Narnolia™

Chalet Hotels Ltd

IPO Note

"SUBSCRIBE"
29th Jan 2019

Issue Detail

Type	100% Book Built Issue
Issue Size (Cr)	1,641
Offer Price	Rs.275 to Rs.280
Retail & Employee Discount	
Min App Size	53 Equity Shares
Issue Open	Tuesday, January 29, 2019
Issue Close	Thursday, January 31, 2019
Shares Offer	5,86,13,571
Face Value	Rs 10
Lead Mgrs	JM Financial Ltd, Axis Capital Ltd, Morgan Stanley India Company Private Ltd
Listing	NSE & BSE
Registrar	Karvy Fintech Private Limited
Market Cap (Post Issue)(Cr)	5,740.67

Market cap. , Issue size, shares offer are as per Upper price band

No. of shares (Post & Pre Issue)

No. of Shares (Pre Issue)	17,10,95,293
Offer for Sale	2,46,85,000
Fresh Issue made*	3,39,28,571
No. of Shares (Post Issue)	20,50,23,864

* No. of shares as per Upper price band

Bid allocation pattern

QIB	50%
Non-Institutional	15%
Retail	35%

Management Team:

- Mr. Hetal Gandhi
(Designation: Chairman and Independent Director)

- Mr. Ravi C. Raheja
(Designation: Non-Executive Director)

- Mr. Neel C. Raheja
(Designation: Non-Executive Director)

Company Overview

- Chalet Hotels Ltd are the owner's, developers and asset managers of high-end hotels in key metro cities in India.

- The hotel platform comprises five operating hotels, including a hotel with a co-located serviced residence, located in the Mumbai Metropolitan Region, Hyderabad and Bengaluru, representing 2,328 keys, as of September 30, 2018.

- The company's hotels are branded with globally recognized hospitality brands and are in the luxury-upper upscale and upscale hotel segments, according to the Horwath Report. CHL earn revenue from their hospitality operations and also derive lease income from their commercial and retail properties as well as real estate income from sale of certain residential flats.

- In addition, they have developed commercial and retail spaces, in close proximity to certain of their hotels. The company's hotels are currently branded with global brands such as JW Marriott, Westin, Marriott, Marriott Executive Apartments, Renaissance and Four Points by Sheraton which are held by Marriott Hotels India Private Limited and its affiliates (collectively "Marriott").

- Chalet Hotels key management personnel and senior management include qualified professionals and industry experts with significant experience across various industries and functions including finance, legal, projects and design, asset management, hospitality.

Competitive Strengths

- High-End branded hotels strategically located in key metro cities of India.
- Active asset management model.
- Well positioned to benefit from industry trends.
- Experienced management team.

Strategies

- Focus on maximizing performance in existing portfolio through active asset management.
- Disciplined development of assets in the current pipeline.
- Expand portfolio by way of opportunistic and accretive acquisitions.
- Maintain a sustainable capital structure and ensure prudent capital allocation.
- Opportunity for reflagging hotels or renegotiating hotel operation contracts.

Objectives of the Issue

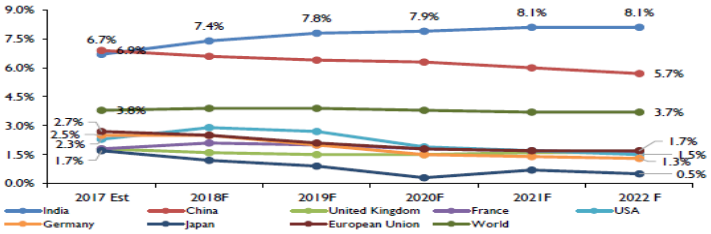
- Repayment/prepayment of certain indebtedness.
- General corporate purposes

View & Valuation

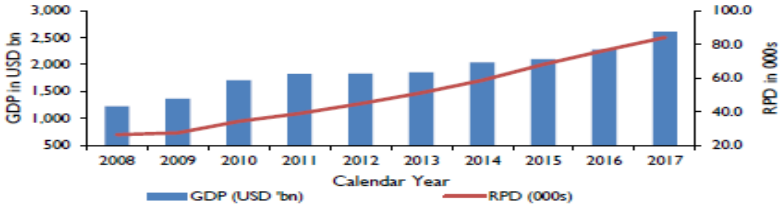
Revenue grew at 15.8% during FY14-18. The company has high branded hotels strategically located in the key metro cities of India. It enjoys active asset management model. Experienced management team and well positioned to reap benefits of growth in per capita income, changing demographic dynamics, rising urbanization, growth in travel and higher discretionary spending trends, are expected to assist the growth of the hospitality industry in India. The company is valued at 9.35x FY18 EV/Sales. Further management expects to reduce its debt by Rs 720 crs from proceeds of the issue. This shall improve returns ratio in future. Hence we recommend subscribe only for longterm investment.

