

BSE Sensex 61,806 S&P CNX 18,420

CMP: INR327 TP: INR390 (+19%) Buy

IHCL

Bloomberg	IH IN
Equity Shares (m)	1,420
M.Cap.(INRb)/(USD\$b)	464.2 / 5.6
52-Week Range (INR)	349 / 172
1, 6, 12 Rel. Per (%)	4/33/63
12M Avg Val (INR M)	1700

Financials & Valuations (INR b)

Y/E Mar	2023E	2024E	2025E
Sales	55.1	62.0	68.2
EBITDA	16.3	19.8	23.3
PAT	7.6	10.2	12.9
EBITDA (%)	29.6	32.0	34.2
EPS (INR)	5.4	7.2	9.1
EPS Gr. (%)	393.2	34.4	(26.5)
BV/Sh. (INR)	54.5	60.9	69.2

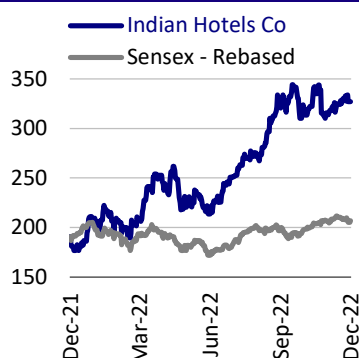
Ratios

Net D/E	(0.1)	(0.2)	(0.3)
RoE (%)	10.3	12.5	14.0
RoCE (%)	10.1	13.0	14.6
Payout (%)	11.2	11.1	8.8

Valuations

P/E (x)	61.1	45.4	35.9
EV/EBITDA (x)	28.4	22.9	18.8
Div Yield (%)	0.2	0.2	0.2
FCF Yield (%)	2.1	2.3	3.2

Stock performance (one-year)



Rapid scaling up of margin-accretive new businesses

Indian Hotel's (IH's) new and re-imagined businesses Ama Stays, Qmin, Chambers, and Management contracts are expected to scale up rapidly on the lower base and high growth runway. These businesses are margin accretive with higher margin flowthrough, thereby driving up the RoCE. The new business is expected to contribute ~26% to the company's operating profits by FY25.

- Amã stay portfolio is expected to grow 5x in the next two-three years with robust revenue growth, driven by the thriving industry and synergy with the group businesses. Further, it is aided by the company's asset light model. The business has higher a flowthrough of ~60-65%.
- IH is establishing its Qmin brand across verticals of food delivery/QSR/ Restaurants. Growing food delivery industry (~30% CAGR) and Qminization of Ginger (from 8 to ~90 hotels) is expected to drive the growth ahead.
- Member additions are expected to drive the incremental growth for Chambers (initiation fees forms ~50% of Chamber's revenue in 1HFY23). Also, the addition of new clubs such as the one planned in New York and Bengaluru will aid in growing the company's membership base.
- While IH's managed room portfolio stood at ~46% (including pipeline) in 1HFY23, it is expected to reach ~50% by FY25/26. The increasing inventory under management contract is margin as well as RoCE accretive for the business.

Amã stay - Rapid expansion with an asset light model

- Amã stay has a portfolio of more than 100 homestays as on 2QFY23 with 57 in operations, while others are in various phases of development/ licensing. Management expects to increase the portfolio to ~500 homestays by FY25/26.
- The business operates on an asset light model with IH charging ~18% of topline from the owners of the property (15% - management fees and 3% - marketing and reimbursement fees).
- Ama stay, located within a two-hour driving distance from company's hotels witnesses' operational efficiency and low operating cost resulting in a ~60-65% flow through rate for the business. Ama stay is expected to register revenue CAGR of ~123% over FY22-FY25.
- As per industry reports, India still needs to add ~2.5 million rooms in the homestay segment to keep up with the increasing demand. Further, a pre-covid survey by online travel aggregator 'MakeMyTrip' indicates that one in every two Indian travelers (especially millennials) is looking to book an alternative accommodation such as villas/homestays.
- Thus, the increasing demand and limited supply in the industry will aid IH in growing its revenue, led by rapid additions of properties.
- Stay Vista (over 500 holiday homes across 50 destinations; focused on luxury villa segment) and Saffron stays (over 250 homes) are some of the key players operating in the homestay management segment.
- Synergy with the existing group businesses has provided a strong competitive advantage to the company while sustaining its asset light model. [mentioned in detail below](#)

Sumant Kumar - Research Analyst (Sumant.Kumar@MotilalOswal.com)

Research Analyst: Meet Jain (meet.jain@motilalosal.com) / Omkar Shintre (omkar.shintre@motilalosal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Qmin - Expansion across verticals to drive growth

- Qmin is establishing its brand by expanding its businesses into restaurants and cafés (Qmin Café/Qmin Shop/Qmin food trucks) from just being a food delivery business.
- Qmin has crossed a gross merchandise value (GMV) of ~INR1.25b since inception (Jun'20), including ~INR0.66b in FY22 alone. The Indian online food delivery market is expected to register a CAGR of 30% to ~INR1.8t by CY27 from ~INR411b in CY21 (as per 'researchandmarkets'), leading to huge growth runway in the segment.
- Further, Qmin has expanded its offline presence to 25 outlets, including 11 outlets which were taken over from 'Tata Cha' and eight outlets opened in Ginger hotels.
- Also, the Qmin app is accessible from nine major nations, allowing people to send/gift the Qmin meals across major cities in India.
- Qminization of ginger (i.e., opening of Qmin restaurant in Ginger hotels) is expected to be a key driver for the offline segment. IH is planning to add more Ginger hotels, taking the total count to ~125 by FY25/26. Management expects ~90 of them to feature a Qmin restaurant, which along with other QSR outlets, will lead to a significant increase in Qmin outlets by FY25/26.
- Qmin is expected to register revenue CAGR of ~74% over FY22-FY25E.

Chambers – Revenues inching up on the back of member additions

- Chambers – a premier exclusive business club operates eight clubs across various cities such as New Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Dubai, and London. Further, two upcoming clubs are planned at New York and Bengaluru.
- Chambers has generated revenue of INR0.85b in FY22 (up 73% YoY and 35% from pre-covid levels, i.e., FY20). The revenue from the segment in 1H FY23 was ~INR0.5b (which is already 65% of FY22 revenue).
- The revenue for 1H FY23 consisted of INR0.26b of initiation fees and INR0.24b of renewal fees.
- The revenue from initiation fees is higher than the renewal fees clearly indicating the uptrend in revenue being driven by the addition of new members.
- Chambers has over 2,500 members as on 1H FY23, up from over 2,400 members in FY22.
- Management expects the segment to generate annual revenue of ~INR1.5b with over ~3,000 members by FY25/26.
- Chambers is expected to register CAGR of ~15% over FY22-FY25E.

