

Quicker normalization inevitable for re-rating

- IHCL Q1FY22 was below estimates led by weak revenue performance in subsidiaries and higher employee costs and other opex. Steep rise in debt QoQ by Rs 5bn to Rs 36bn was another negative.
- We remain positive on IHCL business trajectory led by its strong brand positioning and footprint across segments, asset-light approach, focus on driving high-margin alternate revenue streams, monetization of non-core assets, repositioning Ginger in lean luxury segment and efficient costs management.
- The worst phase for the hotel industry was likely behind with gradual recovery. But, the resurgence of second wave of covid has pushed back the revival process. Faster the normalization would be key for rebound of historic 65-70% occupancies and ~Rs 11k ARR in our view. But, this may be gradual over 15-18 months. Maintain Sell with TP of Rs 135 @ 20X Jun-23E EV/EBITDA. We expect IHCL to go through time and/or price correction.

Miles to go...

- IHCL consolidated revenue at Rs 3.5bn vs. Rs 1.43bn YoY. Revenues were ~34% of Q1FY20 (pre-covid). EBITDA loss was Rs 1.5bn vs. 2.7bn YoY. Revenue growth was off-set by rise in employee and other costs.
- Standalone revenues were at Rs 2.1bn vs. Rs 0.95bn YoY and ~36% of Q1FY20. EBITDA loss stood at Rs 965mn vs. Rs 1.62bn YoY. **IHCL's Q1FY22 performance is broadly similar to Q2FY21.** Employee costs stood at ~84% of Q1FY20. IHCL has optimized its staff/room ratio but the benefit on employee costs may be limited. Further to maintain its service standards and pull-up ARR, increase in employee costs is likely. But, it has rationalized its admin and other opex (corporate costs) well.
- **IHCL's building blocks are in place to drive alternate revenues, costs optimization, BS strengthening etc. However, revival in core business is inevitable for re-rating from hereon in our view.**

Debt a concern, equity raise and dilution inevitable

- IHCL debt at ~Rs 36bn (+Rs 5bn QoQ) is high (net debt/equity 0.9x). Equity raise of ~Rs 15bn to bring down debt to pre-pandemic level of <Rs 20bn and consequent dilution is inevitable.

Q1FY22 Result (Rs Mn)

Particulars	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)
Revenue	3,446	1,436	139.9	6,150	(44.0)
Total Expense	4,934	4,096	20.5	5,437	(9.3)
EBITDA	(1,488)	(2,660)	(44.1)	713	(308.7)
Depreciation	1,025	1,001	2.4	1,043	(1.7)
EBIT	(2,514)	(3,661)	(31.3)	(330)	661.2
Other Income	258	317	(18.8)	115	124.9
Interest	1,097	879	24.9	1,061	3.4
EBT	(3,150)	(3,362)	(6.3)	(1,023)	207.8
Tax	(450)	(693)	(35.1)	(124)	262.4
RPAT	(3,016)	(3,126)	(3.5)	(977)	208.6
APAT	(3,219)	(3,987)	(19.3)	(1,231)	161.6
			(bps)		(bps)
Gross Margin (%)	91.9	93.6	(176)	90.8	110
EBITDA Margin (%)	(43.2)	(185.2)	14202	11.6	(5479)
NPM (%)	(87.5)	(217.7)	13014	(15.9)	(7164)
Tax Rate (%)	14.3	20.6	(633)	12.1	215
EBIT Margin (%)	(73.0)	(254.9)	18199	(5.4)	(6758)

CMP	Rs 143
Target / Downside	Rs 135 / 6%
NIFTY	16,258

Scrip Details

Equity / FV	Rs 1,189mn / Rs 1		
Market Cap	Rs 170bn		
	USD 2.3bn		
52-week High/Low	Rs 157/ 78		
Avg. Volume (no)	4,558,820		
Bloom Code	IH IN		
Price Performance	1M	3M	12M
Absolute (%)	(3)	27	77
Rel to NIFTY (%)	(7)	17	35

Shareholding Pattern

	Dec'20	Mar'21	Jun'21
Promoters	40.8	40.8	40.8
MF/Banks/FIs	28.5	28.0	27.9
FIIIs	12.5	12.3	12.6
Public / Others	18.3	19.0	18.8

Valuation (x)