INDUSTRY OVERVIEW

- India is the sixth largest economy in the world with GDP at current prices of USD 2.61 trillion and third in terms of purchasing power parity as per 2017 estimates. India has emerged as a lead growth engine for the next five years, in terms of the rate of GDP growth. The chart below provides the IMF forecast for GDP growth rate (at constant prices) for India and the top seven global economies for the next five years.



- Economic growth has a material benefit in creating demand for hotels. With an increase in GDP (at current prices) from USD 1,224 billion in 2008 to USD 2,611 billion for 2017, the demand for hotel rooms has increased from 26,300 rooms per day in 2008 to 84,100 rooms per day for 2017. With India's GDP is expected to grow at 7.4% to 8.1% (at constant prices) over the next five years, growth in the demand for hotel rooms can reasonably be expected. The chart below compares the demand for hotel rooms (RPD growth) with the GDP levels for India.



- ***Middle class population:***
- The middle class population in India has doubled from 300 million to 600 million between 2004 and 2012, according to World Economic Forum, and is likely to overtake that of US and China by 2027.
- Estimates by PwC in a study focusing on Indian workplace of 2022, indicate that by 2020, the average age of an Indian will be 29 years, compared with average age of 38 years for both China and USA and 48 years for Japan. A large working population with young demographics can reasonably be expected to enhance the discretionary spending capacity.

- ***Classifications of Hotel Rooms Supply***
- *Luxury and upper upscale segment*- These are the top tier hotels. In India, classified as five star, deluxe and luxury hotels.
- *Upscale segment* – These are hotels which are more moderately positioned and priced, with smaller room sizes, than the top tier hotels. In India, these would generally be classified as four or even five star hotel.
- *Upper midscale segment* – These maybe full service or even select service hotels, typically with fewer public areas and facilities and possibly smaller room sizes, than upscale hotels. In India, these would generally be classified as four star and sometimes three star hotels.
- *Midscale segment* – These are typically three star hotels with distinctly moderate room sizes, quality and pricing, and a lower quality of services, while domestic brand midscale hotels are often more full service in nature, services tend to be more selectively available among international branded midscale hotels.
- *Economy segment* – These are typically two star hotels providing functional accommodations and limited services, while being focused on price consciousness.
- Chain-affiliated hotels are hotels that are either (i) owned and operated by hotel chains, (ii) operated by hotel chains on behalf of other owners, or (iii) operated by owners themselves or third parties under a franchise arrangement from hotel chains. These include all recognized international global chains operating in India, irrespective of the number of hotels or rooms operated by them in the country and domestic hotel chains that are generally considered as operating under common branding. Chain-affiliated hotels do not include other domestic chains which have less than five hotels operating regionally in India. The following table sets forth the composition of chain-affiliated supply of hotel rooms in India:

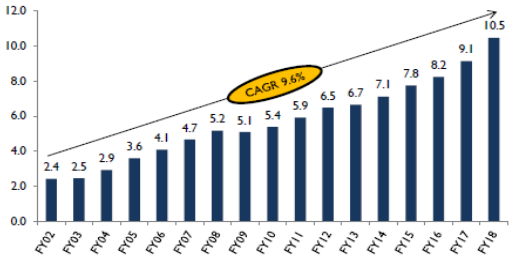
(Inventory in 000s)

