12 May 2023

Update | Sector: Hotels

Indian Hotel

BSE SENSEX	S&P CNX
61,905	18,297

IHCL

CMP: INR366 TP: INR420 (+15%) Buy

Focus remains on sustainable profit growth

Indian Hotel (IH) hosted its Capital Market Day and updated us on AHVAAN 2025.

- **Management highlighted that FY23 was strong and it moved closer to its set targets during the year. Accordingly, IH raised its guidance for a few metrics such as the number of hotel openings (to 325+ from 300) and revenue from management hotels (to INR5.5b from INR4.0b).**
- **IH achieved industry leading hotel signings (36) in FY23 with a balanced mix of brands. Taj hotels to remain the largest revenue contributor (~73%) with constant improvement in offerings while Seleqtion, Vivanta and Ginger hotels would increase their reach across diverse locations.**
- **Multiple revenue growth drivers are in place for IH such as strong domestic consumption story, favorable demand-supply dynamics and rapid increase in hotels through asset-light model. Margins are likely to sustain at current levels (33%) due to higher contributions from margin-accretive businesses, improved productivity and operating leverage in existing hotels. Reiterate BUY with an SoTP-based TP of INR420.**

AHVAAN 2025 gets some upgrades while some are maintained

- IH laid out its three-year business plan “Ahvaan 2025” in the last Capital Market Day event *(Report)*, outlining some key growth targets to be achieved by FY26E.
- IH is on track to achieve a majority of the targets within the set timeline and the management has even upgraded guidance of a few metrics as mentioned below:
- In terms of hotel expansion, IH is on track to open 300 hotels by FY26E and already has 263 hotels (both operational and in pipeline) as of FY23 (100/78/85 hotels for Taj/Seleqtion & Vivanta/Ginger). Management indicated the increase in potential hotel openings to be over 325 (110+/90+/125+ hotels of Taj/Seleqtion & Vivanta/Ginger) for Ahvaan 2025. IH currently has 21,338 rooms operational and 9,494 rooms under pipeline.
- A rapid increase in management hotels coupled with higher occupancy as well as ARR of existing managed hotels has led to an increase in its revenue potential guidance to INR5.5b from INR4.0b.
- Ginger is witnessing a spike in its revenue driven by conversion of old Ginger to re-imagined Ginger (over 50% hotels are now upgraded to lean lux) along with addition of new hotels. IH has guided to reach 100 operational hotels by FY26 with a revenue potential of INR6b.
- The company has been opening Chambers across hotels (Delhi and London to open soon) that are expected to boost the revenue not just from membership fees but also from services used by the members. Management has retained its revenue guidance of INR1.5b by FY26.
- Management has highlighted the potential revenue from IH’s Enterprise to be at INR150b by FY26E from ~INR110b in FY23.

Stock Info

Bloomberg	IH IN
Equity Shares (m)	1420
M.Cap.(INRb)/(USDb)	519.2 / 6.3
52-Week Range (INR)	378 / 207
1, 6, 12 Rel. Per (%)	8/16/49
12M Avg Val (INR M)	1675
Free float (%)	61.8

Financials Snapshot (INR b)

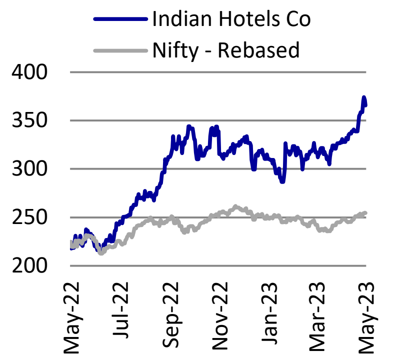
Y/E MARCH	2023	2024E	2025E
Sales	58.1	66.6	72.6
EBITDA	18.0	22.6	25.7
Adj. PAT	10.0	12.4	14.8
EBITDA Margin (%)	31.1	33.9	35.5
Cons. Adj. EPS (INR)	7.0	8.7	10.4
EPS Gr. (%)	485.5	24.1	18.9
BV/Sh. (INR)	56.2	64.1	73.7
Ratios			
Net D:E	(0.1)	(0.2)	(0.3)
RoE (%)	13.3	14.5	15.1
RoCE (%)	11.5	14.5	15.3
Payout (%)	8.5	9.2	7.7
Valuations			
P/E (x)	51.9	41.8	35.2
EV/EBITDA (x)	28.6	22.5	19.2
Div. Yield (%)	0.2	0.2	0.2
FCF Yield (%)	2.0	2.0	2.5

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	38.2	38.2	38.2
DII	27.6	26.7	28.6
FII	18.2	19.0	16.0
Others	16.0	16.1	17.1

FII Includes depository receipts

Stock performance (one-year)



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- The company reaffirms its margin guidance of ~33% despite strong growth guidance from its margin-accretive businesses mainly due to higher costs from continued renovation/innovation spends on its iconic Taj hotels to improve its offerings. However, we believe IH to surpass its margin guidance in FY24E.
- IH maintains its balanced portfolio target (50:50 hotel mix) between owned/leased and managed hotels.
- It maintains its free cash flow accruals target of 5-10%, with EBITDA range of 30-35% and a capex of 10% (as a percentage of revenue).

Portfolio expansion and upgradation across brands

- Over the last five years, IH has opened/signed 53/123 hotels of which FY23 witnessed the highest ever openings/signings (16/36 hotels). It has carried out the highest hotel signings in FY23 in the industry as per HVS Anarock.
- IH has added ~100 hotels (operational/in pipeline) over the last five years to 263 (188/75 operational/pipeline) as of 30th Apr'23 from 165 hotels (145/20) in FY18. It has maintained a balanced mix of its brands such as Taj (100 hotels currently v/s 50 in FY18); Seleqtion and Vivanta (78 v/s 59); and Ginger (85 v/s 46).
- Taj brand has the highest contribution (~73%) to the Enterprise revenue with a five-year CAGR of 11% to ~INR80b in FY23 from ~INR46b in FY18.
- Similarly, Ginger also witnessed a strong 12% revenue CAGR to INR3.6b in FY23 from INR2b in FY18 led by two major factors: 1) conversion of 50% traditional Ginger hotels to re-imagined lean lux Ginger hotels with higher ARR; and 2) rapid expansion of hotels across multiple locations.
- Seleqtion and Vivanta's revenue remained flat at INR18b in FY23 v/s FY18 owing to upgradation of higher revenue-generating hotels to Taj brand and addition of hotels with lower ARRs. However, going forward its revenue is likely to grow from the current levels.
- IH has laid out key areas where the new hotels can be signed such as: 1) domestic (across tier two and three cities and also from creation of pilgrim circuits) and international locations; 2) entering into contracts with Government of India to build destinations such as Lakshadweep and Ekta Nagar (Statue of Unity); 3) going deeper into existing locations/micro markets having strong demand (e.g. Goa); and 4) increasing focus in the North East Indian regions (currently five hotels operational and four in pipeline).
- Management indicated to add another brand in the brand mix to get into diverse concept hotels (will be announced in the next Capital Market Day).
- IH's 60% of the growth will come from new construction while 20% each from brownfield expansion and conversion.

