔
TP change	↔
Rating change	↔

Motilal Oswal values your support in the Asiamoney Brokers Poll 2020 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	LEMONTRE IN
Equity Shares (m)	786
M.Cap.(INRb)/(USD\$)	19.3 / 0.3
52-Week Range (INR)	69 / 14
1, 6, 12 Rel. Per (%)	-7/-48/-56
12M Avg Val (INR M)	97

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	6.7	3.6	6.2
EBITDA	2.4	1.2	2.8
PAT	-0.1	-2.0	0.0
EBITDA (%)	35.6	34.6	45.2
EPS (INR)	(0.1)	(2.5)	(0.0)
EBITDA Gr. (%)	41.2	(48.4)	127.7
BV/Sh. (INR)	10.5	8.0	8.0

Ratios

Net D/E	1.9	2.1	2.1
RoE (%)	(1.1)	(27.0)	(0.2)
RoCE (%)	4.7	0.6	5.4
Payout (%)	-	-	-

Valuations

P/E (x)	-	-	-
EV/EBITDA (x)	17.4	33.5	14.7
Div Yield (%)	-	-	-
FCF Yield (%)	(23.9)	10.1	8.6

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	31.2	31.2	30.9
DII	17.1	17.1	10.3
FII	18.5	23.7	14.4
Others	33.2	28.0	44.4

CMP: INR24 TP: INR33 (+36%) Buy

Only Hotel player likely to be EBITDA positive v/s peers

Performance significantly above estimates

- Lemon Tree Hotels' (LEMONTRE) cost saving initiatives have aided in achieving positive EBITDA (higher than est.). This is commendable in our view, especially at a time when hotel players have either reported or are likely to post EBITDA loss (for players yet to announce results).
- Although EBITDA was above our estimates, we have maintained our FY21/22E estimates as 1QFY21 is not expected to contribute materially to FY21 EBITDA. We have a **Buy** rating on the stock with TP of INR33.

Cost rationalization supports performance

- 1QFY21 revenue was down 71% YoY to INR407m (v/s est. INR434m). ARR declined 34% YoY to INR2,626, while occupancy decreased 48.7pp to 28.9%, leading to RevPAR drop of 76% YoY to INR759. EBITDA plunged 90% YoY to INR44m (v/s est. INR3m) while Adj. loss stood at INR419m (v/s loss of INR17m last year).
- On same hotel basis (excluding hotels, which were commissioned over the past 12 months i.e. LTP Mumbai, LTP Kolkata, Aurika Udaipur and Keys Hotels), ARR declined 33% YoY (to INR2,699). Occupancy declined 46.5pp to 31%, and thus, RevPAR dropped 73% YoY to INR837. Therefore, revenue/EBITDA on same hotel basis declined 78%/92% (to INR313m/INR35m) during the quarter.
- New hotels (commenced during the last one year) comprising LTP - Mumbai (303 keys), LTP - Kolkata (142 keys) and Aurika - Udaipur (139 keys) cumulatively operated at 25.8% occupancy with ARR of INR3,521. Revenue/EBITDA from the stated hotels stood at INR51m/INR12m.
- Keys' Hotels generated revenue of INR43m with EBITDA loss of INR3m (operated at 22.5% occupancy with an ARR of INR1,587 during the quarter).

Highlights from management commentary

- Some cost-cutting measures shall also persist post COVID-19, which should increase EBITDA margin by 500–700bp.
- The company has gradually made its hotels operational with 86% of its owned/leased inventory operational in Jun'20 (v/s 58% in Apr'20). The company is seeing a slight but visible demand pickup from MSME sector and retail for staycations.
- The company expects domestic demand to recover in 6-9 months whereas international travel/ MICE demand should take 12-15 months to recover.
- **Liquidity and capex:** The company plans to spend INR80-100m in FY21 toward capex. It currently has cash and cash equivalents of INR2,250m. Debt repayment in FY21/FY22E would be ~INR500m/INR1,050m.