Category	FY01	FY08	FY15	FY18	FY22	CAGR FY01-08	CAGR FY08-15	CAGR FY 15- 18	CAGR 2018-22
Luxury-Upper Upscale	13	21	42	49	62	6.50%	10.80%	5.10%	6.20%
Upscale	5	8	22	27	38	5.80%	15.80%	7.90%	9.10%
Upper Midscale	4	7	20	26	36	9.60%	16.60%	9.50%	8.50%
Midscale-Economy	2	5	23	33	42	17.10%	24.00%	11.80%	6.80%
TOTAL	**24**	**40**	**107**	**135**	**180**	**7.90%**	**15.00%**	**8.00%**	**7.40%**
% of Total									
Luxury-Upper Upscale	55.80%	51.10%	39.40%	36.40%	34.80%				
Upscale	21.90%	19.10%	20.10%	20.00%	21.40%				
Upscale Midscale	15.00%	16.90%	18.60%	19.40%	20.20%				
Midscale-Economy	7.20%	12.90%	21.80%	24.20%	23.60%				

INDUSTRY OVERVIEW

Overview of Key Impact Factors

- **Foreign Tourist Arrivals (FTA) :** FTA for the financial year 2018 was reported at 10.5 million by the Department of Tourism, Government of India. Year-on-year FTA grew by 1.33 million in the financial year 2018. The e-visa scheme was made available for foreign visitors with effect from November 2014. This has been extremely successful in attracting inbound travel, particularly as visitors can come in with short lead-time for the trip. The following chart reflects the foreign tourist arrivals in India for the period indicated below (in millions):



- **Access Infrastructure :** Better travel infrastructure, in terms of better roads and airports, is a major benefit for domestic travel whether for business, leisure, MICE or social purposes. The upgraded road infrastructure has helped develop demand and resort capacity in several markets.

- **Air Traffic :** Passenger movement at these key markets for the Company grew at 9.3% CAGR between the financial years 2008 and 2018, with 10.4% CAGR growth was achieved on all-India basis. CAGR between the financial years 2015 and 2018 was 15.6% and 17.5% for key cities and all-India respectively.

- **Business Travel :** Business Travel comprises inbound and domestic visitation for business related purposes. This includes travel on corporate account and by individual business travellers. This segment is a predominant source of demand for hotels located in primarily business oriented locations. Select hotels also secure up to 15% of total demand from the extended stay segment i.e. guests staying for 15 days and longer in connection with projects, training programs, transfers and new jobs in a given location. Such demand particularly arises in luxury-upper upscale and upscale hotels. Of course, long stay demand is the core element of business for serviced apartment facilities such as MEA owned by the Company in Mumbai.

- **Leisure Travel:** Leisure travel comprises vacation travel, including short duration vacations. Greater affordability, changing attitudes towards lifestyle, and improved road and air connectivity have materially encouraged short stay vacations including on weekends and extended weekends when a public holiday combines with a weekend as does occur two to four times every year. Currently this demand is more predominant at upper tier hotels though it has now started percolating to upscale and other hotels in some cities.

- **MICE Visitation:** MICE visitation is mainly corporate driven for conferences, training programs and other events that are of customer-facing intent. MICE demand tends to carry price sensitivity. At present, MICE events are hosted in hotels (mainly premium and upscale hotels) with large function spaces. These hotels have gained material revenue scale and diversified business segments from making the investment in such large meeting and function spaces.

- **Weddings and social travel:** Weddings and social travel involve mainly domestic visitation for participating in family weddings, destination weddings and other wedding related or family celebrations (such as anniversaries). Wedding and social event demand will of course gravitate to hotels that have the function areas, guest room capacity and also the quality to host such events at a level consistent with the status of the host. Amongst the Company hotels, JW Marriott Mumbai Sahar and Renaissance Mumbai Convention Centre Hotel both of which have substantial function spaces (covered and open lawns) and large rooms inventory, are oriented towards attracting and servicing wedding demand; these hotels are amongst the main venues for corporate and social MICE or events and weddings in Mumbai.

- **Airlines and airline crew :** This demand set helps create a core of demand at hotels, albeit at significantly discounted pricing. Crew demand could arise from international and domestic carriers – while the major international airlines will use upper tier hotels, more price sensitive airlines are open to using upper midscale hotels. Airlines also need to use hotels for layovers in case of significantly delayed flights. This demand is relatively nominal and mainly occurs at hotels that are closer to the airports. In such cases, airlines will prefer more moderately priced hotels that are nevertheless of good standard.

- **Transit demand:** Persons at overnight transits between cities also need to use hotel accommodation which is typically located close to the point of onward journey. Transit demand could occur on the inward and/or outward leg of international travel or for travel between cities that are connected through a regional hub.