Multiple drivers in place for revenue growth and margin expansion

- IH is focusing on diversifying its revenue by increasing the mix of asset-light business to rapidly capitalize on the current industry upcycle. The contribution of asset-light business has increased to ~14% in FY23 from 10% in FY18.
- Management highlighted key revenue growth drivers for the company such as: a) the strong consumption story in India, b) favorable demand-supply dynamics and c) asset-light growth.
- IH's focus on margin improvement will be on multiple fronts:
  - Sweating of existing assets: IH's revenue from same store hotels are increasing over a period of time. For example, same store hotels' RevPAR in

Mumbai/Delhi/Goa/Bangalore has risen ~46%/~44%/73%/37% to INR11,680/ INR7,921/INR17,284/INR6,197 in FY23 v/s FY18. Existing assets will continue to drive profitability through operating leverage.

- Increasing share of higher-margin business: The new and re-imagined businesses are margin accretive and are poised to exhibit strong growth in future with rapid scale up, thereby aiding overall margin improvement.
- Cost rationalization to be a continues process: IH has been able to improve its productivity by lowering key costs such as employee expenses/other operating costs/corporate overhead as a percentage of sales to 27%/28%/26% in FY23 v/s 33%/30%/9% in FY20.

- To improve the ROCEs, IH has announced prudent capital allocation policies such as: 1) operating capex for renovation of existing assets; renovations and refurbishments to be in line with annual depreciation: and 2) select Greenfields and M&As with superior returns, which can be partially funded out of sustainable debt. IH is also building a strategic reserve fund (currently INR7.5b of cash reserves) to meet future contingencies.
- ROCE of IH's total hotels/domestic hotels/standalone hotel assets is 24%/ 16%/35%. Domestic/Standalone hotels' ROCE will continue to remain strong.

Industry leading ESG framework – PAATHYA

- IH has successfully achieved 100% elimination of plastic straws (avoiding two million plastic straws are equivalent to ~5,000 kg CO_2) and has installed bottling plants in ~20 hotels to eliminate usage of single-use plastic bottles. It is targeting 100% elimination of single-use plastic and is aiming to have organic waste management system in all its hotels by 2030.
- IH has recycled ~42% water in FY23 (much ahead of its stated target of ~35% by 2025). It aims to recycle 100% of water used by 2030. Similarly, IH's usage of renewable energy has reached ~35% in FY23 and the company is aiming to increase it to ~50% by 2030.
- IH has 310 EV charging stations across 129 locations in the country. It targets to have at least one EV charging station in each of its hotels by 2030.

Valuation and view

- IH is on track to achieve a majority of the targets set under Ahvaan 2025 within the timeline guided and has even upgraded a few of its guided metrics such as increase in the number of hotels openings, higher growth from new and re-imagined businesses (Ginger/Chambers), sustaining margins (at 33%) by pursuing asset-light growth (50:50 portfolio mix), and fortifying its balance sheet.
- We expect the strong momentum to continue in FY24, led by: 1) a further improvement in occupancy due to multiple large global events such as G20 and ICC Cricket Men's World Cup in CY23; 2) increase in ARR due to better demand, upgrades in hotels and corporate rate hikes; 3) higher income from management contracts; and 4) value unlocking by launching reimagined and new brands.
- We expect IH's revenue/EBITDA/Adj. PAT CAGR of 12%/19%/21% over FY23-25. **We reiterate our BUY rating with an SoTP-based TP of INR420.**

Exhibit 1: Valuation methodology

Particulars	Methodology	Metrics	FY25	Multiple	Value (INR m)	Value/ share (INR)
IHCL- ex JV/ Associate						
EV	EV/EBITDA (x)	EBITDA	25,743	22	5,65,048	398
Less: Net Debt					30,598	22
Less: Minority Interest					-6,601	-5
Sub Total					5,89,045	415
JV/Associate						
Taj GVK (IHCL's share - 25.5%) - JV	20% discount to MCAP	Attributable Mcap	3,566	0.8	2,852	2.0
Oriental Hotel (IHCL's share - 35.7%) - Associate	20% discount to MCAP	Attributable Mcap	5,745	0.8	4,596	3.2
Sub Total					**7,448**	**5.2**
Target Price					**5,96,493**	**420**

Source: MOFSL

Other key takeaways from the Capital Market Day:

- **Demand outlook**
  - Strong GDP growth is leading to a strong consumption story, which is likely to play out going ahead as per the management.
  - Industry experts forecast that demand is growing at ~7% while supply is growing at ~5.5%. However, it is not possible to increase supply in micro locations such as South Mumbai.
  - The company is set to grow amid macroeconomic tailwinds. Increased demand for experiences, willingness to pay premium for uniqueness and increased affinity for domestic travel will help drive the growth going ahead.
  - Management expects growth to be 'cycle independent' going ahead. The company is taking a lot of action, which is building resilience against cyclicality.
  - IH is hosting significant number of the G20 meetings.
  - Corporate travel, Weddings & MICE businesses show strong recovery. FTAs are steadily recovering leading to potential upside in 2023.

- **Industry leading RevPAR**
  - Management expects RevPAR movement to continue due to G20 summits, cricket world cup and resurgence in foreign travel. RevPAR growth is likely to be in line with historical levels or even in double digits in FY24E.
  - The company's RevPAR premium as compared to industry was ~40% in FY19 which has moved up to ~70% led by premiumization of the portfolio, strong brand equity, quality market share gains and smart renovations.
  - RevPAR and Occupancy are functions of demand and supply. In the short and medium terms, demand is expected to outpace supply leading to better occupancy and higher ability to charge; thus, resulting in better RevPAR.
  - Based on the latest HVS Report, hotels are expected to witness ~70% occupancies in the near term. Some cities like New York, Paris, and Mumbai witness over 80% occupancies.
  - Management is still expecting double-digit RevPAR growth going ahead.

- **Taj Sats**
  - Taj Sats has ~58% market share with ~28% margin, which is considered as very high in the flight kitchen segment.
  - Average no. of meal served per day has surpassed 100,000.

- **Ama (Homestay)**
  - The company might not be able to reach the target of ~500 homestays in Ama's, as it is looking to improve the quality of the homestays and maintain the premium quality for the segment.
  - The company currently owns only two properties out of 114 under the portfolio. However, management is looking to add more owned properties under Ama.

- **Qmin** has ~34 outlets and around half of them are in Ginger as all-day outlets. Ginger and Qmin belong under the umbrella of Roots Corporations.

- **Tata Neu – The Loyalty program**
  - Tata Neu is present in all segments right from groceries to airlines. Accordingly, the customer acquisition cost goes down.
  - Active member based has increased to ~4m from ~2m in just the last one year. IH has access to ~70m people through Tata Nue.
  - Loyalty-led revenue has doubled/grown ~83% v/s FY22/pre-Covid period to INR20b. Along with this the loyal members have also doubled over the period.