Management contract – Margin and RoCE accretive segment

- IH has ~8,093 operational rooms under management contract as on Oct'22 (~38% of total operational rooms of IH). Considering the pipeline, managed share of portfolio stands at ~46%, up from 39% in pre-pandemic. Management expects this to reach ~50% by FY25/26
- Management contract fees for FY22 stood at ~INR2.3b, up from ~INR1.4b/INR2.1b in FY21/FY20, respectively. IH expects to generate ~INR4b of revenue from the segment by FY25/26. However, we expect revenue of ~INR5.5b by FY25.

- IH is focused on its managed portfolio with management expecting to add ~40-60 management contracts for every 10 new owned/leased hotels. Increasing share of management contracts is RoCE accretive as the segment operates with more than 75% EBIDTA flow through.
- IH is planning to add inventory of ~8,327 rooms by FY27, out of which, ~6,148 rooms (i.e., ~74% of the pipeline) are under management contract.
- Management fees are expected to register CAGR of ~33% over FY22-FY25E.

Valuation and view

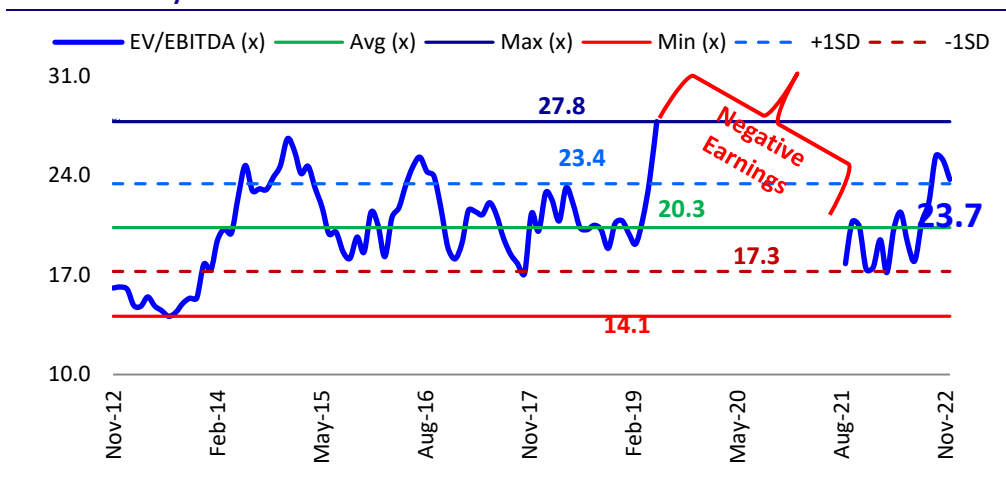
- The new and re-imagined businesses are expected to provide incremental boost to IH’s growth trajectory with their margin and ROCE accretive business model. Overall, the new and re-imagined business revenue is expected to register a CAGR of 50% over FY22-25E.
- Further, we expect the strong demand momentum witnessed in FY22 to continue in FY23-25E, led by a) a further improvement in ARR and occupancy rate due to favorable demand-supply dynamics; b) higher income from management contracts; and c) unlocking value by launching reimagined and new brands.
- **We expect Revenue/EBITDA of 31%/79% over FY22-25E and reiterate our Buy rating with an SoTP-based TP of INR390 on FY25E EBITDA.**

Exhibit 1: Valuation methodology

Particulars	Methodology	Metrics	FY25E	Multiple (x)	Value (INR m)	Value/ share (INR)
IHCL- ex JV/ Associate						
EV	EV/EBITDA (x)	EBITDA	23,336	22	5,21,564	367
Less: Net Debt					31,144	22
Less: Minority Interest					-5,930	(4)
Sub Total					5,46,777	385
JV/Associate						
Taj GVK (IHCL's share - 25.5%) - JV	20% discount to MCAP	Attributable Mcap	3,131	80%	2,505	2
Oriental Hotel (IHCL's share - 35.7%) - Associate	20% discount to MCAP	Attributable Mcap	5,282	80%	4,226	3
Sub Total					6,731	5
Target Price					5,53,508	390

Source: MOFSL

Exhibit 2: One-year forward EV-EBITDA



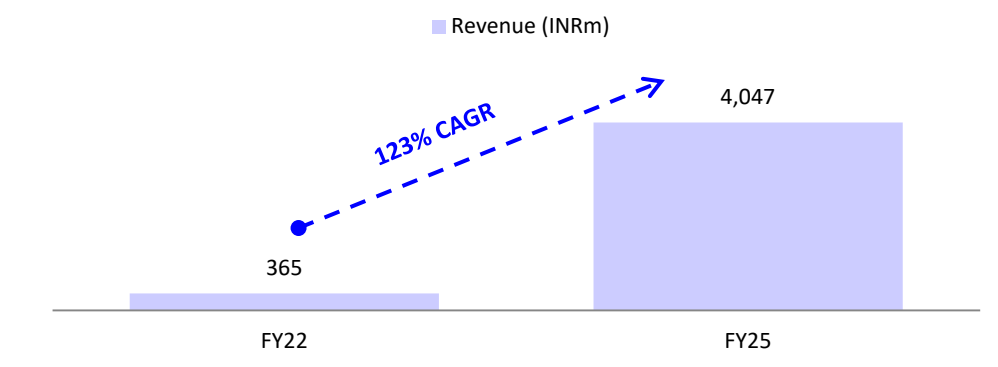
Source: MOFSL

Ama Stays and Trails – a new concept of holidaying

Synergy with existing businesses to provide strong competitive edge to Ama Stays and Trails

