

Chalet has acquired 'Courtyard' by Marriott Aravali Resort, NCR, a 158-room resort, at an EV of Rs3.15bn, implying FY26E EV/revenue of 3.6x, EV/EBITDA of 9x, and EV/room of Rs20mn. Such valuations look reasonable, considering the multiples of 'The Dukes Retreat' acquisition. The Resort's ARR & occupancy improvement could turn the acquisition value-accretive, as Chalet trades at 1YF EV/EBITDA of 24x (Bloomberg). However, its slow-paced occupancy improvement could be a key risk. The 'Courtyard' acquisition gives Chalet an opportunity to enter the NCR market via an already operational resort. Our EBITDA increases ~3% each for FY25E/FY26E, as we factor-in the acquisition. Our SOTP-based TP rises to Rs900/sh (FY26E EV/EBITDA: 20.5x for hotels; 16x for rental assets) vs Rs825 earlier, as we roll forward to FY26E. We retain ADD.

Chalet Hotels: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	4,940	11,285	14,202	18,338	21,507
EBITDA	821	4,528	5,909	8,702	10,847
Adj. PAT	(752)	1,833	2,755	3,886	5,570
Adj. EPS (Rs)	(3.7)	8.9	13.4	19.0	27.2
EBITDA margin (%)	16.6	40.1	41.6	47.5	50.4
EBITDA growth (%)	1,812.4	451.8	30.5	47.3	24.7
Adj. EPS growth (%)	0.0	0.0	50.3	41.0	43.4
RoE (%)	(5.5)	12.7	16.4	19.3	22.4
RoIC (%)	(0.8)	7.1	14.0	13.5	15.8
P/E (x)	(217.4)	89.2	59.4	42.1	29.4
EV/EBITDA (x)	224.8	40.8	32.4	21.9	17.4
P/B (x)	12.2	10.6	9.0	7.4	5.9
FCFF yield (%)	0.2	1.6	(1.5)	1.3	1.9

Source: Company, Emkay Research

Enters NCR with operational hotel, to capitalize on favorable demand-supply

Chalet has entered the NCR market with the acquisition of 'Courtyard' by Marriott Aravali Resort, NCR. Opened in June 2022 and only around a 1&1/2-hour drive from Delhi NCR, the resort offers: i) 158 meticulously designed rooms; ii) ~14 acres of a lush, green urban retreat; iii) a ~20,000sqft event-space for leisure travelers, destination weddings, and MICE; iv) on-premise adventure park offerings for adventure enthusiasts, besides recreational facilities. Occupancy at 44% for 9MFY24 is the key concern, though we expect it to improve, as: 1) the resort commenced operations only in Jun-22; 2) NCR region has logged a slow-paced keys CAGR of 1-4% over 2017-23. The Marriott Aravali Resort acquisition will offer an opportunity for Chalet to capitalize on the favorable demand-supply dynamics in the NCR market, via an already operational resort, while its 390-room Taj Hotel at Delhi International Airport is expected to be launched only by FY26. Thus, the acquisition will help the company take advantage of the uptrend in the current hospitality cycle.

Acquisition to be value-accretive; rates and occupancies to grow further; ADD

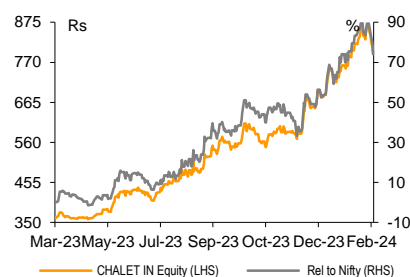
Though Company's 9MFY24 ARR stands at Rs13.5k and occupancy at 44%, we expect ARR to reach Rs15.4k and occupancy 65% by FY26E. Occupancy for luxury hotels is generally in the 65-70% range. We expect the resort's revenue/EBITDA at Rs867mn/Rs352mn by FY26E, assuming occupancy of 65%, share of food & beverages (F&B) at 50% of room revenue, and EBITDA margin of ~40%. With EV of Rs3,150mn adjusted for net current assets including cash, this translates into FY26E EV/revenue/EV/EBITDA of 3.6x/9x, respectively. Valuations look reasonable, considering that Chalet Hotels currently trades at 1-year forward EV/EBITDA of 24x (per Bloomberg estimates). Also, Chalet Hotels acquired The Dukes Retreat at EV/revenue (FY22) of 6x on trailing basis. EV/room for Marriott Aravali Resort is ~Rs20mn, with 14 acres of land vs. ~Rs17mn for The Dukes Retreat with 7.5 acres of land. Our consol. revenue increases ~4% each and EBITDA increases ~3% each for FY25E/FY26E, as we adjust for the acquisition. Our SOTP-based TP increases to Rs900/share (EV/EBITDA of 20.5x for hotels and of 16x for rental assets) vs. Rs825/share earlier, as we roll forward our estimates by a quarter. We maintain ADD on the stock.