	FY22E	FY23E	FY24E
P/E	(48.1)	89.9	34.8
EV/EBITDA	53.0	21.9	15.9
ROE (%)	(9.6)	5.6	13.1
RoACE (%)	1.1	6.1	8.5

Estimates (Rs mn)

	FY22E	FY23E	FY24E
Revenue	31,035	41,696	47,177
EBITDA	4,189	9,998	13,370
PAT	(3,548)	1,897	4,900
EPS (Rs.)	(3.0)	1.6	4.1

VP - Research: Himanshu Shah

Tel: +91 22 4096 9737

E-mail: himanshu.shah@dolatcapital.com

Associate: Aastha Bhatia

Tel: +91 22 40969736

E-mail: aasthab@dolatcapital.com

Concall Highlights

Business update

- Q1FY22 RevPar recovery was stronger than Covid 1.0. Recovery was similar to Nov/Dec'20 ie period to bounce back was much shorter. Leisure travel and staycation were key drivers. Business travel pick up was observed in mid-market and ginger segment.
- Jul'21 revenues are greater than Q1FY21. Pick up in July is stronger than June and August is stronger than July. We see nothing unusual in it with pent-up demand and re-opening performances is expected to gradually improve. In July, more than 40 hotels (mainly leisure) did better than pre-covid, both in terms of ARR and occupancy.
- Ginger reached 60% of Pre-Covid revenue
- On low base, rates in metros have almost doubled. Management expects this trend to continue.
- Other key trends (1) Booking windows have become shorter, people are staying longer as road has become a more common mode of transport (2) Large events may take longer to recover.

On Expansion front

- Company has 200 hotel properties in India with 50 in pipeline
- The company continues to focus on brands like Qmin, Ama, The Chambers etc. While the revenue contribution could be lower this are significantly high margin businesses.
- IHCL targets to have 100 hotels portfolio in Ginger in 18m (currently 75) and AMA a 100 home-stay portfolio (currently 40). All AMA are in vicinity of hotels which helps the GM to oversee the management of the property. At some stage as its scale-up, separate operating team for AMA is likely.
- Qmin's revenues has doubled to ~Rs 300 mn within a year with increase in reach to 14 cities. Margins in QMin are >50%.
- High margin growth will come from new business. Market share and LTL growth will come from existing business. Target is for 20-25% contribution to EBITDA in the long term.

M&As

- Management views more M&As are likely henceforth as hoteliers comes out of the ECLGS (Emergency credit line guarantee schemes).
- IHCL had entered into a SPV arrangement with GIC for investment upto Rs 40bn in May-19 over a three-year period. However, there had been no investment till date but with Covid we believe this may change. We see this partnership as positive for IHCL from strategic perspective and even on financial standpoint. IHCL is in a win-win position with benefits of earning management fees from the properties that will be acquired by SPVs, growth acceleration as acquired distressed properties turnaround and capital upside on exit.

Brand expansion

- IHCL is well positioned in Luxury (Taj), Upper Upscale (Vivanta), Upscale (SeleQtions) and Budget/economy segment (Ginger). It lack presence in midscale segment post the abolition of Gateway by Taj brand positioning. IHCL would look to re-enter this high-growth segment once the covid subsides, debt reduced and there are sizeable properties under management in other brands.

Searock Investments

- Searock investment stands at Rs 12.5bn. IHCL will pay additional Rs 1.75bn (total Rs 2.5bn) for acquisition of balance ~15% stake by Dec-21. IHCL is not envisaging any further capital investment towards development of the property post the necessary clearances from the state government. It would look at partnership model for development. No additional investments by IHCL looks difficult to us.

Debt reduction inevitable

- IHCL management remain cognizant of increase in debt and the impact on capital structure.
- Management is evaluating various options including fund raise, sale and lease back etc. Historically net debt/ebitda was 5.5x which was brought down to ~1.8-2x and debt/equity of 0.4x. IHCL management will be comfortable with similar net debt/EBITDA and net debt/equity and will gun for the same.

Capex

- IHCL's capex is primarily on (1) Taj Mansingh (2) The Connaught (3) Ginger Santacruz – ready upto basement level (4) Completed the chambers renovation in UK and the banqueting in USA and (5) some amount of maintenance capex. Management guides for a capex of ~Rs 2.5-3bn in FY22.