Valuation and view

- The Hospitality industry was the first to witness the COVID-19 impact. We expect it to be the last to recover too as demand recovery should occur in a phased manner.
- Near-term demand would remain under pressure as passenger movement in airways and railways would be partially restricted or people would avoid traveling altogether. Business travel would only happen in the utmost necessary situations, and MICE/exhibition demand would not exist as large gatherings would be restricted.
- However, LEMONTRE operates in the mid-priced market and has higher share of domestic customers (85%), which is likely to witness demand recovery at a faster pace.
- One of the key concerns on the stock is high debt, which has been addressed through funds raised from APG. Additionally, the company has deployed several cost-cutting measures, which should aid in generation of cash flows.
- Although EBITDA was above our estimates, we have maintained our FY21/22E estimates as 1QFY21 is not expected to contribute materially to FY21 EBITDA.
- We value the stock on SOTP basis to arrive at a target price of INR33. Maintain **Buy**.

Reported Cons. Quarterly Perf.

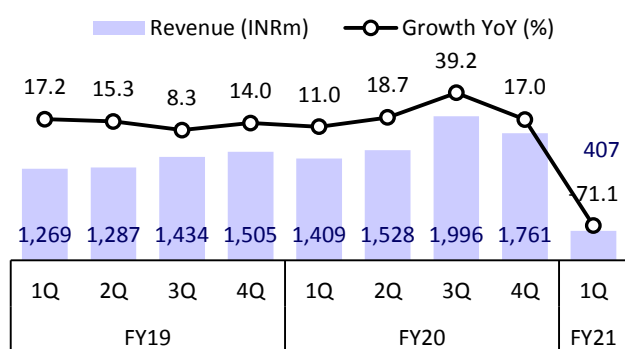
Y/E March	FY20				FY21				(INR M)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY20	FY21	FY21 1QE	Var (%)
Gross Sales	1,409	1,528	1,996	1,761	407	602	955	1,592	6,694	3,556	434	-6
YoY Change (%)	11.0	18.7	39.2	17.0	-71.1	-60.6	-52.2	-9.6	21.8	-46.9	NA	
Total Expenditure	962	1,043	1,184	1,122	363	482	550	931	4,311	2,326	431	
EBITDA	448	484	812	639	44	120	405	661	2,383	1,229	3	1,503
Margins (%)	31.8	31.7	40.7	36.3	10.7	19.9	42.4	41.5	35.6	34.6	0.6	
Depreciation	172	196	227	277	271	280	285	290	872	1,126	270	
Interest	309	325	452	487	469	510	520	540	1,573	2,039	490	
Other Income	21	9	32	4	31	10	35	5	67	81	23	
PBT before EO expense	-12	-27	165	-121	-665	-660	-365	-165	5	-1,854	-734	
PBT	-12	-27	165	-121	-665	-660	-365	-165	5	-1,854	-734	
Tax	7	1	46	56	-71	198	110	49	109	286	220	
Rate (%)	-59.7	-2.2	27.6	-45.8	10.7	-30.0	-30.0	-30.0	2219.9	-15.4	-30.0	
MI & P/L of Asso. Cos.	-2	-6	-3	2	-175	-5	-3	2	-9	-180	-1	
Reported PAT	-17	-22	122	-179	-419	-853	-472	-216	-95	-1,960	-953	NA
Adj PAT	-17	-22	122	-179	-419	-853	-472	-216	-95	-1,960	-953	NA
YoY Change (%)	NA	NA	-2.1	NA	NA	NA	NA	NA	NA	NA	NA	
Margins (%)	-1.2	-1.4	6.1	-10.2	-103.0	-141.6	-49.4	-13.6	-1.4	-55.1	-219.7	

Key Perf. Indicators

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Occupancy (%)	77.5	74.8	71.3	61.0	28.9	-	-	-	73.1	45.5
ARR (INR)	4,002	4,133	4,644	4,530	2,626	-	-	-	4,556	3,492
Change (%)	2.6	4.9	4.0	2.8	(34.4)	-	-	-	9.0	(23.4)
RevPAR (%)	3,103	3,090	3,311	2,764	759	-	-	-	3,332	1,590
Change (%)	5.0	0.2	1.9	(19.1)	(75.5)	-	-	-		
Cost Break-up										
F&B Cost (% of sales)	8.8	8.7	8.4	8.3	5.7	8.4	8.1	8.0	8.5	7.8
Staff Cost (% of sales)	23.9	24.0	21.1	24.3	43.7	20.0	15.0	14.0	23.2	18.7
Rent (% of sales)	1.2	1.4	1.1	1.1	-	1.2	1.0	1.0	1.2	0.9
Power and fuel (% of sales)	10.5	10.5	8.0	8.2	15.5	9.5	8.0	8.2	9.2	9.2
Other Cost (% of sales)	23.8	23.8	20.8	21.7	24.4	41.0	25.5	27.3	22	23
Gross Margins (%)	91.2	91.3	91.6	91.7	94.3	91.6	91.9	92.0	91.5	92.2
EBITDA Margins (%)	31.8	31.7	40.7	36.3	10.7	19.9	42.4	41.5	35.6	40.4
EBIT Margins (%)	19.6	18.9	29.3	20.6	-55.9	-26.6	12.6	23.3	22.6	2.9