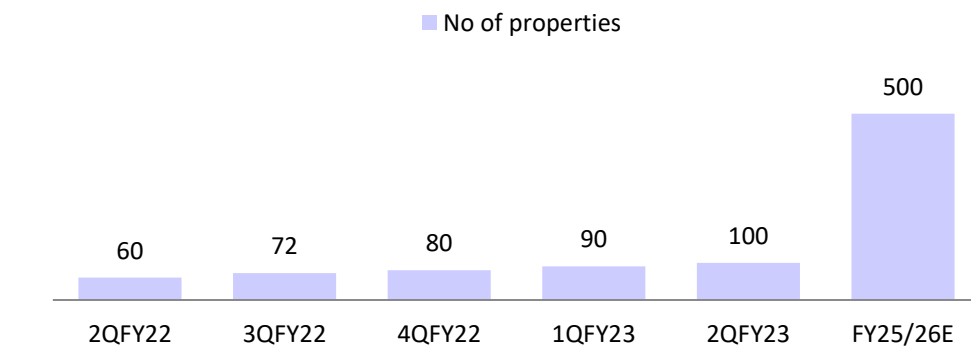
- IHCL launched Ama stay in CY19 with nine heritage bungalows in the coffee estates of Tata Coffee in Coorg and Chikmagalur. Since then, it has expanded across the country.
- The asset-light model of Ama allows the company to scale up quickly. It charges ~15% of topline as management fees and ~3% of topline as marketing and reimbursement fees.
- Ama stay not only relies on the strong brand association of IHCL but also its facilities. Almost all the bungalows of Ama stay are located within a two-hour driving distance from IHCL Hotels. Thus, the general manager of the closest hotel oversees the operations of the bungalows.
- Therefore, the low operating cost results in a ~60-65% flow-through rate for the business.
- Further, Ama Stay offers facilities such as swimming pools, spa, and gym for their guests at IHCL's nearest group hotel. It also offers activities such as Jeep Safari, Plantation walk, and Plantation Safari at Tata coffee plantations and golfing at Tata coffee's golf course.
- Accordingly, Ama stay can also leverage the vast footprint of IHCL in India using a hub-and-spoke model of operations for its bungalow.
- Management is focused on expanding its national footprint before looking at the international market.

Exhibit 3: Ama Stay to clock ~123% revenue CAGR over FY22-FY25




Source: Company, MOFSL

Exhibit 4: Increase in the number of properties with target to reach 500 by FY25/26



Source: Company, MOFSL


Exhibit 5: Activities offered by Amã stay



Jeep Safari in Tata Coffee Plantations

A sprawling, coffee-scented paradise reinvigorating with a symphony of birds - everything about the region is sure to tickle the nature fever in you. Start the day with a trek through the plantations with a guide. Learn about the floral and faunal ecosystems in the region, appreciate...


[VIEW DETAILS](#)



Plantation Walk

Walk through the lush coffee estate attached to our lodges, enjoy a heavenly cup of filter coffee at the end of it, accompanied by delectable regional snacks. Immerse yourself and soak in the natural and peaceful ambience of the estate.


[VIEW DETAILS](#)



Plantation Safari - at Tata Coffee Plantations

Wake up to the smell of coffee by traversing the vibrant coffee trail in Coorg, home to the Arabica and Robusta coffee varieties. Get a chance to pick the finest beans during harvest seasons - April to November for Arabica produce and December to March for Robusta. You t...

[VIEW DETAILS](#)



Golfing

Grab your clubs and tee off to the perfect holiday at TATA Coffee's golf course, landscaped by coffee plantations. Test your putting technique at this 9-hole course punctuated by fairways, large greens, and steep slopes.

[VIEW DETAILS](#)






Source: Company, MOFSL

Exhibit 6: Partnering benefits for villa owners

Benefits of partnering with IHCL



amã Stays & Trails offers you the unique opportunity to get the most out of your beautiful and carefully maintained property. When you choose us, you become a part of a growing family of brands that is celebrated the world over for their world-class hospitality for more than a century.


-  Access to 1Mn+ discerning customers through NeuPass, our loyalty programme.
-  Guest safety assurance.
-  Highest quality of maintenance and care for your property.
-  Cost efficiencies via centralised system of procurement.
-  Seamless integration with minimal impact on the environment.

Source: Company, MOFSL


Exhibit 7: Partnering requirements for villa owners

Join the amã Stays & Trails family


amã Stays & Trails is the platform for owners of premium heritage bungalows, charming residences and fine homestays to tie up with IHCL, India's leading hospitality brand with a global network of hotels, partners and customers. You can join the illustrious amã Stays & Trails family today with:



Prime properties with 2-10 rooms.



Access to a variety of outdoor activities and authentic experiences rooted in local traditions.



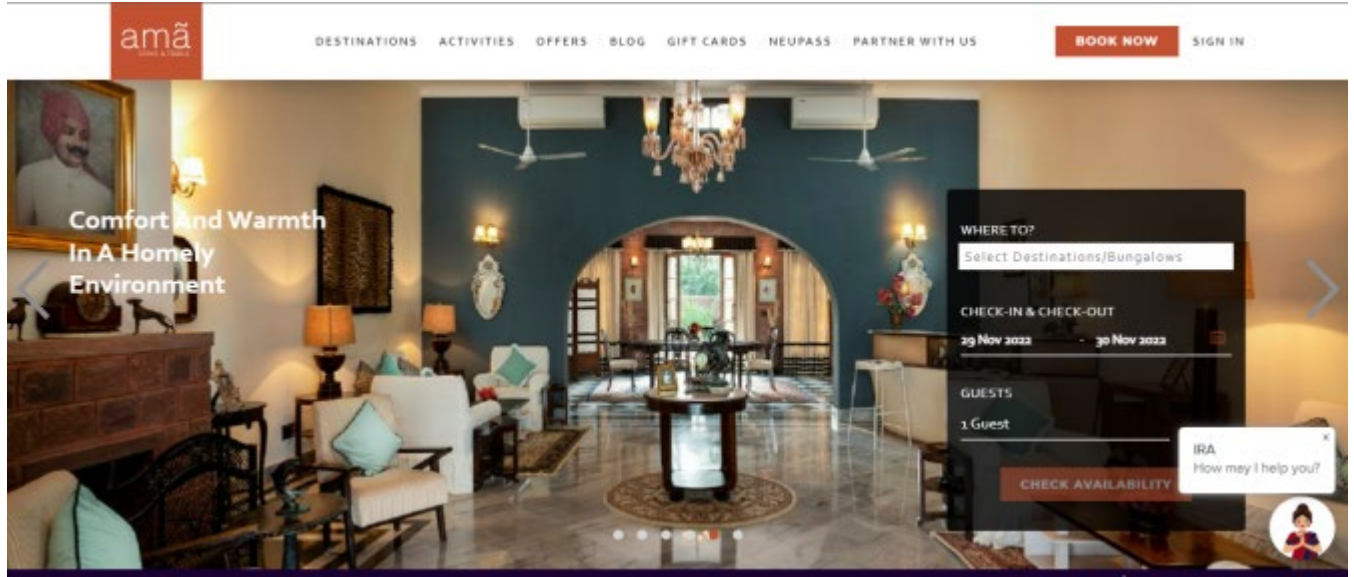
Located within 2-hour driving distance from any IHCL (Taj, SeleQtions, Vivanta) Hotel across the country.