Target Price – 12M	Mar-25
Change in TP (%)	9.1
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	12.8
CMP (01-Mar-24) (Rs)	797.7

Stock Data	Ticker
52-week High (Rs)	892
52-week Low (Rs)	354
Shares outstanding (mn)	205.5
Market-cap (Rs bn)	164
Market-cap (USD mn)	1,977
Net-debt, FY24E (Rs mn)	27,641
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	297.0
ADTV-3M (USD mn)	3.6
Free float (%)	-
Nifty-50	22,339
INR/USD	82.9
Shareholding, Dec-23	
Promoters (%)	71.7
FPIs/MFs (%)	3.1/20.7

Price Performance (%)	1M	3M	12M
Absolute	4.8	36.4	118.8
Rel. to Nifty	1.8	23.8	71.0

1-Year share price trend (Rs)



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Valuation reasonable; acquisition be value-accretive with improvement in occupancy

Courtyard by Marriott Aravali Resort is strategically located, at a 1&1/2-hour drive from New Delhi, Gurgaon and Noida. As the resort started operations in Jun-2022, its occupancy rate of 44% in 9MFY24 lead to reported EBITDA loss of Rs2mn. ARR reported by the company for 9MFY24 was Rs13,500; we expect this to further increase in Q4FY24. Overall, we expect ARR at ~Rs14,000 for FY24E.

Exhibit 1: Reported ARR and occupancy for Mariott Aravali Resort

	FY23	9MFY24
ARR (Rs/room)	~14,000	~13,500
Occupancy	32%	44%

Source: Company

The occupancy for luxury hotels is generally in the range for 65-70%. We have assumed a conservative 65% FY26E occupancy rate for the acquired resort which will lead to room revenue of Rs578mn. For such hotels/resorts, which have exposure to leisure travelers, MICE and destination weddings, F&B revenue as a share of room revenue is higher (we assume 50%). As a result, we expect the resort's revenue at Rs578mn.

We also assume the resort's overall EBITDA margin to be ~40% by FY26E, leading to EBITDA of Rs352mn. With EV of Rs3,150mn, adjusted for net current assets including cash, this translates into EV/revenue (FY26E) and EV/EBITDA (FY26E) of 3.6x and 9x, respectively. The valuation seems reasonable, considering that Chalet Hotels currently trades at 1-year forward EV/EBITDA of 24x (as per Bloomberg estimates). Also, Chalet Hotels acquired the Dukes Retreat at EV/revenue (FY22) of 6x on trailing basis.

EV/room for Mariott Aravali Resort is ~Rs20mn vs. ~Rs17mn for The Dukes Retreat. However, Mariott Aravali Resort has 14 acres of land vs. 7.5 acres for The Dukes Retreat. A year has passed since The Dukes Retreat in Lonavala was acquired by Chalet. Hence, adjusting for the inflation and additional land with Mariott Aravali Resort, the deal looks reasonable.

Exhibit 2: Estimated financials for Courtyard by Mariott Aravali Resort

(Rs bn)		FY23	9MFY24	4QFY24E	FY24E	FY25E	FY26E
Rooms	(No. of)	158	158	158	158	158	158
ARR	(Rs/room)	14,000	13,500	16,500	14,250	14,963	15,411
YoY Growth	(%)				1.8	5	3
Occupancy	(%)	32	44	50	46	60	65
RevPAR	(Rs/room)	4,480	5,940	8,250	6,518	8,978	10,017
YoY Growth					45.5%	37.7%	11.6%
Room revenue	(Rs mn)	215	257	119	376	518	578
F&B	(Rs mn)	108	128	59	188	259	289
Share of room revenue	(%)	50	50	50	50	50	50
Others	(Rs mn)	60	-	-	-	-	-
Total revenue	(Rs mn)	383	385	178	564	777	867
YoY Growth	(%)				47	38	12
Opex/room/day	(Rs)		6,900	6,500	6,800	6,000	6,420
YoY Growth	(%)						7
Room Opex	(Rs mn)		298	94	392	346	370
F&B expense	(Rs mn)		89	36	124	142	144
Share of F&B expense	(%)		69	60	66	55	50
EBITDA	(Rs mn)		(2)	49	47	288	352
Margin %	(%)		0	27	8	37	41
EV	(Rs mn)					3,150	3,150
EV/Room	(Rs mn)					20	20
EV/Revenue	(x)					4.1	3.6
EV/EBITDA	(x)					10.9	9.0

Source: Company, Emkay Research

Exhibit 3: The Dukes Retreat – Valuation

	Units	
EV	Rs mn	1,330
Revenue (FY22)	Rs mn	219
Keys	No. of	80
Land	No. of acres	7.5
EV/revenue	(x)	6.1
EV/room	Rs mn	16.6