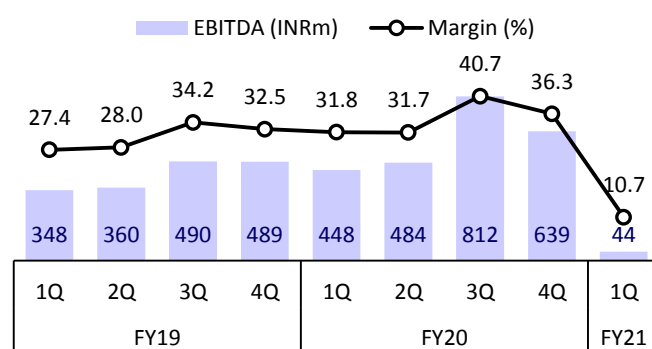
Key Exhibits

Exhibit 1: Consolidated revenue trend



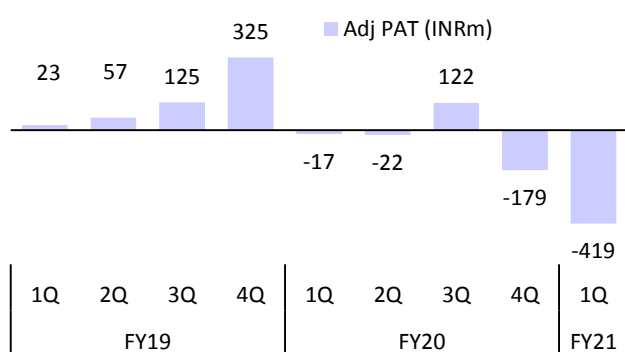
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