Source: Company, MOFSL

Robust growth runway for the homestay industry to drive sales for Ama

- The IMAI (Internet and Mobile Association of India) report of Aug'21 estimates total Gross Value Added (GVA) of the homestay segment in India to be at ~INR8.8b. The report highlights the key reasons for homestays and vacation rentals to emerge as suitable alternatives. The increasing number of tourists (both domestic and international), lack of tourist accommodations and the aspiration of new age millennials for authentic, bespoke, and real experiences drive the industry demand.
- Thus, companies are trying to capture the opportunities in the homestay business, especially in remote and leisure destinations where access and availability of hotels is lower.
- To tap into the growing demand of this segment, online travel aggregators such as MakeMyTrip, Booking.com, and Cleartrip are constantly adding villas and homestay options on their portals. 'MakeMyTrip' has seen a 70 per cent increase in homestay listings from tier-II and unexplored destinations over pre-pandemic levels.
- As per industry reports, a vacation home can yield an annual return on investment of 12-15 per cent for an asset owner in a best case scenario, much higher than the conventional hospitality asset class.
- Stay Vista (over 500 holiday homes across 50 destinations; focused on luxury villa segment) and Saffron stays (over 250 homes) are some of the key players operating in the homestay management segment.
- Also, considering the downside, it is observed that the industry is facing a few regulatory bottlenecks as the owners have to register their homestays as per the ministry of tourism guidelines under 'incredible India bed & breakfast/homestay establishment'. Further, various states have their own tourism policies. Also, in addition to a physical verification process, the registration requires multiple NOCs from different departments including local bodies.

Exhibit 8: Amã stay and Trails website



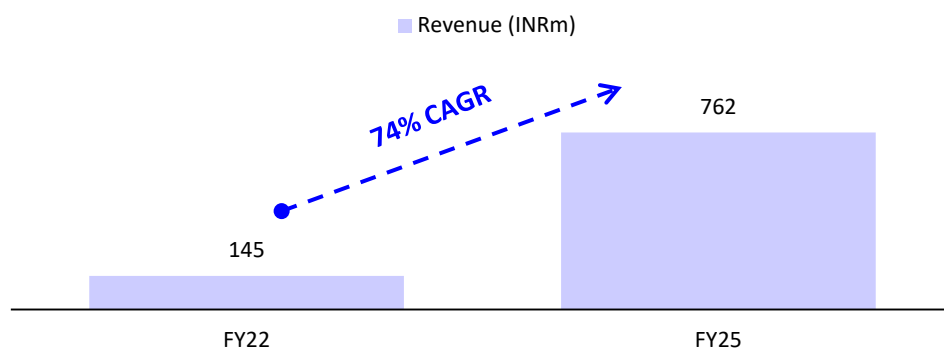
Source: amastaysandtrails.com, MOFSL

Qmin – Scaling up the F&B vertical

Initially started as food delivery vertical during the COVID-19 pandemic...

- The Indian Online Food Delivery market stood ~INR411b in CY21 and is expected to touch ~INR1.8t by CY27, registering 30% CAGR over the period (as per 'researchandmarkets').
- IH launched Qmin during the COVID pandemic to offer customers home delivery of their favorite meals from IH restaurants to their homes. Currently, Qmin is present in 20 cities, with 37 Hotels and over 75 restaurants onboard for delivery.
- It has ~0.7m app downloads, with more than 2m orders, and has crossed a Gross Merchandise Value (GMV) of ~INR1.25b since its inception (i.e. Jun'20), including ~INR0.66b in FY22.
- It charges a fee of 22% on the GMV for sales made through its contract hotels.
- It garners ~75% of orders received from the top five metros as Qmin's secondary and tertiary market penetration is not as strong as it has been in the metros.
- It is a high-margin business with a very high RoCE, as the company has not built any additional infrastructure for the business.
- Qmin initially started with the delivery of signature food from Taj restaurants, but recently introduced **Qmin comfort food** – a delightful spread of pan Asian, Indian, and Thai dishes, including delectable sweet delights.
- Further, it broadened the scope and reach of the menu choices from festive menus, value-for-money offerings, and new food categories. Thus, it has brought down the average order value, but not the number of orders.
- Qmin also added a large-scale service feature called '**Qmin Celebrations**' under which it serves events like online celebrations, virtual meetings, corporate management meets and social gathering, and celebrations by serving the same curated menu to people across different cities using its vast network of restaurants. It has managed to provide over 0.1m meals under this initiative in a span of less than a year.
- The Qmin app is accessible from nine major nations, allowing people to send or gift Qmin meals across major cities in India.

Exhibit 9: Expect Qmin to clock ~74% revenue CAGR over FY22-25



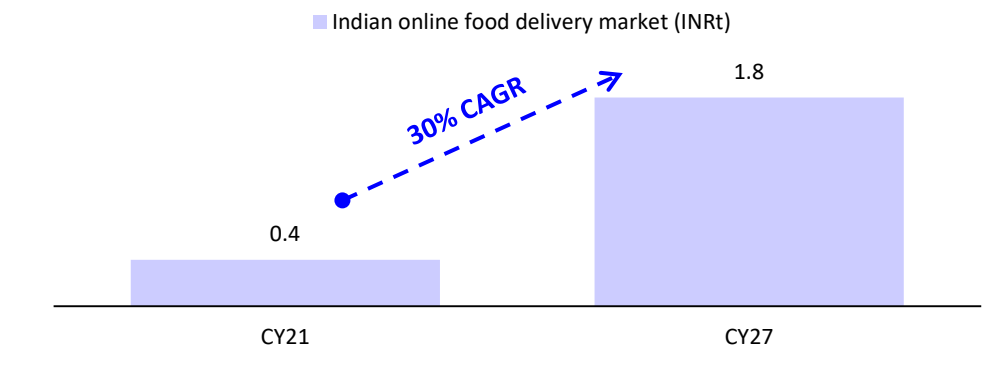
Source: Company, MOFSL

Exhibit 10: Qmin’s footprint expansion



Source: Company, MOFSL

Exhibit 11: Indian online food delivery market to clock 30% CAGR



Source: Company, MOFSL

Exhibit 12: Qmin Comfort – Increasing the range of delicacies



Source: Company, MOFSL

Exhibit 13: Qmin Celebrations**Keeping You Connected**

Planning a virtual celebration or an intimate soiree at home? Qmin brings to you the quintessential Taj Dining experience with the best of our signature dishes from our iconic restaurants. Experience hospitality reimagined, with a promise of safety, seamless delivery and the highest standard of service, as you savour the taste of our authentic culinary delights.



