

**Aggregate revenue up 24% v/s 1QFY20**

	Change YoY (%)	Change QoQ (%)	Change v/s 1QFY20 (%)
IH	267	45	24
EIH	311	31	16
CHALET	274	71	5
LEMONTRE	356	61	3
OBER	346	53	8
BRGD	347	63	16
ITC	336	42	41
Aggregate	295	46	24

EBITDA performance

	2Q'22	3Q'22	4Q'22	1Q'23
IH	728	3,218	1,590	3,779
EIH	-97	859	190	995
CHALET	357	458	332	1,035
LEMONTRE	339	633	368	924
OBER	27	60	56	136
BRGD	73	179	3	291
ITC	170	1,170	320	1,800
Aggregate	1,597	6,576	2,860	8,960

Travel recovery bodes well for Hotels

In this report, we present the current demand scenario in key cities and insights based on the 1QFY23 results as well as management commentaries of major hospitality players – Indian Hotels (IH), Lemon Tree Hotels (LEMONTRE), Chalet Hotels (CHALET), EIH, Oberoi Realty (OBER), Brigade Enterprises (BRGD) and ITC.

- Occupancies surpassed the 65% mark in Jun'22, with ARR being higher by 10% than Jun'19 levels.
- The hospitality basket reported higher flow through (incremental EBITDA to incremental revenue) in 1QFY23 v/s 1QFY20, with CHALET leading the pack (2.4x) followed by EIH, OBER and LEMONTRE.
- RevPAR grew v/s pre-pandemic level across hotels fueled by better occupancy and ARR with gradual pick-up in leisure and business travel.
- ORR is likely to improve further while ARR would remain resilient in anticipation of a resumption in foreign inbound travel that would continue to propel topline.

ARR and ORR surpass pre-pandemic levels in 1QFY23 (v/s 1QFY20)

- According to HVS Anarock, ORR and ARR have been able to sustain over the pre-pandemic levels in 1QFY23, indicating a strong recovery. While ORR remained above pre-pandemic level throughout 1QFY23 at around 65% (up ~2pp v/s 1QFY20), ARR was on a rise in Apr'22/May'22/Jun'22 being higher by 4%/9%/10% v/s Apr'19/May'19/Jun'19, respectively.
- The pan-India occupancies in Jun'22 reached the 65% mark (3% up v/s Jun'19) along with higher ARR at INR5,850 (10% up v/s Jun'19). RevPAR improved 13% v/s the pre-pandemic levels for the month.
- According to STR, RevPAR growth in Mumbai/Bengaluru/Delhi & NCR/Goa/Hyderabad/Chennai/Rajasthan stood at 16%/5%/5%/57%/8%/12%/41% in 1QFY23 v/s 1QFY20, respectively.
- Despite a drop in domestic air traffic by 8% in Jun'22 v/s the previous month due to seasonality, demand in hotels remained buoyant with travelers using other modes of transport. As per the RBI, FASTag collections per day in Jun'22 have seen a 2% increase to INR1,434m v/s INR1,409m in May'22, indicating that more and more travelers are opting for hotels within drivable destinations.

Financial highlights: Aggregate revenue grows 24% v/s 1QFY20

- The 1QFY23 aggregate revenue for the hospitality basket – IH, CHALET, LEMONTRE, EIH, OBER, BRGD and PHNX – grew 46% QoQ and 24% v/s 1QFY20 to INR27.9b. ITC's performance led the pack with 41% growth v/s 1QFY20, followed by LEMONTRE (36% v/s 1QFY20) and IH (standalone; 33% v/s 1QFY20), aided by a recovery in business travel.
- EBITDA for the basket came in at INR9b in 1QFY23, higher by 3.1x QoQ and 2x v/s 1QFY20. EBITDA growth was the highest for EIH of 3.1x v/s 1QFY20 followed by IH (standalone/consolidated)'s EBITDA growth of 2.4x/2.2x v/s pre-pandemic, respectively.

- ITC's EBITDA grew 2.3x v/s 1QFY20 at INR1.8b while LEMONTRE delivered an EBITDA growth of 2.1x. BRGD/OBER/CHALET's EBITDA grew 45%/32%/30% v/s 1QFY20 levels, respectively.
- Adjusted net profit of the hospitality basket stood at INR2.8b in 1QFY23 v/s INR162m in 4QFY22 and INR146m in 1QFY20.
- Compared to the pre-pandemic level, CHALET reported the highest flow through in 1QFY23 at 2.4x followed by EIH at 1.3x and OBER at 1.2x. LEMONTRE, IH (consolidated/standalone), BRGD and ITC saw EBITDA flow through of 93%, 83%/80%, 73% and 63%, respectively, in 1QFY23.

Operational highlights: Occupancy and ARR improve v/s pre-pandemic level almost across all hotels

- Across players, RevPAR improved v/s pre-pandemic level due to better occupancy and ARR aided by a pick-up in travel. IH domestic network/standalone RevPAR grew 39%/38%, respectively; while EIH rose 28% v/s 1QFY20.
- RevPAR growth for IH domestic network/standalone operations was led by ARR growth of 32%/25% coupled with 340bp/700bp expansion in occupancy v/s 1QFY20, respectively.
- EIH's domestic network (including management contract) hotels' RevPAR grew 28% v/s pre-pandemic to INR7,968 in 1QFY23, led by 800bp improvement in occupancy to 72%; the ARR improved 14% v/s 1QFY20.
- BRGD/OBER/PHNX saw RevPAR growth of 23%/16%/13% in 1QFY23, with ORR improving 1,200bp/1,100bp and 140bp and ARR coming in higher by 2%/2%/11% v/s 1QFY20 levels, respectively.
- LEMONTRE's RevPAR was flat v/s pre-pandemic at INR3,138 in 1QFY23, led by a 20% improvement in ARR to INR4,822 v/s 1QFY20; while ORR was down 1,240bp for the same period.
- CHALET's RevPAR contracted 5% with ARR declining 8% at INR7,457 while ORR was up 300bp in 1QFY23 v/s 1QFY20.

Key management commentaries: Demand v/s supply gap to sustain the long-term growth story for the overall industry

- **Industry wide views:** a) domestic demand is seeing a strong recovery while international travel is lagging. With pick-up in foreign inbound travelers in 3Q and 4Q coupled with resilient domestic demand, 2HFY23 is expected to be significantly better; b) Mumbai continued to be the market leader for the hotels sector, with occupancy of more than 80% in May'22, followed by Pune and Bengaluru; c) players could command better ARR v/s pre-Covid levels with travel making a strong comeback, and d) demand v/s supply gap would be favorable in the next three to five years leading to better pricing power.
- **IH:** i) Growth in ARR/Occupancy/RevPAR of 31%/9%/42% over 1QFY20, respectively; ii) RevPAR growth in Mumbai/Bengaluru/Delhi & NCR at 33%/22%/20% in 1QFY23 v/s 1QFY20, respectively; iii) ORR in 1QFY23 exceeded pre-pandemic level in almost all hotels, except for Ginger where ORR declined due to its strategy to increase room rent, iv) focus on cost optimization led to reduction in fixed cost as a percent of sales to 35% in 1QFY23 from 46% in 1QFY20; v) Palaces and Safaris not yet seen pre-Covid level traction, as foreign inbound travel has not picked up; it is expected to pick-up by end-CY23; vi) IH expects INR1b+ of enterprise revenue from Qmin in next two to three years; vii) guided to open 14 more hotels and sign 15 more hotels in the rest of FY23, viii)

IH has 8,100 rooms in pipeline, representing 25%/40% of total portfolio/ operational portfolio, ix) long-term guidance of 33% EBITDA margins with 35% margins from the new business and x) IH aspires to have a Qmin restaurant in every Ginger hotel. Management expects 55%+ EBITDA margins in Ginger plus Qmin and other portfolio to clock a margin of 40-45%.