- **Other highlights**
  - IH is ranking the highest in terms on Net Promoter score. It is the highest rated brand on some of the leading online portals.
  - Transient segment continues to stay above ~50% of the portfolio.
  - Capex bi-furcation: a) Greenfield projects take ~3-7 years to build; b) brownfield expansion in some of the projects which was started to get build but could not be built by original owner due to some reason; and c) conversion (from unbranded to branded or shift in brands).
  - IH is charging on hourly basis in a very few hotels, especially the ones near the airport. Management does not expect this trend to have a significant impact going ahead.
  - The company has spent ~INR4.7b/INR3.2b on capex in FY23/FY22.

Exhibit 2: AHVAAN 2025 – Fueling IH's re-imagination

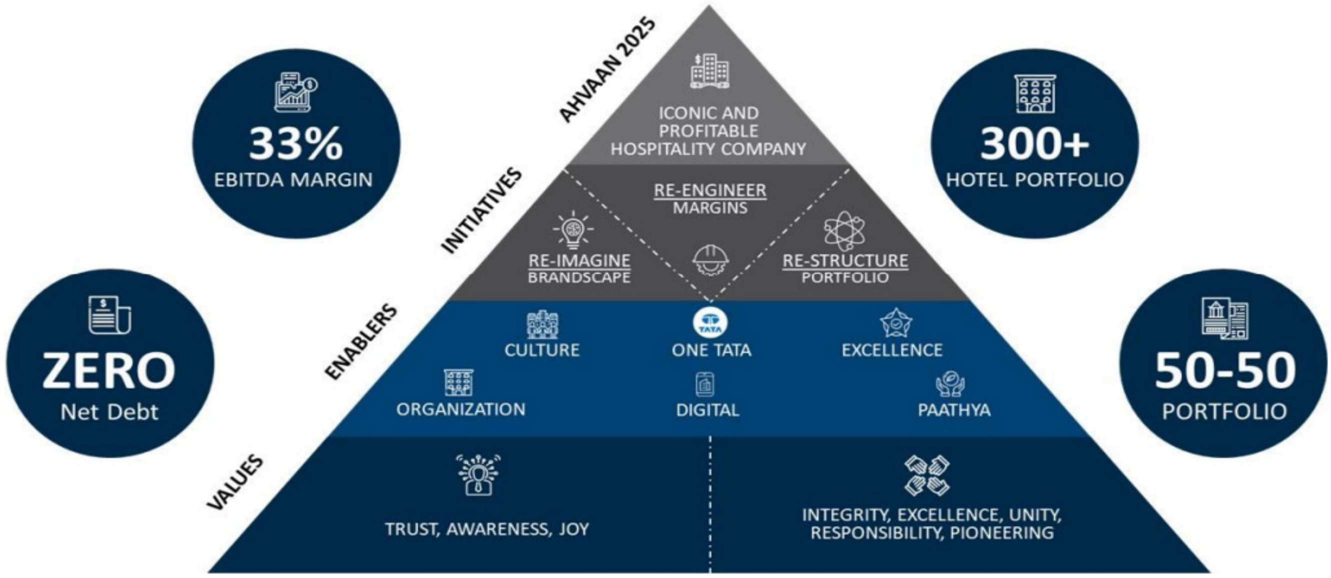
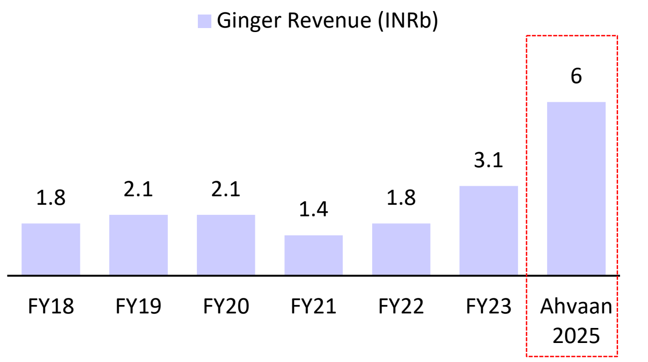


Exhibit 3: Guidance under Ahvaan 2025

IHCL CONSOLIDATED	% OF REVENUE	
	AHVAAN GUIDANCE	2022-23
Total Revenue	100%	100%
EBITDA	30% - 35%	32.7%
Fixed Leases, Taxes, Working Capital & Dividends	10%	8.0%
Normal Capex & Renovations	5%	6.3%
Cash Flow before Expansion Capex	**15% - 20%**	**18.3%**
Capex for Expansion Projects/Inorganic Opportunities	10%	1.6%
FREE CASH FLOW ACCRUALS	5% - 10%	16.7%

