

# Lemon Tree Hotels

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	LEMONTRE IN
Equity Shares (m)	786
M.Cap.(INRb)/(USDb)	71.3 / 0.9
52-Week Range (INR)	97 / 42
1, 6, 12 Rel. Per (%)	2/32/63
12M Avg Val (INR M)	428

## Financials & Valuations (INR b)

Y/E Mar	2022	2023E	2024E
Sales	4.0	8.8	10.1
EBITDA	1.3	4.4	5.2
PAT	(0.76)	1.05	1.31
EBITDA (%)	33.3	49.7	51.4
EPS (INR)	(1.0)	1.3	1.7
EBITDA Gr. (%)	118.6	225.6	19.5
BV/Sh. (INR)	10.6	11.9	13.6

## Ratios

Net D/E	2.0	1.9	1.6
RoE (%)	(8.7)	11.9	13.2
RoCE (%)	1.1	8.7	10.2
Payout (%)	-	-	-

## Valuations

P/E (x)	NA	67.1	53.5
EV/EBITDA (x)	69.0	21.4	18.0
Div Yield (%)	-	-	-
FCF Yield (%)	1.0	1.6	2.9

## Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	23.6	23.9	25.9
DII	10.7	11.4	14.1
FII	27.6	28.0	20.3
Others	38.1	36.6	39.7

**CMP: INR90** **TP: INR110 (+22%)** **Buy**

## Higher ARR and cost optimization drive earnings

### Operating performance in line

- LEMONTRE posted a robust revenue growth (up 2x YoY; 29% from 2QFY20 levels) in 2QFY23, led by increasing ARR (up 19% from 2QFY20 levels) and normalcy in the Hotel industry. Despite occupancy being lower by 8.6pp from 2QFY20 levels, RevPAR improved by 5% to INR3,255.
- We retain our FY23/FY24 EBITDA estimate and maintain our **Buy** rating.

### RevPAR sustains above pre-COVID levels

- Revenue grew 29% from 2QFY20 levels (up 2x YoY and 2% QoQ) to INR1.97b (in line) in 2QFY23, led by higher ARR (up 19% from 2QFY20 levels) at INR4,917.
- Occupancy stood to 66.2% v/s 65.1%/51%/75% in 1QFY23/2QFY22/2QFY20. RevPAR surged by 2.1x YoY to INR3,255 v/s INR3,138/INR1,544/INR3,090 in 1QFY23/2QFY22/2QFY20.
- EBITDA grew 93% from 2QFY20 levels (up 2.8x YoY and 1% QoQ) to INR936m (in line) in 2QFY23. EBITDA margin stood in line at 47.6% in 2QFY23.
- Adjusted PAT stood at INR168m in 2QFY23 (est. INR183m) v/s a net loss of INR208m/INR22m in 2QFY22/2QFY20.
- In 2QFY23, Keys Hotels generated a revenue of INR176m (up 3% QoQ and 2.5x YoY), with an EBITDA of INR57m (up 50% QoQ and 4.1x YoY). It operated at 53% occupancy (up 23.2pp YoY), with an ARR of INR3,355 (up 63%).

### Highlights from the management commentary

- Given the ramp in Hotels in 2HFY23 (a seasonally strong period), the company has increased manpower, which resulted in a higher payroll cost on a QoQ basis.
- Guidance:** The management is targeting 115-145% of 1H revenue in 2HFY23. It maintained its FY23 revenue guidance of over 100% YoY growth and an EBITDA margin of ~50%. It expects the 15pp reduction in total expense from 2QFY20 levels to be permanent in nature.
- Market scenario:** In 2QFY23, occupancy in Mumbai/Pune improved by 2,690bp/200bp to 77%/69%, while the same for Delhi/Gurugram/Hyderabad/Bengaluru/Rol was lower by 650bp/1,330bp/280bp/1,190bp /1,550bp to 79%/65%/81%/68%/52% in 2QFY23 from 2QFY20 levels.

### Valuation and view

- LEMONTRE is expected to witness strong growth, led by; 1) buoyant demand during the wedding season, 2) improving traction in corporate travel, 3) increase in inbound travel, and 4) India assuming the G20 presidency (meetings across India).
- We expect LEMONTRE to deliver a revenue/EBITDA CAGR of 59%/97% over FY22-24 and RoE to improve to 13% by FY24. We retain our FY23/FY24 EBITDA estimate and maintain our **Buy** rating on the stock, with a FY24E SoTP-based TP of INR110.