Source: Company, Emkay Research

Exhibit 4: Courtyard by Marriott Aravali Resort – Revenue

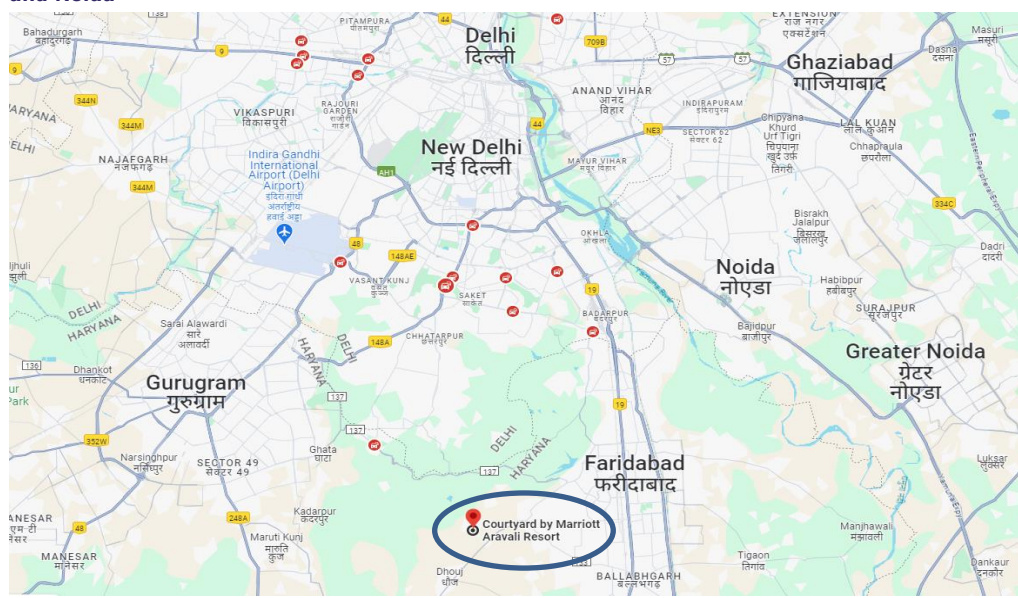
	FY21	FY22	FY23
Revenue (Rs mn)	231	263	383
YoY change		14%	46%

Source: Company; Note: *FY23 revenue related to operations

Resort strategically located at a 1&1/2-hr drive from New Delhi, Gurgaon and Noida

- Courtyard Faridabad Aravalli Resort is a 158-room hotel (spread over 14 acres) and is situated near the Aravali mountain range.
- The 158-room hotel is the first Courtyard by Marriott Resort in India and only the third in the world, the other two being in Bali, at Nusa Dua and Seminyak. While the Courtyard by the Marriott brand is primarily a business hotel typically found in city centers and near airports, the extension of the brand to a resort is something Marriott is exploring as of now.
- The resort is strategically located within a 1&1/2-hour driving distance from New Delhi, Gurgaon and Noida, and is easily accessible from the Indira Gandhi International Airport New Delhi. There is a new market developing, for properties that are within driving distance of big cities.
- The resort commenced operations in Jun-2022 and has 2 restaurants, 2 bars, a spa, a kids club, an activity center, and one of the largest pools in Faridabad.
- The Aravali Lawns are located adjacent to the Grand Sapphire ballroom, offering an integrated indoor/outdoor setting for weddings and meetings.
- The resort was owned by the family of RC Juneja, co-founder and chairman of Mankind Pharma, via Ayushi and Poonam Estates LLP.

Exhibit 5: Courtyard by Marriott Aravali Resort is situated in the vicinity of New Delhi, Gurugram and Noida



Source: Google Maps

Exhibit 6: Courtyard by Marriott Aravali Resort

158
Meticulously designed rooms

~1-1.5 hour
drive from Delhi-NCR

~14 acres
of lush, green urban retreat

Opened in June 2022,
New property with high potential

~20,000 sq ft Event Space
fairytale weddings and memorable meetings

Onsite adventure activities

Value Accretive

Source: Company

ARR for Marriott Aravali Resort can increase further

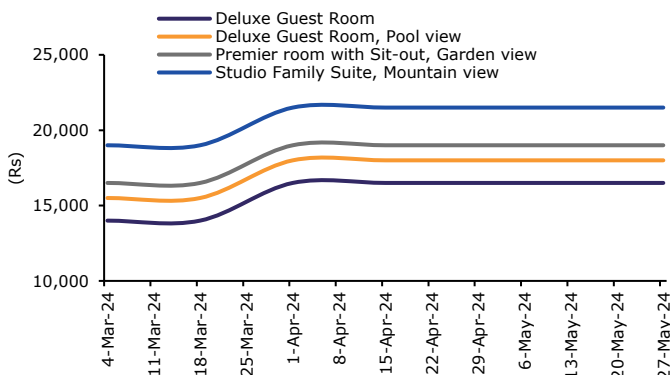
Marriott Aravali Resort’s ARR for 9MFY24 was Rs13.5k, with occupancy rate at 44%. Our checks show that ARR for March stands in the Rs14k-19k range (excluding taxes), indicating pick-up in ARR in Q4FY24E. Moreover, rates are expected to further pick up pace in Q1FY25, as per the listing available for the company. We believe that as it is a fairly new resort, its occupancy and ARR will improve further from current levels.

Exhibit 7: Average room rates (ARR*) for Marriott Aravali Resort

Check-in date	Check-out date	Deluxe Guest Room (Rs)	Deluxe Guest Room, Pool view (Rs)	Premier room with Sit-out, Garden view (Rs)	Studio Family Suite, Mountain view (Rs)
4-Mar-24	5-Mar-24	14,000	15,500	16,500	19,000
18-Mar-24	19-Mar-24	14,000	15,500	16,500	19,000
1-Apr-24	2-Apr-24	16,500	18,000	19,000	21,500
15-Apr-24	16-Apr-24	16,500	18,000	19,000	21,500
29-Apr-24	30-Apr-24	16,500	18,000	19,000	21,500
13-May-24	14-May-24	16,500	18,000	19,000	21,500
27-May-24	28-May-24	16,500	18,000	19,000	21,500