- **Barriers to Entry :** Development of hotels in India faces several challenges, principal among which are land, regulatory approvals, financing and capital requirement (Equity and Debt), manpower shortages, distressed assets.

BUSINESS OVERVIEW

- CHL are owner, developer and asset manager of high-end hotels in key metro cities in India. Their hotel platform comprises five operating hotels, including a hotel with a co-located serviced residence, located in the Mumbai Metropolitan Region, Hyderabad and Bengaluru, representing 2,328 keys, as of September 30, 2018. Their hotels are branded with globally recognized hospitality brands and are in the luxury-upper upscale and upscale hotel segments, according to the Horwath Report. Their hotel platform emphasizes strategic locations, efficient design and development, appropriate positioning in hotel segments together with branding and operational tie-ups with leading hospitality companies. They use their experience to actively manage the hotel assets to drive performance. In addition, they have developed commercial and retail spaces, in close proximity to certain of their hotels.

- They have developed their hotels at strategic locations generally with high barriers-to-entry and in high density business districts of their respective metro cities, according to the Horwath Report. They generally develop their hotels on large land parcels, allowing them to situate a greater number of rooms, as well as provide a wide range of amenities, such as, fine dining and specialty restaurants, large banquet and outdoor spaces. They endeavour to build Their hotels to superior standards targeting the luxury-upper upscale and upscale hotel segments at an efficient gross built up area and development cost per key.

- They have a competitive advantage in key metro cities due to, the significant time outlay required to build and establish a profitable hotel or commercial project, their early mover advantage in large, mixed-use developments in specific micro-markets and availability of unutilized land at certain of their hotel properties to further expand their operations, among others.

- CHL seek to brand their hotels with leading global hospitality brands, which they believe are well matched to the location, size, target customer base and intended hotel segment of their hotel properties. This allows them to save on the time and cost required to build, develop and maintain their 'own hotel brand'. Their hotels are currently branded with global brands such as JW Marriott, Westin, Marriott, Marriott Executive Apartments, Renaissance and Four Points by Sheraton which are held by Marriott Hotels India Private Limited and its affiliates (collectively "Marriott"). They also determine, by detailed financial and operational analysis, whether hotel operations should be undertaken directly by them or by engaging third party hotel operators. Currently, their hotel at Vashi, Navi Mumbai, is operated by them under a license agreement with Marriott, and four of our hotels, including their serviced residence, are operated pursuant to hotel operation and related agreements with Marriott.

- They follow an active asset management model for their hotels operated by third parties, pursuant to which they closely monitor, and exercise regular oversight over, the performance of their hotel properties. Among other things, they discuss and agree on budgeting and operational and financial targets, review performance reports, engage with the hotel management team at each hotel by conducting detailed monthly performance review meetings and provide regular inputs on cost saving initiatives and potential improvements. They believe that their active asset management model, the premium location of their hotels, their large room inventory and large function spaces, together with their relationship with international hospitality brands, has allowed their hotels to achieve competitive financial and operational parameters. For example most of their hotels have higher ADR, occupancies and RevPAR compared to the average of other hotels in their respective micro-markets and hotel segments, for the financial year 2018, according to the Horwath Report.

- CHL is a part of K. Raheja Corp group which is a leading business group in India and they believe that they derive significant benefit from the confidence that consumers, lenders, hospitality partners, vendors and others place in the group. The companies forming part of the K. Raheja Corp group ("**K. Raheja Companies**") have extensive experience in developing large scale real estate, hospitality and commercial projects resulting in a strong understanding of industry and market trends, which they leverage to identify suitable locations and opportunities. They further leverage the experience and relationships of these companies with construction companies, architects and designers, to develop, refurbish and maintain hotels at optimal cost and quality.

- CHL promoters include Mr. Ravi C. Raheja and Mr. Neel C. Raheja, who have been instrumental in the growth of business and actively advise them on finance, corporate strategy and planning as well as their hotel and retail businesses. They have a strong management team with significant industry experience. Their Managing Director and CEO, Mr. Sanjay Sethi has three decades of experience in the hospitality industry and Executive Director and CFO, Mr. Rajeev Newar, has over 26 years of experience in various industries. Their key management personnel and senior management include qualified professionals and industry experts with significant experience across various industries and functions including finance, legal, projects and design, asset management, hospitality.