## Consolidated Quarterly Performance

(INRm)

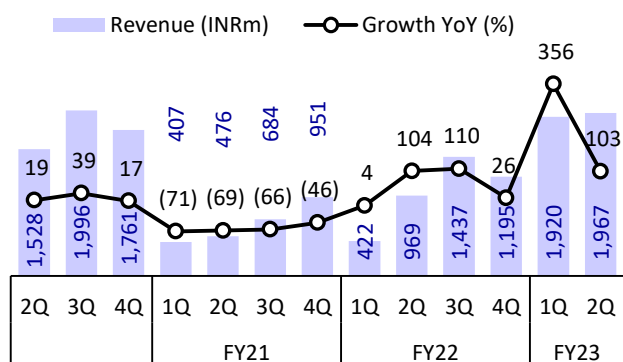
Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q	
<b>Gross Sales</b>	<b>422</b>	<b>969</b>	<b>1,437</b>	<b>1,195</b>	<b>1,920</b>	<b>1,967</b>	<b>2,440</b>	<b>2,447</b>	<b>4,022</b>	<b>8,774</b>	<b>1,949</b>	<b>1</b>
YoY Change (%)	3.7	103.6	110.1	25.7	355.6	103.0	69.8	104.7	59.8	118.1	101.2	
Total Expenditure	422	630	804	827	997	1,031	1,163	1,224	2,683	4,414	1,021	
<b>EBITDA</b>	<b>-1</b>	<b>339</b>	<b>633</b>	<b>368</b>	<b>924</b>	<b>936</b>	<b>1,277</b>	<b>1,223</b>	<b>1,339</b>	<b>4,360</b>	<b>928</b>	<b>1</b>
Margins (%)	-0.2	35.0	44.1	30.8	48.1	47.6	52.3	50.0	33.3	49.7	47.6	
Depreciation	262	262	254	265	245	250	270	275	1,043	1,040	250	
Interest	432	446	438	424	429	446	530	532	1,740	1,937	450	
Other Income	21	19	24	76	3	7	25	69	140	104	5	
<b>PBT before EO expense</b>	<b>-673</b>	<b>-351</b>	<b>-36</b>	<b>-245</b>	<b>252</b>	<b>247</b>	<b>501</b>	<b>486</b>	<b>-1,304</b>	<b>1,486</b>	<b>233</b>	
Extra-Ord expense	0	0	0	153	48	0	0	0	153	48	0	
<b>PBT</b>	<b>-673</b>	<b>-351</b>	<b>-36</b>	<b>-397</b>	<b>204</b>	<b>247</b>	<b>501</b>	<b>486</b>	<b>-1,456</b>	<b>1,439</b>	<b>233</b>	
Tax	-75	-14	20	-3	71	56	75	73	-72	275	58	
Rate (%)	11.2	4.1	-56.2	0.7	34.9	22.7	15.0	15.0	5.0	19.1	25.0	
MI & P/L of Asso. Cos.	-196	-128	-37	-148	-5	23	59	74	-510	151	-9	
<b>Reported PAT</b>	<b>-401</b>	<b>-208</b>	<b>-19</b>	<b>-246</b>	<b>138</b>	<b>168</b>	<b>367</b>	<b>338</b>	<b>-874</b>	<b>1,012</b>	<b>183</b>	
<b>Adj PAT</b>	<b>-401</b>	<b>-208</b>	<b>-19</b>	<b>-132</b>	<b>174</b>	<b>168</b>	<b>367</b>	<b>338</b>	<b>-760</b>	<b>1,060</b>	<b>183</b>	<b>-9</b>
YoY Change (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Margins (%)	-95.2	-21.5	-1.3	-11.0	9.1	8.5	15.0	13.8	-18.9	12.1	9.4	

## Key Performance Indicators

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Occupancy (%)	29.6	51.0	57.6	46.1	65.1	66.2	73.5	73.6	50.3	70.4
ARR (INR)	2,362	3,028	3,901	4,093	4,822	4,917	5,796	5,785	3,216	5,533
Change (%)	(10.1)	14.1	54.3	54.2	104.1	62.4	48.6	41.3	19.1	72.0
RevPAR (INR)	700	1,544	2,246	1,888	3,138	3,255	4,260	4,255	1,618	3,893
Change (%)	(7.8)	79.7	109.3	27.5	348.3	110.8	89.7	125.4		
<b>Cost Break-up</b>										
F&B Cost (% of sales)	7.6	6.7	6.8	7.0	6.0	6.2	7.1	7.1	6.9	6.7
Staff Cost (% of sales)	41.3	23.8	19.5	24.1	18.0	18.3	15.8	16.1	24.2	16.9
Power and fuel (% of sales)	18.0	12.2	9.2	9.4	9.4	9.2	7.8	7.8	10.9	8.4
Other Cost (% of sales)	33.3	22.3	20.5	28.7	18.5	18.6	17.0	19.0	24.7	18.3
Gross Margins (%)	92.4	93.3	93.2	93.0	94.0	93.8	92.9	92.9	93.1	93.3
EBITDA Margins (%)	-0.2	35.0	44.1	30.8	48.1	47.6	52.3	50.0	33.3	49.7
EBIT Margins (%)	-62.2	7.9	26.4	8.6	35.3	34.9	41.3	38.8	7.4	37.8