- **LEMONTRE:** i) Increased demand for MICE supported growth, ii) ORR improved in Delhi/Hyderabad/ Bengaluru/Mumbai to 73%/73%/76%/74%, respectively, lagged in Gurugram at 57%, iii) Lower ORR at Aurika – Udaipur, at 37%, due to unrest in Udaipur and room tariffs kept above INR11,000, iv) under Keys, hotels in Bangalore and Pune had ORR in range of 70-80%; while Kerala, Ludhiana and Vizag were laggards, v) Keys' ORR to be in the range of 65-70% in FY23 and account for 17% of portfolio, vi) for 1QFY23, staff to room was 0.63x and expected to sustain at 0.66x going ahead, vii) cost per employee gone up to INR31,500/month from INR27,500, viii) Aurika and MIAL's capex estimated at ~INR10b of which INR4.4b is already incurred as of 1QFY23, and hotel is expected to open by end of CY23 with ARR of ~INR12,000, ix) LEMONTRE is looking to go debt free in the next four to five years, x) revenue from corporates has dropped to ~43% from 50% while that from retail has increased to ~45% in FY22 from 35%, xi) ORR is expected to be in range of 75-80% for 2HFY23, xii) ARR for 2HFY23 to be higher than INR5,500 and xiii) management fee income is likely to reach ~INR360m for FY23 and ~INR550m for FY24.
- **CHALET:** i) Hospitality business – ORR at 70%, ARR up 37%, revenue up 5% assisted by business travel, ii) Cost saving of 100-200bp in any new hotel can be expected, iii) Capex – INR7b for FY23, with some spillover in FY24, iv) started the Delhi Hotel Project that will be connected to the Terminals 3 and 4. The capex will be around INR6.5m per room with total rooms to be ~375-400 (i.e. approx. INR2.4-2.6b capex), v) adding one more commercial office in Powai in two to three years, which will add INR1.75b to EBITDA, vi) the management is open to inorganic growth in Delhi, Bangalore and others cities (e.g. Chennai) where it is not present as of now.
- **EIH:** i) ARR for domestic hotels (including managed hotel) was at INR11,066 in 1QFY23 up 14% v/s 1QFY20 while ORR was 72% v/s 64% in 1QFY20. ii) Consumption/Power/Employee costs were down 8%/2%/10%, respectively, but repair and admin expenses increased 27% and 9% due to intensified travel activities, iii) average energy cost reduced to ~INR5.9/unit from ~INR10.9/unit for electricity. Gurgaon and Delhi have a 100% solar energy consumption, iv) India can benefit from depreciating INR v/s USD, which would increase travel but the rising costs could create an issue.

Valuation and view: Resilient ARR and strong occupancies would continue to drive growth

- The hotel sector is poised to continue its robust growth momentum in the coming quarters driven by an expected strong recovery in international travels and improving MICE activity.
- We anticipate the strong demand scenario to sustain in FY23/FY24 based on: a) improved occupancies driven by business as well as leisure segment, b) cost rationalization efforts across hotels, and c) an increase in MICE and foreign inbound travel.
- Maintain **BUY** on **IH** with an FY24-based target price of INR320.
- Reiterate **BUY** on **LEMONTRE** with an FY24-based target price of INR90.

Exhibit 1: IH – SoTP

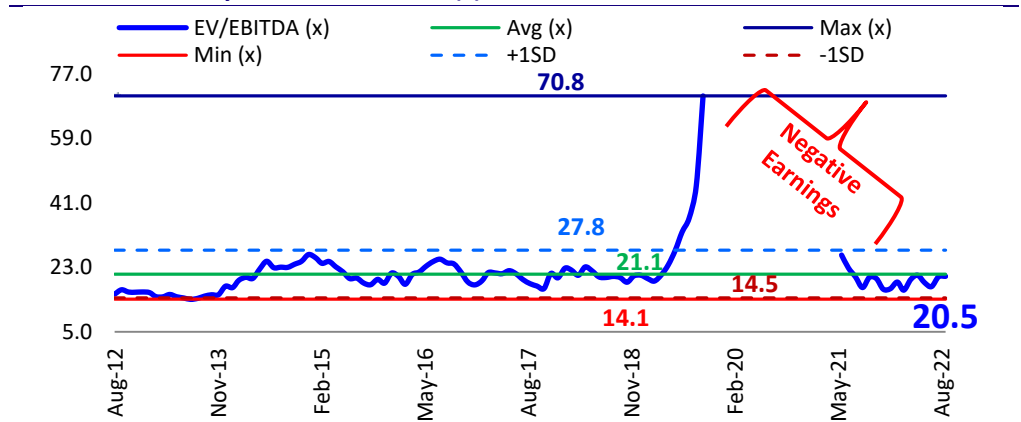
Particulars	Methodology	Metrics	FY24E	Multiple (x)	Value (INRm)	Value/ share (INR)
IHCL- ex JV/ Associate						
EV	EV/EBITDA (x)	EBITDA	19,596	22	4,35,614	307
Less: Net Debt					18,663	13
Less: Minority Interest					-5,930	-4
Sub Total					4,48,346	316
JV/Associate						
Taj GVK (IHCL's share - 25.5%) - JV	20% discount to MCAP	Attributable Mcap	2,601	0.8	2,081	1
Oriental Hotel (IHCL's share - 35.7%) - Associate	20% discount to MCAP	Attributable Mcap	4,616	0.8	3,693	3
Sub Total					5,774	4
Target Price					4,54,120	320

Source: MOFSL

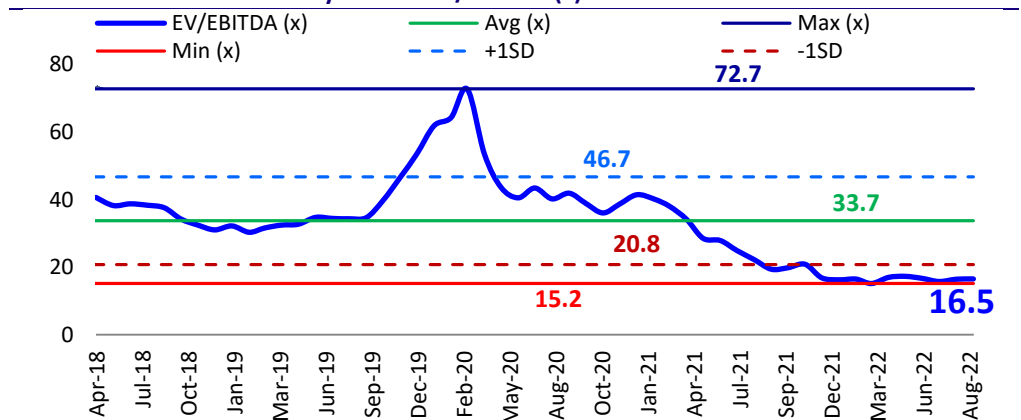
Exhibit 2: LEMONTRE – SoTP

Particulars		FY24
EBITDA (FY24)	INRm	4,755
EV/ EBITDA Multiple	x	18
EV	INRm	85,123
Add: Capex for Aurika, Mumbai hotel	INRm	9,500
Less: Net Debt (FY24)	INRm	(17,730)
Less: Minority Interest (FY24)	INRm	(6,064)
Target Value	INRm	70,829
No. of shares	m	786
Target Price	INR	90