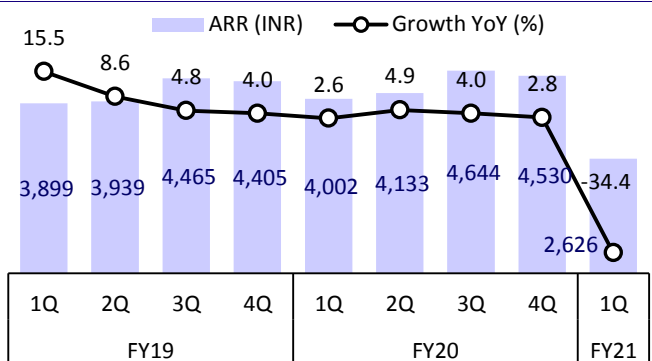
Source: Company, MOFSL

Exhibit 3: Consolidated Adj. PAT trend



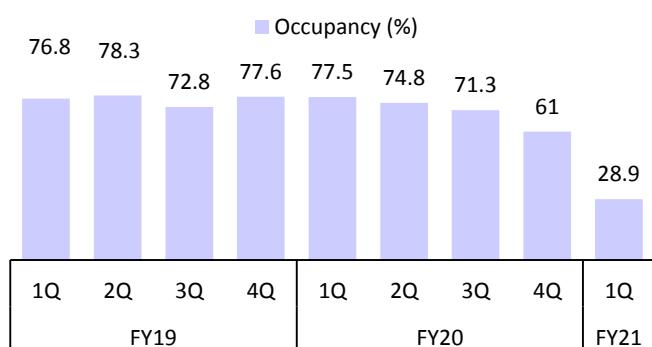
Source: Company, MOFSL

Exhibit 4: ARR trend



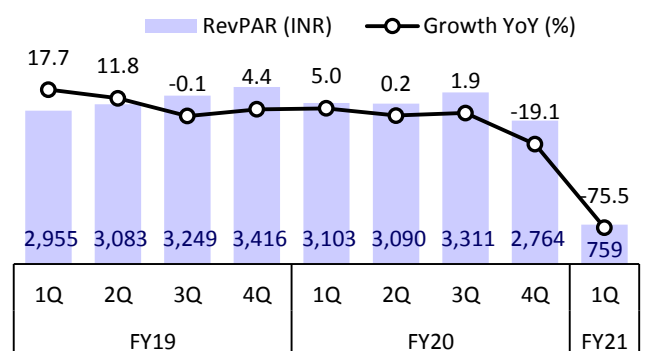
Source: Company, MOFSL

Exhibit 5: Occupancy trend

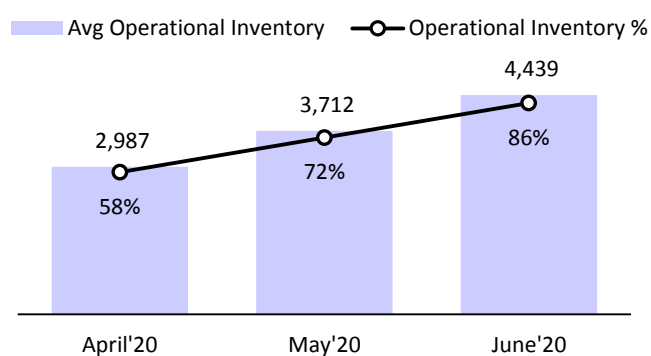


Source: Company, MOFSL

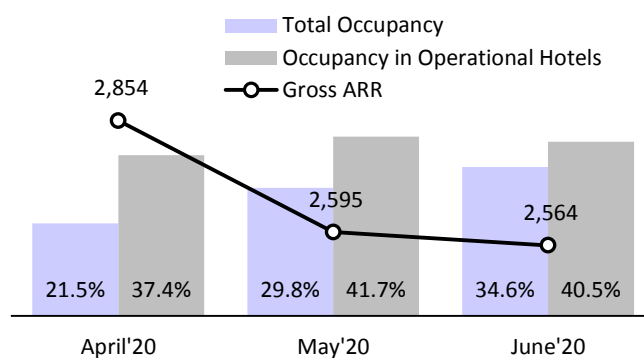
Exhibit 6: RevPAR trend



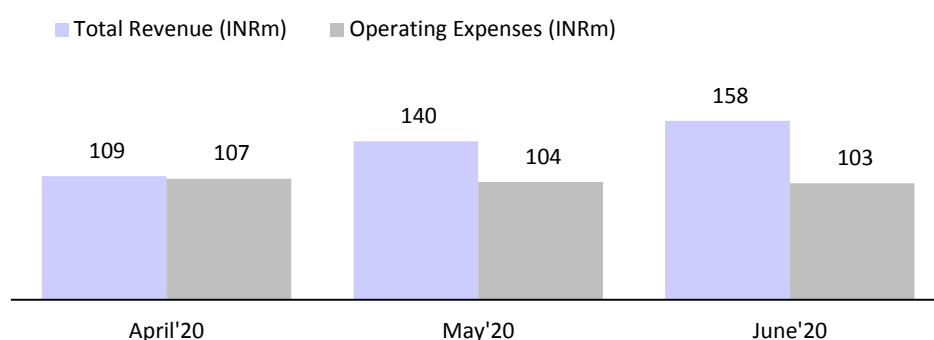
Source: Company, MOFSL

Exhibit 7: Increasing operational inventory

Source: Company, MOFSL

Exhibit 8: Rising occupancy levels from end-Mar'20 lows

Source: Company, MOFSL

Exhibit 9: Monthly revenue and expense trend

Total revenue includes revenue from owned and leased hotels and fees from managed hotels | Operating Expenses include hotel operating expenses for owned and leased hotels (including shut hotels)

Source: Company, MOFSL

Exhibit 10: Portfolio break-up as at 31st Jul'20 – Operational

Operational Portfolio	Owned		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Aurika	1	139	-	-	-	-	1	139
Lemon Tree Premier	7	1,442	2	161	6	604	15	2,207
Lemon Tree Hotels	13	1,241	4	321	18	1,084	35	2,646
Red Fox Hotels	5	759	2	193	5	471	12	1,423
Keys Prima	-	-	-	-	1	115	1	115
Keys Select	7	936	-	-	7	493	14	1,429
Keys Lite	-	-	-	-	2	47	2	47
Total	33	4,517	8	675	39	2,814	80	8,006