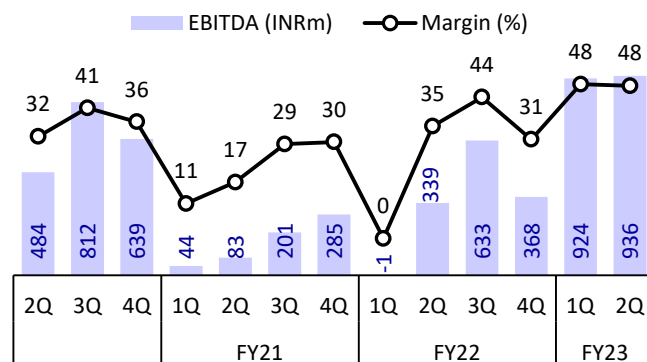
## Key exhibits

Exhibit 1: Consolidated revenue trend



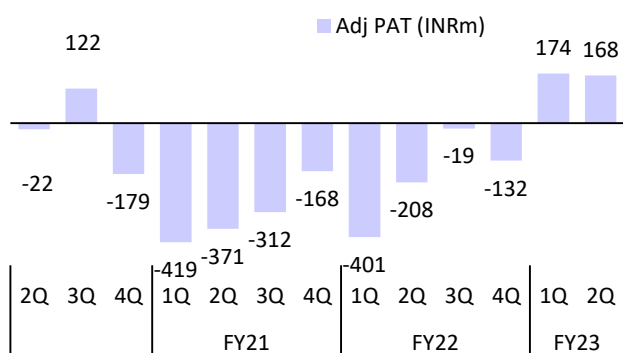
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



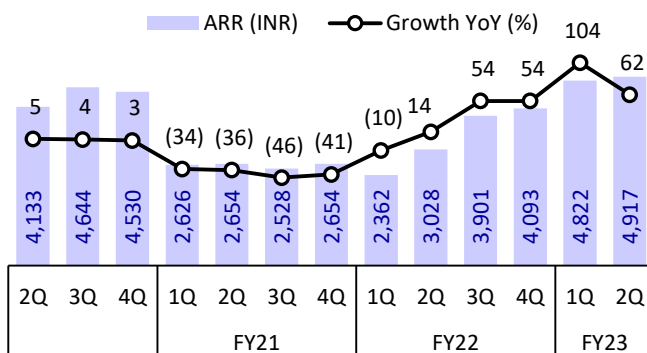
Source: Company, MOFSL

Exhibit 3: Consolidated adjusted PAT trend



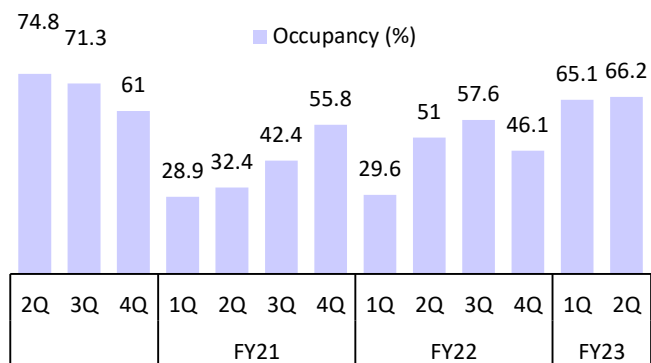
Source: Company, MOFSL

Exhibit 4: ARR trend



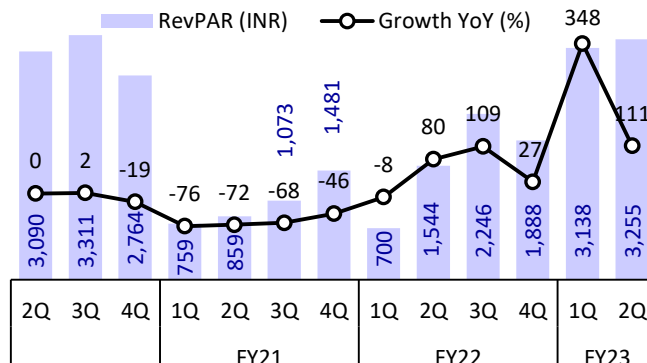
Source: Company, MOFSL

Exhibit 5: Occupancy trend



Source: Company, MOFSL

Exhibit 6: RevPAR trend



Source: Company, MOFSL

**Exhibit 7: Portfolio breakup as of 30<sup>th</sup> Sep'22 – operational**

Operational Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>Aurika Hotels &amp; Resorts</b>	1	139	0	0	1	55	2	194
<b>Lemon Tree Premier</b>	7	1442	2	161	9	911	18	2514
<b>Lemon Tree Hotels</b>	13	1241	4	321	22	1305	39	2867
<b>Red Fox by Lemon Tree Hotels</b>	5	759	1	91	6	551	12	1401
<b>Keys Prima by Lemon Tree Hotels</b>	0	0	0	0	1	40	1	40
<b>Keys Select by Lemon Tree Hotels</b>	7	936	0	0	4	287	11	1223
<b>Keys Lite by Lemon Tree Hotels</b>	0	0	0	0	2	64	2	64
<b>Total</b>	<b>33</b>	<b>4517</b>	<b>7</b>	<b>573</b>	<b>45</b>	<b>3213</b>	<b>85</b>	<b>8303</b>