Source: MOFSL

Exhibit 3: IH – One-year fwd EV/EBITDA (x)

Source: MOFSL

Exhibit 4: LEMONTRE – One-year fwd EV/EBITDA (x)

Source: MOFSL

Exhibit 5: Aggregate revenue grew 24% v/s 1QFY20

(INR m)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change YoY (%)	Change QoQ (%)	v/s 1QFY20 (%)
IH – standalone	5,719	952	1,652	4,087	4,640	2,074	4,615	7,409	5,936	7,612	267	28	33
IH – consolidated	10,200	1,436	2,567	5,599	6,150	3,446	7,284	11,112	8,721	12,661	267	45	24
EIH – consolidated	3,406	297	719	1,792	2,152	959	2,301	3,601	3,010	3,943	311	31	16
CHALET	2,403	526	589	825	978	676	1,282	1,642	1,480	2,530	274	71	5
LEMONTRE	1,409	407	476	684	951	422	969	1,437	1,195	1,920	356	61	36
OBER	321	25	66	113	122	78	164	250	228	348	346	53	8
BRGD	776	105	178	305	549	201	412	626	553	899	347	63	16
ITC	3,926	226	820	2,352	2,878	1,272	2,947	4,734	3,896	5,550	336	42	41
Aggregate (ex-IH standalone)	22,441	3,022	5,414	11,669	13,780	7,054	15,359	23,402	19,083	27,851	295	46	24

Source: MOFSL

Exhibit 6: EBITDA performance

(INR m)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change YoY (%)	Change QoQ (%)	v/s 1QFY20 (%)
IH – standalone	1,096	-1,619	-877	480	1,047	-965	605	2,609	1,634	2,605	NA	59	138
IH – consolidated	1,734	-2,660	-1,503	-167	713	-1,488	728	3,218	1,590	3,779	NA	138	118
EIH – consolidated	325	-1,408	-1,000	-268	-218	-1,015	-97	859	190	995	NA	423	207
CHALET	795	-60	-23	114	145	-90	357	458	332	1,035	NA	211	30
LEMONTRE	448	44	83	201	285	-1	339	633	368	924	NA	151	106
OBER	103	-48	-6	-1	4	-27	27	60	56	136	NA	143	32
BRGD	201	-119	-65	29	211	-28	73	179	3	291	NA	9600	45
ITC	780	-1,750	-1,170	0	250	870	170	1,170	320	1,800	107%	463	131
Aggregate (ex-IH standalone)	4,386	-6,002	-3,684	-93	1,390	-1,779	1,597	6,576	2,860	8,960	NA	213	104

Source: MOFSL

Exhibit 7: EBIDTA margin trend

%	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change YoY (bps)	Change QoQ (bps)	v/s 1QFY20 (bps)
IH – standalone	19%	-170%	-53%	12%	23%	-47%	13%	35%	28%	34%	NA	670	1506
IH – consolidated	17%	-185%	-59%	-3%	12%	-43%	10%	29%	18%	30%	NA	1162	1284
EIH – consolidated	10%	-474%	-139%	-15%	-10%	-106%	-4%	24%	6%	25%	NA	1892	1571
CHALET	33%	-11%	-4%	14%	15%	-13%	28%	28%	22%	41%	NA	1845	781
LEMONTRE	32%	11%	17%	29%	30%	0%	35%	44%	31%	48%	NA	1728	1634
OBER	32%	-192%	-9%	-1%	3%	-35%	16%	24%	25%	39%	NA	1452	699
BRGD	26%	-113%	-37%	10%	38%	-14%	18%	29%	1%	32%	NA	3183	647
ITC	20%	-775%	-143%	0%	9%	68%	6%	25%	8%	32%	-3594	2422	1257
Aggregate (ex-IH standalone)	20%	-199%	-68%	-1%	10%	-25%	10%	28%	15%	32%	NA	1718	1263

Source: MOFSL

Exhibit 8: Incremental EBITDA/incremental revenue for 4QFY22 and 1QFY23 (YoY)

(INR m)	4QFY22		1QFY23				Inc. EBITDA/Revenue (%)		
	Inc. Revenue (YoY)	Incr. EBITDA (YoY)	Inc. Revenue (YoY)	Incr. EBITDA (YoY)	Inc. Revenue (v/s 1QFY20)	Incr. EBITDA (v/s 1QFY20)	4QFY22 (YoY)	1QFY23 (YoY)	1QFY23 (v/s 1QFY20)
IH – standalone	1,296	587	5,538	3,570	1,894	1,509	45	64	80
IH – consolidated	2,571	877	9,215	5,267	2,461	2,044	34	57	83
EIH – consolidated	857	409	2,984	2,010	537	671	48	67	125
CHALET	502	80	1,808	985	81	194	16	54	238
LEMONTRE	245	83	1,499	924	511	476	34	62	93
OBER	106	52	270	163	27	33	49	60	122
BRGD	4	-208	698	319	123	90	NA	46	73
ITC	1,019	70	4,277	930	1,624	1,020	7	22	63
Aggregate	5,303	1,470	20,797	10,738	5,410	4,574	28	52	85

Source: MOFSL

Exhibit 9: PAT trend

(INR m)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change QoQ (%)	v/s 1QFY20 (%)
IH – standalone	207	-2,105	-1,296	-527	-155	-1,823	-480	1,266	1,120	1,489	33	618
IH – consolidated	39	-3,445	-2,454	-1,399	-1,103	-2,926	-1,125	837	619	1,769	186	4387
EIH – consolidated	-28	-1,493	-1,133	-557	-453	-1,132	-371	391	-238	539	-327	-2046
CHALET	151	-383	-417	-290	-113	-408	-107	-31	-88	312	-456	107
LEMONTRE	-17	-419	-371	-312	-168	-401	-208	-19	-132	174	-232	-1144
Aggregate	146	-5739	-4375	-2559	-1838	-4867	-1810	1178	162	2794	1622	1818

Source: Company, MOFSL

Exhibit 10: ARR trend

(INR)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change YoY (%)	Change QoQ (%)	v/s 1QFY20 (%)
IH – standalone	9,141	4,848	5,424	8,300	8,537	7,024	8,273	11,348	10,569	11,397	62	8	25%
IH – domestic	6,299	3,349	3,759	5,643	5,953	4,656	5,878	8,089	7,671	8,315	79	8	32%
EIH – consolidated	9,727	6,523	7,532	9,084	9,025	8,197	8,548	11,483	11,019	11,066	35	0	14%
CHALET	8,078	3,860	4,030	4,023	4,173	3,523	3,882	5,078	5,429	7,457	112	37	-8%
LEMONTRE	4,002	2,626	2,654	2,528	2,654	2,362	3,028	3,901	4,093	4,822	104	18	20%
OBER	8,946	7,426	4,775	5,669	5,260	4,685	4,378	6,918	7,166	9,116	95	27	2%
BRGD	5,234	2,874	3,097	3,085	2,921	0	3,455	4,181	4,182	5,363	NA	28	2%
PHNX	8,816	8,108	6,383	6,039	5,722	5,434	5,202	7,195	7,340	9,808	80	34	11%