Choose your personalized menus from the multi-cuisine options, delivered straight to your door step. Sit back relax and enjoy unforgettable moments while we take care of the rest.

Source: Company, MOFSL

...now expanding its presence in QSR and other verticals

- Qmin has moved from the Food Delivery business and added other verticals like Restaurant and QSR (Qmin Café/Qmin Shops/Qmin on the Move).
- It has expanded its reach through its offline presence, with the launch of its food trucks – ‘**Qmin on the Move**’ – in 1QFY22 in Delhi and Bengaluru, aimed at serving comfort food across large neighborhoods and business districts in major cities.
- IH expanded its Qmin operations by launching four lifestyle gourmet **Qmin stores** in Mumbai and Delhi and 11 **Qmin Cafes** in Bengaluru (Tata Cha outlets; taken over by IH from TATACONS). Further expansion of Qmin’s QSR business is underway within Bengaluru and will soon be taken to other cities.
- Currently, the Qmin portfolio has reached 25 outlets including the 11 outlets taken over from ‘Tata Cha’ and eight from Ginger
- The management is planning to open a Qmin restaurant in almost all its Ginger hotels under it’s **Qminization of Ginger** program. This is expected to be a key driver for the Offline segment. IH is planning to add more Ginger hotels, taking its total Hotel count to ~125 by FY25-26. The management expects ~90 Hotels to feature a Qmin restaurant, which, along with other QSR outlets, will lead to a significant increase in Qmin outlets by FY25-26.
- It aims to expand the brand in more than 25 cities by FY25-26 through its AVHAAN CY25 initiative. It is expecting Qmin (across all verticals) to deliver an annual revenue of over INR1b within the next two-to-three years.

Exhibit 14: Qmin Café at Aurus Mall, Guwahati



Source: Company, MOFSL

Exhibit 15: A Qmin food truck at Bengaluru



Source: Company, MOFSL

Exhibit 16: A Qmin shop at Cuff Parade, Mumbai



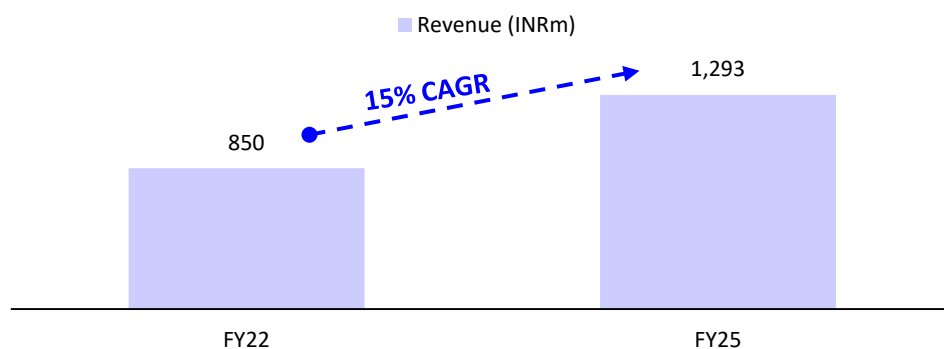
Source: Company, MOFSL

Chambers – The exclusive business club

Revenue inching up on the back of member addition

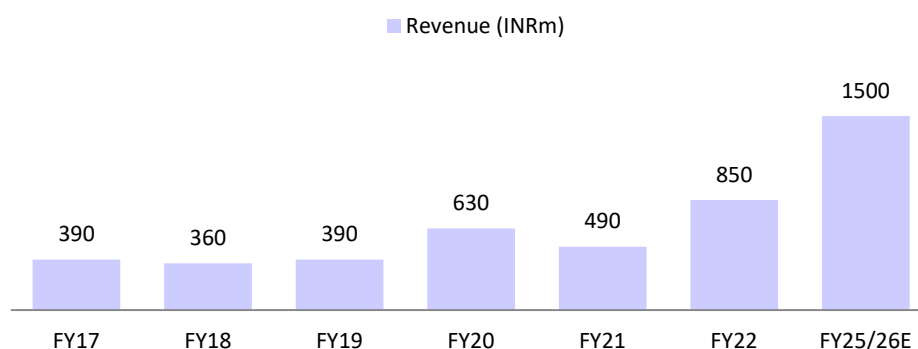
- The Chambers – India’s premier exclusive business club –opened in May’75 at The Taj Mahal Palace. The re-imagined version of the same was recently launched with enhanced features.
- A membership to the Chambers offers extraordinary privileges at Taj, SeleQtions, and Vivanta Hotels globally. Memberships are offered on an **‘invitation only’** basis and are not open for all models.
- It provides services such as ‘Rendezvous’ – an ultra-luxury series of closed door evenings with global delicacies by celebrated chefs, live performance by celebrated artist, an exceptional engagement with industry stalwarts and eminent personalities, and many more such premium services.
- Currently, Chambers has eight clubs located across cosmopolitan cities like New Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Dubai, and London. IH is in the process of opening a new Chambers club in New York and Bengaluru.
- Chambers had over 2,500 members in 1HFY23 as compared to over 2,400 members in FY22. IH intends to increase this count to over 3,000 by FY25-26.
- It generated revenue of INR0.85b in FY22. The same for 1HFY23 stood ~INR0.5b (consisting of INR0.26b/INR0.24b of initiation/renewal fees). The management expects the segment to generate annual revenue of ~INR1.5b by FY25-26.