Source: Company, MOFSL

**Exhibit 8: Portfolio breakup as of 30<sup>th</sup> June'22– pipeline**

Pipeline Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>Aurika Hotels &amp; Resorts</b>	1	669	0	0	1	132	2	801
<b>Lemon Tree Premier</b>	0	0	0	0	2	95	2	95
<b>Lemon Tree Hotels</b>	1	69	0	0	22	1509	23	1578
<b>Red Fox by Lemon Tree Hotels</b>	0	0	0	0	0	0	0	0
<b>Keys Prima by Lemon Tree Hotels</b>	0	0	0	0	0	0	0	0
<b>Keys Select by Lemon Tree Hotels</b>	0	0	0	0	1	40	1	40
<b>Keys Lite by Lemon Tree Hotels</b>	0	0	0	0	2	91	2	91
<b>Total</b>	<b>2</b>	<b>738</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>1867</b>	<b>30</b>	<b>2605</b>

Source: Company, MOFSL

**Exhibit 9: Brand-wise operating performance trend**

	2QFY20	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
<b>Lemon Tree Premier</b>										
Occupancy (%)	75.4	46.0	55.9	71.7	45.7	65.0	68.0	59.0	71.0	76.0
ARR (INR)	5,069	2,846	2,492	2,624	2,480	3,212	4,199	4,452	5,896	5,887
Hotel level EBITDAR/room (INRm)	0.20	0.05	0.06	0.06	0.03	0.10	0.16	0.12	0.27	0.28
Hotel level EBITDAR Margin (%)	42.5	39.0	35.2	28.3	20.5	43.0	48.0	40.0	56.0	54.0
<b>Lemon Tree Hotels</b>										
Occupancy (%)	72.7	27.0	38.9	56.8	24.0	50.0	62.0	48.0	68.0	66.0
ARR (INR)	3,948	2,498	2,799	2,791	2,527	2,910	3,755	3,965	4,751	4,823
Hotel level EBITDAR/room (INRm)	0.12	0.01	0.05	0.06	0.00	0.07	0.13	0.06	0.19	0.18
Hotel level EBITDAR Margin (%)	34.5	14.0	37.0	34.3	2.6	36.0	47.0	27.0	49.0	47.0
<b>Red Fox Hotels</b>										
Occupancy (%)	77.0	30.0	39.7	52.0	25.7	49.0	53.0	36.0	64.0	68.0
ARR (INR)	3,014	2,296	1,808	1,951	2,075	2,213	3,005	3,159	3,712	3,697
Hotel level EBITDAR/room (INRm)	1.00	0.06	0.02	0.06	0.01	0.04	0.08	0.02	0.11	0.13
Hotel level EBITDAR Margin (%)	41.2	9.0	28.0	52.0	11.7	34.0	44.0	20.0	47.0	49.0
<b>Aurika</b>										
Occupancy (%)	0.0	19.0	29.2	45.1	3.8	54.0	52.0	36.0	37.0	39.0
ARR (INR)	0	7,780	10,652	10,195	8,754	10,430	15,468	16,108	11,207	11,896
Hotel level EBITDAR/room (INRm)	0.00	0.06	0.22	0.38	-0.02	0.39	0.69	0.46	0.26	0.29
Hotel level EBITDAR Margin (%)	0.0	34.0	56.4	61.7	-29.9	61.0	68.0	64.0	48.0	49.0

EBITDAR – Earnings before interest, taxes, depreciation, amortization, and rent

Source: Company, MOFSL

**Exhibit 10: Consolidated profit and loss break-up in 2QFY23**

INR m	Total without Keys Hotels					Key Hotels			Total				
	2QFY23	1QFY23	2QFY20	QoQ Change	YoY change*	2QFY23	1QFY23	QoQ Change	2QFY23	1QFY23	2QFY20	QoQ Change	YoY change*
Inventory	4,154	4,154	4,256	0%	-2%	936	936	0%	5,090	5,090	5,192	0%	-2%
ARR	5,186	5,119	4,133	1%	25%	3,355	3,211	4%	4,917	4,822	4,133	2%	19%
Occupancy	69.3%	67.2%	74.8%	210 bp	-550 bp	52.8%	55.6%	-280 bp	66.2%	65.1%	74.8%	110 bp	-860 bp
RevPAR	3,592	3,440	3090	4%	16%	1,771	1,784	-1%	3,257	3,138	3090	4%	5%
Revenue from operations	1,791	1,750	1528	2%	17%	176	171	3%	1,967	1,920	1528	2%	29%
Total expenses	908	862	1043	5%	-13%	123	135	-9%	1,031	997	1043	3%	-1%
EBITDA	883	888	485	-1%	82%	53	36	47%	936	923	485	1%	93%
EBITDA margin (%)	49.3%	50.7%	31.7%	-144 bp	1756 bp	30.1%	21.1%	906 bp	47.6%	48.1%	31.7%	-49 bp	1584 bp
PBT	255	230	-30	11%	NA	-6	-23	NA	250	207	-30	21%	NA