NA - Data is not available Source: Company, MOFSL

Exhibit 11: Occupancy trend

(%)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change YoY (pp)	Change QoQ (pp)	v/s 1QFY20 (pp)
IH – standalone	63%	21%	32%	47%	57%	28%	57%	67%	58%	70%	42.0	12.0	7.0
IH – domestic	62%	15%	28%	46%	56%	29%	54%	63%	55%	65%	36.6	10.7	3.0
EIH – consolidated	64%	7%	16%	35%	45%	27%	51%	63%	56%	72%	45.0	16.0	8.0
CHALET	75%	24%	25%	33%	39%	36%	56%	60%	55%	78%	42.0	23.0	3.0
LEMONTRE	78%	29%	32%	42%	56%	30%	51%	58%	46%	65%	35.5	19.0	-13.0
OBER	80%	7%	40%	37%	44%	39%	84%	72%	75%	91%	52.0	16.0	11.0
BRGD	59%	11%	15%	27%	43%	23%	45%	59%	49%	71%	48.0	22.0	12.0
PHNX	76%	11%	19%	36%	44%	26%	57%	74%	66%	77%	51.7	11.0	1.4

Source: Company, MOFSL

Exhibit 12: RevPAR trend

(INR)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change YoY (%)	Change QoQ (%)	v/s 1QFY20 (%)
IH – standalone	5,795	992	1,751	3,936	4,877	1,992	4,679	7,559	6,176	8,021	303	30	38
IH – domestic	3,893	513	1,061	2,573	3,329	1,331	3,168	5,070	4,183	5,424	308	30	39
EIH – consolidated	6,225	457	1,205	3,179	4,061	2,213	4,359	7,234	6,171	7,968	260	29	28
CHALET	6,070	926	1,007	1,318	1,610	1,252	2,161	3,035	2,973	5,794	363	95	-5
LEMONTRE	3,103	759	859	1,073	1,481	700	1,544	2,246	1,888	3,138	348	66	1
OBER	7,148	459	1,622	1,957	2,285	1,764	3,637	5,001	5,397	8,326	372	54	16
BRGD	3,088	316	465	833	1,256	NA	1,555	2,467	2,049	3,808	NA	86	23
PHNX	6,708	926	1,190	2,173	2,494	1,398	2,948	5,329	4,875	7,596	443	56	13

NA - Data not available Source: Company, MOFSL

Exhibit 13: MoM operational indicators – LEMONTRE

Particulars	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Change (Jun'22 to Jul'21)
Total occupancy	51	51	52%	55%	56%	61%	32%	47%	60%	65%	62%	68%	1710
Occupancy in operational hotels	54	54	54%	57%	59%	62%	34%	51%	60%	NA	NA	NA	NA
Gross ARR (INR)	2,775	3,075	3,230	3,415	3,981	4,263	3,659	4,038	4,204	4,728	4,998	4,776	72%

Source: Company, MOFSL

Exhibit 14: MoM operational indicators – CHALET

Particulars	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Change (Jun'22 to Jul'21)
Occupancy (%)	54%	58%	54%	58%	57%	64%	38%	59%	68%	81%	79%	73%	1900
RevPAR (INR)	2,074	2,135	2,278	2,571	2,978	3,554	1,956	2,703	4,232	5,735	6,025	5,616	171%

Exhibit 15: Operational performance by region - LEMONTRE**LEMONTRE - City wise occupancy trend (%)**

By region (# rooms)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY (bps)	QoQ (bps)	v/s 1QFY20 (bps)
Delhi (636)	81	39	59	55	74	38	64	69	64	73	3,458	900	-780
Gurugram (529)	80	25	25	30	51	24	40	51	36	57	3,304	2,100	-2,250
Hyderabad (663)	88	36	34	45	57	42	61	66	45	73	3,092	2,800	-1,520
Bengaluru (874)	83	38	24	24	49	19	33	41	39	76	5,738	3,700	-710
Mumbai (303)	0	38	49	59	81	72	78	76	69	74	198	500	7,400

LEMONTRE - City wise ARR trend (INR)

By region (# rooms)	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY (%)	QoQ (%)	v/s 1QFY20 (%)
Delhi (636)	4,339	3,210	2,921	2,314	2,382	2,298	3,087	3,902	3,912	4,895	113	25	13
Gurugram (529)	3,972	2,983	2,987	2,290	2,091	2,775	3,044	3,812	4,186	4,758	71	14	20
Hyderabad (663)	4,005	3,259	2,175	2,128	2,228	2,084	2,530	3,467	4,125	5,300	154	28	32
Bengaluru (874)	4,299	1,873	1,643	2,202	1,567	2,000	2,558	3,086	3,399	4,352	118	28	1
Mumbai (303)	NA	3,766	3,789	2,908	2,892	2,615	3,105	4,120	4,762	7,114	172	49	NA

Source: Company, MOFSL

Exhibit 16: Operational performance by region – CHALET**CHALET - City wise ARR trend (INR)**

	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY (%)	QoQ (%)	v/s 1QFY20 (%)
MMR	7,860	3,616	3,812	4,110	4,562	3,431	3,938	5,351	5,797	7,988	27%	8%	2%
Bengaluru	8,835	5,245	5,337	4,520	3,900	4,476	3,694	4,039	5,572	7,344	43%	38%	-17%
Hyderabad	8,116	3,958	4,726	4,196	4,067	4,017	4,285	5,592	4,974	6,980	22%	-11%	-14%
Pune	NA	2,888	2,930	2,835	2,888	2,418	3,170	3,880	3,914	5,099	36%	1%	NA
Combined	8,078	3,860	4,030	4,023	4,173	3,523	3,882	5,078	5,429	7,457	30%	7%	-8%