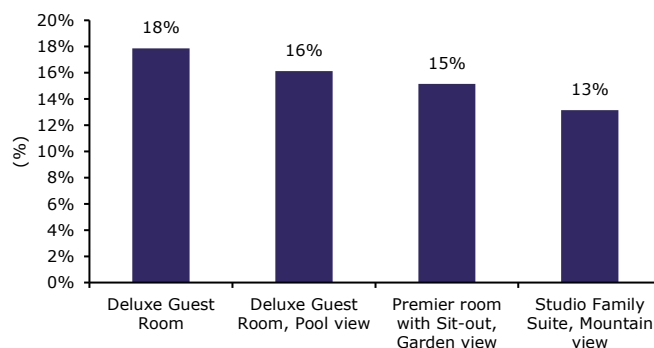
Source: Company, Emkay Research; Note: *Rates without taxes

Exhibit 8: ARR room rates are in the Rs16.5k-21.5k range, as of end-May 2024



Source: Company, Emkay Research

Exhibit 9: QoQ change in ARR – Q1FY25E vs. Q4FY24E

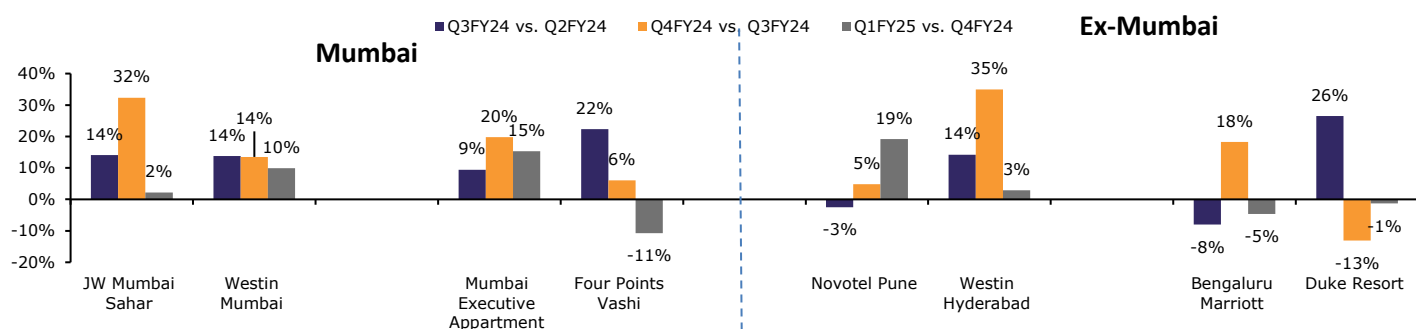


Source: Company, Emkay Research

Chalet – Momentum in room rates to sustain

While Q2 is typically the slowest quarter, Q3/Q4 are the best quarters for Chalet. Employees are back to offices at the start of Q4 and business travel starts picking up. Pickup can initially be slow, albeit turns healthy later (rates are expected to be higher in February), led by corporate meetings, conferences, etc. Q4 is also a wedding season, which adds to the demand. Moreover, most business conferences are in H2, as H1 is impacted by the monsoon season. Q4 is likely to have more conferences, as Q3 is a festive period.

Exhibit 10: Chalet Hotels' ARR change QoQ – Strength in Mumbai ARR to continue



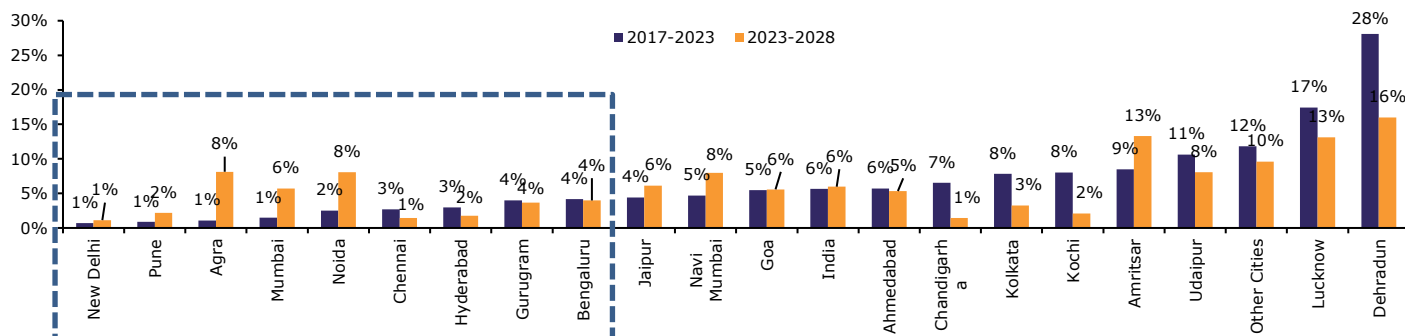
Source: Company website, Emkay Research

We expect Chalet's Q4FY24E rates to increase ~18% QoQ and marginally rise at 3% QoQ in Q1FY25E. **On YoY basis, we expect rates to increase 35% YoY for Chalet in Q1FY25E.** The non-Mumbai region saw softness QoQ in Q3, but is likely to pick up pace in Q4, which is a seasonally strong quarter for Chalet, as business-related occupancy dips in Q3 (with the holiday season) and then picks up in Q4.

Marriott Aravali Resort offers favorable demand-supply dynamics

Marriott Aravali Resort is a 1&1/2-hour drive from New Delhi, Gurgaon, and Noida, and is also easily accessible from the Indira Gandhi International Airport, New Delhi. These 3 locations have added branded hotel keys at a slow pace over 2017-23, at 1-4% CAGR. Going forward as well, New Delhi and Gurugram will see hotel keys CAGR of 1-4% over 2023-2028E, though Noida will see keys CAGR of 8% (owing to keys additions in the pipeline) over the same period. The Marriott Aravali Resort acquisition will offer an opportunity to Chalet, to capitalize on the favorable demand-supply dynamics in the NCR market through an already operational hotel.