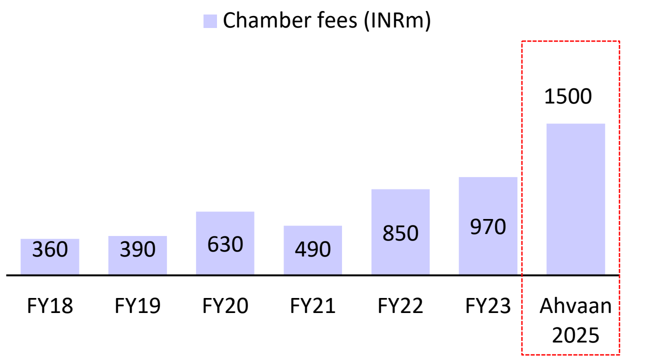
Source: Company, MOFSL

Exhibit 4: Ginger to witness strong revenue growth



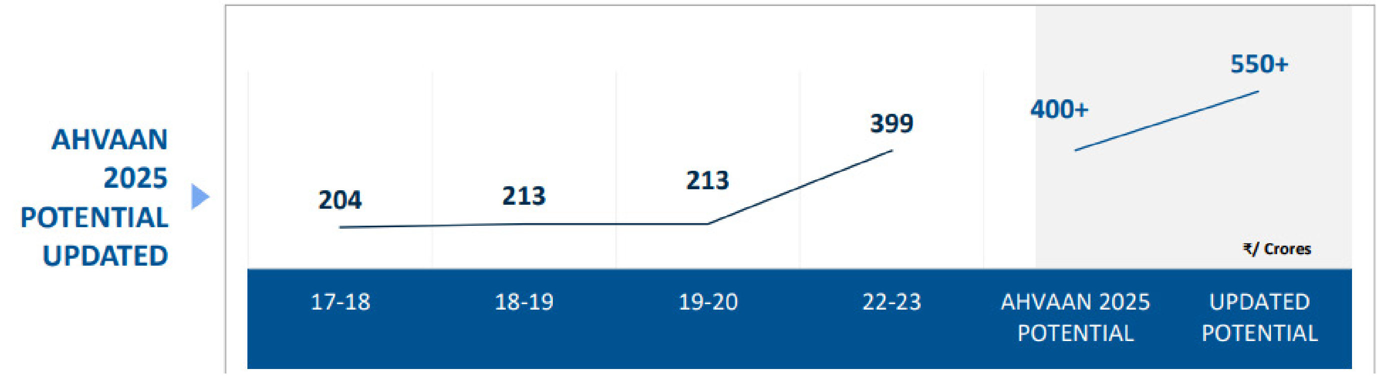
Source: Company, MOFSL

Exhibit 5: Rapid scale up of Chambers



Source: Company, MOFSL

Exhibit 6: Asset light & high margin focus – management fees



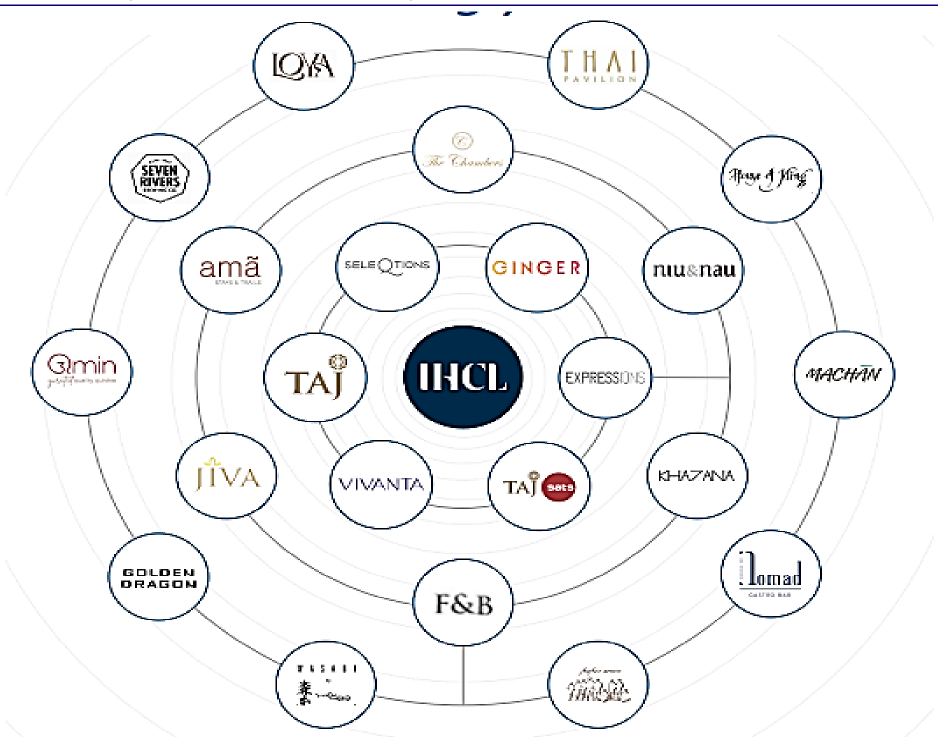
Source: Company, MOFSL

Exhibit 7: Increase in number to Hotels under Ahvaan 2025

TODAY		POTENTIAL
263	HOTELS	325+
100	TAJ	110+
78	IHCL SELEQTIONS VIVANTA	90+
85	GINGER	125

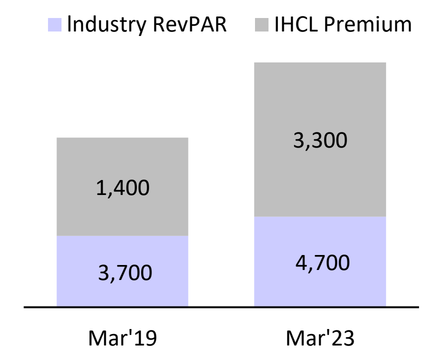
Source: Company, MOFSL

Exhibit 8: Bouquet of brands under IH's portfolio



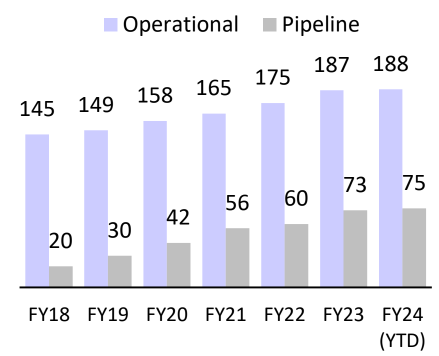
Source: Company

Exhibit 9: Industry leading RevPAR



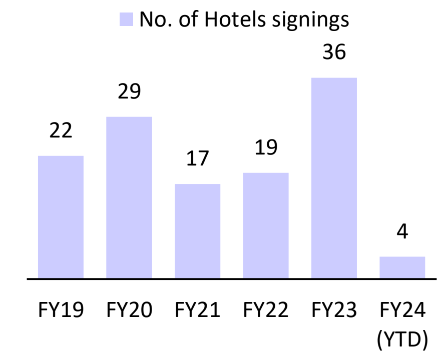