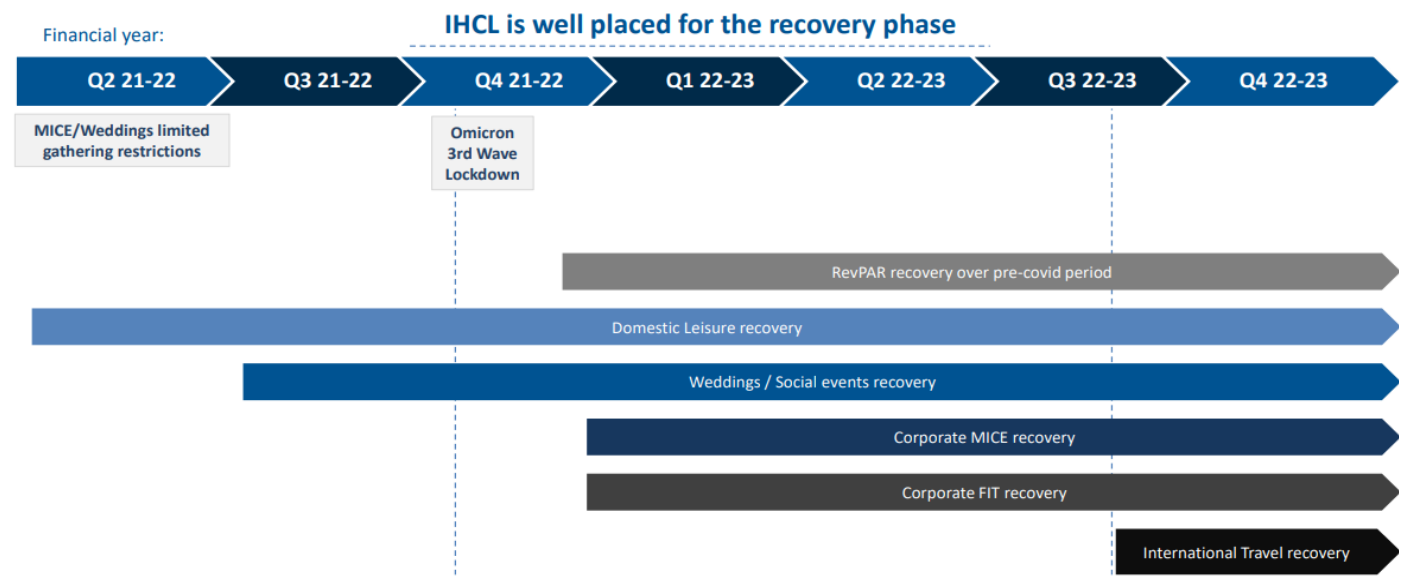
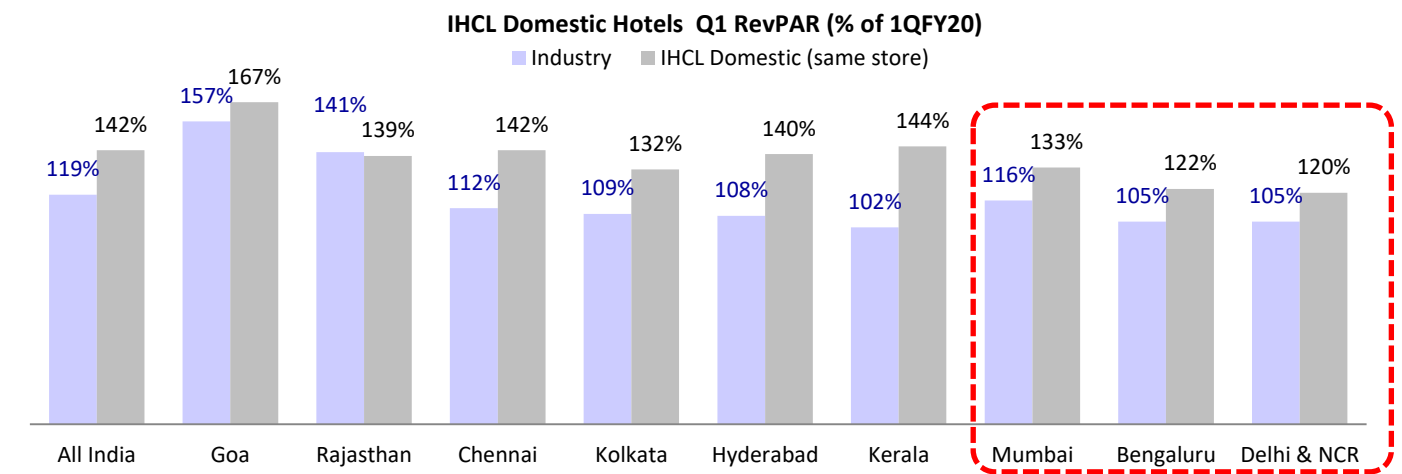
CHALET - City wise occupancy trend (%)

	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY (bps)	QoQ (bps)	v/s 1QFY20 (bps)
MMR	75%	30%	33%	37%	39%	42%	64%	64%	60%	81%	2,100	-400	600
Bengaluru	78%	19%	20%	24%	35%	23%	22%	40%	25%	59%	-1,000	-1,500	-1,900
Hyderabad	76%	18%	9%	22%	27%	24%	46%	53%	56%	77%	2,900	300	100
Pune	NA	63%	7%	42%	63%	32%	73%	81%	71%	89%	800	-1,000	8,900
Combined	75%	24%	25%	33%	39%	36%	56%	60%	55%	78%	1,600	-500	300

CHALET - City wise RevPAR trend (INR)

	1QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	Change YoY (%)	Change QoQ (%)	v/s 1QFY20 (%)
MMR	5,805	1,099	1,272	1,506	1,779	1,456	2,536	3,406	3,466	6,477	95%	2%	12%
Bengaluru	6,882	1,016	1,050	1,087	1,365	1,033	829	1,618	1,402	4,356	3%	-13%	-37%
Hyderabad	6,263	711	442	934	1,098	980	1,969	2,957	2,768	5,340	152%	-6%	-15%
Pune	NA	1,831	214	1,188	1,819	770	2,319	3,151	2,767	4,556	52%	-12%	NA
Combined	6,070	926	1,007	1,318	1,610	1,252	2,161	3,035	2,973	5,794	85%	-2%	-5%

Source: Company, MOFSL

Exhibit 17: INDIA: Potential revenue recovery scenario**Exhibit 18: In 1QFY23, industry RevPAR recovery for Mumbai, Delhi & NCR and Bengaluru hotels stood at 133%/120%/122% of pre-COVID levels, respectively**