Exhibit 11: New Delhi, Noida, and Gurugram have clocked rooms CAGR of 1-4% over FY17-23



Source: Hotelivate, Emkay Research; Note: 2022-2027 data estimated using active development of supply

Luxury-Upper Upscale supply to come at a slow pace: More upscale, upper midscale, and midscale & economy (M-E) hotels were added in the last few years which reduced the concentration of the Luxury-Upper Upscale segment. A similar trend is broadly expected in the next 3-5 years, with Luxury-Upper Upscale supply-share continuing to gradually decline with supply share gains in the Upscale and M-E segments, as per Horwath HTL estimates. Luxury-Upper Upscale supply is expected to come only at a ~6% CAGR over FY23-27.

Exhibit 12: Segmental composition (Inventory)

('000)	FY01	FY08	FY15	FY23	FY27	CAGR FY15-23	CAGR FY23-27
Luxury	6	10	17	28	35	6.3%	5.7%
Upper Upscale	7	10	25	32	41	3.2%	6.2%
Upscale	5	8	22	36	50	6.5%	8.9%
Upper Midscale	4	7	20	31	42	5.5%	8.2%
Midscale-Economy	2	5	24	44	62	8.0%	8.9%
Total	24	40	108	171	230	5.9%	7.8%

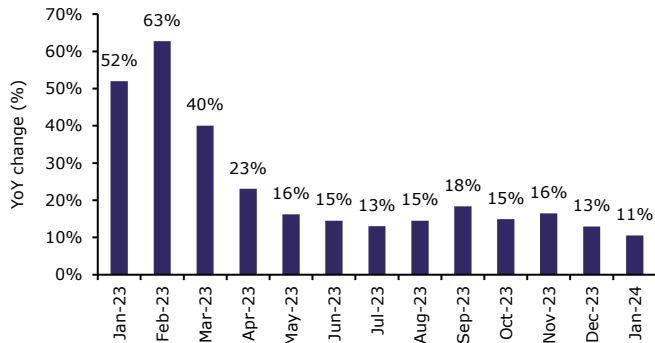
Source: Horwath HTL, PARK DRHP

ARR trend remains strong in the hospitality industry

As per HVS Anarock, ARR stood healthy (>11% YoY growth) in Jan-24. The hotel occupancy rate improved by 200bps YoY to ~67%. This led to RevPAR registering growth of >14%YoY. Mumbai was the only market that breached the 80% occupancy mark, while Kolkata and Ahmedabad crossed the 75% mark. Hyderabad and Kochi saw a YoY increase of over 30% in average rates.

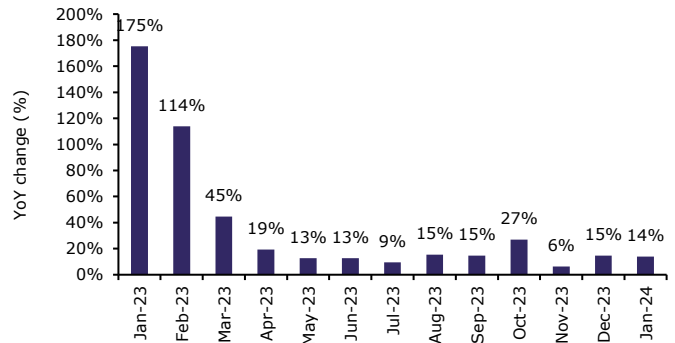
YoY change in ARR and RevPAR has moderated in Dec-23 and Jan-24 due to a higher base last year. However, growth rate continues to log in double digits.

Exhibit 13: ARR growth rate – YoY change



Source: HVS Anarock

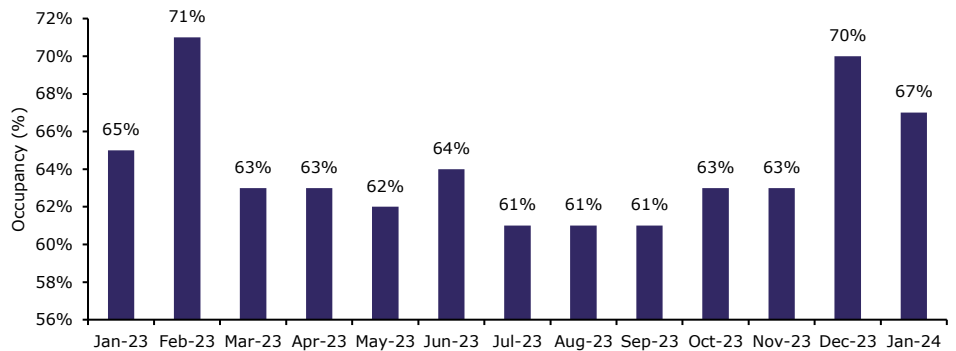
Exhibit 14: RevPAR growth rate – YoY change



Source: HVS Anarock

Occupancy rate in Jan-24 was 67%, up 2ppts YoY. Occupancy rate rises further in February, before reducing from March, due to seasonality. The Jul-Sep period registers even lower occupancy due to heavy rains.