Exhibit 17: Expect Chambers to clock ~15% revenue CAGR over FY22-25



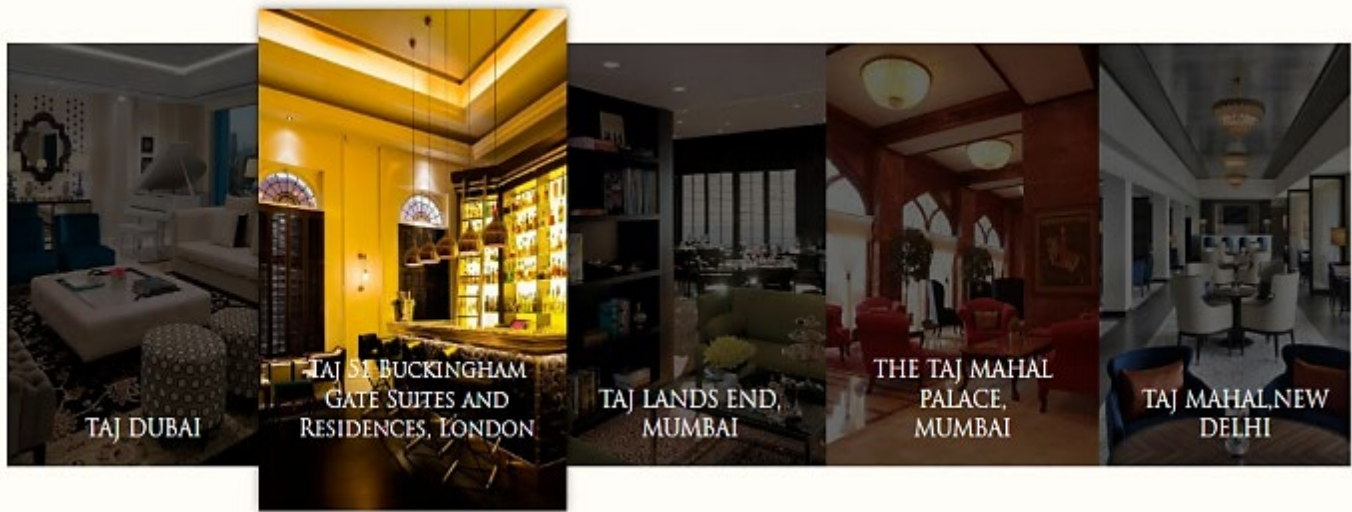
Source: Company, MOFSL

Exhibit 18: Revenue trend for Chambers along with the management’s guidance under AVHAAN 2025



Source: Company, MOFSL

Exhibit 19: The premium location of Chambers








Source: Company, MOFSL

Exhibit 20: Benefits of a Chambers' membership

EXTRAORDINARY PRIVILEGES DESIGNED FOR THE SELECT FEW

With access to the most rarefied spaces, enhanced privileges and ultra-niche experiences, the bouquet of benefits enjoyed by The Chambers members is truly one-of-a-kind, making The Chambers Global Membership an unrivalled proposition.

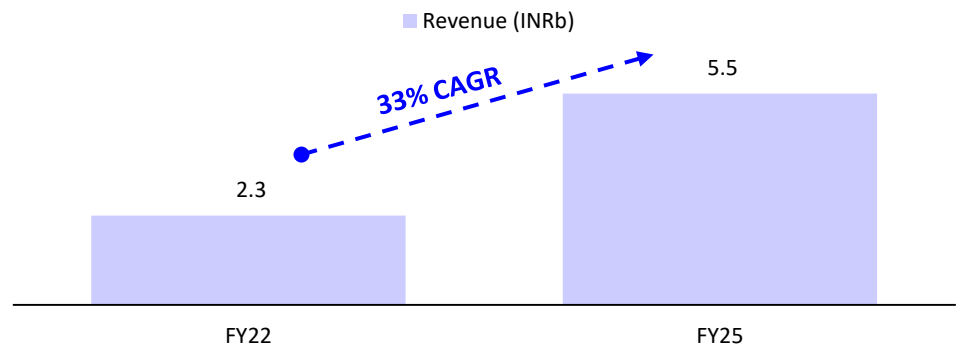
 <p>A Lifetime of Exclusive Benefits With an option of one-time transfer to next of kin</p>	 <p>Special Savings on Stays At Taj, SeleQtions, Vivanta Hotels worldwide</p>	 <p>Platinum Membership to Taj InnerCircle Highest-tier membership offering inimitable benefits</p>	 <p>Invitations to Private, Curated Events A perfect way to indulge in unique experiences</p>	 <p>Dedicated Concierge Service Round-the-clock, catering to all the members' needs</p>
--	--	--	---	--

Source: Company, MOFSL

Management contracts: The margin and RoCE accretive segment

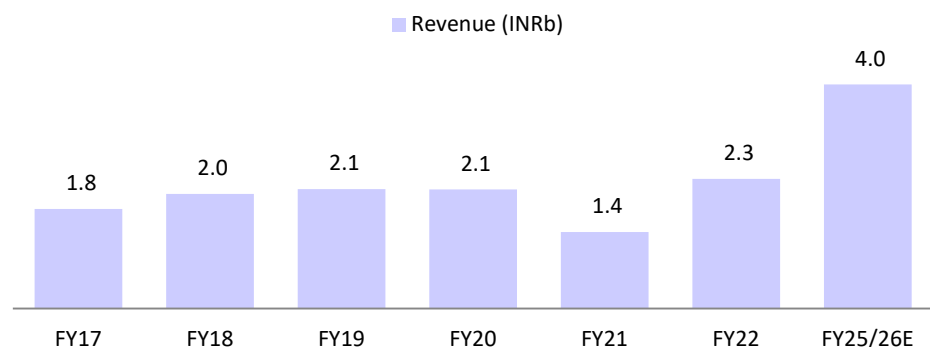
- Management contract fees for FY22 stood ~INR2.3b v/s ~INR1.4b/INR2.1b in FY21/FY20. Under its AVHAAN 2025 guidance, the management expects to increase management contract fees to ~INR4b by FY25-26.
- The number of rooms managed by IH has risen to ~7,439 rooms in FY22 from 6,496/5,832 rooms in FY21/FY20. Based on its current pipeline, the numbers of managed rooms are expected to rise to over 12,000 by FY25.
- IH is focused on its managed portfolio, with the management is expecting to add ~40-60 management contracts for every 10 new owned and leased Hotels.
- Currently, the managed room share of the portfolio stands ~46% (including those in the pipeline) v/s 39% in the pre-pandemic period (FY20). The management expects the same to be ~50% by FY25-26. Increasing share of management contracts is RoCE accretive as the segment operates with ~75% EBIDTA flow through.
- IH is planning to add ~8,327 rooms by FY27, of which ~6,148 rooms (i.e. ~74% of rooms in the pipeline) are under a management contract, with ~2,501/1,180/1,753/714 rooms under the Taj/SeleQtion/Vivanta/Ginger brand.