Source: Company, MOFSL

Exhibit 10: Strong portfolio growth



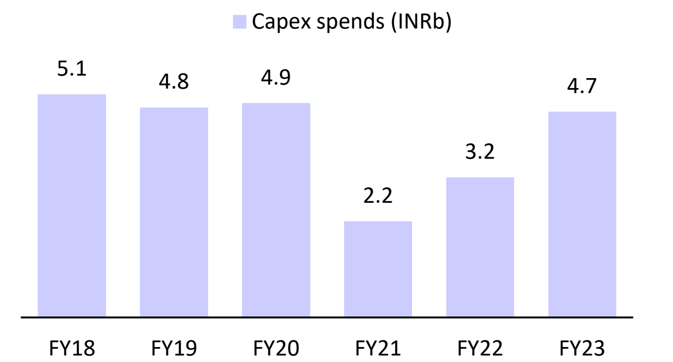
Source: Company, MOFSL

Exhibit 11: Highest signings in India



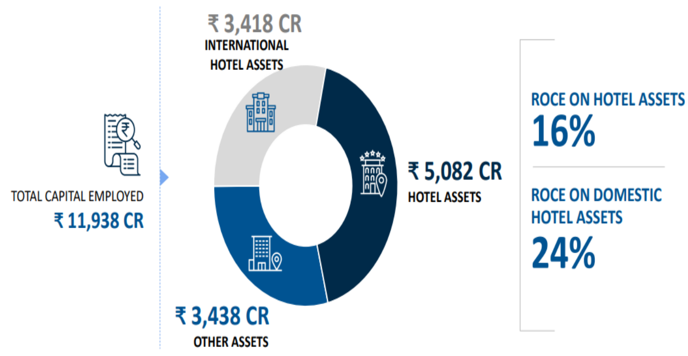
Source: Company, MOFSL

Exhibit 12: Consistently investing in upgrading properties



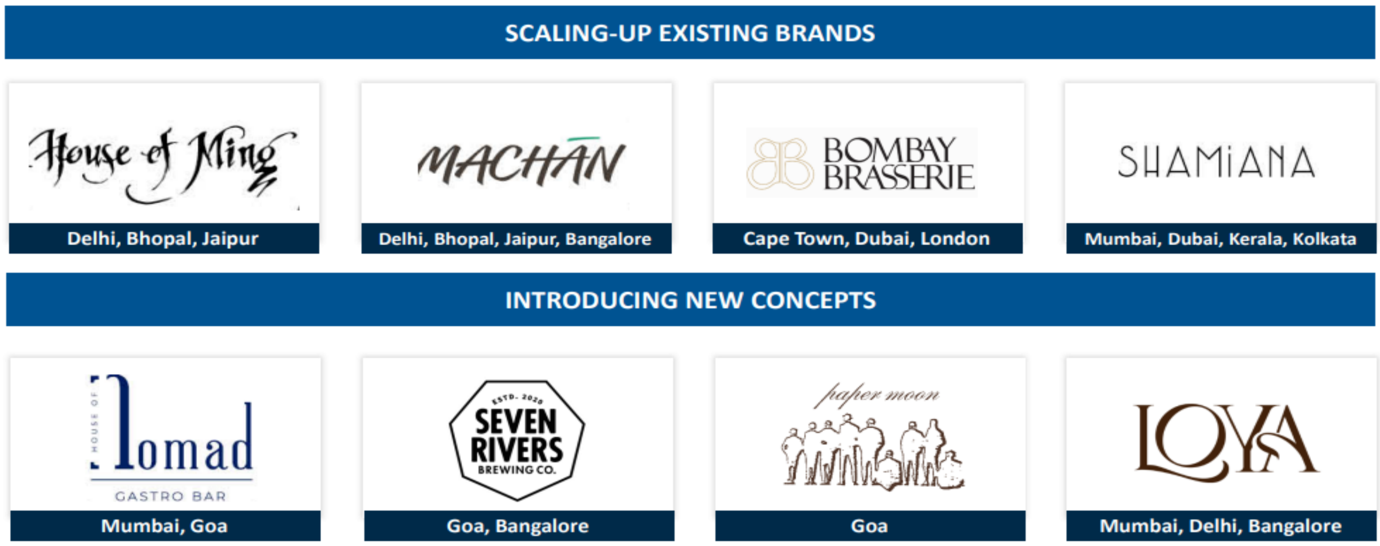
Source: Company, MOFSL

Exhibit 13: Domestic ROCE to remain strong



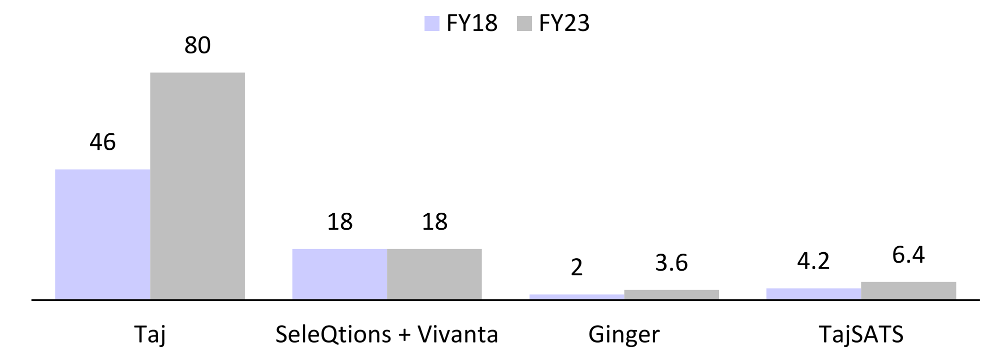
Source: Company, MOFSL

Exhibit 14: Scaling-up brands, introducing new concepts



Source: Company, MOFSL

Exhibit 15: Enterprise revenue growth across brands (INR b)



Source: Company, MOFSL

Exhibit 16: Asset-light revenue mix increased to 14% in FY23 from 10% in FY18

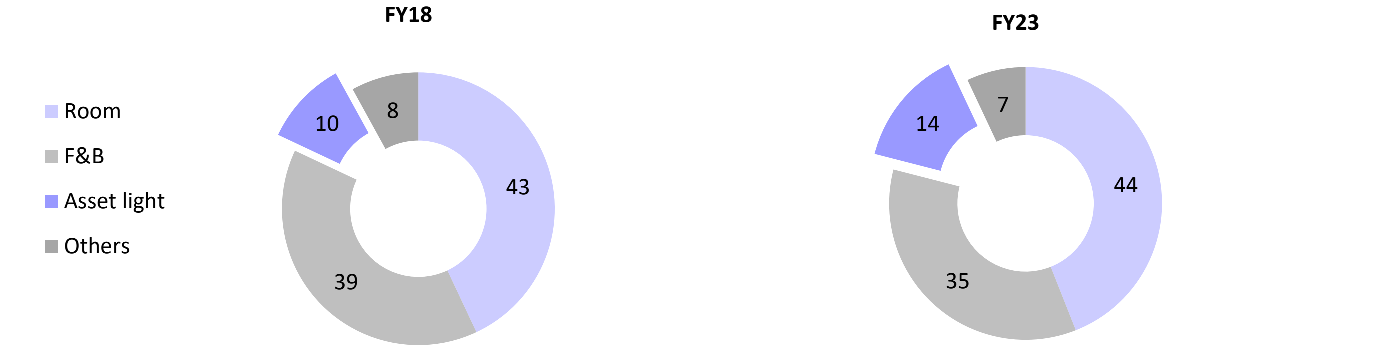
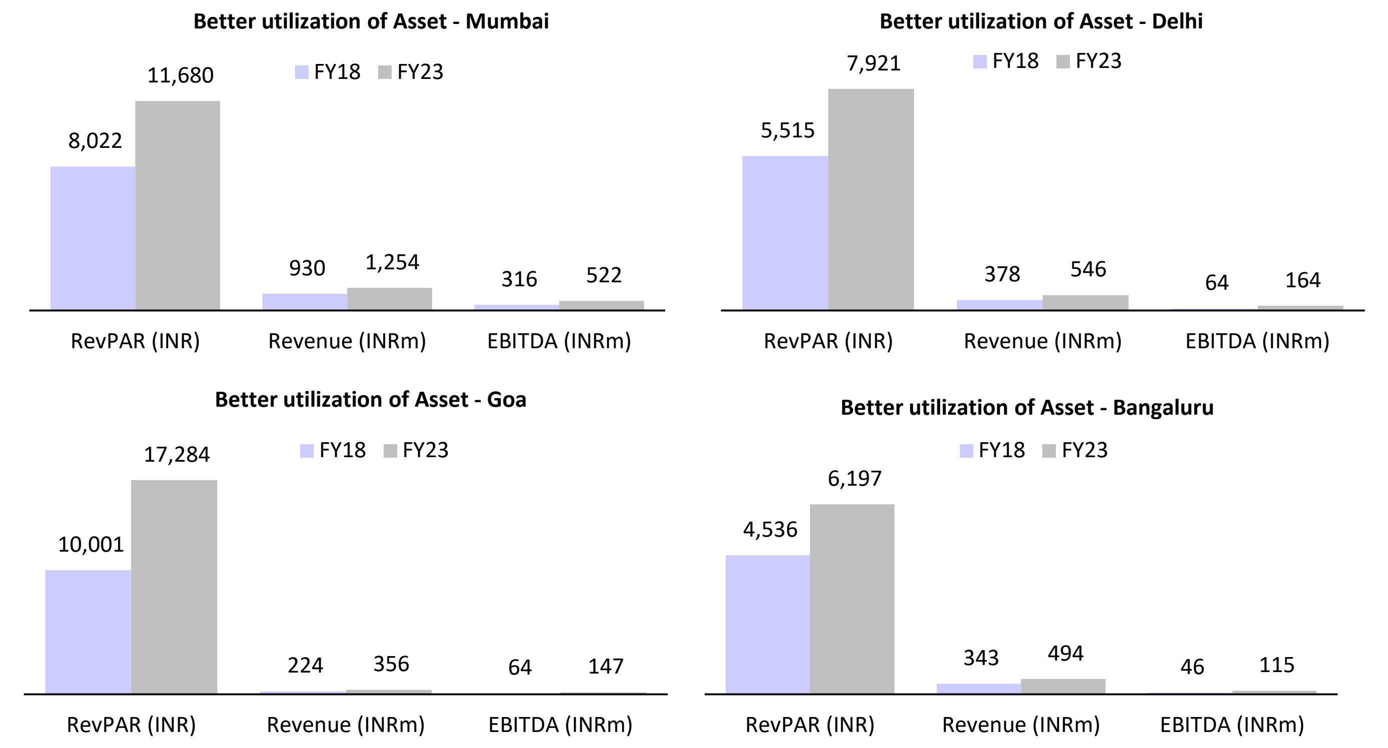


