JM FINANCIAL

Chalet Hotels

A play on high end hospitality

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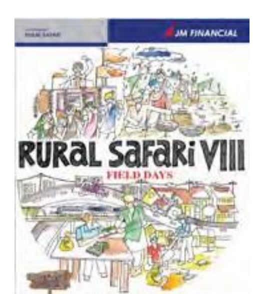

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Chalet Hotels

A play on high-end hospitality

Chalet Hotels Limited (Chalet) is the asset owner and manager of five high-end hotels with 2,328 keys across 3 key metros. The assets are operated by Marriott. Chalet's EBITDA margin of 35% and occupancy of c.75% is superior to industry and is a testimony to the success of its asset management strategy. Further, Chalet, with its high-end hotels is well placed to benefit from the imminent up-cycle in the industry. In addition, its upcoming 588 keys and 1.12 msf of commercial space will help drive growth going forward. We are factoring in an Average Room Rate (ARR) growth of 7-8% for hotel operations and exit cap rate of 8% for commercial assets. We expect Chalet to report an EBITDA CAGR of 21% over FY18-21E. We initiate with BUY with a TP of 400 (Mar'20) at an implied EV/EBITDA of 15.4x and cap rate of 8.3% on FY21 for operational hospitality and commercial assets respectively.

2,328 keys with superior operating/financial performance: Chalet owns 2,328 keys in five high-end hotels across 3 key metros. Its strategy of active asset management strategy has ensured superior operational / financial performance vs. peers. The strategy entails close and regular monitoring on budgeting, cost management and operations / financial targets. Chalet's occupancy at 73% in FY18 was higher than the industry at 65-66%. Further, its staff per room ratio at 1.22x (vs. 2x in the luxury segment and 1.8x in the five star segment) is lower than industry. Its EBITDA margin at 35% in FY18 is superior to the industry average. In addition, four of the five hotels are part of mixed use developments; which helps Chalet derive synergies from the retail/commercial operations.

Upcoming assets to drive growth: Chalet has three hotel projects (588 keys) and two commercial projects (c.1.12 msf) in the pipeline. Upcoming hotels are located in Hyderabad (178 keys), Airoli, Navi Mumbai (260 keys) and Powai, Mumbai (150 keys). We expect the new hotels to yield a combined pre-tax RoCE of c.14.7% at stabilised levels. In addition, Chalet's two commercial projects have total area of c.1.12msf across Mumbai and Bengaluru. We are building in the rentals of INR 125 and INR 45/sf from Mumbai and Bengaluru commercial projects respectively.

Well placed to benefit from up-cycle: Hospitality Industry is cyclical in nature. Historically, demand at 12.7% CAGR over FY08-15 has lagged supply at 15% CAGR, leading to a decline in occupancy rates to 59.1% in FY15 from 67.6% in FY08. Correspondingly ARRs declined from INR 8,608 in FY08 to INR 5,660 in FY15 (-5.8% CAGR). In the period between FY15-18, supply moderated to 8% CAGR and demand at 12% CAGR led to improvement occupancy rates to 65.3% in FY18. Going forward, as the occupancy improves to upwards of 70%; we expect the ARR improvement will follow. Chalet with the high end assets is well placed to benefit from the up-cycle.

Initiate with BUY; TP of INR 400: We are factoring in an ARR growth of 7-8%, occupancy improvement on industry up-cycle and exit ARR growth of 5% for the hospitality business and 8% exit cap rate for commercial / retail assets. Hospitality assets, retail / commercial assets and pipeline assets contribute 76%, 10% and 18% to the enterprise value. Adverse judgement in Vashi hotel, subdued demand/ARR growth are key risks.

Recommendation and Price Target	
Current Reco	BUY
Current Price Target (12M)	400
Upside/(Downside)	25.6%

Key Data – CHALET IN	
Current Market Price	INR318
Market cap (bn)	INR65.3/$1.0
Free Float	28.59%
Shares in issue (mn)	205.0
Diluted share (mn)	205.0
3-mon avg daily val (mn)	NA
52-week range	347/250
Sensex/Nifty	38,095/11,462
INR/US	68.5

Price Performance

%	1M	6M	12M
Absolute	14.2	NA	NA
Relative*	6.5	NA	NA

*To the BSE Senses

Financial Summary (INR mn)

Y/E March	FY17A	FY18A	FY19E	FY20E	FY21E
Net Sales	7,033	8,663	9,557	10,428	11,860
Sales Growth (%)	22.7	23.2	10.3	9.1	13.7
EBITDA	2,436	3,157	3,603	4,398	5,451
EBITDA Margin (%)	33.0	35.3	36.7	41.0	44.8
Adjusted Net Profit	1,342	338	403	1,243	2,077
Diluted EPS (INR)	8.8	2.0	2.0	6.1	10.1
Diluted EPS Growth (%)	0.0	-77.6	-0.6	208.3	67.1
ROIC (%)	6.2	7.9	5.2	6.9	8.7
ROE (%)	27.3	7.0	4.2	8.3	12.5
P/E (x)	36.0	160.8	161.8	52.5	31.4
P/B (x)	10.4	11.0	4.5	4.2	3.7
EV/EBITDA (x)	37.4	29.2	22.4	18.6	15.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 18/Mar/2019

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

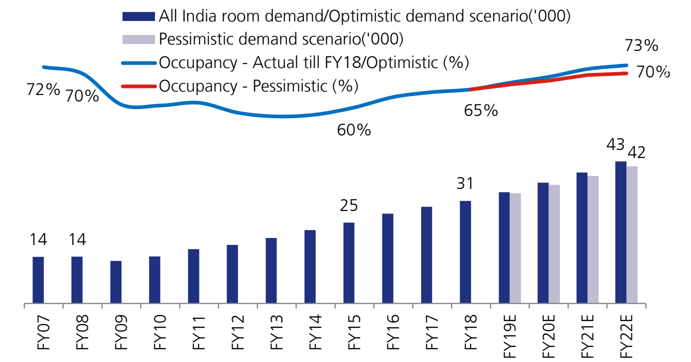
Focus Charts

Exhibit 1. Segment wise KPIs (INR mn)