- Their total income was Rs. 4,970.43 million for the six months ended September 30, 2018 and Rs. 9,295.14 million for the financial year 2018, and their total income grew at a CAGR of 15.81% between the financial years 2014 and 2018. Their total comprehensive expense was Rs. 440.45 million and their Adjusted EBITDA before Exceptional Items was Rs. 1,339.58 million, for the six months ended September 30, 2018. Their total comprehensive income was Rs. 326.26 million and their Adjusted EBITDA before Exceptional Items was Rs. 3,501.48 million, for the financial year 2018. Adjusted EBITDA before Exceptional Items grew at a CAGR of 22.80%, between the financial years 2014 and 2018. Adjusted EBITDA before Exceptional Items, is a supplemental measure of their performance and liquidity.

COMPETITIVE STRENGTHS

- ***High-End Branded Hotels Strategically Located in Key Metro Cities of India.***

CHL are owner, developer and asset manager of high-end hotels in key metro cities in India. Their hotel platform comprises five operating hotels, including a hotel with a co-located serviced residence, located in the Mumbai Metropolitan Region, Hyderabad and Bengaluru, representing 2,328 keys, as of September 30, 2018. Their hotels are branded with globally recognized hospitality brands and are in the luxury-upper upscale and upscale hotel segments, according to the Horwath Report. Their hotel platform emphasizes strategic locations, efficient design and development, appropriate positioning in hotel segments together with branding and operational tie-ups with leading hospitality companies.

- ***Active Asset Management Model***

CHL follow an active asset management model for their four hotels, including a hotel with a co-located serviced residence, which are operated by Marriott pursuant to hotel operation and related agreements. These agreements give them access to Marriott's management expertise, industry best practices, online reservation systems, marketing strategies, systems and processes, human resources and operational know-how. Their active asset management model entails that in addition to contractual obligations under agreements with Marriott, they closely monitor, exercise regular oversight and contribute to the performance of their hotel properties.

The table below sets forth certain key performance parameters for their hotels:

	CHL Company Six Months ended September 30, 2018	CHL Company Financial Year 2018	All India Luxury-Upper Upscale Segment Financial Year 2018*
For CHL hotels managed by third parties:			
ADR(1) (Rs.)	7,829.85	7,978.76	8,223
Average Occupancy (2)	73.82%	71.70%	65%
Rev PAR (3) (Rs.)	5,780.30	5,720.54	5,345
Total Operating Revenue (Rs. million) (4)	3,981.38	7,883.79	-
Total Operating Expenses (Rs. million) (5)	2,795.71	4,717.17	-
For CHL hotel managed by us:			**All India Upscale and Upper Midscale Hotel Segment Financial Year 2018***
ADR(1) (Rs.)	6,887.45	6,435.73	4,496
Average Occupancy (2)	89.10%	88.10%	66%
Rev PAR (3) (Rs.)	6,136.70	5,669.57	2,967
Total Operating Revenue (Rs. million) (4)	262.83	511.14	-
Total Operating Expenses (Rs. million) (5)	162.71	291.50	-

* According to the Horwath Report.

1) ADR represents revenue from room rentals at our hotels divided by total number of room nights sold (including keys that were available for only a certain portion of a period).

2) Average occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels.

3) RevPAR is calculated by multiplying ADR and average occupancy

4) Total operating revenue comprises of revenue from hotel including room revenue, food and beverage revenue and other income from hotel operations.

5) Operating expenses comprises of expenses towards food and beverage consumed, operating supplies, employee benefit cost and other expenses

- ***Well Positioned to Benefit from Industry Trends***

According to the Horwath Report, growth in per capita income, changing demographic dynamics, rising urbanization, growth in travel and higher discretionary spending trends, are expected to assist the growth of the hospitality industry in India. Given their presence in key metro cities which are expected to benefit from the growth in these parameters, they are well placed to benefit from the potential growth opportunity. CHL believe they have a competitive advantage in the key metro cities due to the significant time outlay required for companies to build and establish a profitable hotel or commercial office space or mall and their early mover advantage in large, mixeduse developments in specific micro-markets. Further, the availability of land with their company in proximity to their developments for further expansion and high entry costs to develop projects in metro cities where their developments and projects are located, provide them with an advantage in their relevant micro-markets.