Exhibit 17: Robust pipeline to drive growth

BRANDS	Operational Rooms	Pipeline 2023-24	2024-25	2025/26	2026-27 & Beyond	Total (Rooms*)
TAJ	11,539	597	484	1,113	825	15,046
VIVANTA	3,801	391	684	670	870	6,435
SELEQTIONS	1,361	405	458	104	-	2,347
GINGER	4,637	995	870	323	705	7,655
TOTAL	21,338	2,388	2,496	2,210	2,400	31,483

As on 30th April'23

Exhibit 18: Sweating existing assets to maximize operating leverage



Source: Company, MOFSL

Exhibit 19: Industry-leading ESG framework: Paathya launched in Mar'22

Source: Company, MOFSL

Story in Charts

Exhibit 20: Consolidated revenue trend

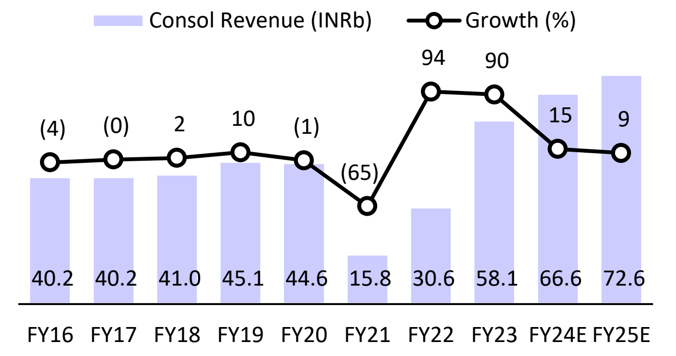


Exhibit 21: Consolidated EBITDA trend

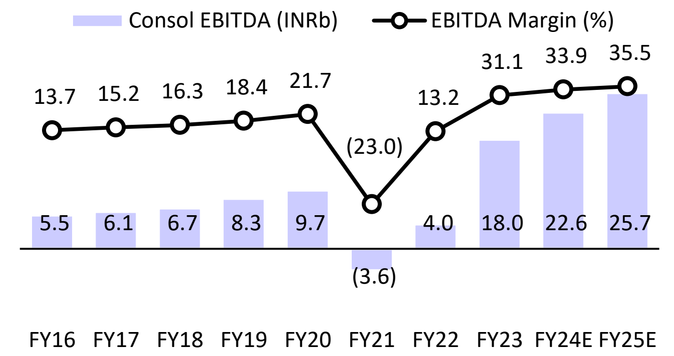


Exhibit 22: Standalone ARR to surpass FY20 levels by FY24E

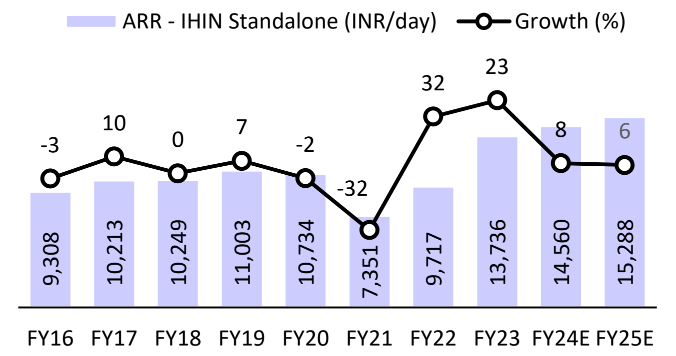


Exhibit 23: Standalone occupancy trends

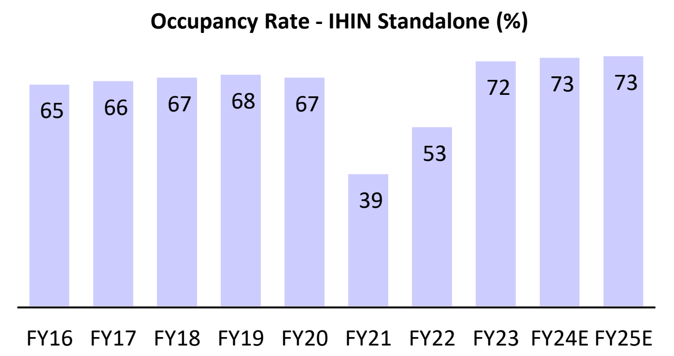


Exhibit 24: Consolidated adjusted PAT trend

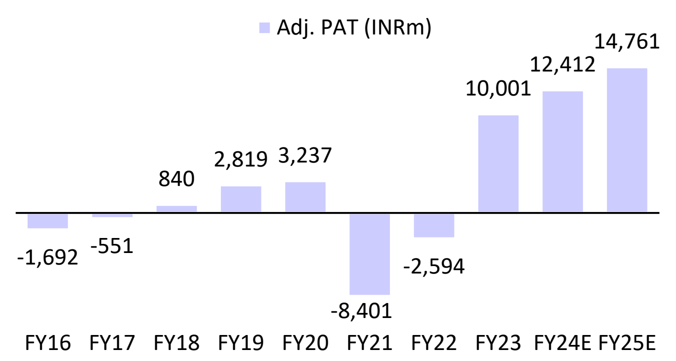


Exhibit 25: Trend in net debt-to-equity ratio

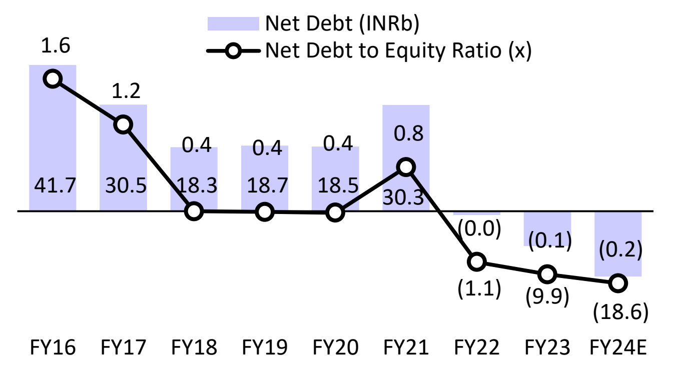
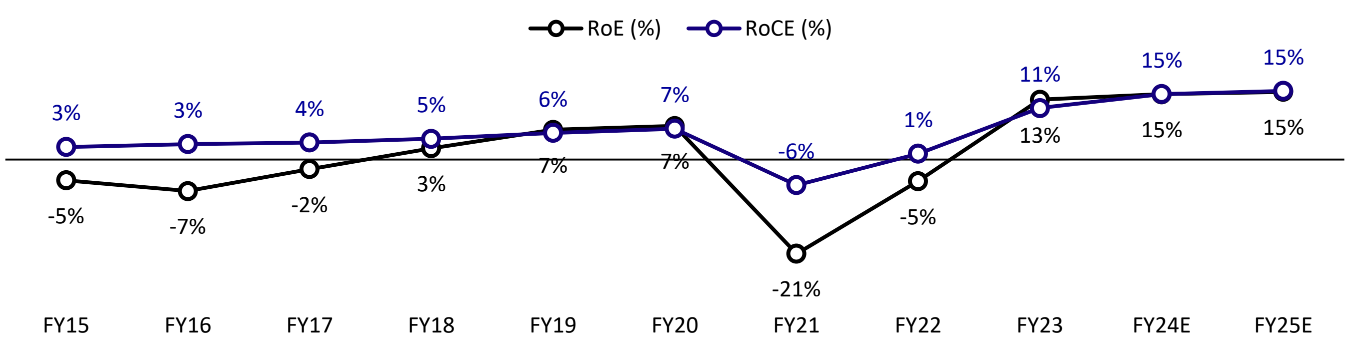


Exhibit 26: Consolidated RoE and RoCE trends



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement									(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Total Income from Operations	**40,206**	**41,036**	**45,120**	**44,631**	**15,752**	**30,562**	**58,099**	**66,613**	**72,616**
Change (%)	-0.1	2.1	10.0	-1.1	-64.7	94.0	90.1	14.7	9.0
Food and beverages consumed	3,640	3,764	4,041	3,706	1,438	2,572	4,729	5,529	5,882
Employees Cost	13,647	13,466	14,708	14,946	8,940	11,502	15,823	17,464	19,396
Power & Fuel Cost	2,586	2,591	2,736	2,699	1,729	2,250	3,486	3,864	3,994
Licence Fees	2,502	2,544	2,758	1,459	756	1,681	3,486	3,797	3,994
Other Expenses	11,736	11,967	12,580	12,147	6,506	8,509	12,530	13,405	13,608
Total Expenditure	**34,110**	**34,332**	**36,823**	**34,956**	**19,369**	**26,515**	**40,054**	**44,059**	**46,873**
% of Sales	84.8	83.7	81.6	78.3	123.0	86.8	68.9	66.1	64.5
EBITDA	**6,096**	**6,704**	**8,297**	**9,675**	**-3,618**	**4,048**	**18,046**	**22,554**	**25,743**
Margin (%)	15.2	16.3	18.4	21.7	-23.0	13.2	31.1	33.9	35.5
Depreciation	2,994	3,012	3,279	4,042	4,096	4,061	4,161	4,579	4,829
EBIT	**3,102**	**3,692**	**5,019**	**5,633**	**-7,714**	**-13**	**13,885**	**17,976**	**20,914**
Int. and Finance Charges	3,238	2,690	1,901	3,411	4,028	4,277	2,361	2,333	2,011
Other Income	549	617	834	1,324	1,647	1,552	1,389	1,599	1,670
PBT bef. EO Exp.	**413**	**1,618**	**3,951**	**3,546**	**-10,095**	**-2,738**	**12,914**	**17,242**	**20,573**
EO Items	-108	225	66	410	1,600	156	33	0	0
PBT after EO Exp.	**306**	**1,843**	**4,017**	**3,955**	**-8,495**	**-2,582**	**12,946**	**17,242**	**20,573**
Total Tax	1,137	1,211	1,571	448	-1,553	-358	3,232	5,173	6,172
Tax Rate (%)	372.2	65.7	39.1	11.3	18.3	13.9	25.0	30.0	30.0