Exhibit 1: Actual vs. Estimates

Particulars	Estimate	Actual	Var	Comments
Revenue (Rs Mn)	3,794	3,446	(9.2)	Lower than expected revenues led by subsidiaries
EBITDA (Rs Mn)	(1,123)	(1,488)	(32.5)	
EBITDA Margin (%)	(29.6)	(43.2)	(1359 bps)	
APAT (Rs Mn)	(2,476)	(3,219)	(30.0)	

Source: DART, Company

Exhibit 2: Change in estimates

Rs Mn	FY22E			FY23E			FY24E			Remarks
	Old	New	Chg %/bps	Old	New	Chg %/bps	Old	New	Chg %/bps	
Revenue (Rs Mn)	31,093	31,035	(0.2)	41,275	41,696	1.0	46,882	47,177	0.6	Marginal change in our estimates as Q1FY22 performance has limited significance
EBITDA (Rs Mn)	4,247	4,189	(1.4)	9,921	9,998	0.8	13,430	13,370	(0.4)	
EBITDA Margin (%)	13.7	13.5 (16 bps)		24.0	24.0 (6 bps)		28.6	28.3 (31 bps)		
APAT (Rs Mn)	(3,082)	(3,548)	(15.1)	1,668	1,897	13.8	4,730	4,900	3.6	
AEPS (Rs Mn)	(2.6)	(3.0)	(15.1)	1.4	1.6	13.8	4.0	4.1	3.6	

Source: DART, Company

Exhibit 3: Consolidated P&L

(Rs Mn)	Q1FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY %	Chg vs. Q1FY20 %
Revenue	10,200	1,436	2,567	5,599	6,150	3,446	139.9	(66.2)
Costs of RM	850	90	220	560	570	280	211.1	(67.1)
Emp costs	3,710	2,400	2,040	2,420	2,080	2,490	3.8	(32.9)
Fuel, Power and Light	720	310	410	500	510	440	41.9	(38.9)
Admin Exps	1,560	560	670	1,090	980	770	37.5	(50.6)
Other Exps	1,626	736	730	1,196	1,297	954	29.6	(41.3)
Total Expenses	8,466	4,096	4,070	5,766	5,437	4,934	20.5	(41.7)
EBITDA	1,734	(2,660)	(1,503)	(167)	713	(1,488)	44.1	(185.8)
D&A	1,004	1,001	1,028	1,023	1,043	1,025	2.4	2.2
EBIT	731	(3,661)	(2,532)	(1,191)	(330)	(2,514)	(31.3)	(444.0)
Other Income	371	317	669	547	115	258	(18.8)	(30.5)
Finance Costs	847	879	968	1,121	1,061	1,097	24.9	29.6
PBT before Xo	255	(4,223)	(2,831)	(1,764)	(1,277)	(3,354)	20.6	nmf
Exceptional gain/(loss)	23	861	205	280	254	203	(76.4)	nmf
PBT after Xo	277	(3,362)	(2,626)	(1,484)	(1,023)	(3,150)	6.3	nmf
Tax	176	(693)	(429)	(307)	(124)	(450)	35.1	nmf
Profit/(loss) of JVs/Assc	(51)	(457)	(324)	(156)	(78)	(315)	31.0	nmf
PAT	50	(3,126)	(2,521)	(1,332)	(977)	(3,016)	3.5	nmf
APAT	27	(3,987)	(2,726)	(1,613)	(1,231)	(3,219)	19.3	nmf

Source: DART, Company

Exhibit 4: % of Revenue

	Q1FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY %	Chg vs. Q1FY20 %
Revenue	100.0	100.0	100.0	100.0	100.0	100.0	-	-
Costs of RM	8.3	6.3	8.6	10.0	9.3	8.1	186	(21)
Emp costs	36.4	167.1	79.5	43.2	33.8	72.3	(9,485)	3,590
Fuel, Power and Light	7.1	21.6	16.0	8.9	8.3	12.8	(882)	571
Admin Exps	15.3	39.0	26.1	19.5	15.9	22.3	(1,665)	705
Other Exps	15.9	51.2	28.4	21.4	21.1	27.7	(2,357)	1,174
Total Expenses	83.0	285.2	158.6	103.0	88.4	143.2	(14,202)	6,020
EBITDA	17.0	(185.2)	(58.6)	(3.0)	11.6	(43.2)	14,202	(6,020)
D&A	9.8	69.7	40.1	18.3	17.0	29.8	(3,997)	1,992
EBIT	7.2	(254.9)	(98.6)	(21.3)	(5.4)	(73.0)	18,199	(8,012)