Hospitality	FY19E	FY21E	FY24E	CAGR FY18-21	CAGR FY21-24
No of Available keys	2,328	2,328	2,916		
ARR (INR)	8,091	9,275	11,570	5.7%	7.6%
Growth (% YoY)	3.0%	7.8%	7.9%		
Occupancy (%)	75.6%	79.2%	77.9%	641 bps	-124 bps
Rev PAR (INR)	6,118	7,345	9,018	8.7%	7.1%
Operating Revenue	9,038	10,866	16,655	9.0%	15.3%
Operating Expenses	5,332	6,003	8,575	6.3%	12.6%
EBITDA	3,706	4,863	8,079	12.7%	18.4%
EBITDA Margins (%)	41%	45%	49%	427 bps	376 bps
Retail/Commercial	**FY19E**	**FY21E**	**FY24E**		**CAGR FY19-24**
Area ('000 sq ft)	867.6	867.6	1,988.8		
Occupancy (%)	41%	97%	97%		
Total Revenue	292	1,131	2,675		55.7%
EBITDA	49	831	2,267		115.2%
EBITDA margins (%)	17%	73%	85%		

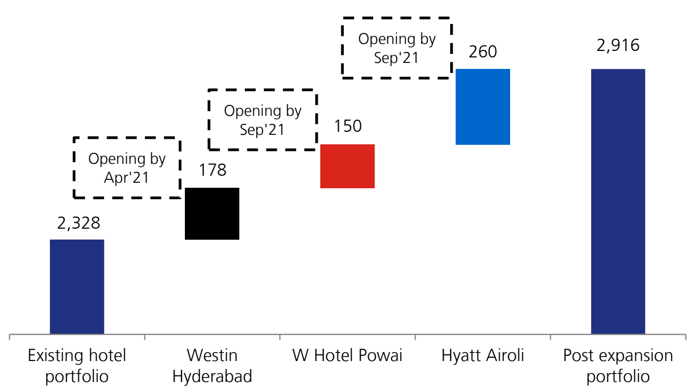
Source: JM Financial, Company

Exhibit 2. Industry occupancy on rise



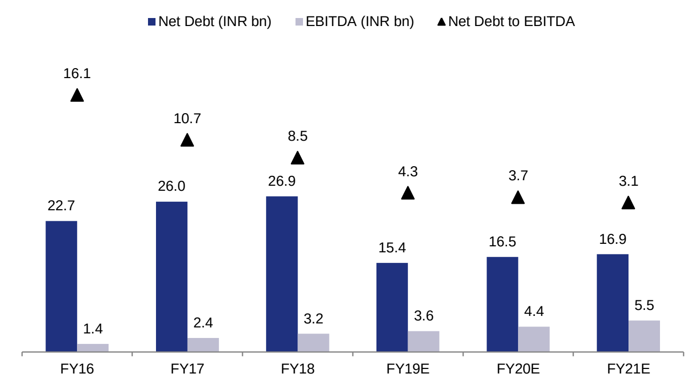
Source: JM Financial, Company

Exhibit 3. Upcoming properties to be operational by FY22



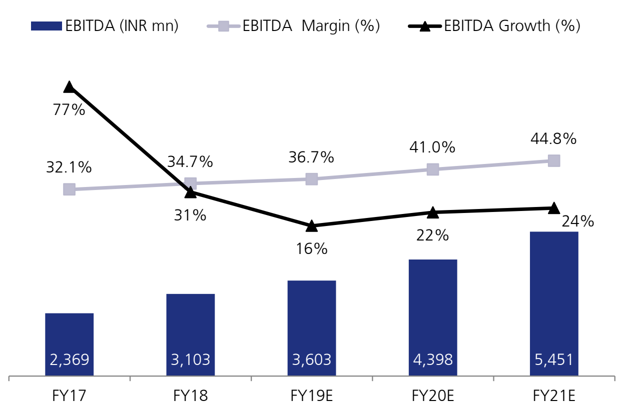
Source: Company, JM Financial

Exhibit 4. Declining Net debt to EBITDA gives headroom for expansion



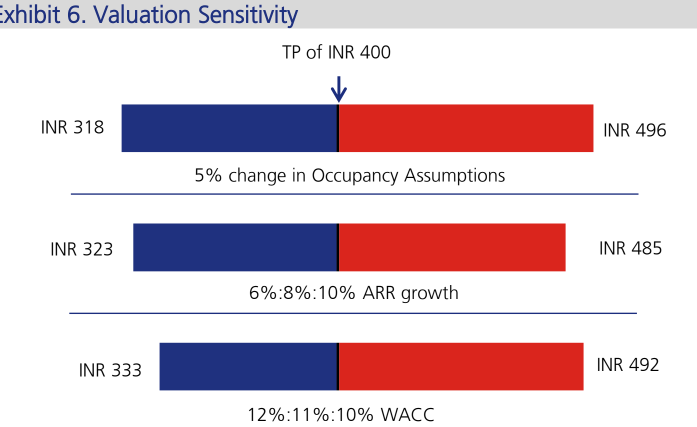
Source: Company, JM Financial

Exhibit 5. EBITDA CAGR of 21% over FY18-21E



Source: Company, JM Financial

Exhibit 6. Valuation Sensitivity



Source: Company, JM Financial

Investment Rationale

Chalet Hotels Limited (Chalet) – A play on high-end hospitality

- **2,328 keys operational across 5 high end hotels with superior operating parameters:** Chalet has an operational portfolio of 2,328 keys in 5 high-end properties across key markets of Mumbai, Hyderabad and Bengaluru. These properties are associated with brands including JW Marriott, Westin, Marriott, Marriott Executive Apartments, Renaissance and Four Points by Sheraton; brands held by Marriott.
- Commercial and retail operations driving synergies
- Active Asset Management model ensures superior operating/financial performance

Well placed to benefit from the imminent up-cycle

- Demand across the hospitality segment has remained stable since FY08. However supply significantly outpaced demand during FY08-15 (15% Supply CAGR vs 12.7% Demand CAGR). This has resulted in a decline in ARR during the same period (-5.8% CARC) and RevPAR (-7.6% CARC)
- FY15-18 period has seen the reversal in trends with demand outpacing supply additions. This has resulted in ARR improvement of 1% CAGR and RevPAR improvement of 4.4%. Luxury-upper upscale segment reported a higher ARR improvement (1.9% CAGR) while upscale and upper Midscale segment reported better RevPAR on higher occupancy improvement.
- Historically, ARR follows occupancy with a lag of 2-3 years. Going forward, as the industry occupancy improves to upwards of 70% from 65%, we expect the ARR improvement will follow. We are building in ARR improvement of 4-5% in FY19, 6-7% in FY20 and FY21 and 7-8% post that. Chalet with its high-end operational portfolio located in the key markets is well placed to benefit from the imminent up-cycle in the industry.