Exhibit 21: Expect management fees to clock ~33% CAGR over FY22-25



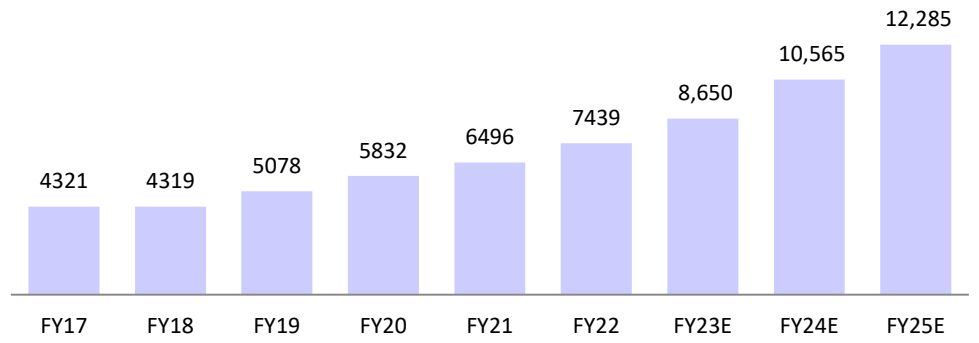
Source: Company, MOFSL

Exhibit 22: Revenue (INR b) trend from management contracts and its guidance under AVHAAN 2025



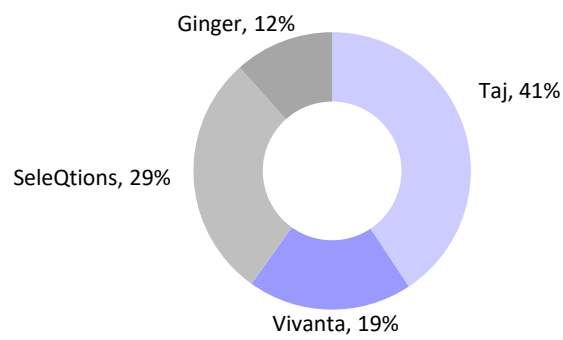
Source: Company, MOFSL

Exhibit 23: Constant rise in rooms under management contract



Source: Company, MOFSL

Exhibit 24: Brand-wise pipeline for management contracts



Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement							(INR m)		
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	40,206	41,036	45,120	44,631	15,752	30,562	55,056	61,960	68,157
Change (%)	-0.1	2.1	10.0	-1.1	-64.7	94.0	80.1	12.5	10.0
Food and beverages consumed	3,640	3,764	4,041	3,706	1,438	2,572	4,580	5,143	5,453
Employees Cost	13,647	13,466	14,708	14,946	8,940	11,502	15,160	15,874	17,216
Power and Fuel Cost	2,586	2,591	2,736	2,699	1,729	2,250	3,303	3,594	3,749
License Fees	2,502	2,544	2,758	1,459	756	1,681	3,303	3,532	3,749
Other Expenses	11,736	11,967	12,580	12,147	6,506	8,509	12,428	14,005	14,655
Total Expenditure	34,110	34,332	36,823	34,956	19,369	26,515	38,774	42,147	44,821
As a percentage of Sales	84.8	83.7	81.6	78.3	123.0	86.8	70.4	68.0	65.8
EBITDA	6,096	6,704	8,297	9,675	-3,618	4,048	16,282	19,813	23,336
Margin (%)	15.2	16.3	18.4	21.7	-23.0	13.2	29.6	32.0	34.2
Depreciation	2,994	3,012	3,279	4,042	4,096	4,061	4,192	4,434	4,584
EBIT	3,102	3,692	5,019	5,633	-7,714	-13	12,091	15,379	18,752
Int. and Finance Charges	3,238	2,690	1,901	3,411	4,028	4,277	2,374	2,019	1,659
Other Income	549	617	834	1,324	1,647	1,552	1,221	1,487	1,636
PBT bef. EO Exp.	413	1,618	3,951	3,546	-10,095	-2,738	10,938	14,847	18,729
EO Items	-108	225	66	410	1,600	156	32	0	0
PBT after EO Exp.	306	1,843	4,017	3,955	-8,495	-2,582	10,970	14,847	18,729
Total Tax	1,137	1,211	1,571	448	-1,553	-358	3,183	4,454	5,619
Tax Rate (%)	372.2	65.7	39.1	11.3	18.3	13.9	29.0	30.0	30.0
Minority Interest	-200	-376	-422	-37	259	253	155	170	179
Reported PAT	-632	1,009	2,868	3,544	-7,201	-2,477	7,632	10,223	12,931
Adjusted PAT	-551	840	2,819	3,237	-8,401	-2,594	7,608	10,223	12,931
Change (%)	NA	NA	235.4	14.8	-359.5	-69.1	-393.2	34.4	26.5
Margin (%)	-1.4	2.0	6.2	7.3	-53.3	-8.5	13.8	16.5	19.0