Exhibit 15: Occupancy rate



Source: HVS Anarock

Changes in estimate

Our estimate of number of rooms increases by 158, on account of the acquisition of Courtyard by Marriott Aravali Resort. With ARR at over Rs14k for the acquired resort, our consolidated ARR increases for the company. Our consolidated occupancy has declined, as Courtyard by Marriott Aravali Resort has started operations only in Jun-2022 and its occupancy was only 44% in 9MFY24. We expect occupancy to gradually improve. Overall, FY25E/FY26E consolidated revenue increases ~4% each and EBITDA increases ~3% each. EBITDA margin for FY25E/FY26E reduces by 45bps/43bps respectively due to lower assumed margin of the acquired company at ~40%. We roll forward our valuations by a quarter to FY26E.

Exhibit 16: Changes in estimate

	FY24E			FY25E			FY26E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
KPIs:									
Rooms (No. of)	2,894	3,052	5.5	3,094	3,252	5.1	3,484	3,642	4.5
Occupancy (%)	73.0	71.9	-114 bps	73.9	73.3	-60 bps	75.3	74.5	-81 bps
ARR (Rs)	10,668	10,680	0.1	11,280	11,354	0.6	11,696	11,829	1.1
Consolidated									
Revenue (Rs mn)	14,024	14,202	1.3	17,563	18,338	4.4	20,649	21,507	4.2
EBITDA (Rs mn)	5,860	5,909	0.8	8,412	8,702	3.4	10,502	10,847	3.3
EBITDA margin (%)	41.8	41.6	-19 bps	47.9	47.5	-45bps	50.9	50.4	-43bps

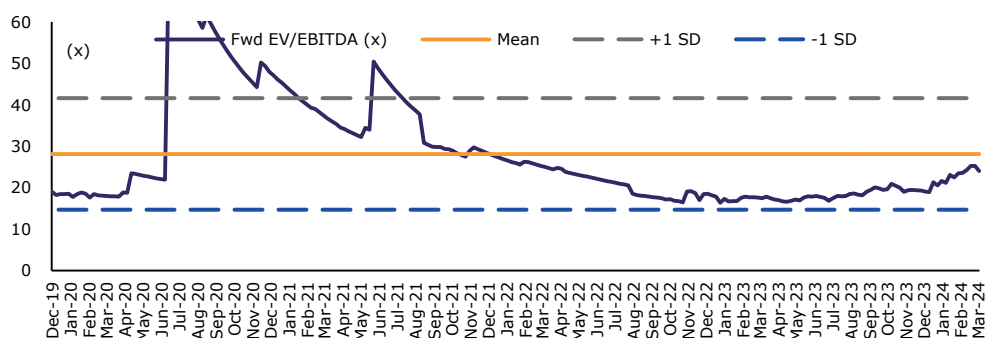
Source: Company, Emkay Research

Exhibit 17: SOTP-based valuation for Chalet Hotels

Valuation snapshot (SOTP-based)	FY26E
Real Estate	
EBITDA (Rs mn)	2,488
EV/EBITDA (x)	16.0
EV (Rs mn)	39,808
Hotel	
EBITDA (Rs mn)	8,359
EV/EBITDA (x)	20.5
EV (Rs mn)	171,362
Residential	
Residential EV (Rs mn)	3,389
Consol.	
EBITDA (Rs mn)	10,847
EV/EBITDA (x)	19.8
EV (Rs mn)	214,560
(-) Net debt (Rs mn)	30,836
Equity Value (Rs mn)	183,724
Value per share (Rs)	900

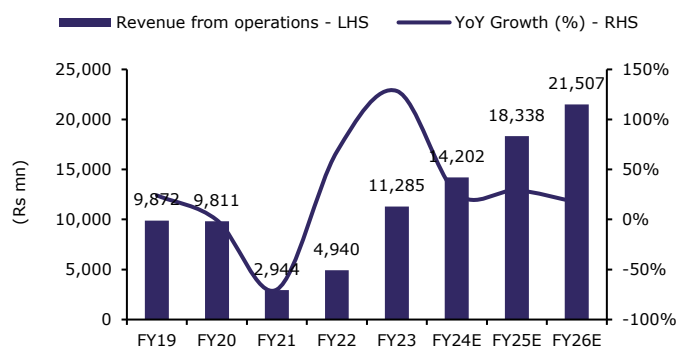
Source: Company, Emkay Research

Exhibit 18: One-year forward EV/EBITDA



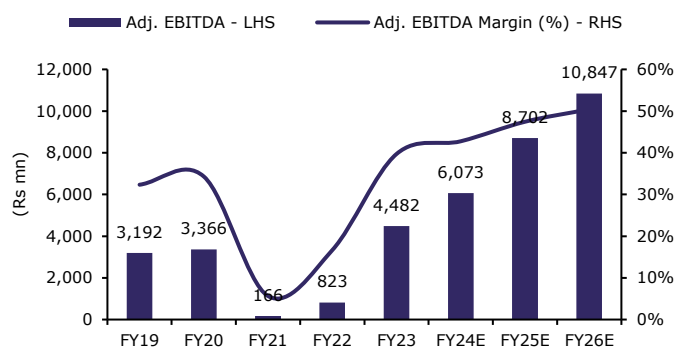
Source: Bloomberg

Exhibit 19: Chalet to post revenue CAGR of 24% over FY23-26E...