Upcoming properties to aid growth

- Chalet has three hotel projects (588 keys) and two commercial projects (c.1.12msf) in the pipeline. Upcoming hotels are located in Hyderabad (178 keys), Airoli, Navi Mumbai (260 keys) and Powai, Mumbai (150 keys). Westin in Hyderabad is expected to be opened by Apr'21 while other projects are expected to be operational by Sep'21.
- Commercial portfolio has two projects in the pipeline with a total built-up area of c.1.12msf: an IT building in Bengaluru (c.0.43msf) and an office block in Powai (0.69msf); these are expected to be operational by Sep'21. We expect the commercial building in Bengaluru and Mumbai to yield a rental of INR 45 / sf and INR 125 / sf respectively.

Opportunistic acquisitions could improve growth further

- Post the equity issue Chalet's Net Debt to EBITDA ratio has declined from 8.5x in FY18 to 4.2x in FY19E. Going forward, ramp up in the ARR/occupancy and incremental revenue/EBITDA from Sahar commercial / retail operations will help Chalet pare down debt. We believe, Chalet is well placed to capitalise on the acquisition opportunities arising in the Hotel industry.

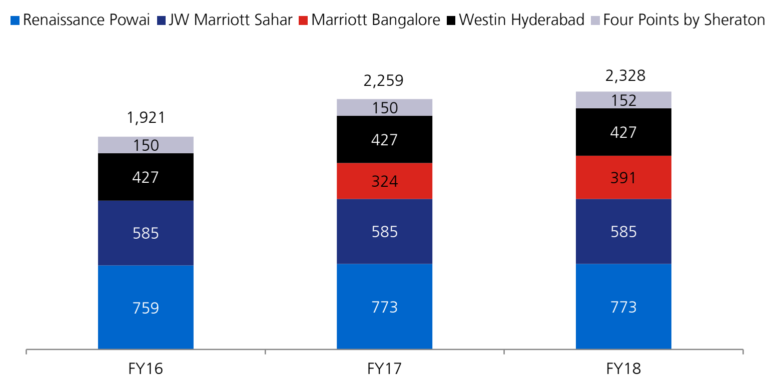
Backed by K. Raheja Corp group

- Chalet, a part of K. Raheja Corp group, benefits from the confidence of lenders, commercial partners, vendors. 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 Chalet leverages to identify suitable locations and opportunities. Chalet further leverages the experience and relationships of these companies with construction companies to develop hotels at optimal cost and quality.

Chalet Hotels Limited (Chalet) – A play on high-end hospitality

- **2,328 keys operational across 5 high-end hotels with superior operating parameters** Chalet has an operational portfolio of 2,328 keys in 5 high-end properties across key markets of Mumbai, Hyderabad and Bengaluru. These properties associated with brands including JW Marriott, Westin, Marriott, Renaissance and Four Points by Sheraton; brands held by Marriott. Marriott handles the operations of the hotels.

Exhibit 7. 5 high end hotels in key markets



Source: Company, JM Financial

- **Commercial and retail operations driving synergies**
  Chalet has developed two commercial and retail projects with c.0.86msf adjacent to its properties. Chalet also benefits from K. Raheja Corp's longstanding relationship with corporate clients and retail brands helps in securing retail clients for new developments, thereby mitigating the risks from inability to secure corporate or retail clients for large commercial and retail spaces.
  - **Benefit from synergies of commercial / retail operations:** Chalet's four of the five operating hotels are part of the mixed use developments with adjacent commercial/retail space. This increases the availability of the captive clientele for the hotel operations.
    - JW Marriott Sahar has adjacent commercial and retail space
    - Westin Hyderabad is a part of the Mindspace campus in Hyderabad
    - Four Points by Sheraton Vashi is adjacent to the Inorbit Mall in Vashi
    - Marriott Bengaluru is adjacent to the Inorbit Mall and IT building in Bengaluru

Exhibit 8. Commercial and retail asset in the portfolio

Operational area ('000 sq ft)	Mumbai Metro Region	Bengaluru
Commercial	374.4	109.2
Retail	123.1	260.3

Source: Company, JM Financial

Active asset management model ensures superior operating / financial performance

Chalet follows an active asset management model for the four hotels, which are operated by Marriott. This model ensures superior operating performance by the hotels in their respective micro markets. The model entails close monitoring and regular oversight through

- **Active hotel management:** Chalet engages with the operator on budgeting, cost management and operations and financial targets along with monthly performance reviews. Performance reports for each hotel are reviewed by Chalet.
- **Chalet conducts periodic meetings with hotel operator's management team** on discussion of pricing strategies to maximise room yield, active monitoring of key corporate accounts and promotional activities.
- Review of furniture, fixtures and equipment deployment plans

The active asset management model employed by Chalet has ensured that the operating and financial parameters of the operating hotels stay superior to the peers in the micro market.

- Superior operating metrics vs. peers
  - **JW Marriott Sahar** has ramped up following the beginning of operations in FY15. The Hotel commands higher ARR vs. the peers in the micro market
  - Operations at **Renaissance** were impacted by a phased renovation programme covering half the hotel rooms and public areas. Further, Renaissance has a greater focus on MICE and event demand; subsequently Renaissance will understandably stand discounted on the ARR front.

Exhibit 9. Superior operating metrics vs. peers

	FY16	FY17	FY18	1QFY18	1QFY19
Hotels Operated by Marriott					
JW Marriott, Sahar	Luxury-Upper Upscale Segment in Eastern Suburban Mumbai				
Occupancy Index	0.62	0.92	0.99	0.94	0.97
ARR Index	0.99	1.04	1.05	1.05	1.06
RevPAR Index	0.62	0.96	1.03	0.99	1.03
Renaissance and MEA, Powai	Luxury-Upper Upscale segment in Eastern Suburban Mumbai				
Occupancy Index	0.87	0.83	0.89	0.88	0.99
ARR Index	0.99	0.94	0.87	0.91	0.87
RevPAR Index	0.87	0.78	0.77	0.80	0.86
The Westin Hyderabad Mindspace	Luxury-upper upscale – New Business District, Hyderabad				
Occupancy Index	1.15	1.13	1.09	1.20	1.20
ARR Index	1.12	1.11	1.12	1.13	1.12
RevPAR Index	1.28	1.26	1.22	1.36	1.35
Marriott Bengaluru	Luxury-upper upscale – Whitefield & Sarjapur				
Occupancy Index		1.14	1.11	1.11	1.48
ARR Index		1.17	1.12	1.08	1.08
RevPAR Index		1.33	1.24	1.20	1.60
Hotel Operated by Chalet					
Four Points by Sheraton Vashi	Upscale-Upper Midscale – Navi Mumbai & Thane				
Occupancy Index	1.04	1.09	1.07	1.02	1.07
ARR Index	1.37	1.32	1.31	1.34	1.37
RevPAR Index	1.42	1.45	1.40	1.37	1.46