Note: Keys by Lemon Tree Hotels operationalized in Q3 FY20

\*YoY Change is v/s 2QFY20

Source: Company, MOFSL

**Exhibit 11: Operational performance by region**

Parameters by region (rooms)	Occupancy rate (%)					Average daily rate (INR)				
	2QFY23	1QFY23	2QFY20	Change YoY* (bps)	Change QoQ (bps)	2QFY23	1QFY23	2QFY20	Change YoY* (%)	Change QoQ (%)
Delhi (636)	79	73	86	-650	600	4,941	4,895	4,312	15	1
Gurugram (529)	65	57	78	-1,330	800	4,654	4,758	4,078	14	-2
Hyderabad (663)	81	73	84	-279	800	5,390	5,300	4,293	26	2
Bengaluru (874)	68	76	80	-1,186	-800	4,661	4,352	4,370	7	7
Mumbai (303)	77	74	50	2,689	300	7,101	7,114	6,219	14	0
Pune (426)	69	71	67	198	-200	4,703	4,501	4,026	17	4
Rest of India (1,659)	52	53	68	1,549	-100	4,374	4,431	3,338	31	-1

\*YoY Change is v/s 2QFY20

Source: Company, MOFSL



## Highlights from the management commentary

### Operational highlights:

- The slight fall in EBITDA margin (QoQ) was due to a rise in payroll cost as the hotels ramp up to prepare for H2 FY23 which typically has higher occupancy.
- In 2QFY23, Employee benefit/F&B/Power & Fuel/Other expenses as a percentage of revenue declined by 557bp/239bp/127bp/643bp v/s 2QFY20 thereby expanding the EBITDA margins by 1567bps to 48% v/s 2QFY20.
- Demand from corporate travel remains robust and it continues to be the highest contributor to room nights sold ie. 44% and revenue share of 41%. Corporate along with Airline and Travel Trade contributes 55% of room nights sold and 52% to the revenue. The contribution of the retail segment has grown significantly, retail's contribution towards room nights sold is up 5pp to 45% v/s Q2 FY20 and revenue share is 7pp up to 48% v/s Q2FY20.
- In terms of future demand, the management sees a significant improvement in consumer sentiment. Leisure and corporate travel continue to gain traction.
- The company has expanded its presence with the signing of 5 new hotels in Hubli, Rajkot, Goa, Erode (Tamil Nadu) and Kanha. Two hotels - Keys Lite in Vishakhapatnam and Lemon Tree Hotel in Kalina were operationalized in Oct'22.
- The current operational inventory comprises 85 hotels and 8,303 rooms with 2,605 rooms in the pipeline.
- Based on the current pipeline by FY25 the total operational inventory will be 10,908 rooms and 115 hotels.
- Compared to industry, Lemon Tree same store hotels RevPAR grew 14% v/s Q2 FY20 while the industry grew 7% for the same period.
- Lemon Tree same store hotels recovered faster than the industry in 2QFY23 v/s 2QFY20 in Mumbai, Hyderabad, Delhi, Bengaluru, Pune, Gurugram and Chennai.

### Market scenario:

- In 2QFY23, occupancy for Mumbai/Pune improved by 2690bp/200bps to 77%/69%. While for Delhi/Gurugram/Hyderabad/Bengaluru/ROI is lower by 650bp/1330bp/280bp/1186bp /1550bp to 79%/65%/81%/68%/52% in 2QFY23 v/s 2QFY20.
- For the Gurugram and Bangalore market, the drop in occupancy (v/s pre-covid) is due to lower corporate share (v/s pre-covid) as the corporate demand has not reached pre-covid levels. However, the management is seeing pickup month on month in demand from corporate. Excluding Keys in this region, the company did very well.
- For Rest of India (~1200 rooms are from Lemon tree out of total 1659 and balance is keys). The Lemon tree hotels occupancy was ~60% and ARR was north of INR4,500 in 2QFY23. However, the Keys portfolio underperformed resulted in lower occupancy in this region.

### Other key Highlights

- **Capex:** Currently two hotels are under development viz. 'Lemon Tree Mountain Resort, Shimla' with 69 rooms and 'Aurika, Mumbai International Airport' (MIAL) with 669 rooms. Total estimated project cost is ~INR10b out of which INR4.68b is already incurred as on 30th Sep'22.
- The major capex spending for Aurika will be from Jan/Feb'23. Of the total capex ~INR1bs will be spent post six to nine months of the opening.
- **Debt:** The management indicated that the over the next few years post opening up of Aurika MIAL the company can generate ~INR8b of total cash flow annually which will be utilized to repay the debt. The management is sticking to its net debt free target in the next three years.
- The company doesn't have temporary employees. The employee is bifurcated between permanent and outsourced. Outsourced employee is ~25-30%/15% of total employee count/ total employee cost
- **Corporate: Retail Mix-** Revenue from corporates (including corporate, airline and travel trade) has dropped from 59% in 2QFY20 to ~52% in 2QFY23 while that from retail (OTAs, web and other FITs) has increased from 41% to ~48% in 2QFY23.
- The corporate rates have increase by ~INR600 in 2QFY23 while the same for retails has increased by INR1,000.