Source: DART, Company

Exhibit 5: Standalone Performance

Rs Mn	Q1FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY %	Chg vs. Q1FY20 %
Revenue	5,719	952	1,652	4,087	4,640	2,074	117.8	(63.7)
Costs of RM	510	60	150	430	440	180	200.0	(64.7)
Emp costs	1,730	1,540	1,250	1,310	1,290	1,470	(4.5)	(15.0)
Fuel, Power and Light	470	190	250	310	340	300	57.9	(36.2)
Admin Exps	910	340	390	760	680	470	38.2	(48.4)
Other Exps	1,003	441	490	797	843	619	40.4	(38.3)
Total Expenses	4,623	2,571	2,530	3,607	3,593	3,039	18.2	(34.3)
EBITDA	1,096	(1,619)	(877)	480	1,047	(965)	40.4	(188.1)
D&A	508	503	503	510	522	509	1.3	0.2
EBIT	588	(2,121)	(1,381)	(30)	525	(1,475)	(30.5)	nmf
Other Income	362	218	501	250	136	189	(13.5)	nmf
Finance Costs	590	630	687	843	788	812	28.9	nmf
PBT before Xo	360	(2,533)	(1,566)	(623)	(127)	(2,098)	(17.2)	nmf
Exceptional gain/(loss)	23	(378)	(160)	(562)	(453)	(106)	(72.1)	nmf
PBT after Xo	383	(2,911)	(1,726)	(1,185)	(581)	(2,203)	(24.3)	nmf
Tax	158	(523)	(310)	(237)	(85)	(301)	(42.4)	nmf
PAT	225	(2,388)	(1,416)	(948)	(495)	(1,902)	(20.3)	nmf
APAT	202	(2,010)	(1,256)	(386)	(42)	(1,797)	(10.6)	nmf

Source: DART, Company

Exhibit 6: % of Revenue

	Q1FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY %	Chg vs. Q1FY20 %
Revenue	100.0	100.0	100.0	100.0	100.0	100.0	-	-
Costs of RM	8.9	6.3	9.1	10.5	9.5	8.7	238	(24)
Emp costs	30.3	161.7	75.7	32.0	27.8	70.9	(9,082)	4,063
Fuel, Power and Light	8.2	19.9	15.1	7.6	7.3	14.5	(548)	625
Admin Exps	15.9	35.7	23.6	18.6	14.7	22.7	(1,304)	675
Other Exps	17.5	46.3	29.6	19.5	18.2	29.9	(1,646)	1,232
Total Expenses	80.8	270.0	153.1	88.3	77.4	146.5	(12,342)	6,570
EBITDA	19.2	(170.0)	(53.1)	11.7	22.6	(46.5)	12,342	(6,570)
D&A	8.9	52.8	30.5	12.5	11.3	24.6	(2,823)	1,567
EBIT	10.3	(222.7)	(83.6)	(0.7)	11.3	(71.1)	15,165	(8,137)

Source: DART, Company

Exhibit 7: Implied Subsidiaries Performance

Rs Mn	Q1FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY %	Chg vs. Q1FY20 %
Revenue	4,481	484	915	1,511	1,511	1,372	183.5	(69.4)
Costs of RM	340	30	70	130	130	100	233.3	(70.6)
Emp costs	1,980	860	790	1,110	790	1,020	18.6	(48.5)
Fuel, Power and Light	250	120	160	190	170	140	16.7	(44.0)
Admin Exps	650	220	280	330	300	300	36.4	(53.8)
Other Exps	623	295	241	399	454	335	13.4	(46.3)
Total Expenses	3,843	1,525	1,541	2,159	1,844	1,895	24.2	(50.7)
EBITDA	639	(1,041)	(626)	(648)	(334)	(523)	49.8	(181.9)
D&A	495	499	525	513	521	516	3.5	4.2
EBIT	143	(1,540)	(1,151)	(1,161)	(855)	(1,039)	(32.5)	nmf
Other Income	9	99	168	297	(22)	69	(30.6)	nmf
Finance Costs	257	249	281	278	273	285	14.6	nmf
PBT before Xo	(105)	(1,690)	(1,264)	(1,142)	(1,149)	(1,256)	(25.7)	nmf
Exceptional gain/(loss)	-	1,239	365	843	707	309	(75.1)	nmf
PBT after Xo	(105)	(451)	(900)	(299)	(443)	(947)	109.8	nmf
Tax	18	(170)	(119)	(71)	(39)	(149)	(12.5)	nmf
Profit/(loss) of JVs/Assc	(51)	(457)	(324)	(156)	(78)	(315)	(31.0)	nmf
PAT	(175)	(738)	(1,105)	(384)	(482)	(1,113)	50.9	nmf
APAT	(175)	(1,976)	(1,470)	(1,226)	(1,189)	(1,422)	(28.0)	nmf