Source: Company, JM Financial

- Chalet's occupancy at 73%in FY18 was higher than the industry at 65-66%.
- Chalet's active asset management has helped it keep the costs under control while maximising the revenue from the available rooms.
- Chalet's staff per room at 1.22x in FY18 was lower than 2x uxury segment and at 1.8x for five star segment allowing it to keep the employee costs under control

Exhibit 10. Select operating metrics vs. Industry

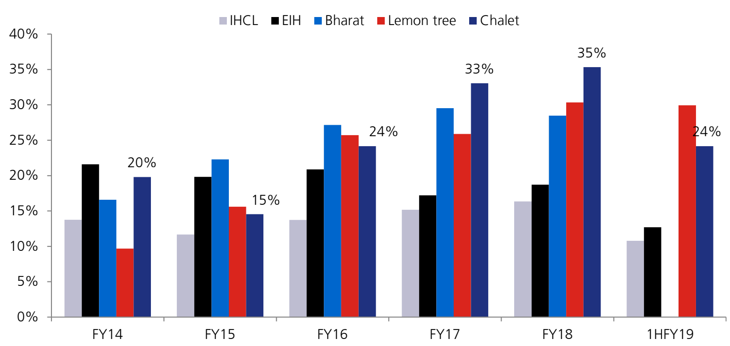
	Chalet		Luxury Upper Upscale Segment	Upscale and Upper Midscale Segment
	1HFY19	FY18	FY18	FY18
ARR (INR)	7,757	7,856	8,233	4,496
Average Occupancy (%)	75%	73%	65%	66%
RevPAR (INR)	5,804	5,717	5,345	2,967
Staff Per Room Ratio (x)	1.24	1.22	2.00	1.80

Source: Company, JM Financial, Industry

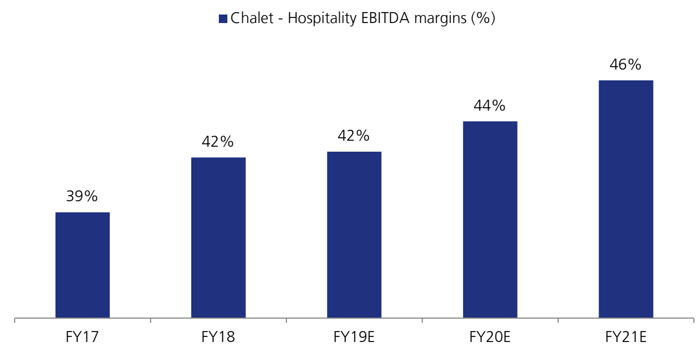
- **Superior financial performance vs peers**
  Chalet's EBITDA margins at 35% (for FY18) are superior to the peers. The margins have improved from 15% in the FY15 to 35% in FY18. Hospitality segment has operated at the EBITDA margins of >35%. Going forward we expect the Hospitality EBITDA margins for the existing assets to improve from 42% in FY18 to 46% in FY21 on account of; i) improvement in ARRs and; ii) improvement in operating leverage as the occupancy rises.

Exhibit 11. Superior Operating Metrics

Superior operating metrics vs. peers



Hospitality margins expected to improve on ARR and Occupancy growth



Source: Company, JM Financial, Industry

Well placed to benefit from the imminent up-cycle

- Hospitality industry is cyclical in nature. Demand at 12.7% CAGR over FY08-15 lagged supply at 15% CAGR, leading to a decline in occupancy rates to 59.1% in FY15 from 67.6% in FY08. Correspondingly, ARRs declined from INR 8,608 in FY08 to INR 5,660 in FY15 (-5.8% CAGR).
- Demand across hospitality segment has remained stable since FY08. However supply significantly outpaced demand during FY08-15 (15% supply CAGR vs 12.7% demand CAGR). This resulted in decline in ARR during the same period (-5.8% CARC) and RevPAR (-7.6% CARC)
- FY15-18 period has seen the reversal in trends with demand outpacing supply additions. This has resulted in ARR improvement of 1% CAGR and RevPAR improvement of 4.4%. Luxury-upper upscale segment reported a higher ARR improvement (1.9% CAGR) while Upscale and upper Midscale segment reported better RevPAR on higher occupancy improvement. 1QFY19 witnessed a better trend for Luxury-Upper Upscale segment with RevPAR growth of 4.1% YoY. Industry witnessed supply growth of 2.8-3.2% and demand growth of 4.3-5% in the Luxury-Upper Upscale segment in CY18. Industry witnessed occupancy and ARR growth of 0.2 percentage points and 1.8% during the same period.

Exhibit 12. Key growth parameters in chain affiliated hotels

	All segments	Luxury-upper upscale	Upscale and Upper Midscale
	CAGR (FY08-FY18)	CAGR (FY08-FY18)	CAGR (FY08-FY18)
Supply	12.90%	9.10%	13.90%
Demand	12.50%	8.10%	14.00%
ARR	-3.80%	-2.40%	-1.20%
RevPAR	-4.20%	-3.10%	-1.10%
	CAGR (FY08-FY15)	CAGR (FY08-FY15)	CAGR (FY08-FY15)
Supply	15.00%	10.80%	16.20%
Demand	12.70%	8.10%	13.70%
ARR	-5.80%	-4.20%	-2.30%
RevPAR	-7.60%	-6.30%	-4.20%
	CAGR (FY15-FY18)	CAGR (FY15-FY18)	CAGR (FY15-FY18)
Supply	8.00%	5.10%	8.70%
Demand	12.00%	8.20%	14.70%
ARR	1.00%	1.90%	1.40%
RevPAR	4.40%	4.90%	6.40%
	1QFY19 YoY change	1QFY19 YoY change	1QFY19 YoY change
ARR	2.2%	1.6%	2.6%
Occupancy	80 bps	150 bps	30 bps

Source: Horwath HTL

Industry supply

- The number of chain-affiliated hotel rooms in India grew from 23,751 as of 31Mar'01 to 135,232 as of 31Mar'18. This was primarily led by a strong business period from FY05 through the beginning of FY09. 18,500 rooms were added in FY10 and FY11. Incremental additions moderated to 11,000 rooms per year for the next four years and slowed thereafter to just below 9,400 rooms per year for the next three.
- Room supply in the upscale segment picked up after FY11. 14,000 rooms were added in this segment from FY11 to FY16 (12.5% CAGR).
- Supply creation was delayed on account of the longer development cycle in India. Hotel projects initiated during FY07-09 were completed during FY12-15. Further, the slowdown from end-2008, and particularly after 2010, caused several projects to be dropped.
- Going forward, inventory creation is expected to be slow, particularly in the Luxury-upper upscale as fewer projects were taken up in the last 3-4 years. However, several new projects have been initiated recently, which may be completed in FY22 or later.