Note: *Data for Domestic Hotels Incl. Ginger *Calculated on Same Store Basis

Source: STR Global, IHCL, MOFSL

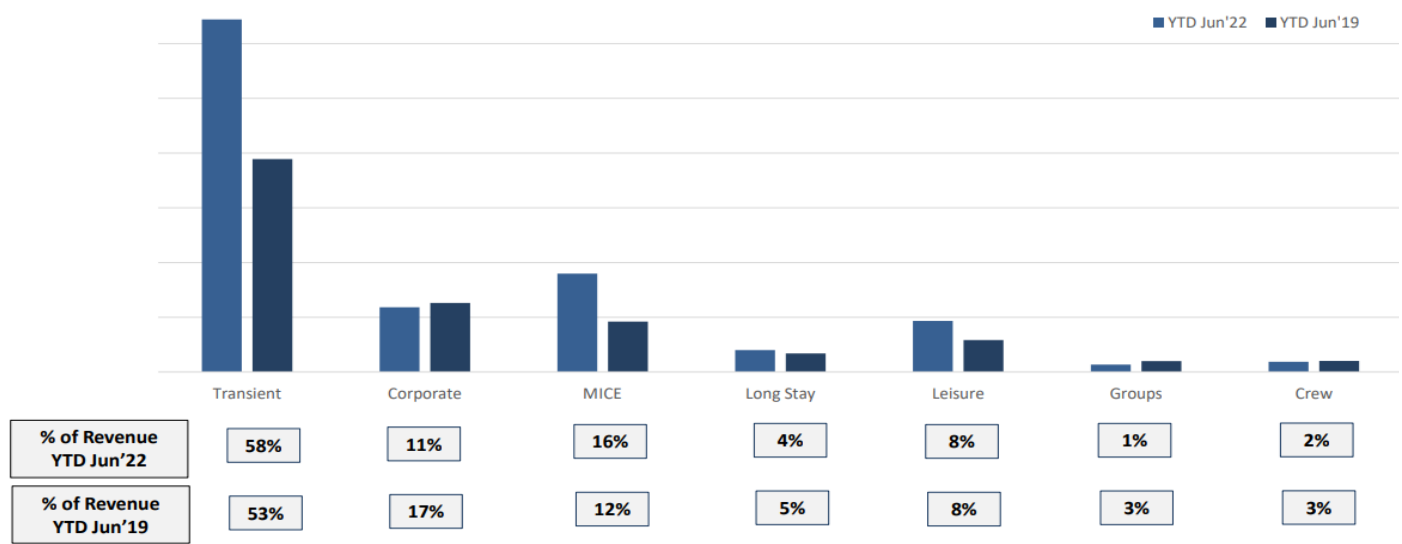
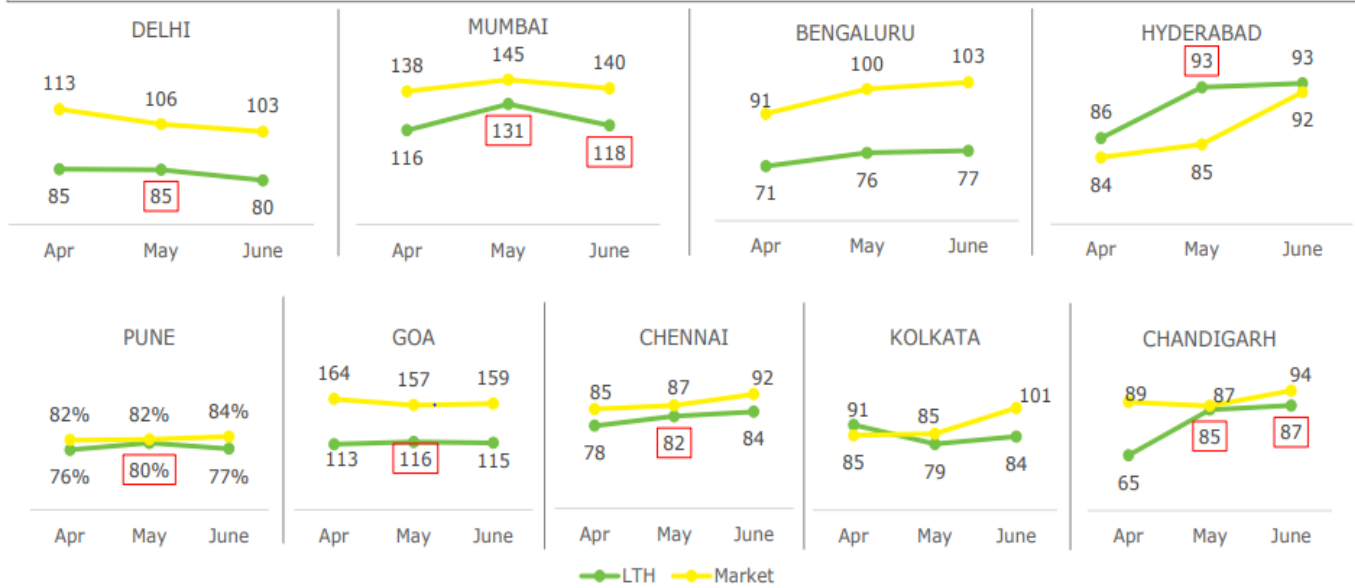
Exhibit 19: IH's marketwise recovery in Room revenue across all hotels: 1QFY23 v/s 1QFY20

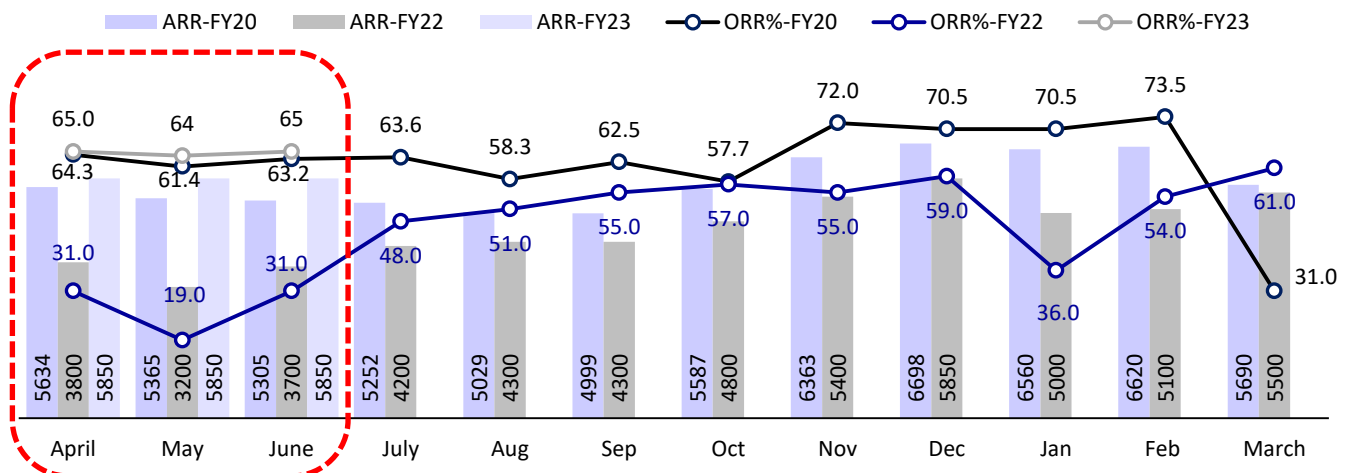
Exhibit 20: LEMONTRE – Gross ARR almost reaching pre-Covid levels in key geographies

All ARR's are normalized on a base of All India ARR (Rs. 5,850) and these 9 cities account for 66% of LTH's owned/leased inventory



Red box: LTH's May vs April change was higher than market's and LTH's June vs April change was higher than market's. Source: HVS Anarock, H2O Apr'22 to June'22

Source: MOFSL, Company

Exhibit 21: ARR & ORR in 1QFY23 v/s pre-pandemic (FY20) level

Source: HVS, MOFSL

IH – Financials & Valuations

Consolidated - Income Statement

(INRm)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Total Income from Operations	40,206	41,036	45,120	44,631	15,752	30,562	53,533	59,607
Change (%)	-0.1	2.1	10.0	-1.1	-64.7	94.0	75.2	11.3
Total Expenditure	34,110	34,332	36,823	34,956	19,369	26,515	36,713	40,011
% of Sales	84.8	83.7	81.6	78.3	123.0	86.8	68.6	67.1
EBITDA	6,096	6,704	8,297	9,675	-3,618	4,048	16,820	19,596
Margin (%)	15.2	16.3	18.4	21.7	-23.0	13.2	31.4	32.9
Depreciation	2,994	3,012	3,279	4,042	4,096	4,061	4,299	4,464
EBIT	3,102	3,692	5,019	5,633	-7,714	-13	12,522	15,132
Int. and Finance Charges	3,238	2,690	1,901	3,411	4,028	4,277	2,374	2,019
Other Income	549	617	834	1,324	1,647	1,552	1,271	1,550
PBT bef. EO Exp.	413	1,618	3,951	3,546	-10,095	-2,738	11,419	14,662
EO Items	-108	225	66	410	1,600	156	-91	0
PBT after EO Exp.	306	1,843	4,017	3,955	-8,495	-2,582	11,328	14,662
Total Tax	1,137	1,211	1,571	448	-1,553	-358	3,624	4,839
Tax Rate (%)	372.2	65.7	39.1	11.3	18.3	13.9	32.0	33.0
Minority Interest	-200	-376	-422	-37	259	253	150	165
Reported PAT	-632	1,009	2,868	3,544	-7,201	-2,477	7,554	9,659
Adjusted PAT	-551	840	2,819	3,237	-8,401	-2,594	7,622	9,659
Change (%)	NA	NA	235.4	14.8	-359.5	-69.1	-393.8	26.7
Margin (%)	-1.4	2.0	6.2	7.3	-53.3	-8.5	14.2	16.2