- **Experienced Management Team**

CHL have a strong management team with significant industry experience. Their Promoters, Mr. Ravi Raheja and Mr. Neel Raheja, have been instrumental in the growth of their hospitality and retail business and actively advise on finance, corporate strategy and planning. Further, their Managing Director and CEO, Mr. Sanjay Sethi has three decades of experience in the hospitality industry, including with leading Indian hotel chains, and across hotel segments. Further, their Executive Director and CFO, Mr. Rajeev Newar, has over 26 years of experience in roles in finance and management. Their Key Management Personnel and senior management include qualified professionals and industry experts, with significant experience across various industries and functions including finance, legal, projects and design, asset management, hospitality and logistics. their Promoters, Board and management team have demonstrated an ability to enhance their performance by growing their business through different economic and industry cycles. CHL believe that the strength of their management team and its understanding of the hospitality and real estate market in India enables us to continue to take advantage of current and future market opportunities.

COMPETITIVE STRENGTHS

- **Backed by Leading Indian Real Estate Developer**

CHL are part of K. Raheja Corp group which is a leading business group in India and they believe that they derive significant benefit from the confidence that consumers, lenders, commercial partners, vendors and others place in the group. The K. Raheja Companies have extensive experience in developing large scale real estate and commercial projects resulting in a strong understanding of industry and market trends, which they leverage to identify suitable locations and opportunities. They further leverage the experience and relationships of these companies with construction companies to develop hotels at optimal cost and quality. For example, the average development cost per room (including the cost of land), for our luxury hotel at Sahar, Mumbai, completed in financial year 2015 was Rs. 13.99 million. Further, their hotel project management and design team, works together with the K. Raheja Companies and leverages the experience of K. Raheja Companies' design teams to develop their hotel properties, commercial offices and malls.

DESCRIPTION OF OUR BUSINESS

- CHL are owner, developer and asset manager of high-end hotels in key metro cities in India. Their hotel platform comprises five operating hotels, including a hotel with a co-located serviced residence, located in Mumbai Metropolitan Region, Hyderabad and Bengaluru, representing 2,328 keys, as of September 30, 2018. Their hotels, including our serviced residence are branded with globally recognized hospitality brands and are in the luxury158 upper upscale and upscale hotel segments according to the Horwath Report.

- **CHL earn revenue from their hospitality operations and also derive lease income from their commercial and retail properties as well as real estate income from sale of certain residential flats.**

The following table sets forth our revenue from operations from our business segments, for the periods indicated:

	Revenue from Operations							
	For the six months ended September 30,		Financial Year 2018		Financial Year 2017		Financial Year 2016 (Proforma Ind AS)	
	(Rs. in million)	Revenue from Operations	(Rs. in million)	as a % of Revenue from Operations	(Rs. in million)	as a % of Revenue from Operations	(Rs. in million)	as a % of Revenue from Operations
Hospitality (income earned through hotel operations)	4,244.21	90.33%	8,394.93	96.00%	6,806.85	96.43%	5,644.31	98.52%
Retail and commercial (income earned through leasing of commercia and retail properties)	169.92	3.62%	240.77	2.75%	140.51	1.99%	7.73	0.13%
Property Development (income from sale of residential flats)	284.55	6.06%	102.13	1.17%	111.44	1.58%	77.39	1.35%
Revenue from Operations	**4,698.68**	**100.00%**	**8,737.83**	**100.00%**	**7,058.80**	**100.00%**	**5,729.43**	**100.00%**

- **Hotels Managed by Third Party Hotel Operators**

	Hotel Name	Hotel Segment(1)	Location and Details of land Parcel	No. of keys	Month of Opening	Nature of Ownership Interest
JW MARRIOTT MUMBAI SAHAR	JW Marriott Mumbai Sahar	Luxury-Upper Upscale	Sahar, Mumbai; 14. 55 acres	585	February 2015	Freehold, 100.00% ownership
MARRIOTT BENGALURU WHITEFIELD	Bengaluru Marriott Hotel Whitefield	Luxury-Upper Upscale	Whitefield, Bengaluru; 9.76 acres	391	February 2013(2)	Freehold, 100.00% ownership
THE WESTIN HYDERABAD MINDSPACE	The Westin Hyderabad Mindspace	Luxury-Upper Upscale	Mindspace, Hyderabad; 3.10 acres	427	December 2009	Freehold, 100.00% ownership
RENAISSANCE MUMBAI CONVENTION CENTRE HOTEL / Marriott EXECUTIVE APARTMENTS LAKESIDE CHALET – MUMBAI	Renaissance Mumbai Convention Centre Hotel and Lakeside Chalet, Mumbai-Marriott Executive Apartments	Luxury-Upper Upscale	Powai, Mumbai; 15.00 acres	773(3)	July 2001(4)	Freehold, 100.00% ownership