Source: Company, MOFSL

Exhibit 11: Portfolio break-up as at 31st Jul'20 – Pipeline

In Pipeline	Owned		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Aurika	1	669	-	-	-	-	1	669
Lemon Tree Premier	-	-	-	-	6	457	6	457
Lemon Tree Hotels	1	79	-	-	19	1,434	20	1,513
Red Fox Hotels	-	-	-	-	1	80	1	80
Keys Prima	-	-	-	-	1	40	1	40
Keys Select	-	-	-	-	-	-	-	-
Keys Lite	-	-	-	-	-	-	-	-
Total	2	748	-	-	27	2,011	29	2,759

Source: Company, MOFSL

Exhibit 12: Brand-wise operating performance trend

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
Lemon Tree Premier									
Occupancy (%)	82.1%	84.8%	74.4%	76.3%	78.8%	86.5%	79.1%	66.0%	42.2%
ARR (INR)	4,770	4,833	5,587	5,337	4,820	4,921	5,839	5,501	3,176
Hotel level EBITDAR/room (INRm)	0.23	0.21	0.26	0.25	0.21	0.23	0.28	0.20	0.05
Hotel level EBITDAR Margin (%)	46.3%	39.6%	49.2%	48.1%	43.7%	44.7%	49.7%	46.4%	39.6%
Lemon Tree Hotels									
Occupancy (%)	73.9%	73.2%	73.0%	77.3%	77.4%	72.7%	72.9%	65.6%	27.5%
ARR (INR)	3,804	3,835	4,341	4,364	3,920	3,948	4,514	4,455	2,467
Hotel level EBITDAR/room (INRm)	0.11	0.11	0.18	0.17	0.13	0.12	0.20	0.15	0.01
Hotel level EBITDAR Margin (%)	31.0%	30.0%	43.7%	41.0%	35.0%	34.5%	46.9%	41.4%	9.2%
Red Fox Hotels									
Occupancy (%)	76.1%	80.4%	78.7%	79.8%	76.1%	78.8%	79.6%	62.1%	23.1%
ARR (INR)	2,903	2,946	3,384	3,265	3,039	3,044	3,676	3,596	2,089
Hotel level EBITDAR/room (INRm)	0.10	0.11	0.15	0.14	0.10	0.11	0.17	0.10	0.01
Hotel level EBITDAR Margin (%)	43.3%	44.0%	52.8%	47.8%	42.4%	41.2%	55.2%	42.8%	12.0%

Excludes performance LTP Mumbai, LTP Kolkata, Aurika, Udaipur, Keys | EBITDAR – Earnings before interest depreciation amortization rent

Source: Company, MOFSL

Exhibit 13: Consolidated profit and loss break-up – 1QFY21

	Same Hotels			New Hotels	Total without Key Hotels			Key Hotels	Total		
INRm	1QFY20	1QFY21	YoY Change	1QFY21	1QFY20	1QFY21	YoY Change	1QFY21	1QFY20	1QFY21	YoY Change
Inventory	3,672	3,672	0%	584	3,672	4,256	16%	936	3,672	5,192	41%
ARR	4,002	2,699	-33%	3,521	4,002	2,795	-30%	1,587	4,002	2,626	-34%
Occupancy	77.5%	31.0%	-4,650	25.8%	77.5%	30.3%	-4720	22.5%	77.5%	28.9%	-4860
RevPAR	3,103	837	-73.0%	909	3,103	847	-73%	357	3,103	759	-76%
Revenue from Operations	1,409	313	-78%	51	1,409	364	-74%	43	1,409	407	-71%
Total expenses	962	278	-71%	39	962	317	-67%	46	962	363	-62%
EBITDA	447	35	-92%	12	447	47	-89%	-3	447	44	-90%
EBITDA margin (%)	31.7%	11.2%	-2054	24%	31.7%	12.9%	-1881	-7.0%	31.7%	10.8%	-2091
PBT	-14	-412	NA	-191	-14	-603	NA	-74	-14	-677	NA

New Hotels include: Lemon Tree Premier Mumbai, Lemon Tree Premier Kolkata & Aurika Udaipur