### Management guidance:

- The management affirm it FY23 revenue/EBITDA guidance of over 100% YoY growth/ ~50% margins.
- The management indicated that the demand from G20 will be phenomenal in FY24.
- The management sees good demand in 4QFY23. However, Oct'22 is weaker in terms of demand due to festivities, while, the management is expecting very good demand for Nov and Dec'22.
- Management contract fees for 1H are much lower than 2H. The management indicated that 2HFY23 fees are expected to be 1.5x of 1HFY23. For FY25, the management guided it to be north of INR1b.
- The management indicated that for 2HFY23 the company can do ~115-145% of 1H revenue.
- The company has re-priced the ARR across brands in line with the replacement cost the asset. For eg. Redfox ARR pre-covid was ~INR3,000 which is increased to INR3,700 in 2QFY23. Further sequential price increase will be there in 3Q and 4Q for Redfox along with occupancy similar to pre-covid levels.
- On the cost front, the management indicated that the reduction of 15% in total expense v/s 2QFY20 will be of permanent nature.
- Industry supply growth will be ~3.5-5% over the next five years. The replacement cost has also gone up. The demand grows at 1.6-1.7x (i.e 12-13%) of GDP growth for branded hotels
- ROCE is expected to improve significantly in 2HFY23



## Valuation and view

- LEMONTRE is well placed to capitalize on the impending opportunity in the domestic Hospitality industry and the expected upcycle, due to: a) its strong presence in the Mid-Priced Hotel segment, b) stabilization of hotels launched prior to the outbreak of the COVID-19 pandemic in greater demand and higher ARR markets, and c) an increase in the number of rooms through management contracts.
- LEMONTRE is expected to witness strong growth led by; 1) buoyant demand during the wedding season, 2) improving traction in corporate travel, 3) increase in inbound travel, and 4) India assuming the G20 presidency (meetings across India).
- We expect LEMONTRE to deliver a revenue/EBITDA CAGR of 59%/97% over FY22-24 and RoE to improve to 13% by FY24. We retain our FY23/FY24 EBITDA estimate maintains **Buy** rating on the stock with a FY24E SoTP-based TP of INR110.

### Exhibit 12: Valuation methodology

Particulars		FY24E
EBITDA (FY24E)	INR m	5,211
EV/ EBITDA multiple	x	19
EV	INR m	1,00,359
Add: Capex for Aurika, Mumbai hotel	INR m	9,500
Less: Net debt (FY24E)	INR m	(17,536)
Less: Minority interest (FY24E)	INR m	(6,155)
Target value	INR m	86,169
No. of shares	m	786
Target price	INR	110

Source: MOFSL

### Exhibit 13: Revisions to our estimates

Earnings Change (INR m)	Old		New		Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Revenue	8,693	10,170	8,774	10,141	1%	0%
EBITDA	4,312	5,237	4,360	5,211	1%	0%
Adj. PAT	1,029	1,348	1,048	1,314	2%	-3%

Source: MOFSL



## Financials and valuations

### Consolidated - Income Statement

	(INRm)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Total Income from Operations</b>	<b>3,680</b>	<b>4,121</b>	<b>4,843</b>	<b>5,495</b>	<b>6,694</b>	<b>2,517</b>	<b>4,022</b>	<b>8,774</b>	<b>10,141</b>
Change (%)	26.7	12.0	17.5	13.5	21.8	-62.4	59.8	118.1	15.6
F&B Consumed	346	353	436	498	570	178	279	586	710
Employees Cost	854	969	1,096	1,205	1,553	704	973	1,486	1,673
Other Expenses	1,468	1,633	1,949	2,104	2,137	1,022	1,432	2,342	2,547
<b>Total Expenditure</b>	<b>2,668</b>	<b>2,955</b>	<b>3,481</b>	<b>3,807</b>	<b>4,260</b>	<b>1,905</b>	<b>2,683</b>	<b>4,414</b>	<b>4,930</b>
% of Sales	72.5	71.7	71.9	69.3	63.6	75.7	66.7	50.3	48.6
<b>EBITDA</b>	<b>1,012</b>	<b>1,166</b>	<b>1,362</b>	<b>1,688</b>	<b>2,434</b>	<b>613</b>	<b>1,339</b>	<b>4,360</b>	<b>5,211</b>
Margin (%)	27.5	28.3	28.1	30.7	36.4	24.3	33.3	49.7	51.4
Depreciation	522	510	526	541	922	1,076	1,043	1,040	1,078
<b>EBIT</b>	<b>490</b>	<b>656</b>	<b>836</b>	<b>1,146</b>	<b>1,512</b>	<b>-463</b>	<b>296</b>	<b>3,320</b>	<b>4,132</b>
Int. and Finance Charges	720	776	784	847	1,565	1,817	1,740	1,937	2,126
Other Income	58	118	126	145	58	133	140	104	162
<b>PBT bef. EO Exp.</b>	<b>-172</b>	<b>-2</b>	<b>178</b>	<b>445</b>	<b>5</b>	<b>-2,147</b>	<b>-1,304</b>	<b>1,486</b>	<b>2,168</b>
EO Items	0	0	0	0	0	0	153	-48	0
<b>PBT after EO Exp.</b>	<b>-172</b>	<b>-2</b>	<b>178</b>	<b>445</b>	<b>5</b>	<b>-2,147</b>	<b>-1,456</b>	<b>1,439</b>	<b>2,168</b>
Total Tax	126	48	38	-111	109	-322	-72	275	546
Tax Rate (%)	-73.3	-2058.7	21.3	-25.0	2220.8	15.0	5.0	19.1	25.2
MI/ share of profit from associates	14	10	-2	27	-9	-555	-510	151	308
<b>Reported PAT</b>	<b>-312</b>	<b>-61</b>	<b>142</b>	<b>529</b>	<b>-95</b>	<b>-1,271</b>	<b>-874</b>	<b>1,012</b>	<b>1,314</b>
<b>Adjusted PAT</b>	<b>-312</b>	<b>-61</b>	<b>142</b>	<b>529</b>	<b>-95</b>	<b>-1,271</b>	<b>-760</b>	<b>1,048</b>	<b>1,314</b>
Change (%)	NA	NA	NA	271.9	-118.0	1,232.4	-40.2	-237.9	25.4
Margin (%)	-8.5	-1.5	2.9	9.6	-1.4	-50.5	-18.9	11.9	13.0