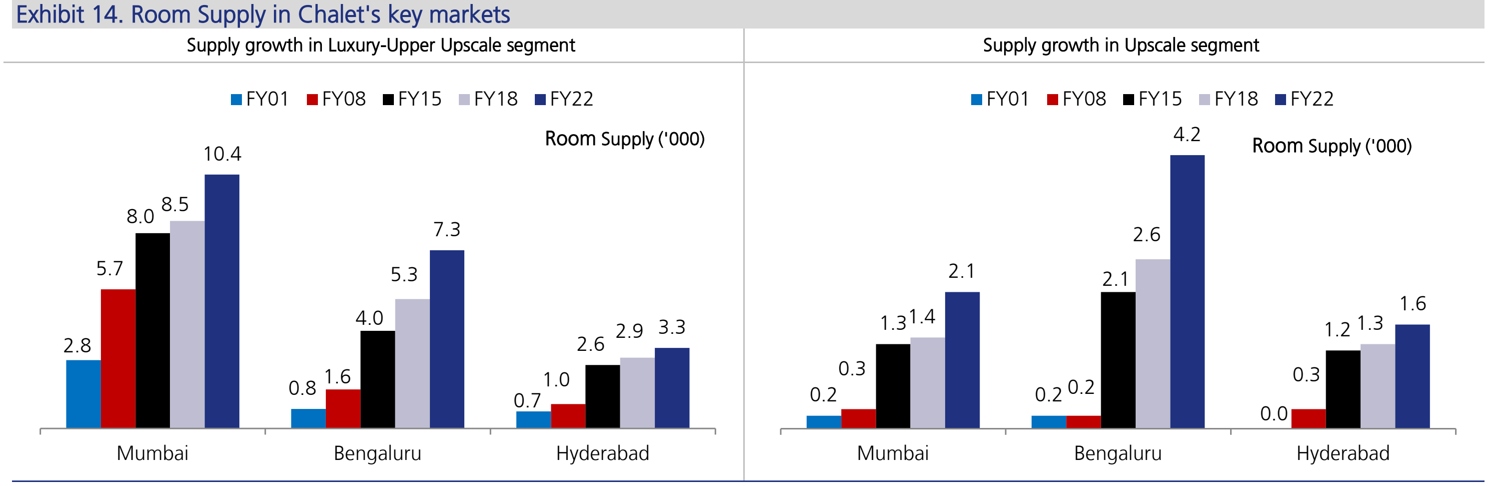
Exhibit 13. Segment-wise room supply in chain affiliated hotels in India

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	6.5%	10.8%	5.1%	6.2%
Upscale	5	8	22	27	38	5.8%	15.8%	7.9%	9.1%
Upper Midscale	4	7	20	26	36	9.6%	16.6%	9.5%	8.5%
Midscale-Economy	2	5	23	33	42	17.1%	24.0%	11.8%	6.8%
TOTAL	**24**	**40**	**107**	**135**	**180**	**7.9%**	**15.0%**	**8.0%**	**7.4%**
% of Total									
Luxury-Upper Upscale	55.8%	51.1%	39.4%	36.4%	34.8%				
Upscale	21.9%	19.1%	20.1%	20.0%	21.4%				
Upscale Midscale	15.0%	16.9%	18.6%	19.4%	20.2%				
Midscale-Economy	7.2%	12.9%	21.8%	24.2%	23.6%				

Source: Horwath HTL

- Supply in key markets of Chalet
  - **Mumbai**: Supply in Mumbai is expected to grow at 5% and 11% CAGR over FY18-22E in Luxury-Upper Upscale and Upscale segment respectively
  - **Bengaluru**: Supply in Bengaluru is expected to grow at 8% and 13% CAGR over FY18-22E in Luxury-Upper Upscale and Upscale segment respectively
  - **Hyderabad**: Supply in Hyderabad is expected to grow at 3% and 5% CAGR over FY18-22E in Luxury-Upper Upscale and Upscale segment respectively

Exhibit 14. Room Supply in Chalet's key markets



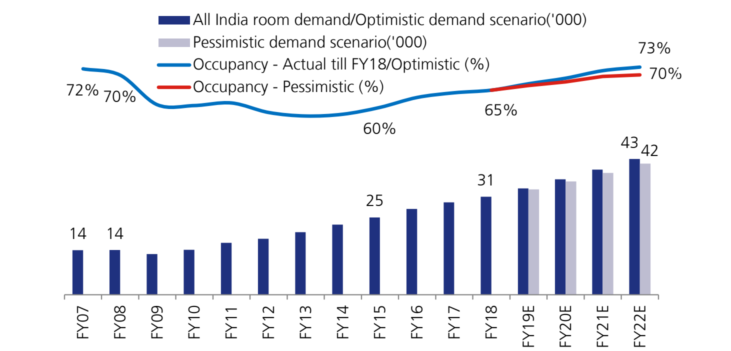
Source: Company, JM Financial, Industry

Industry Demand

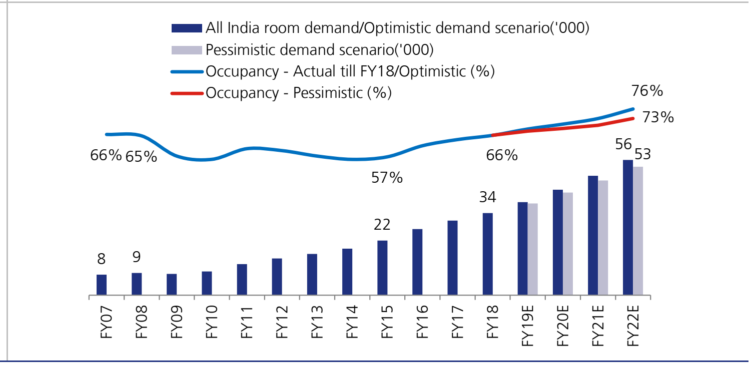
- Demand growth expected
  - **Luxury-upper upscale segment** - With the Demand growth of 7.5-8.5% CAGR over FY18-22E, average occupancy is expected to improve from 65% in FY18 to 70-73% in FY22E
  - **Upscale-upper midscale segment** - With the Demand growth of 11.8-13.3% CAGR over FY18-22E, average occupancy is expected to improve from 66% in FY18 to 73-76% in FY22E