Consolidated - Balance Sheet

(INRm)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	989	1,189	1,189	1,189	1,189	1,420	1,420	1,420
Total Reserves	24,188	40,622	42,291	42,379	35,295	69,202	75,903	84,426
Net Worth	25,177	41,811	43,480	43,568	36,484	70,623	77,324	85,846
Minority Interest	7,378	7,774	7,999	7,649	6,346	5,930	5,930	5,930
Total Loans	33,830	24,270	23,260	26,020	36,328	19,848	9,148	1,148
Lease Liability	0	0	0	18,987	18,464	18,604	18,604	18,604
Deferred Tax Liabilities	2,820	3,563	3,768	1,869	781	876	876	876
Capital Employed	69,206	77,418	78,506	98,093	98,403	1,15,880	1,11,881	1,12,404
Gross Block	57,923	63,356	69,051	73,316	81,772	85,655	89,201	93,111
Less: Accum. Deprn.	5,506	7,385	10,663	14,706	18,802	22,863	27,161	31,625
Net Fixed Assets	52,417	55,971	58,388	58,610	62,970	62,792	62,040	61,485
Goodwill on Consolidation	5,737	5,655	5,835	6,146	6,110	6,229	6,229	6,229
Right-of-Use assets				15,833	15,297	15,134	15,134	15,134
Capital WIP	2,227	1,970	1,162	2,441	1,650	1,933	2,387	2,477
Total Investments	12,437	15,965	13,351	14,266	14,832	19,668	19,668	19,668
Curr. Assets, Loans&Adv.	13,173	14,184	17,102	17,887	14,269	25,139	25,001	27,998
Inventory	804	857	804	936	929	1,008	1,207	1,206
Account Receivables	2,721	3,286	3,214	2,900	2,198	2,553	3,667	4,083
Cash and Bank Balance	2,471	2,703	2,409	3,156	1,536	11,878	8,350	10,788
Loans and Advances	7,177	7,338	10,675	10,895	9,605	9,700	11,777	11,921
Curr. Liability & Prov.	16,785	16,328	17,331	17,090	16,724	15,016	18,578	20,588
Account Payables	3,370	3,513	3,253	3,893	3,178	3,873	4,124	4,494
Other Current Liabilities	11,305	10,349	11,579	10,441	10,921	8,233	10,707	11,921
Provisions	2,110	2,465	2,500	2,756	2,625	2,909	3,747	4,172
Net Current Assets	-3,612	-2,143	-229	798	-2,456	10,123	6,423	7,410
Appl. of Funds	69,206	77,418	78,507	98,093	98,403	1,15,880	1,11,881	1,12,404

IH – Financials & Valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)								
EPS	-0.4	0.6	2.0	2.3	-5.9	-1.8	5.4	6.8
Cash EPS	1.7	2.7	4.3	5.1	-3.0	1.0	8.4	9.9
BV/Share	17.7	29.4	30.6	30.7	25.7	49.7	54.4	60.4
DPS	0.2	0.2	0.4	0.4	0.4	0.4	0.6	0.8
Payout (%)	-53.9	41.9	25.3	20.5	-9.6	-28.0	11.3	11.8
Valuation (x)								
P/E	-697.3	457.5	136.4	118.8	-45.8	-148.2	50.4	39.8
Cash P/E	157.4	99.8	63.0	52.8	-89.3	262.2	32.2	27.2
P/BV	15.3	9.2	8.8	8.8	10.5	5.4	5.0	4.5
EV/Sales	10.5	10.0	9.1	9.2	26.7	12.7	7.1	6.2
EV/EBITDA	69.3	61.2	49.6	42.4	-116.4	96.2	22.7	19.0
Dividend Yield (%)	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.3
FCF per share	6.7	-0.1	1.4	1.7	-7.6	1.7	6.5	8.6
EV/ Adj Rooms (INRm)	44.7	42.0	41.1	39.8	40.8	37.1	35.8	34.2
EBITDA/ Room (INR)	4,129	4,341	5,193	5,974	-7,214	4,605	9,657	10,355
Return Ratios (%)								
RoE	-2.2	2.5	6.6	7.4	-21.0	-4.8	10.3	11.8
RoCE	3.8	4.6	5.9	6.8	-5.7	1.3	10.4	12.9
RoIC	-14.9	2.3	5.2	7.1	-7.9	0.0	10.4	12.6
Working Capital Ratios								
Fixed Asset Turnover (x)	0.7	0.6	0.7	0.6	0.2	0.4	0.6	0.6
Asset Turnover (x)	0.6	0.5	0.6	0.5	0.2	0.3	0.5	0.5
Inventory (Days)	7	8	7	8	22	12	8	7
Debtor (Days)	25	29	26	24	51	30	25	25
Creditor (Days)	31	31	26	32	74	46	28	28
Leverage Ratio (x)								
Current Ratio	0.8	0.9	1.0	1.0	0.9	1.7	1.3	1.4
Interest Cover Ratio	1.0	1.4	2.6	1.7	-1.9	0.0	5.3	7.5
Net Debt/Equity	1.2	0.4	0.4	0.4	0.8	0.0	-0.1	-0.2

Consolidated - Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
(INRm)								
OP/(Loss) before Tax	306	1,618	4,017	3,955	-10,095	-2,738	11,419	14,662
Depreciation	2,994	3,012	3,279	4,042	4,096	4,061	4,299	4,464
Interest & Finance Charges	3,015	2,073	1,068	2,087	2,381	2,725	1,102	469
Direct Taxes Paid	-868	-1,425	-1,571	-448	1,553	358	-3,624	-4,839
(Inc)/Dec in WC	-599	-1,033	323	-1,402	-2,722	2,155	172	1,451
CF from Operations	4,848	4,246	7,115	8,235	-4,786	6,560	13,368	16,209
Others	498	675	0	0	1,600	156	-91	0
CF from Operating incl EO	5,345	4,920	7,114	8,235	-3,187	6,716	13,277	16,209
(Inc)/Dec in FA	4,193	-5,094	-5,067	-5,855	-7,629	-4,286	-4,000	-4,000
Free Cash Flow	9,538	-174	2,048	2,380	-10,816	2,431	9,277	12,209
(Pur)/Sale of Investments	4,425	-1,462	2,614	-915	-566	-4,836	0	0
Others	496	912	-1,428	1,750	6,998	-7,303	1,271	1,550
CF from Investments	9,114	-5,644	-3,882	-5,019	-1,197	-16,425	-2,729	-2,450
Issue of Shares	0	14,999	0	0	0	231	0	0
Inc/(Dec) in Debt	-11,719	-9,498	-1,010	2,760	10,308	-16,481	-10,700	-8,000
Interest Paid	-1,637	-4,089	-1,901	-3,411	-4,028	-4,277	-2,374	-2,019
Dividend Paid	-458	-447	-725	-725	-693	-693	-852	-1,136
Others	0	-7	110	-1,093	-2,823	41,270	-150	-165
CF from Fin. Activity	-13,814	957	-3,527	-2,470	2,764	20,050	-14,076	-11,320
Inc/Dec of Cash	645	233	-294	746	-1,620	10,342	-3,528	2,438
Opening Balance	1,826	2,471	2,704	2,409	3,156	1,536	11,878	8,350
Closing Balance	2,471	2,704	2,409	3,156	1,536	11,878	8,350	10,788