Comparison with listed industry peers						
Name of the company	Total Revenue (Rs. In million)	Face Value per Equity Share (Rs.)	P/E	EPS (Basic) (Rs.)	Return on Net Worth (%)	Net Asset Value/ Share (Rs.)
Company*	9,295.14	10	[●]	1.82	6.2	29.36
Peer Group						
The Indian Hotels Company Limited	41,652.80	1	155.88	0.91	2.09	41.69
EIH Limited	17,048.30	2	59.87	3.14	6.63	51.66
Lemon Tree Hotels Limited	4,920.68	10	381.39	0.18	1.17	15.81
* Based on the Restated Consolidated Summary Financial Information (as at March 31, 2018)						

Financials Snap Shot

Income Statement

Rs in Crores

Y/E March	FY16	FY17	FY18	H1FY19
Revenue (Net)	572.9	705.9	873.8	469.9
Other Income	24.6	218.7	55.7	27.2
Total Revenue	**597.6**	**924.5**	**929.5**	**497.0**
Real estate development costs	25.36	20.80	19.48	31.68
Food and beverages consumed	60.39	66.74	76.57	43.10
Operating supplies consumed	19.0	21.8	25.6	11.8
Employee benefits expense	106.7	118.8	129.6	72.7
Other expenses	230.2	265.5	328.1	203.8
Total Expenses	**441.7**	**493.7**	**579.4**	**363.1**
EBITDA	**155.9**	**430.8**	**350.1**	**134.0**
Depreciation	98.8	127.0	111.6	56.9
EBIT	**57.1**	**303.9**	**238.5**	**77.0**
Finance Costs	215.9	218.0	211.9	139.9
Profit before Tax	**-158.8**	**85.9**	**26.6**	**-62.8**
Exceptional item	-7.2	-6.8	-5.4	-
Total tax expense	-53.51	-48.32	-9.97	-19.17
PROFIT AFTER TAX	**-112.5**	**127.4**	**31.2**	**-43.7**
Share of Net Profit of Associates	0.0	0.0	0.0	0.0
Profit For the Period/Year After Tax	**-112.5**	**127.4**	**31.2**	**-43.7**

Key Ratios

Y/E March	FY16	FY17	FY18	H1FY19
EPS	-7.396	7.96	1.82	-2.55
Book Value Per share	34.27	29.45	29.36	27.32
Valuation(x)				
P/E (Upper Band)	-37.86	35.15	153.75	-
P/E (Lower Band)	-37.18	34.53	151.00	-
Price / Book Value	8.17	9.51	9.54	10.25
EV (crs)	7985	8170	8169	8290
EV/Sales	13.94	11.57	9.35	-
EV/EBITDA	51.22	18.96	23.33	-
Profitability Ratios				
RoE	-22%	27%	6%	-
RoCE	2%	12%	9%	-
PAT Margin(%)	-19.63	18.05	3.57	-9.29
Liquidity Ratios				
Interest Coverage Ratio	0.3	1.4	1.1	0.6
Current Ratio	0.66	0.64	0.79	0.87