Source: Company, MOFSL

Exhibit 14: Operational performance by region

Parameters	Occupancy Rate (%)			Average Daily Rate (INR)			Hotel level EBITDA/ room (INR m)			Hotel level EBITDAR Margin		
By Region (#Rooms)	1QFY20	1QFY21	Change (bps)	1QFY20	1QFY21	Change (%)	1QFY20	1QFY21	Change (%)	1QFY20	1QFY21	Change (bps)
Delhi (636)	80.8%	39.4%	-4,140	4,339	3,204	-26%	0.17	0.04	-76%	40.0%	34.5%	-550
Gurugram (529)	79.5%	24.5%	-5,500	3,972	2,983	-25%	0.14	0.01	-93%	34.4%	9.7%	-2,470
Hyderabad (663)	88.2%	35.8%	-5,240	4,005	3,259	-19%	0.12	0.06	-50%	49.2%	49.3%	10
Bengaluru (493)	83.1%	42.0%	-4,110	4,299	2,297	-47%	0.20	0.01	-95%	46.2%	23.0%	-2,320

Excludes performance of Lemon Tree Premier Mumbai, Lemon Tree Premier Kolkata, Aurika Udaipur and Keys | EBITDAR – Earnings before interest depreciation amortization rent

Source: Company, MOFSL



Conference call highlights

- **COVID-19:** Hospitality sector is one of the worst affected sectors globally, leading to 70% shutdown/reduction in branded hotels in India in 1QFY21.

Cost rationalization:

- Operating expenses reduced 62% to INR363m in 1QFY21 (v/s INR962m YoY). The company managed 47% reduction in manpower expenses without laying off a single employee. On same hotel basis, operating expense reduced 71% YoY in 1QFY21.
- Management is planning to maintain several cost rationalization efforts post COVID-19 as well, which is expected to expand EBITDA by 500-700bp.
- In 1QFY20, operational expenses stood at 65%, with 50% coming from fixed cost and 15% from variable cost. The company had 5,000+ staff for 5,200 rooms, bringing staff per room to 1 person. Currently, same number of rooms is managed by 2,600 staff members (with slight cut-down in few services). With this efficiency, the company can manage the same number of rooms with 4,200 employees post COVID-19.

Operational hotels:

- 71% of owned/leased inventory were kept operational in 1QFY21 as cost of restarting a closed hotel is high. Hence, the company has maintained higher rate of operational inventory.
- As at Aug'20, 90% rooms were opened. The company operated 3,700 rooms in 1QFY21, which has now increased to 4,600 rooms.

Demand

- Sources of revenue in 1QFY21 was institutional quarantine, demand from global IT majors, on-duty doctors and paramedic staff staying at the hotels (to avoid transmitting to family members), etc.
- As per management, domestic travel is likely to bounce back in 6-9 months whereas international and MICE would take minimum 12-15 months to recover.
- Pre-COVID, revenue composition stood at 35-37% from online, 30% from large corporates, 30% from small corporates and MSMEs, and 10% from meetings and small conferences. Large corporates haven't started yet, but MSMEs are showing strong bounce-back in demand. Also, major metros are showing strong traction and 2QFY21 is expected to be better than 1QFY21.
- Demand from Tier 2 cities is from MSME customers; in Tier-1, it is from staycations

Liquidity:

- Received first tranche of INR1.75b from APG investment – an additional INR1.25b can be raised anytime from APG (as per requirement).
- The company plans to spend INR80-100m in FY21 toward capex.
- **Debt:** The company does not plan to raise any debt as the company has managed to raise funds from APG. Further, principal payable in FY21/FY22E will be ~INR500m/INR1,050m. Interest payable in FY21 will be ~INR1.4b.
- **Room rate for corporates:** 50% of hotels in India are expected to get sick over the next six months due to high debt and lower cash reserves. 10-25% reduction in supply is expected (in the branded space), thereby leading to no major drop in prices of corporate rates.

- **Rights issue:** The company plans to raise additional capital through rights issue. However, the timeline for the issue is yet to be finalized.