Source: DART, Company

Exhibit 8: % of Revenue

	Q1FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY %	Chg vs. Q1FY20 %
Revenue	78.4	50.8	55.4	37.0	32.6	66.1	1,534	(1,223)
Costs of RM	5.9	3.1	4.2	3.2	2.8	4.8	167	(112)
Emp costs	34.6	90.3	47.8	27.2	17.0	49.2	(4,112)	1,456
Fuel, Power and Light	4.4	12.6	9.7	4.6	3.7	6.8	(585)	238
Admin Exps	11.4	23.1	16.9	8.1	6.5	14.5	(863)	310
Other Exps	10.9	31.0	14.6	9.8	9.8	16.1	(1,484)	524
Total Expenses	67.2	160.1	93.3	52.8	39.8	91.3	(6,877)	2,415
EBITDA	11.2	(109.3)	(37.9)	(15.8)	(7.2)	(25.2)	8,411	(3,638)
D&A	8.7	52.4	31.8	12.5	11.2	24.9	(2,748)	1,622
EBIT	2.5	(161.7)	(69.7)	(28.4)	(18.4)	(50.1)	11,159	(5,260)

Source: DART, Company

Exhibit 9: Standalone Operating Performance

	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY %	Chg QoQ %
Occupancy %	20.5	32.3	47.4	57.1	28.4	38.7	(50.3)
ARR (Rs)	4,848	5,424	8,300	8,537	7,024	44.9	(17.7)
RevPAR (Rs)	992	1,751	3,936	4,875	1,992	100.7	(59.1)
Rev. Break-up (Rs Mn)							
Room Revenue	400	710	1,600	2,010	820	105.0	(59.2)
F&B Revenue	200	480	1,610	1,730	650	225.0	(62.4)
Other Revenues	352	459	880	904	601	70.9	(33.5)
Total	952	1,649	4,090	4,644	2,071	117.6	(55.4)

Source: DART, Company

Exhibit 10: Standalone Debt

	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Gross Debt	19,430	22,380	24,990	25,950	25,920	28,860
C&CE	5,550	5,480	3,890	4,200	4,130	2,710
Net Debt	13,880	16,900	21,100	21,750	21,790	26,150
Cost of Debt (%)	8.1	7.9	7.8	7.8	7.8	8.3
Net Debt to Equity	0.3	0.4	0.5	0.5	0.5	0.7

Source: DART, Company

Exhibit 11: Consolidated Debt

	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Gross Debt	26,020	29,670	34,620	35,880	36,330	40,420
C&CE	7,450	6,390	5,200	5,090	5,230	4,300
Net Debt	18,570	23,280	29,420	30,790	31,100	36,120
Cost of Debt (%)	7.0	6.9	6.7	6.6	6.5	6.9
Net Debt to Equity	0.4	0.5	0.7	0.7	0.7	0.9

Source: DART, Company

Exhibit 12: IHCL Valuation Summary

Particulars	Jun-23E
EBITDA (Rs Mn)	10,841
(-) IndAS 116 EBITDA impact	2,009
Core EBITDA	8,832
Target multiple (x)	20
Enterprise Value (Rs Mn)	1,76,641
(-) Core Net Debt (Rs Mn)	27,427
Equity Value (Rs Mn)	1,49,214
O/s shares (Mn)	1,189
Value per share (Rs)	125
Add: Value of IHCL stake in TajGVK	2
Add: Others	8
Value per share (Rs)	135
CMP (Rs)	144
Upside/Downside (%)	-6.0