Exhibit 15. Segment wise demand growth

Demand/occupancy growth in Luxury-Upper Upscale segment



Demand/occupancy growth in Upscale-Upper Midscale segment

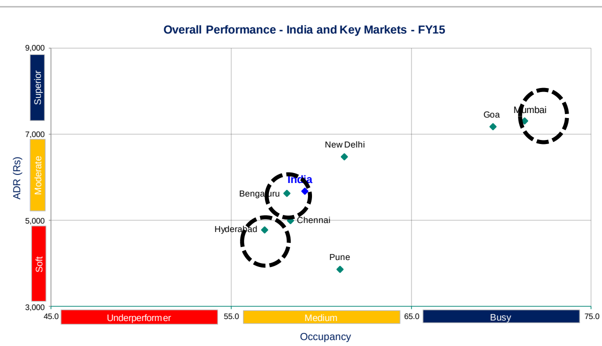


Source: Company, JM Financial, Industry

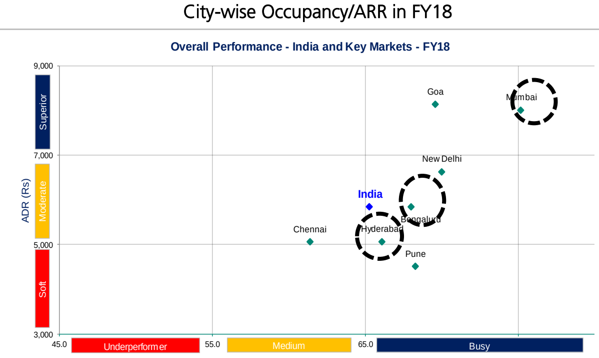
- **Mumbai** –
  - The growth in the city has been primarily due to ARR increase; city has witnessed both ARR (c.10%) / Occupancy uptick (c.4-5 percentage points) in the period between FY15-18. Demand has been impacted on account of limited business on weekends.
  - New convention centre in BKC is expected to increase demand in the vicinity on account of limited inventory in the region. Business travel and MICE are expected to be main source of demand
  - Industry occupancy in Mumbai has crossed 75%, we expect ARRs to follow the occupancy improvement
- **Bengaluru** –
  - Bengaluru has witnessed a dip in occupancy vs. FY08; however it has improved from c.57-58% in FY15.
  - The city saw occupancies crossing 65% (c.10 percentage points improvement) in the period between FY15-18; even with 1,200 rooms being added over the period. ARRs however, remained stagnant during the period. FY18 witnessed a decline in RevPAR as 500 rooms were added in the year alone.
  - We expect ARRs to improve as the occupancies cross 70%.
- **Hyderabad** –
  - Occupancies in Hyderabad too witnessed a rise of c.10 percentage points to cross 65% in the period between FY15-18. ARRs have remained stagnant at INR 4,900-5,100.
  - Market is expected to witness a supply growth of 1,489 rooms by FY22 – 271 rooms in Luxury-Upper Upscale segment and 670 rooms in upscale segment. There is expected 32.6mf of new commercial space by Dec'20
  - Going forward, we expect the ARRs to improve as the industry occupancy improves.

Exhibit 16. City-wise Occupancy/ARR trend

City-wise Occupancy/ARR in FY15



City-wise Occupancy/ARR in FY18



Source: Company, JM Financial, Industry

Exhibit 17. Occupancy/ARR trends

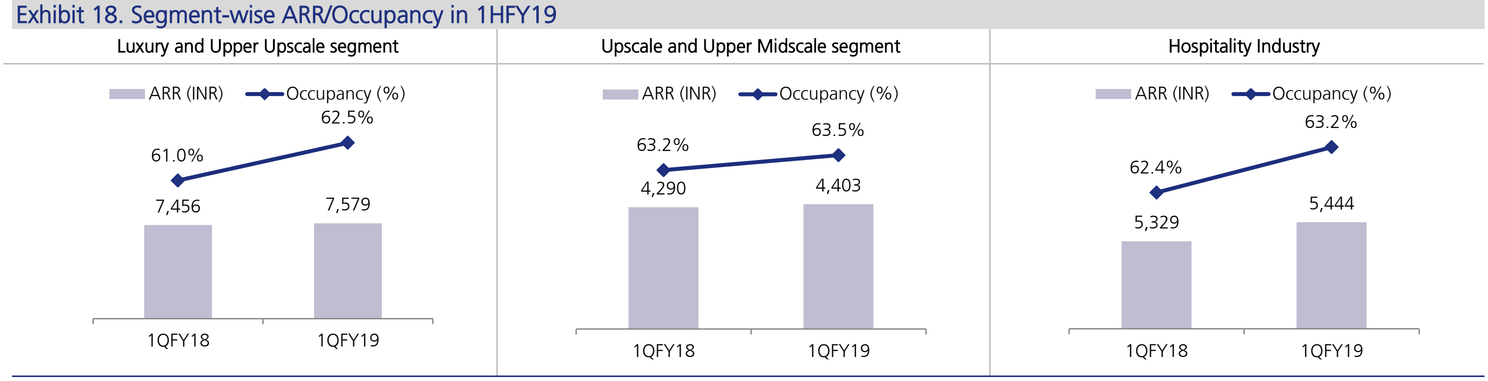
	CY06	FY08	FY18
Mumbai			
Occupancy	75.30%	73.10%	75.20%
ARR (INR)	8,273	11,623	8,102
Bengaluru			
Occupancy	75.80%	71.00%	68.00%
ARR (INR)	11,702	11,426	5,839
Hyderabad			
Occupancy	64.80%	67.60%	66.10%
ARR (INR)	7,247	7,226	5,071

Source: Company, JM Financial, Industry

Recent industry trend

- Occupancy has improved in 1QFY19 on a YoY basis. This improvement was accompanied by marginal ARR improvement of c.2%

Exhibit 18. Segment-wise ARR/Occupancy in 1HFY19



Source: Company, JM Financial

Hospitality industry at the cusp of up-cycle

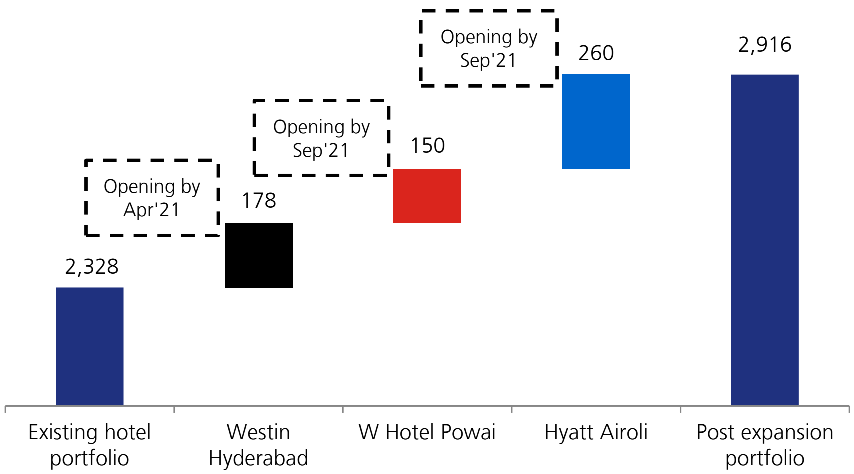
- Historically, ARR follows the occupancy with a lag of 2-3 years. Going forward as the industry occupancy improves to upwards of 70% from 65% currently; we expect the ARR improvement will follow. We are building in ARR improvement of 4-5% in FY19 and 6-7% in FY20 and FY21. Chalet with its high-end operational portfolio located in the key markets is well placed to benefit from the imminent up-cycle in the industry.