Valuation

- The Hospitality industry was the first to witness the COVID-19 impact. We expect it to be the last to recover too as demand recovery should occur in a phased manner.
- Near-term demand would remain under pressure as passenger movement in airways and railways would be partially restricted or people would avoid traveling altogether. Business travel would only happen in the utmost necessary situations, and MICE/exhibition demand would not exist as large gatherings would be restricted.
- However, LEMONTRE operates in the mid-priced market and has higher share of domestic customers (85%), which is likely to witness demand recovery at a faster pace.
- One of the key concerns on the stock is high debt, which has been addressed through funds raised from APG. Additionally, the company has deployed several cost-cutting measures, which should aid in generation of cash flows.
- Although EBITDA was above our estimates, we have maintained our FY21/22E estimates as 1QFY21 is not expected to contribute materially to FY21 EBITDA.
- We value the stock on SOTP basis to arrive at a target price of INR33. Maintain **Buy**.

Exhibit 15: Valuation methodology

Particulars		FY22
EBITDA (FY22)	INRm	2,800
EV/ EBITDA Multiple	x	16
EV	INRm	44,799
Add: Capex for Aurika, Mumbai hotel	INRm	3,200
Less: Net Debt (FY22)	INRm	(13,369)
Less: Minority Interest (FY22)	INRm	(8,735)
Target Value	INRm	25,896
No. of shares	Mn	786
Target Price	INR	33
CMP	INR	24
Upside	%	36

Source: MOFSL

Exhibit 16: Change in estimates

Earnings Change (INR m)	Old		New		Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Revenue	3,597	6,289	3,556	6,188	-1%	-2%
EBITDA	1,193	2,821	1,229	2,800	3%	-1%
Adj. PAT	-2,488	15	-1,960	-11	NA	NA

Source: MOFSL

Financials and valuations

Consolidated - Income Statement

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Total Income from Operations	3,680	4,121	4,843	5,495	6,694	3,556	6,188
Change (%)	26.7	12.0	17.5	13.5	21.8	-46.9	74.0
Total Expenditure	2,668	2,955	3,481	3,807	4,311	2,326	3,388
% of Sales	72.5	71.7	71.9	69.3	64.4	65.4	54.8
EBITDA	1,012	1,166	1,362	1,688	2,383	1,229	2,800
Margin (%)	27.5	28.3	28.1	30.7	35.6	34.6	45.2
Depreciation	522	510	526	541	872	1,126	1,216
EBIT	490	656	836	1,146	1,512	104	1,584
Int. and Finance Charges	720	776	784	847	1,573	2,039	1,658
Other Income	58	118	126	145	67	81	74
PBT bef. EO Exp.	-172	-2	178	445	5	-1,854	0
EO Items	0	0	0	0	0	0	0
PBT after EO Exp.	-172	-2	178	445	5	-1,854	0
Total Tax	126	48	38	-111	109	286	0
Tax Rate (%)	-73.3	-2058.7	21.3	-25.0	2215.8	-15.4	24.0
MI/ share of profit from associates	14	10	-2	27	-9	-180	11
Reported PAT	-312	-61	142	529	-95	-1,960	-11
Adjusted PAT	-312	-61	142	529	-95	-1,960	-11
Change (%)	NA	NA	NA	271.9	-118.0	1,955.3	-99.4
Margin (%)	-8.5	-1.5	2.9	9.6	-1.4	-55.1	-0.2

Consolidated - Balance Sheet

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	7,780	7,812	7,864	7,893	7,903	7,903	7,903
Preference Capital	0	0	0	0	0	0	0
Total Reserves	319	274	284	857	327	-1,633	-1,644
Net Worth	8,099	8,086	8,148	8,750	8,230	6,270	6,259
Minority Interest	4,277	4,284	4,286	4,322	7,218	8,752	8,735
Total Loans	6,248	7,987	10,110	12,042	15,775	14,275	14,175
Lease Liability	0	0	0	0	4,619	4,619	4,619
Deferred Tax Liabilities	69	67	43	0	0	0	0
Capital Employed	18,693	20,424	22,588	25,114	35,841	33,916	33,788
Gross Block	12,823	15,114	16,044	18,068	33,074	33,774	33,774
Less: Accum. Deprn.	507	998	1,513	2,054	2,926	4,052	5,267
Net Fixed Assets	12,316	14,116	14,531	16,014	30,148	29,722	28,506
Goodwill on Consolidation	0	67	68	0	0	0	0
Capital WIP	2,593	3,508	5,591	6,639	1,896	1,546	2,546
Total Investments	58	63	146	373	164	164	164
Curr. Assets, Loans&Adv.	5,092	4,363	4,247	4,693	5,420	3,855	5,372
Inventory	54	49	54	60	82	38	56
Account Receivables	245	314	525	844	503	487	797
Cash and Bank Balance	139	176	210	314	408	840	806
Loans and Advances	4,654	3,823	3,458	3,475	4,427	2,489	3,713
Curr. Liability & Prov.	1,366	1,694	1,994	2,605	1,786	1,371	2,800
Account Payables	511	604	811	958	420	446	696
Other Current Liabilities	825	1,053	1,140	1,592	1,299	889	2,042
Provisions	29	36	43	55	67	36	62
Net Current Assets	3,726	2,669	2,253	2,088	3,634	2,484	2,572
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	18,693	20,424	22,588	25,114	35,841	33,916	33,788