Source: DART, Company

Exhibit 13: Sensitivity of TP to EV/E target multiples

Multiple	TP
12	77
16	106
20	135
24	164
28	193

Source: DART, Company

Profit and Loss Account

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
Revenue	15,752	31,035	41,696	47,177
Total Expense	19,369	26,846	31,698	33,807
COGS	1,438	2,589	3,529	3,995
Employees Cost	8,940	11,602	13,285	14,049
Other expenses	8,991	12,655	14,884	15,764
EBIDTA	(3,618)	4,189	9,998	13,370
Depreciation	4,096	4,201	4,349	4,504
EBIT	(7,714)	(12)	5,649	8,867
Interest	4,028	4,387	4,226	3,845
Other Income	1,647	851	894	939
Exc. / E.O. items	1,600	203	0	0
EBT	(8,495)	(3,345)	2,317	5,960
Tax	(1,553)	(282)	774	1,590
RPAT	(8,050)	(3,344)	1,897	4,900
Minority Interest	93	0	0	0
Profit/Loss share of associates	(1,014)	(282)	353	530
APAT	(9,556)	(3,548)	1,897	4,900

Balance Sheet

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
Sources of Funds				
Equity Capital	1,189	1,189	1,189	1,189
Minority Interest	6,346	6,663	6,996	7,346
Reserves & Surplus	35,295	31,747	33,644	38,545
Net Worth	36,484	32,937	34,834	39,734
Total Debt	55,776	53,904	50,607	47,729
Net Deferred Tax Liability	1,857	2,048	2,398	2,748
Total Capital Employed	100,463	95,552	94,835	97,556

Applications of Funds

Net Block	84,377	82,982	81,444	79,759
CWIP	1,650	1,747	1,943	1,780
Investments	17,561	18,696	19,952	21,342
Current Assets, Loans & Advances	11,539	7,991	8,694	12,497
Inventories	929	934	980	995
Receivables	2,198	2,166	2,910	3,292
Cash and Bank Balances	1,536	(2,419)	(2,984)	(94)
Loans and Advances	167	167	167	167
Other Current Assets	2,222	2,433	2,676	2,944
Less: Current Liabilities & Provisions	14,664	15,863	17,198	17,822
Payables	3,178	3,131	4,206	4,759
Other Current Liabilities	11,486	12,732	12,991	13,062
<i>sub total</i>				
Net Current Assets	(3,125)	(7,872)	(8,504)	(5,325)
Total Assets	100,463	95,552	94,835	97,556

E – Estimates

Important Ratios

Particulars	FY21A	FY22E	FY23E	FY24E
(A) Margins (%)				
Gross Profit Margin	90.9	91.7	91.5	91.5
EBIDTA Margin	(23.0)	13.5	24.0	28.3
EBIT Margin	(49.0)	0.0	13.5	18.8
Tax rate	18.3	8.4	33.4	26.7
Net Profit Margin	(51.1)	(10.8)	4.5	10.4
(B) As Percentage of Net Sales (%)				
COGS	9.1	8.3	8.5	8.5
Employee	56.8	37.4	31.9	29.8
Other	57.1	40.8	35.7	33.4
(C) Measure of Financial Status				
Gross Debt / Equity	1.5	1.6	1.5	1.2
Interest Coverage	(1.9)	0.0	1.3	2.3
Inventory days	22	11	9	8
Debtors days	51	25	25	25
Average Cost of Debt	8.1	8.0	8.1	7.8
Payable days	74	37	37	37
Working Capital days	(72)	(93)	(74)	(41)
FA T/O	0.2	0.4	0.5	0.6
(D) Measures of Investment				
AEPS (Rs)	(8.0)	(3.0)	1.6	4.1
CEPS (Rs)	(4.6)	0.5	5.3	7.9
DPS (Rs)	0.5	0.5	1.0	1.0
Dividend Payout (%)	(6.2)	(16.8)	62.7	24.3
BVPS (Rs)	30.7	27.7	29.3	33.4
RoANW (%)	(20.1)	(9.6)	5.6	13.1
RoACE (%)	(4.5)	1.1	6.1	8.5
RoAIC (%)	(7.9)	0.0	5.8	9.1
(E) Valuation Ratios				
CMP (Rs)	143	143	143	143
P/E	(17.8)	(48.1)	89.9	34.8
Mcap (Rs Mn)	170,486	170,486	170,486	170,486
MCap/ Sales	10.8	5.5	4.1	3.6
EV	220,239	222,099	219,132	213,115
EV/Sales	14.0	7.2	5.3	4.5
EV/EBITDA	(60.9)	53.0	21.9	15.9
P/BV	4.7	5.2	4.9	4.3
Dividend Yield (%)	0.3	0.3	0.7	0.7
(F) Growth Rate (%)				
Revenue	(64.7)	97.0	34.4	13.1
EBITDA	(137.4)	(215.8)	138.7	33.7
EBIT	(236.9)	(99.8)	(46736.0)	57.0
PBT	(314.8)	(60.6)	(169.3)	157.2
APAT	(500.3)	(62.9)	(153.5)	158.3
EPS	(500.3)	(62.9)	(153.5)	158.3