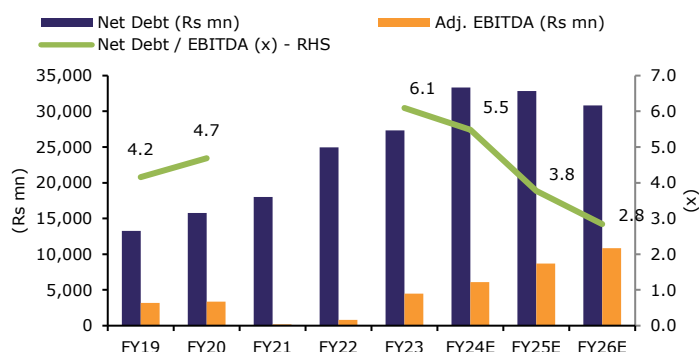
Source: Company, Emkay Research

Exhibit 20: ...and EBITDA CAGR of 34% over the same period



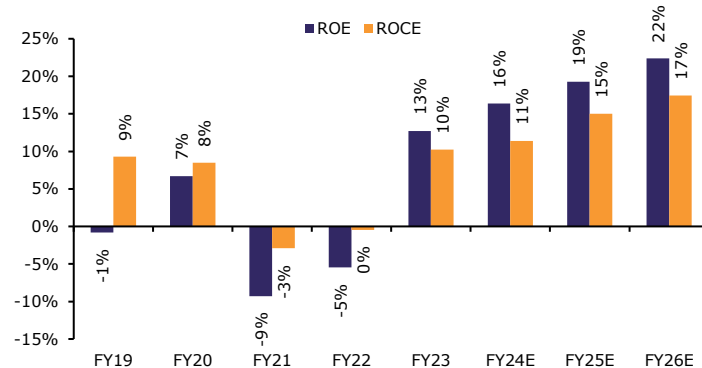
Source: Company, Emkay Research

Exhibit 21: Net Debt-to-EBITDA to decline...



Source: Company, Emkay Research

Exhibit 22: ...and returns set to improve for Chalet



Source: Company, Emkay Research

Exhibit 23: Chalet Hotels – Project pipeline

	New Rooms/ Leasable area	Location	Completion update
The Dukes Retreat Rennovatin & Expansion <small>Existing rooms – 80</small>	~70 New	Lonavala	Q3 FY25
Bengaluru Marriott Hotel Whitefield Expansion <small>Existing rooms – 391</small>	~130 rooms	Bengaluru	Q4 FY25
Taj at Delhi International Airport	~390 rooms	New Delhi	FY26
Hyatt Regency at Airoli, Navi Mumbai	~280 rooms	Mumbai	FY27
CIGNUS Whitefield Bangalore® Tower 2	0.3 msf	Bengaluru	Ready for handover to tenants from Q3 FY24
CIGNUS Powai® Tower 1	0.8 msf	Mumbai	Ready for handover to tenants from Q3 FY24
CIGNUS Powai® Tower 2	0.8 msf	Mumbai	FY27