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Basic (INR)							
EPS	-0.4	-0.1	0.2	0.7	-0.1	-2.5	0.0
Cash EPS	0.3	0.6	0.9	1.4	1.0	-1.1	1.5
BV/Share	10.4	10.4	10.4	11.2	10.5	8.0	8.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	NA	NA	133.5	35.9	-199.1	-9.7	-1,759.5
Cash P/E	90.5	42.2	28.4	17.7	24.5	-22.8	15.8
P/BV	2.3	2.3	2.3	2.2	2.3	3.0	3.0
EV/Sales	8.0	7.5	6.8	6.3	6.2	11.6	6.6
EV/EBITDA	29.0	26.6	24.3	20.6	17.4	33.5	14.7
EV/Room (INRm)	10.5	10.9	10.1	9.7	9.8	9.7	9.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	-0.8	-1.4	-2.4	-1.5	-5.8	2.5	2.1
Return Ratios (%)							
RoE	-3.8	-0.7	1.8	6.3	-1.1	-27.0	-0.2
RoCE	2.6	3.4	3.8	4.4	4.7	0.6	5.4
RoIC	5.4	86.9	4.0	8.3	-125.0	0.4	3.9
Working Capital Ratios							
Fixed Asset Turnover (x)	0.3	0.3	0.3	0.3	0.2	0.1	0.2
Asset Turnover (x)	0.2	0.2	0.2	0.2	0.2	0.1	0.2
Inventory (Days)	5	4	4	4	4	4	3
Debtor (Days)	24	28	40	56	27	50	47
Creditor (Days)	51	54	61	64	23	46	41
Leverage Ratio (x)							
Current Ratio	3.7	2.6	2.1	1.8	3.0	2.8	1.9
Interest Cover Ratio	0.7	0.8	1.1	1.4	1.0	0.1	1.0
Net Debt/Equity	0.7	1.0	1.2	1.3	1.8	2.1	2.1

Consolidated - Cash Flow Statement

(INR M)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	-173	-25	178	445	5	-1,854	0
Depreciation	523	510	526	541	872	1,126	1,216
Interest & Finance Charges	667	704	658	702	1,507	1,958	1,584
Direct Taxes Paid	-122	-40	-38	111	-109	-286	0
(Inc)/Dec in WC	-297	133	450	25	-730	1,582	-122
CF from Operations	598	1,282	1,775	1,824	1,545	2,525	2,678
Others	83	-66	-629	43	-62	-251	-46
CF from Operating incl EO	681	1,216	1,145	1,867	1,483	2,275	2,632
(Inc)/Dec in FA	-1,320	-2,343	-3,012	-3,004	-6,019	-350	-1,000
Free Cash Flow	-639	-1,127	-1,867	-1,138	-4,536	1,925	1,632
(Pur)/Sale of Investments	271	-3	-82	-228	209	0	0
Others	21	54	495	337	-246	81	74
CF from Investments	-1,028	-2,292	-2,600	-2,895	-6,056	-269	-926
Issue of Shares	25	1	52	29	10	1,750	0
Inc/(Dec) in Debt	847	1,739	2,124	1,931	3,733	-1,500	-100
Interest Paid	-687	-737	-784	-847	-1,573	-2,039	-1,658
Dividend Paid	0	0	0	0	0	0	0
Others	0	110	97	18	2,496	215	18
CF from Fin. Activity	185	1,113	1,489	1,131	4,667	-1,573	-1,741
Inc/Dec of Cash	-162	37	35	103	94	432	-34
Opening Balance	301	139	176	211	314	408	840
Closing Balance	139	176	211	314	408	840	806

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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