Upcoming properties to aid growth

Chalet has three hotel projects (588 keys) and two commercial projects (c.1.12msf) in the pipeline. Upcoming hotels are located in Hyderabad (178 keys), Airoli, Navi Mumbai (260 keys) and Powai, Mumbai (150 keys). Westin in Hyderabad is expected to be opened by Apr'21 while other projects are expected to be operational by Sep'21.

- The Westin hotel in Hyderabad is located adjacent to the 427 key operational hotel in MindSpace Hyderabad. We expect speedy ramp up post the opening as the adjacent commercial operations will ensure higher availability of the captive clientele.
- W Hotel Powai is located adjacent to the existing 773 key Renaissance Hotel and Serviced residences. Chalet is building a commercial space of 0.69msf adjacent to the Hotel. This will enable Chalet to derive the synergies through these developments.
- Hyatt Regency in Airoli will be a part of the commercial campus of MindSpace in Airoli.

Exhibit 19. Upcoming properties to aid growth



Source: Company, JM Financial

Exhibit 20. Upcoming hotels - Key parameters (INR mn)

	Type	Normalised ARRs*	Occupancy (%)	FnB/Other Income (% of Rental)	Revenue	EBITDA	Capex	Depr (4%)	EBIT	Pre-tax RoCE
Westin Hyderabad	Upper Upscale	10,206	80%	75%	5.22	2.09	8.9	0.4	1.73	19%
W Hotel Powai	Luxury	10,241	80%	75%	5.23	2.09	14.0	0.6	1.53	11%
Hyatt Regency Airoli	Upper Upscale	8,238	80%	75%	4.21	1.68	8.4	0.3	1.35	16%

Source: Company, JM Financial

Commercial portfolio has two projects in the pipeline with a total built-up area of c.1.12msf: an IT building in Bengaluru (c.0.43msf) and an office block in Powai (0.69msf); these are expected to be operational by Sep'21. We expect the commercial building in Bengaluru and Mumbai to yield a rental of INR 45 / sf and INR 125 / sf respectively.

Exhibit 21. Commercial projects in pipeline

Project	Area ('000 sq ft)	Expected rentals (INR psf per month)
Powai Commercial	688.9	125
Bengaluru	432.3	45
Total Commercial	**1,121.2**	

Source: Company, JM Financial

Successful renegotiation of the contracts with operator

- Chalet has successfully renegotiated with Marriott for the brand change in the Renaissance Hotel and Marriott Executive Apartments to Westin Hotels & Residences. Westin is positioned at a premium to the Renaissance brand. With the change in the brand, there will be an uptick in the ARR.
- Further, Chalet has received an in principle approval for the extension of contract at Westin Hyderabad with a reduction in the fee.
- Chalet has an upcoming opportunity to renegotiate the contract in the Four Points Sheraton Vashi which is due for renewal in Dec'21.

Opportunistic acquisitions could improve growth further

Post the equity issue Chalet's net debt to EBITDA ratio has declined from 8.5x in FY18 to 4.2x in FY19E. Going forward, ramp up in the ARR / occupancy and incremental revenue / EBITDA from Sahar commercial / retail operations will help Chalet pare down debt. We believe, Chalet is well placed to capitalise on acquisition opportunities arising in the hotel industry.

Experienced Management Team

Chalet's senior management includes industry experts with significant experience across functions such as finance, legal, projects and design, asset management, hospitality and logistics. The MD and CEO, Mr Sanjay Sethi has three decades of experience in the hospitality industry. Further, the Executive Director and CFO, Mr Rajeev Newar has over 26 years of experience in finance and management. The promoters, Mr Ravi Raheja and Mr Neel Raheja have been instrumental in the growth of hospitality and retail business and actively advise on finance, corporate strategy and planning.

- Sanjay Sethi: He is the managing director and chief executive officer. He holds a diploma in hotel management, catering and nutrition from IHM Pusa. Prior to joining the company, he worked with ITC Limited as the chief operating officer for the hotels division, with Berggruen Hotels Pvt Ltd as the managing director and chief operating officer, and with the Indian Hotels Company Limited as a general manager for their hotel properties. He has 30 years of experience in hospitality.
- Rajeev Newar: He is an executive director and chief financial officer. He holds a bachelor's degree in commerce from University of Calcutta. He is a chartered accountant registered with Institute of Chartered Accountants of India and has been admitted as an associate with Institute of Company Secretaries of India. Prior to joining the company, he has experience of leading transformational initiatives with companies like Indian Hotels Company Ltd. He has over 26 years of experience in finance and management.

Backed by K. Raheja Corp group

Chalet, a part of the K. Raheja Corp group, benefits from the confidence of lenders, commercial partners, vendors. 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 Chalet leverages to identify suitable locations and opportunities. Chalet further leverages the experience and relationships of these companies with construction companies to develop hotels at optimal cost and quality.

Further, Chalet's four out of five operating hotels are part mixed-use developments which help draw benefits from the synergy.

Chalet Hotels - An Overview

Chalet, a part of K. Raheja Corp group, is an owner, developer and asset manager of high end hotels in key metros. The portfolio comprises five operating hotels across Mumbai, Hyderabad and Bengaluru with 2,328 keys. It has associated the hotels with brands owned by Marriott. It has entered into agreements with Marriott. These agreements give Chalet, access to Marriott's management expertise, industry best practices, online reservation systems, marketing strategies, systems and processes, human resources and operational know-how. Four of the hotels are part of mixed use developments benefiting from the captive clientele. Chalet opened the first hotel "Renaissance" at Powai in 1999 followed by the opening of Marriott Executive Apartments in Powai in 2001.

Operational Assets

Chalet's operational portfolio comprises of five high end hotels with 2,328 keys located across Mumbai, Bengaluru and Hyderabad. The hotels are associated with brands held by Marriott. These properties are located strategically with high barriers-to-entry and in high density business districts. Additionally, the company has commercial and retail assets with aggregate area of 0.87 msf in the portfolio. These assets are located in the vicinity of the existing hotels.