Minority Interest	-200	-376	-422	-37	259	253	-312	-343	-360
Reported PAT	**-632**	**1,009**	**2,868**	**3,544**	**-7,201**	**-2,477**	**10,026**	**12,412**	**14,761**
Adjusted PAT	**-551**	**840**	**2,819**	**3,237**	**-8,401**	**-2,594**	**10,001**	**12,412**	**14,761**
Change (%)	NA	NA	235.4	14.8	-359.5	-69.1	-485.5	24.1	18.9
Margin (%)	-1.4	2.0	6.2	7.3	-53.3	-8.5	17.2	18.6	20.3

Consolidated - Balance Sheet									(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Equity Share Capital	989	1,189	1,189	1,189	1,189	1,420	1,420	1,420	1,420
Total Reserves	24,188	40,622	42,291	42,379	35,295	69,202	78,399	89,675	1,03,299
Net Worth	**25,177**	**41,811**	**43,480**	**43,568**	**36,484**	**70,623**	**79,820**	**91,095**	**1,04,720**
Minority Interest	7,378	7,774	7,999	7,649	6,346	5,930	6,601	6,601	6,601
Total Loans	33,830	24,270	23,260	26,020	36,328	19,848	8,183	1,183	1,183
Lease Liability	0	0	0	18,987	18,464	18,604	22,760	22,760	22,760
Deferred Tax Liabilities	2,820	3,563	3,768	1,869	781	876	1,567	1,567	1,567
Capital Employed	**69,206**	**77,418**	**78,506**	**98,093**	**98,403**	**1,15,880**	**1,18,930**	**1,23,206**	**1,36,830**
Gross Block	57,923	63,356	69,051	73,316	81,772	85,655	89,962	95,805	1,02,174
Less: Accum. Deprn.	5,506	7,385	10,663	14,706	18,802	22,863	27,023	31,602	36,431
Net Fixed Assets	**52,417**	**55,971**	**58,388**	**58,610**	**62,970**	**62,792**	**62,939**	**64,203**	**65,743**
Goodwill on Consolidation	5,737	5,655	5,835	6,146	6,110	6,229	6,536	6,536	6,536
Right-of-Use assets				15,833	15,297	15,134	18,789	18,789	18,789
Capital WIP	2,227	1,970	1,162	2,441	1,650	1,933	3,242	3,898	4,030
Total Investments	**12,437**	**15,965**	**13,351**	**14,266**	**14,832**	**19,668**	**18,910**	**18,910**	**18,910**
Current Investment	908	3,305	**2,112**	**4,362**	**4,486**	**9,025**	**7,573**	**7,573**	**7,573**
Curr. Assets, Loans&Adv.	**13,173**	**14,184**	**17,102**	**17,887**	**14,269**	**25,139**	**26,271**	**30,472**	**44,062**
Inventory	804	857	804	936	929	1,008	1,092	1,328	1,413
Account Receivables	2,721	3,286	3,214	2,900	2,198	2,553	4,465	4,928	5,372
Cash and Bank Balance	2,471	2,703	2,409	3,156	1,536	11,878	10,534	12,226	24,207
Loans and Advances	7,177	7,338	10,675	10,895	9,605	9,700	10,180	11,990	13,071
Curr. Liability & Prov.	**16,785**	**16,328**	**17,331**	**17,090**	**16,724**	**15,016**	**17,757**	**19,604**	**21,241**
Account Payables	3,370	3,513	3,253	3,893	3,178	3,873	4,766	4,949	5,265
Other Current Liabilities	11,305	10,349	11,579	10,441	10,921	8,233	9,732	11,324	12,345
Provisions	2,110	2,465	2,500	2,756	2,625	2,909	3,259	3,331	3,631
Net Current Assets	**-3,612**	**-2,143**	**-229**	**798**	**-2,456**	**10,123**	**8,514**	**10,868**	**22,821**
Appl. of Funds	**69,206**	**77,418**	**78,507**	**98,093**	**98,403**	**1,15,880**	**1,18,930**	**1,23,206**	**1,36,830**