Source: Company

Chalet Hotels: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	4,940	11,285	14,202	18,338	21,507
Revenue growth (%)	67.8	128.4	25.9	29.1	17.3
EBITDA	821	4,528	5,909	8,702	10,847
EBITDA growth (%)	1,812.4	451.8	30.5	47.3	24.7
Depreciation & Amortization	1,184	1,173	1,383	1,688	1,937
EBIT	(364)	3,355	4,525	7,014	8,910
EBIT growth (%)	0.0	0.0	34.9	55.0	27.0
Other operating income	0	0	0	0	0
Other income	220	235	193	212	223
Financial expense	1,444	1,545	1,922	1,903	1,502
PBT	(1,588)	2,045	2,796	5,323	7,631
Extraordinary items	0	0	0	0	0
Taxes	(720)	895	41	1,437	2,060
Minority interest	0	0	0	0	0
Income from JV/Associates	116	683	0	0	0
Reported PAT	(752)	1,833	2,755	3,886	5,570
PAT growth (%)	0.0	0.0	50.3	41.0	43.4
Adjusted PAT	(752)	1,833	2,755	3,886	5,570
Diluted EPS (Rs)	(3.7)	8.9	13.4	19.0	27.2
Diluted EPS growth (%)	0.0	0.0	50.3	41.0	43.4
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	16.6	40.1	41.6	47.5	50.4
EBIT margin (%)	(7.4)	29.7	31.9	38.2	41.4
Effective tax rate (%)	45.3	43.8	1.5	27.0	27.0
NOPLAT (pre-IndAS)	(199)	1,886	4,459	5,120	6,504
Shares outstanding (mn)	205.0	205.0	205.0	205.0	205.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	(1,588)	2,045	2,796	5,323	7,631
Others (non-cash items)	2,571	2,044	3,112	3,377	3,215
Taxes paid	38	31	109	(1,295)	(1,930)
Change in NWC	(452)	(35)	(318)	(377)	(305)
Operating cash flow	685	4,769	5,699	7,029	8,610
Capital expenditure	(396)	(1,715)	(8,732)	(4,500)	(5,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	56	29	193	212	223
Investing cash flow	(4,563)	(6,037)	(9,788)	(4,626)	(5,121)
Equity raised/(repaid)	500	251	0	0	0
Debt raised/(repaid)	4,913	1,936	6,462	0	(1,427)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(1,302)	(927)	(1,922)	(1,903)	(1,502)
Dividend paid (incl tax)	0	0	0	0	0
Others	(2)	0	(293)	(278)	(265)
Financing cash flow	4,109	1,260	4,246	(2,181)	(3,194)
Net chg in Cash	231	(8)	157	222	295
OCF	685	4,769	5,699	7,029	8,610
Adj. OCF (w/o NWC chg.)	1,137	4,804	6,016	7,406	8,915
FCFF	288	3,054	(3,033)	2,529	3,610
FCFE	(1,100)	1,539	(4,763)	838	2,330
OCF/EBITDA (%)	83.4	105.3	96.4	80.8	79.4
FCFE/PAT (%)	146.2	83.9	(172.9)	21.6	41.8
FCFF/NOPLAT (%)	(145.0)	161.9	(68.0)	49.4	55.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	2,050	2,050	2,050	2,050	2,050
Reserves & Surplus	11,362	13,395	16,149	20,035	25,605
Net worth	13,413	15,445	18,200	22,085	27,656
Minority interests	(3)	(4)	(4)	(4)	(4)
Deferred tax liability (net)	(2,146)	(1,276)	(1,119)	(977)	(847)
Total debt	29,011	32,199	38,351	38,120	36,548
Total liabilities & equity	40,275	46,364	55,427	59,225	63,353
Net tangible fixed assets	0	0	0	0	0
Net intangible assets	21,707	23,493	31,853	34,772	37,964
Net ROU assets	590	525	525	525	525
Capital WIP	322	978	997	1,017	1,038
Goodwill	226	537	1,455	1,455	1,455
Investments [JV/Associates]	13,560	16,474	16,803	17,139	17,482
Cash & equivalents	1,061	1,288	1,446	1,669	1,966
Current assets (ex-cash)	5,424	5,824	5,808	5,932	6,061
Current Liab. & Prov.	1,799	1,693	1,482	1,305	1,158
NWC (ex-cash)	3,624	4,131	4,327	4,627	4,903
Total assets	40,275	46,364	55,427	59,225	63,353
Net debt	20,958	21,337	27,641	27,418	25,695
Capital employed	33,284	36,790	46,164	50,192	54,465
Invested capital	25,331	27,624	36,180	39,399	42,867
BVPS (Rs)	65.4	75.3	88.8	107.7	134.9
Net Debt/Equity (x)	1.6	1.4	1.5	1.2	0.9
Net Debt/EBITDA (x)	25.5	4.7	4.7	3.2	2.4
Interest coverage (x)	(10.1)	0.4	0.4	0.3	0.2
RoCE (%)	(0.5)	10.2	11.4	15.0	17.5

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	(217.4)	89.2	59.4	42.1	29.4
P/CE(x)	391.5	56.3	40.9	30.3	22.5
P/B (x)	12.2	10.6	9.0	7.4	5.9
EV/Sales (x)	37.3	16.4	13.5	10.4	8.8
EV/EBITDA (x)	224.8	40.8	32.4	21.9	17.4
EV/EBIT(x)	(522.8)	56.8	43.5	28.0	21.9
EV/IC (x)	7.5	6.9	5.4	5.0	4.5
FCFF yield (%)	0.2	1.6	(1.5)	1.3	1.9
FCFE yield (%)	(0.7)	0.9	(2.8)	0.5	1.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
DuPont-RoE split					
Net profit margin (%)	(15.2)	16.2	19.4	21.2	25.9
Total asset turnover (x)	0.2	0.3	0.3	0.4	0.4
Assets/Equity (x)	2.3	2.4	2.5	2.4	2.1
RoE (%)	(5.5)	12.7	16.4	19.3	22.4
DuPont-RoIC					
NOPLAT margin (%)	(4.0)	16.7	31.4	27.9	30.2
IC turnover (x)	0.2	0.4	0.4	0.5	0.5
RoIC (%)	(0.8)	7.1	14.0	13.5	15.8
Operating metrics					
Core NWC days	94.4	35.2	24.6	23.4	23.6
Total NWC days	267.8	133.6	111.2	92.1	83.2
Fixed asset turnover	0.2	0.5	0.5	0.6	0.6
Opex-to-revenue (%)	83.6	59.9	58.4	52.5	49.6

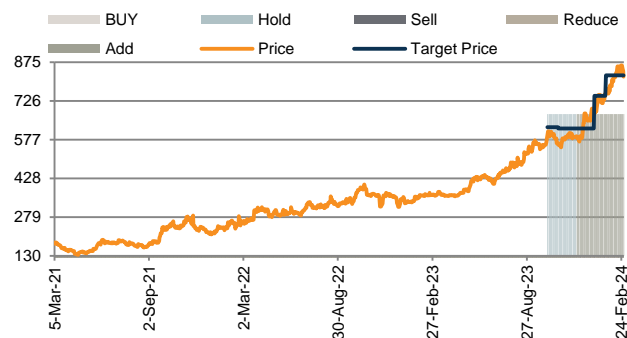
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
16-Feb-24	858	825	Add	Santosh Sinha
25-Jan-24	762	825	Add	Santosh Sinha
03-Jan-24	678	745	Add	Santosh Sinha
04-Dec-23	579	620	Add	Santosh Sinha
30-Nov-23	590	620	Add	Santosh Sinha
26-Oct-23	557	620	Hold	Santosh Sinha
05-Oct-23	593	625	Hold	Santosh Sinha

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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