Consolidated Balance Sheet

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	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	75,982	85,068	96,863
Net Worth	25,177	41,811	43,480	43,568	36,484	70,623	77,402	86,488	98,283
Minority Interest	7,378	7,774	7,999	7,649	6,346	5,930	5,930	5,930	5,930
Total Loans	33,830	24,270	23,260	26,020	36,328	19,848	9,148	1,148	1,148
Lease Liability	0	0	0	18,987	18,464	18,604	18,604	18,604	18,604
Deferred Tax Liabilities	2,820	3,563	3,768	1,869	781	876	876	876	876
Capital Employed	69,206	77,418	78,506	98,093	98,403	1,15,880	1,11,960	1,13,046	1,24,841
Gross Block	57,923	63,356	69,051	73,316	81,772	85,655	91,201	94,811	98,533
Less: Accum. Deprn.	5,506	7,385	10,663	14,706	18,802	22,863	27,054	31,488	36,072
Net Fixed Assets	52,417	55,971	58,388	58,610	62,970	62,792	64,147	63,323	62,461
Goodwill on Consolidation	5,737	5,655	5,835	6,146	6,110	6,229	6,229	6,229	6,229
Right-of-Use assets				15,833	15,297	15,134	15,134	15,134	15,134
Capital WIP	2,227	1,970	1,162	2,441	1,650	1,933	1,387	2,777	2,055
Total Investments	12,437	15,965	13,351	14,266	14,832	19,668	19,668	19,668	19,668
Current Investment	908	3,305	2,112	4,362	4,486	9,025	9,025	9,025	9,025
Curr. Assets, Loans, and Adv.	13,173	14,184	17,102	17,887	14,269	25,139	24,064	26,139	41,367
Inventory	804	857	804	936	929	1,008	1,169	1,270	1,351
Account Receivables	2,721	3,286	3,214	2,900	2,198	2,553	3,620	4,074	4,482
Cash and Bank Balance	2,471	2,703	2,409	3,156	1,536	11,878	8,815	9,642	23,267
Loans and Advances	7,177	7,338	10,675	10,895	9,605	9,700	10,461	11,153	12,268
Curr. Liability and Prov.	16,785	16,328	17,331	17,090	16,724	15,016	18,670	20,224	22,074
Account Payables	3,370	3,513	3,253	3,893	3,178	3,873	4,355	4,734	5,035
Other Current Liabilities	11,305	10,349	11,579	10,441	10,921	8,233	11,011	12,392	13,631
Provisions	2,110	2,465	2,500	2,756	2,625	2,909	3,303	3,098	3,408
Net Current Assets	-3,612	-2,143	-229	798	-2,456	10,123	5,394	5,914	19,293
Misc. Expenditure	0	0	0	0	0	0	0	0	0
Appl. of Funds	69,206	77,418	78,506	98,093	98,403	1,15,880	1,11,960	1,13,046	1,24,841

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)									
EPS	-0.4	0.6	2.0	2.3	-5.9	-1.8	5.4	7.2	9.1
Cash EPS	1.7	2.7	4.3	5.1	-3.0	1.0	8.3	10.3	12.3
BV/Share	17.7	29.4	30.6	30.7	25.7	49.7	54.5	60.9	69.2
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	11.2	11.1	8.8
Valuation (x)									
P/E ratio	-842.4	552.7	164.8	143.5	-55.3	-179.0	61.1	45.4	35.9
Cash P/E ratio	190.2	120.6	76.2	63.8	-107.9	316.8	39.4	31.7	26.5
P/BV ratio	18.4	11.1	10.7	10.7	12.7	6.6	6.0	5.4	4.7
EV/Sales ratio	12.5	12.0	10.9	11.0	31.8	15.4	8.4	7.3	6.4
EV/EBITDA ratio	82.4	73.2	59.2	50.7	-138.5	116.0	28.4	22.9	18.8
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	6.9	7.5	10.5
EV/Adj. Room (INR m)	53.2	50.2	49.2	47.6	48.6	44.8	43.2	41.6	38.9
EBITDA/room (INR)	4,129	4,341	5,193	5,974	-7,214	4,605	9,550	10,670	11,656
Return Ratios (%)									
RoE	-2.2	2.5	6.6	7.4	-21.0	-4.8	10.3	12.5	14.0
RoCE	3.8	4.6	5.9	6.8	-5.7	1.3	10.1	13.0	14.6
RoIC	-14.9	2.3	5.2	7.1	-7.9	0.0	10.4	13.2	16.3
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	8	7	7
Debtor (Days)	25	29	26	24	51	30	24	24	24
Creditor (Days)	31	31	26	32	74	46	29	28	27
Leverage Ratio (x)									
Current Ratio	0.8	0.9	1.0	1.0	0.9	1.7	1.3	1.3	1.9
Interest Coverage Ratio	1.0	1.4	2.6	1.7	-1.9	0.0	5.1	7.6	11.3
Net Debt/Equity ratio	1.2	0.4	0.4	0.4	0.8	0.0	-0.1	-0.2	-0.3

Consolidated Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	306	1,618	4,017	3,955	-10,095	-2,738	10,938	14,847	18,729
Depreciation	2,994	3,012	3,279	4,042	4,096	4,061	4,192	4,434	4,584
Interest and Finance Charges	3,015	2,073	1,068	2,087	2,381	2,725	1,153	532	23
Direct Taxes Paid	-868	-1,425	-1,571	-448	1,553	358	-3,183	-4,454	-5,619
(Inc.)/Dec. in WC	-599	-1,033	323	-1,402	-2,722	2,155	1,666	307	246
CF from Operations	4,848	4,246	7,115	8,235	-4,786	6,560	14,765	15,665	17,964
Others	498	675	0	0	1,600	156	32	0	0
CF from Operations incl. EO	5,345	4,920	7,114	8,235	-3,187	6,716	14,797	15,665	17,964
(Inc.)/Dec. in FA	4,193	-5,094	-5,067	-5,855	-7,629	-4,286	-5,000	-5,000	-3,000
Free Cash Flow	9,538	-174	2,048	2,380	-10,816	2,431	9,797	10,665	14,964
(Pur.)/Sale of Investments	4,425	-1,462	2,614	-915	-566	-4,836	0	0	0
Others	496	912	-1,428	1,750	6,998	-7,303	1,221	1,487	1,636
CF from Investments	9,114	-5,644	-3,882	-5,019	-1,197	-16,425	-3,779	-3,513	-1,364
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	-10,700	-8,000	0
Interest Paid	-1,637	-4,089	-1,901	-3,411	-4,028	-4,277	-2,374	-2,019	-1,659
Dividend Paid	-458	-447	-725	-725	-693	-693	-852	-1,136	-1,136
Others	0	-7	110	-1,093	-2,823	41,270	-155	-170	-179
CF from Fin. Activity	-13,814	957	-3,527	-2,470	2,764	20,050	-14,081	-11,326	-2,974
Inc./Dec. in Cash	645	233	-294	746	-1,620	10,342	-3,063	827	13,625
Opening Balance	1,826	2,471	2,704	2,409	3,156	1,536	11,878	8,815	9,642
Closing Balance	2,471	2,704	2,409	3,156	1,536	11,878	8,815	9,642	23,267

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf> MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however, the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-71881085.

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; 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. Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.