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)									
EPS	**-0.4**	**0.6**	**2.0**	**2.3**	**-5.9**	**-1.8**	**7.0**	**8.7**	**10.4**
Cash EPS	1.7	2.7	4.3	5.1	-3.0	1.0	10.0	12.0	13.8
BV/Share	17.7	29.4	30.6	30.7	25.7	49.7	56.2	64.1	73.7
DPS	0.2	0.2	0.4	0.4	0.4	0.4	0.6	0.8	0.8
Payout (%)	-53.9	41.9	25.3	20.5	-9.6	-28.0	8.5	9.2	7.7
Valuation (x)									
P/E	-941.7	617.9	184.2	160.4	-61.8	-200.1	51.9	41.8	35.2
Cash P/E	212.6	134.8	85.2	71.3	-120.6	354.1	36.7	30.6	26.5
P/BV	20.6	12.4	11.9	11.9	14.2	7.4	6.5	5.7	5.0
EV/Sales	13.9	13.3	12.1	12.2	35.3	17.1	8.9	7.6	6.8
EV/EBITDA	91.4	81.3	65.8	56.4	-153.7	129.5	28.6	22.5	19.2
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
FCF per share	6.7	-0.1	1.4	1.7	-7.6	1.7	7.4	7.2	9.2
EV/ Adj Rooms (INRm)	59.0	55.8	54.6	52.9	53.9	50.0	49.1	47.3	43.1
EBITDA/ Room (INR)	4,129	4,341	5,193	6,039	-7,214	4,605	10,909	12,557	12,973
Return Ratios (%)									
RoE	-2.2	2.5	6.6	7.4	-21.0	-4.8	13.3	14.5	15.1
RoCE	3.8	4.6	5.9	6.8	-5.7	1.3	11.5	14.5	15.3
RoIC	-14.9	2.3	5.2	7.1	-7.9	0.0	12.4	14.4	16.5
Working Capital Ratios									
Fixed Asset Turnover (x)	0.7	0.6	0.7	0.6	0.2	0.4	0.6	0.7	0.7
Asset Turnover (x)	0.6	0.5	0.6	0.5	0.2	0.3	0.5	0.5	0.5
Inventory (Days)	7	8	7	8	22	12	7	7	7
Debtor (Days)	25	29	26	24	51	30	28	27	27
Creditor (Days)	31	31	26	32	74	46	30	27	26
Leverage Ratio (x)									
Current Ratio	0.8	0.9	1.0	1.0	0.9	1.7	1.5	1.6	2.1
Interest Cover Ratio	1.0	1.4	2.6	1.7	-1.9	0.0	5.9	7.7	10.4
Net Debt/Equity	1.2	0.4	0.4	0.4	0.8	0.0	-0.1	-0.2	-0.3

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	306	1,618	4,017	3,955	-10,095	-2,738	12,914	17,242	20,573
Depreciation	2,994	3,012	3,279	4,042	4,096	4,061	4,161	4,579	4,829
Interest & Finance Charges	3,015	2,073	1,068	2,087	2,381	2,725	972	734	341
Direct Taxes Paid	-868	-1,425	-1,571	-448	1,553	358	-3,232	-5,173	-6,172
(Inc)/Dec in WC	-599	-1,033	323	-1,402	-2,722	2,155	1,633	-662	27
CF from Operations	**4,848**	**4,246**	**7,115**	**8,235**	**-4,786**	**6,560**	**16,447**	**16,720**	**19,598**
Others	498	675	0	0	1,600	156	33	0	0
CF from Operating incl EO	**5,345**	**4,920**	**7,114**	**8,235**	**-3,187**	**6,716**	**16,480**	**16,720**	**19,598**
(Inc)/Dec in FA	4,193	-5,094	-5,067	-5,855	-7,629	-4,286	-5,922	-6,500	-6,500
Free Cash Flow	**9,538**	**-174**	**2,048**	**2,380**	**-10,816**	**2,431**	**10,557**	**10,220**	**13,098**
(Pur)/Sale of Investments	4,425	-1,462	2,614	-915	-566	-4,836	758	0	0
Others	496	912	-1,428	1,750	6,998	-7,303	3,719	1,599	1,670
CF from Investments	**9,114**	**-5,644**	**-3,882**	**-5,019**	**-1,197**	**-16,425**	**-1,446**	**-4,901**	**-4,830**
Issue of Shares	0	14,999	0	0	0	231	0	0	0
Inc/(Dec) in Debt	-11,719	-9,498	-1,010	2,760	10,308	-16,481	-11,665	-7,000	0
Interest Paid	-1,637	-4,089	-1,901	-3,411	-4,028	-4,277	-2,361	-2,333	-2,011
Dividend Paid	-458	-447	-725	-725	-693	-693	-852	-1,136	-1,136
Others	0	-7	110	-1,093	-2,823	41,270	-1,500	343	360
CF from Fin. Activity	**-13,814**	**957**	**-3,527**	**-2,470**	**2,764**	**20,050**	**-16,378**	**-10,126**	**-2,788**
Inc/Dec of Cash	**645**	**233**	**-294**	**746**	**-1,620**	**10,342**	**-1,344**	**1,692**	**11,981**
Opening Balance	1,826	2,471	2,704	2,409	3,156	1,536	11,878	10,534	12,226
Closing Balance	**2,471**	**2,704**	**2,409**	**3,156**	**1,536**	**11,878**	**10,534**	**12,226**	**24,207**

NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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