LEMONTRE – Financials & Valuations

Consolidated - Income Statement

(INRm)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Total Income from Operations	3,680	4,121	4,843	5,495	6,694	2,517	4,022	8,206	9,483
Change (%)	26.7	12.0	17.5	13.5	21.8	-62.4	59.8	104.0	15.6
F&B Consumed	346	353	436	498	570	178	279	538	759
Employees Cost	854	969	1,096	1,205	1,553	704	973	1,462	1,612
Other Expenses	1,468	1,633	1,949	2,104	2,137	1,022	1,432	2,224	2,357
Total Expenditure	2,668	2,955	3,481	3,807	4,260	1,905	2,683	4,224	4,728
% of Sales	72.5	71.7	71.9	69.3	63.6	75.7	66.7	51.5	49.9
EBITDA	1,012	1,166	1,362	1,688	2,434	613	1,339	3,982	4,755
Margin (%)	27.5	28.3	28.1	30.7	36.4	24.3	33.3	48.5	50.1
Depreciation	522	510	526	541	922	1,076	1,043	1,055	1,078
EBIT	490	656	836	1,146	1,512	-463	296	2,927	3,677
Int. and Finance Charges	720	776	784	847	1,565	1,817	1,740	1,941	2,015
Other Income	58	118	126	145	58	133	140	118	152
PBT bef. EO Exp.	-172	-2	178	445	5	-2,147	-1,304	1,104	1,814
EO Items	0	0	0	0	0	0	153	-48	0
PBT after EO Exp.	-172	-2	178	445	5	-2,147	-1,456	1,056	1,814
Total Tax	126	48	38	-111	109	-322	-72	170	272
Tax Rate (%)	-73.3	-2058.7	21.3	-25.0	2220.8	15.0	5.0	16.1	15.0
MI/ share of profit from associates	14	10	-2	27	-9	-555	-510	101	266
Reported PAT	-312	-61	142	529	-95	-1,271	-874	785	1,276
Adjusted PAT	-312	-61	142	529	-95	-1,271	-760	821	1,276
Change (%)	NA	NA	NA	271.9	-118.0	1,232.4	-40.2	-208.1	55.4
Margin (%)	-8.5	-1.5	2.9	9.6	-1.4	-50.5	-18.9	10.0	13.5

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
Preference Capital	0	0	0	0	0	0	0	0	0
Total Reserves	319	274	284	857	1,986	1,272	404	1,190	2,465
Net Worth	8,099	8,086	8,148	8,750	9,889	9,176	8,312	9,098	10,374
Minority Interest	4,277	4,284	4,286	4,322	5,559	6,174	5,676	5,789	6,064
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
Capital Employed	18,693	20,424	22,588	25,114	35,841	36,870	35,223	37,020	39,072
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	6,151	7,229
Net Fixed Assets	12,316	14,116	14,531	16,014	32,097	30,964	29,542	28,587	27,608
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
Total Investments	58	63	146	373	164	79	114	114	114
Curr. Assets, Loans&Adv.	5,092	4,363	4,247	4,693	2,521	3,737	2,776	4,803	5,204
Inventory	54	49	54	60	82	72	81	69	78
Account Receivables	245	314	525	844	503	308	291	585	676
Cash and Bank Balance	139	176	210	314	408	1,411	543	456	657
Loans and Advances	4,654	3,823	3,458	3,475	1,528	1,945	1,861	3,693	3,793
Curr. Liability & Prov.	1,366	1,694	1,994	2,605	1,786	1,278	1,128	2,403	2,773
Account Payables	511	604	811	958	842	788	585	926	971
Other Current Liabilities	825	1,053	1,140	1,592	877	412	319	1,231	1,707
Provisions	29	36	43	55	67	78	224	246	95
Net Current Assets	3,726	2,669	2,253	2,088	734	2,459	1,648	2,400	2,430
Misc Expenditure	0	0	0	0	0	0	0	0	0
Appl. of Funds	18,693	20,424	22,588	25,114	35,841	36,870	35,223	37,020	39,072

LEMONTRE – Financials & Valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)									
EPS	-0.4	-0.1	0.2	0.7	-0.1	-1.6	-1.0	1.1	1.6
Cash EPS	0.3	0.6	0.9	1.4	1.1	-0.2	0.4	2.4	3.0
BV/Share	10.4	10.4	10.4	11.2	12.7	11.7	10.6	11.6	13.3
DPS	0.0	0.0	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	0.0	0.0
Valuation (x)									
P/E	-171.8	-883.0	376.9	101.4	-561.9	-42.2	-70.5	65.3	42.0
Cash P/E	255.6	119.1	80.2	50.1	64.8	-274.6	189.0	28.6	22.8
P/BV	6.6	6.6	6.6	6.1	5.4	5.8	6.4	5.9	5.2
EV/Sales	17.4	15.9	14.0	12.6	11.1	29.8	18.8	9.4	8.2
EV/EBITDA	63.2	56.3	49.7	41.1	30.6	122.6	56.5	19.3	16.3
EV/Room (INRm)	22.9	23.2	20.6	19.4	17.5	17.6	17.8	15.6	15.7
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	1.2	2.4
Return Ratios (%)									
RoE	-3.8	-0.7	1.8	6.3	-1.0	-13.3	-8.7	9.4	13.1
RoCE	2.6	3.4	3.8	4.4	4.5	-0.9	1.1	7.8	9.2
RoIC	2.3	3.0	3.8	5.0	4.4	-1.0	0.7	7.0	10.1
Working Capital Ratios									
Fixed Asset Turnover (x)	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.2	0.3
Asset Turnover (x)	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2
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	41	37
Leverage Ratio (x)									
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	1.5	1.8
Net Debt/Equity	0.7	1.0	1.2	1.3	1.5	1.7	2.0	1.9	1.7

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	1,104	1,814
Depreciation	523	510	526	541	922	1,076	1,043	1,055	1,078
Interest & Finance Charges	667	704	658	702	1,507	1,685	1,786	1,823	1,863
Direct Taxes Paid	-122	-40	-38	111	-109	322	-17	-170	-272
(Inc)/Dec in WC	-297	133	450	25	-754	-1,009	27	-839	171
CF from Operations	598	1,282	1,775	1,824	1,572	-74	1,394	2,973	4,654
Others	83	-66	-629	43	-62	-635	-41	76	285
CF from Operating incl EO	681	1,216	1,145	1,867	1,510	-709	1,353	3,049	4,939
(Inc)/Dec in FA	-1,320	-2,343	-3,012	-3,004	-8,969	-465	-668	-2,100	-3,100
Free Cash Flow	-639	-1,127	-1,867	-1,138	-7,459	-1,174	685	949	1,839
(Pur)/Sale of Investments	271	-3	-82	-228	210	85	132	0	0
Others	21	54	495	337	2,677	-276	-56	118	152
CF from Investments	-1,028	-2,292	-2,600	-2,895	-6,082	-656	-591	-1,982	-2,948
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	-1,941	-2,015
Dividend Paid	0	0	0	0	0	0	0	0	0
Others	0	110	97	18	2,488	1,361	-372	-112	-276
CF from Fin. Activity	185	1,113	1,489	1,131	4,667	2,368	-1,630	-1,153	-1,790
Inc/Dec of Cash	-162	37	35	103	94	1,003	-869	-86	200
Opening Balance	301	139	176	211	314	408	1,411	543	456
Closing Balance	139	176	211	314	408	1,411	543	456	657

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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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