Balance Sheet

Rs in Crores

Y/E March	FY16	FY17	FY18	H1FY19
Share Capital	152.1	152.1	171.1	171.1
Reserves	369.1	319.0	331.3	296.3
Net Worth	**521.2**	**471.2**	**502.4**	**467.4**
Financial liabilities				
1) Long-term borrowings	1902.3	2050.6	2215.2	2348.4
2) Others	5.3	11.9	15.2	11.6
Long-term provisions	5.6	5.8	3.8	4.3
Deffered tax liabilities	107.9	69.9	59.2	62.1
Other non-current liabilities	-	2.1	2.8	3.4
Non - current liabilities	**2021.0**	**2140.3**	**2296.2**	**2429.8**
Financial liabilities				
1) Short term Borrowings	258.3	324.7	163.4	119.5
2) Trade payables	65.2	84.7	85.9	80.5
Other current liabilities	333.4	298.5	310.2	286.1
Other financial liabilities	231.9	303.8	376.2	257.3
Short Term Provisions	121.9	114.9	95.9	98.3
Current liabilities	**1010.7**	**1126.5**	**1031.5**	**841.6**
Total Liabilities	**3552.9**	**3738.0**	**3830.0**	**3738.8**
Fixed assets	1930.2	2170.6	2121.1	2092.9
Other financial assets	59.1	10.9	20.7	19.5
Investment property	452.5	642.4	673.7	671.0
Capital Work-in-Progress	37.4	26.9	27.6	22.8
Other Non Current Assets	11.6	11.1	9.2	10.6
Intangible Assets	3.7	22.6	22.6	22.6
Other intangible Assets	3.8	3.0	1.9	1.2
Deferred tax assets (net)	83.4	98.2	95.2	117.5
Non-current tax assets (net)	21.4	33.9	46.3	45.8
Non-current assets	**2603.04**	**3019.57**	**3018.25**	**3003.92**
Short-Term Loans and Advances	135.6	179.3	234.9	163.3
Trade receivables	18.1	29.6	53.9	53.4
Inventories	433.1	426.4	418.9	397.5
Cash and bank balances	34.7	33.2	31.7	36.2
Other Current Assets	41.4	46.0	51.7	56.0
Other financial assets	-	3.9	20.7	28.6
Total Current assets	**662.9**	**718.4**	**811.8**	**734.9**
Assets classified as held for sale	**287.0**	-	-	-
TOTAL Assets	**3552.9**	**3738.0**	**3830.0**	**3738.8**

Cash Flow Statement

Rs in Crores

Y/E March	FY16	FY17	FY18	H1FY19
Profit / (Loss) before tax	-166.004	79.116	21.186	-62.842
Adjustments for:				
Interest income	-6.504	-24.599	-19.739	-11.947
Depreciation and amortisation	98.808	126.976	111.633	56.926
Finance costs	215.870	217.958	211.921	139.874
Profit on sale of fixed assets(net)	-0.017	-0.385	-0.123	-0.355
Profit on sale of investments	-4.610	-130.124	-11.457	-
Provision for estimated / actual cancellation and alteration cost	7.220	6.781	5.408	0.992
Dividend received	-0.790			
Provision for impairment loss	0.097	0.099	-	-
Fixed assets written off	0.052	2.996	-	0.038
Bad debts written off	0.086	0.048	-	-
Provision for doubtful debts	0.155	0.138	2.043	1.707
Export benefits and entitlements	-9.514	-31.474	-20.033	-8.969
Loss on sale of investment/written off	0.578	-	-	-
Provision for impairment on export benefits and entitlements	-	0.096	-	-
Provision for doubtful Advances	-	-	-	0.907
Provision for mark to market on derivative contract	4.666	-1.131	-7.239	-3.938
Unrealised exchange loss	0.163	-12.959	1.633	41.330
Fair value change on instruments measured at FVTPL	0.960	-1.082	-	-
Others	-0.767	-0.886	0.053	-
Total	306.453	152.452	274.100	216.565
Operating Profit before working capital	140.449	231.568	295.286	153.723
(Increase) / decrease in trade receivables and loans and advances	-47.727	-5.815	-28.062	-0.498
Decrease / (increase) in inventories : hospitality & others	-1.614	0.745	1.349	1.052
Decrease / (increase) in inventories : property developments	0.870	21.139	6.158	19.351
(Decrease) / increase in trade payables & other liabilities	12.152	-4.304	24.021	-4.593
Refund of advances received from customers - towards sale of residential flats	-19.992	-35.399	-37.448	-20.836
Cash generated from operations	-56.311	-23.634	-33.982	-5.524
Income Tax Paid	-4.798	-6.711	-12.399	0.495
Net cash from operating activities (A)	79.340	201.223	248.905	148.694
Net cash from / (used in) investing activities (B)	-172.279	324.940	-128.998	64.322
Net cash from / (used in) financing activities (C)	53.039	-463.369	-156.681	-233.946
Net Increase / (Decrease) in cash and cash equivalents	-39.900	62.794	-36.774	-20.930
Cash and cash equivalents at the beginning of the Year	-14.744	-54.849	11.982	-13.798
Cash and cash equivalents at the end of the Year	-54.849	11.982	-13.798	-34.728

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