### Consolidated - Balance Sheet

	(INRm)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	7,780	7,812	7,864	7,893	7,903	7,904	7,908	7,908	7,908
Total Reserves	319	274	284	857	1,986	1,272	404	1,416	2,730
<b>Net Worth</b>	<b>8,099</b>	<b>8,086</b>	<b>8,148</b>	<b>8,750</b>	<b>9,889</b>	<b>9,176</b>	<b>8,312</b>	<b>9,324</b>	<b>10,638</b>
Minority Interest	4,277	4,284	4,286	4,322	5,559	6,174	5,676	5,838	6,155
Total Loans	6,248	7,987	10,110	12,042	15,775	16,850	16,986	17,886	18,386
Lease Liability	0	0	0	0	4,619	4,671	4,247	4,247	4,247
Deferred Tax Liabilities	69	67	43	0	0	0	0	0	0
<b>Capital Employed</b>	<b>18,693</b>	<b>20,424</b>	<b>22,588</b>	<b>25,114</b>	<b>35,841</b>	<b>36,870</b>	<b>35,223</b>	<b>37,296</b>	<b>39,427</b>
Gross Block	12,823	15,114	16,044	18,068	35,073	35,016	34,637	34,737	34,837
Less: Accum. Deprn.	507	998	1,513	2,054	2,977	4,052	5,096	6,136	7,214
<b>Net Fixed Assets</b>	<b>12,316</b>	<b>14,116</b>	<b>14,531</b>	<b>16,014</b>	<b>32,097</b>	<b>30,964</b>	<b>29,542</b>	<b>28,601</b>	<b>27,623</b>
Goodwill on Consolidation	0	67	68	0	951	951	951	951	951
Capital WIP	2,593	3,508	5,591	6,639	1,896	2,418	2,968	4,968	7,968
<b>Total Investments</b>	<b>58</b>	<b>63</b>	<b>146</b>	<b>373</b>	<b>164</b>	<b>79</b>	<b>114</b>	<b>114</b>	<b>114</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>5,092</b>	<b>4,363</b>	<b>4,247</b>	<b>4,693</b>	<b>2,521</b>	<b>3,737</b>	<b>2,776</b>	<b>5,208</b>	<b>5,710</b>
Inventory	54	49	54	60	82	72	81	73	81
Account Receivables	245	314	525	844	503	308	291	625	722
Cash and Bank Balance	139	176	210	314	408	1,411	543	562	851
Loans and Advances	4,654	3,823	3,458	3,475	1,528	1,945	1,861	3,948	4,056
<b>Curr. Liability &amp; Prov.</b>	<b>1,366</b>	<b>1,694</b>	<b>1,994</b>	<b>2,605</b>	<b>1,786</b>	<b>1,278</b>	<b>1,128</b>	<b>2,547</b>	<b>2,940</b>
Account Payables	511	604	811	958	842	788	585	967	1,013
Other Current Liabilities	825	1,053	1,140	1,592	877	412	319	1,316	1,825
Provisions	29	36	43	55	67	78	224	263	101
<b>Net Current Assets</b>	<b>3,726</b>	<b>2,669</b>	<b>2,253</b>	<b>2,088</b>	<b>734</b>	<b>2,459</b>	<b>1,648</b>	<b>2,662</b>	<b>2,771</b>
<b>Appl. of Funds</b>	<b>18,693</b>	<b>20,424</b>	<b>22,588</b>	<b>25,114</b>	<b>35,841</b>	<b>36,870</b>	<b>35,223</b>	<b>37,296</b>	<b>39,427</b>

## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.2</b>	<b>0.7</b>	<b>-0.1</b>	<b>-1.6</b>	<b>-1.0</b>	<b>1.3</b>	<b>1.7</b>
Cash EPS	0.3	0.6	0.9	1.4	1.1	-0.2	0.4	2.7	3.1
BV/Share	10.4	10.4	10.4	11.2	12.7	11.7	10.6	11.9	13.6
<b>Valuation (x)</b>									
P/E	-225.6	-1,159.1	494.8	133.0	-737.6	-55.4	-92.6	67.1	53.5
Cash P/E	335.5	156.4	105.3	65.8	85.1	-360.5	248.1	33.7	29.4
P/BV	8.7	8.7	8.6	8.0	7.1	7.7	8.5	7.5	6.6
EV/Sales	21.9	20.0	17.4	15.7	13.6	36.5	23.0	10.7	9.3
EV/EBITDA	79.7	70.6	62.0	51.0	37.5	149.9	69.0	21.4	18.0
EV/Room (INRm)	28.9	29.1	25.8	24.1	21.4	21.6	21.7	19.4	19.5
Dividend Yield (%)	0.0	0.0	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	-9.5	-1.5	0.9	1.4	2.6
<b>Return Ratios (%)</b>									
RoE	-3.8	-0.7	1.8	6.3	-1.0	-13.3	-8.7	11.9	13.2
RoCE	2.6	3.4	3.8	4.4	4.5	-0.9	1.1	8.7	10.2
RoIC	2.3	3.0	3.8	5.0	4.4	-1.0	0.7	7.9	10.0
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.3	0.3
Asset Turnover (x)	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.3
Inventory (Days)	5	4	4	4	4	10	7	3	3
Debtor (Days)	24	28	40	56	27	45	26	26	26
Creditor (Days)	51	54	61	64	46	114	53	40	36
<b>Leverage Ratio (x)</b>									
Current Ratio	3.7	2.6	2.1	1.8	1.4	2.9	2.5	2.0	1.9
Interest Cover Ratio	0.7	0.8	1.1	1.4	1.0	-0.3	0.2	1.7	1.9
Net Debt/Equity	0.7	1.0	1.2	1.3	1.5	1.7	2.0	1.8	1.6

### Consolidated - Cash Flow Statement

(INRm)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	-173	-25	178	445	5	-2,147	-1,446	1,486	2,168
Depreciation	523	510	526	541	922	1,076	1,043	1,040	1,078
Interest & Finance Charges	667	704	658	702	1,507	1,685	1,786	1,833	1,964
Direct Taxes Paid	-122	-40	-38	111	-109	322	-17	-275	-546
(Inc)/Dec in WC	-297	133	450	25	-754	-1,009	27	-994	179
<b>CF from Operations</b>	<b>598</b>	<b>1,282</b>	<b>1,775</b>	<b>1,824</b>	<b>1,572</b>	<b>-74</b>	<b>1,394</b>	<b>3,090</b>	<b>4,844</b>
Others	83	-66	-629	43	-62	-635	-41	124	325
<b>CF from Operating incl EO</b>	<b>681</b>	<b>1,216</b>	<b>1,145</b>	<b>1,867</b>	<b>1,510</b>	<b>-709</b>	<b>1,353</b>	<b>3,215</b>	<b>5,169</b>
(Inc)/Dec in FA	-1,320	-2,343	-3,012	-3,004	-8,969	-465	-668	-2,100	-3,100
<b>Free Cash Flow</b>	<b>-639</b>	<b>-1,127</b>	<b>-1,867</b>	<b>-1,138</b>	<b>-7,459</b>	<b>-1,174</b>	<b>685</b>	<b>1,115</b>	<b>2,069</b>
(Pur)/Sale of Investments	271	-3	-82	-228	210	85	132	0	0
Others	21	54	495	337	2,677	-276	-56	104	162
<b>CF from Investments</b>	<b>-1,028</b>	<b>-2,292</b>	<b>-2,600</b>	<b>-2,895</b>	<b>-6,082</b>	<b>-656</b>	<b>-591</b>	<b>-1,996</b>	<b>-2,938</b>
Issue of Shares	25	1	52	29	10	1,750	8	0	0
Inc/(Dec) in Debt	847	1,739	2,124	1,931	3,733	1,075	134	900	500
Interest Paid	-687	-737	-784	-847	-1,565	-1,817	-1,400	-1,937	-2,126
Others	0	110	97	18	2,488	1,361	-372	-162	-317
<b>CF from Fin. Activity</b>	<b>185</b>	<b>1,113</b>	<b>1,489</b>	<b>1,131</b>	<b>4,667</b>	<b>2,368</b>	<b>-1,630</b>	<b>-1,199</b>	<b>-1,943</b>
<b>Inc/Dec of Cash</b>	<b>-162</b>	<b>37</b>	<b>35</b>	<b>103</b>	<b>94</b>	<b>1,003</b>	<b>-869</b>	<b>20</b>	<b>288</b>
Opening Balance	301	139	176	211	314	408	1,411	543	562
<b>Closing Balance</b>	<b>139</b>	<b>176</b>	<b>211</b>	<b>314</b>	<b>408</b>	<b>1,411</b>	<b>543</b>	<b>562</b>	<b>851</b>

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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