Cash Flow

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
CFO	(2,306)	6,057	10,774	13,207
CFI	(6,321)	(2,935)	(2,392)	(2,157)
CFF	7,130	(6,853)	(8,712)	(7,913)
FCFF	(9,401)	3,154	7,766	10,552
Opening Cash	7,519	6,023	2,292	1,962
Closing Cash	6,023	2,292	1,962	5,099

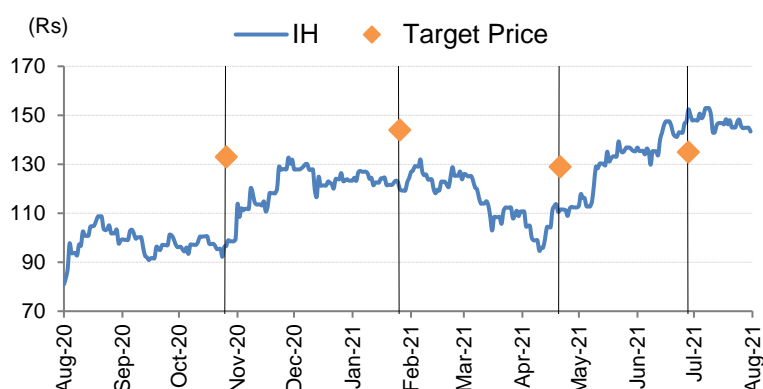
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-20	Buy	133	97
Feb-21	BUY	144	120
Apr-21	Accumulate	129	112
Jul-21	Sell	135	152

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
--------------------	--------------------------	--------------------------------	------------------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
--------------------------	-------------------------	------------------------------	------------------------

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Yomika Agarwal	VP - Equity Sales	yomika@dolatcapital.com	+9122 4096 9772
Anjana Jhaveri	VP - FII Sales	anjanaj@dolatcapital.com	+9122 4096 9758
Lekha Nahar	AVP - Equity Sales	lekhan@dolatcapital.com	+9122 4096 9740
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Dinesh Mehta	Co- Head Asia Derivatives	dinesh.mehta@dolatcapital.com	+9122 4096 9765
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Sunshine Tower, 28th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400013

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited. and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. Entity/ persons only: "This Report is considered independent third-party research and was prepared by Dolat Capital Market Private Limited, with headquarters in India. The distribution of this Research is provided pursuant to the exemption under Rule 15a-6(a) (2) and is only intended for an audience of Major U.S. Institutional Investors (MUSIIs) as defined by Rule 15a-6(b)(4). This research is not a product of StoneX Financial Inc. Dolat Capital Market Private Limited has sole control over the contents of this research report. StoneX Financial Inc. does not exercise any control over the contents of, or the views expressed in, any research reports prepared by Dolat Capital Market Private Limited and under Rule 15a-6(a) (3), any U.S. recipient of this research report wishing to affect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through StoneX Financial Inc. Please contact Paul Karrlsson-Willis at +1 (407) 741-5310 or email Paul.Karrlsson-Willis@stonex.com and/or Igor Chernomorskiy at +1 (212)379-5463 or email Igor.Chernomorskiy@stonex.com. Under no circumstances should any U.S. recipient of this research report effect any transaction to buy or sell securities or related financial instruments through the Dolat Capital Market Private Limited."



Dolat Capital Market Private Limited.

Corporate Identity Number: U65990DD1993PTC009797

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000000685

Registered office: Unit no PO6-02A - PO6-02D, Tower A, WTC, Block 51, Zone-5, Road 5E, Gift City, Gandhinagar, Gujarat – 382355

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