Exhibit 22. Portfolio snapshot

	Operating	Pipeline
Hospitality (Keys)		
Mumbai Metro Region	1510	410
Bengaluru	391	
Hyderabad	427	178
Total	**2328**	**588**
Commercial ('000 sf)		
Mumbai Metro Region	374.4	688.9
Bengaluru	109.2	432.3
Total Commercial	**483.6**	**1,121.2**
Retail ('000 sf)		
Mumbai Metro Region	123.1	
Bengaluru	260.3	
Total Retail	**383.4**	

Source: Company

Hospitality Business

Chalet's one of the five operating hotels is owned and operated by the company on a franchise model while other four hotels are operated by Marriott through management contracts.

Exhibit 23. Hotels managed by Third Party Hotel Operators

Hotel Name	Segment	Location and area	No. of keys	Month of Opening	Ownership Interest	Date of Expiry of Term	FY18 Pre-Tax RoCE (%)
Hotels managed by Marriott							
JW Marriott Sahar	Luxury-Upper Upscale	Sahar, Mumbai; 14. 55 acres	585	Feb'15	Freehold, 100.00% ownership	31Mar'35	5.4%
Marriott Bengaluru	Luxury-Upper Upscale	Whitefield, Bengaluru; 9.76 acres	391	Feb'13	Freehold, 100.00% ownership	31Mar'33	20.0%
Westin Hyderabad	Luxury-Upper Upscale	Mindspace, Hyderabad; 3.10 acres	427	Dec'09	Freehold, 100.00% ownership	31Dec'21	30.3%
Renaissance Powai	Luxury-Upper Upscale	Powai, Mumbai; 15.00 acres	773	Jul'01	Freehold, 100.00% ownership	31Mar'20	10.7%
Hotel Operated by Chalet							
Four Points by Sheraton Vashi	Upscale	Vashi, Navi Mumbai	152	Jun'09	Leasehold	Dec'21	36.8%

Source: Company

Asset-wise KPIs

JW Marriott, Sahar – KPI

- JW Marriott has witnessed a speedy ramp up after it became operational in Feb'15. The average annual occupancy has reached c.73% in FY18; 73.77% in 1HFY19. We expect occupancies to cross 80% in FY21E.

Exhibit 24. KPI - JW Marriott Sahar

JW Marriott, Sahar Mumbai	FY16	FY17	FY18	1HFY19	FY19E	FY20E	FY21E	Growth over FY18-21E (CAGR)
No. of available keys	585	585	585	585	585	585	585	
ARR (INR)	7,735	8,259	8,499	8,323	8,797	9,324	9,977	6%
Growth (% YoY)		6.8%	2.9%		3.5%	6.0%	7.0%	
Average Occupancy (%)	45.72%	65.13%	73.16%	73.77%	75.00%	79.00%	81.00%	784 bps
Rev PAR (INR)	3,537	5,379	6,218	6,140	6,597	7,366	8,081	9%
Total Operating Revenues (INR mn)	1,494	2,048	2,423	1,206	2,577	2,878	3,157	10%
Operating expenses (INR mn)	1,117	1,351	1,446	984	1,566	1,666	1,762	7%
EBITDA Margins (%)	**25%**	**34%**	**40%**	**18%**	**39%**	**42%**	**44%**	**421 bps**

Source: Company, JM Financial, Industry

Marriott Hotel, Bengaluru

- Marriott Bengaluru witnessed a drop in the ARR in FY18. We are expecting the occupancies to cross 80% by FY21E and ARRs to grow by 4% CAGR over FY18-21E

Exhibit 25. KPI – Marriott Bengaluru

Marriott Bengaluru	FY17	FY18	1HFY19	FY19E	FY20E	FY21E	Growth over FY18-21E (CAGR)
No. of available keys	324	391	391	391	391	391	
ARR (INR)	8,968	8,620	8,442	8,458	9,025	9,712	4%
% YoY		-3.9%		-1.9%	6.7%	7.6%	
Average Occupancy (%)	74.32%	74.79%	78.06%	77.63%	79.28%	80.94%	615 bps
Rev PAR (INR)	6,665	6,447	6,590	6,565	7,155	7,861	7%
Total Operating Revenues (INR mn)	1,254	1,477	755	1,586	1,721	1,882	8%
Operating expenses (INR mn)	789	805	564	880	927	985	7%
EBITDA Margins (%)	**37%**	**46%**	**25%**	**45%**	**46%**	**48%**	**214 bps**

Source: Company, JM Financial, Industry

Westin Hyderabad

- Westin Hyderabad saw an aggressive ramp up in the occupancies growing from c.65% in FY16 to c.71% in FY18; 75.83% in 1HFY19. However the ARRs have grown only marginally during the period. We expect the ARRs/Occupancies to grow strong at 6% CAGR/959 bps over FY18-21E

Exhibit 26. KPI – Westin Hyderabad

Westin Hyderabad	FY16	FY17	FY18	1HFY19	FY19E	FY20E	FY21E	Growth over FY18-21E (CAGR)
No. of available keys	427	427	427	427	427	427	427	
ARR (INR)	7,654	7,792	7,973	7,793	8,331	8,831	9,450	6%
% YoY		1.8%	2.3%		4.5%	6.0%	7.0%	
Average Occupancy (%)	65.72%	68.64%	71.41%	75.83%	75.00%	78.00%	81.00%	959 bps
Rev PAR (INR)	5,030	5,349	5,694	5,910	6,249	6,888	7,654	10%
Total Operating Revenues (INR mn)	1,376	1,450	1,526	796	1,685	1,868	2,088	11%
Operating expenses (INR mn)	835	868	889	453	937	1,006	1,078	7%
EBITDA Margins (%)	**39%**	**40%**	**42%**	**43%**	**44%**	**46%**	**48%**	**662 bps**

Source: Company, JM Financial, Industry

Renaissance Powai

- Occupancy in the property has been subdued in FY16-17 on account of phased renovation undertaken in the asset. We are incorporating 7% CAGR in ARR over FY18-21E and occupancy improvement of 461 bps over the same period

Exhibit 27. KPI - Renaissance Powai

Renaissance Powai & Serviced Residences	FY16	FY17	FY18	1HFY19	FY19E	FY20E	FY21E	Growth over FY18-21E (CAGR)
No. of available keys	759	773	773	773	773	773	773	
ARR (INR)	7,757	7,540	7,215	7,119	7,538	7,997	8,740	7%
% YoY		-2.8%	-4.3%		4.5%	6.1%	9.3%	
Average Occupancy (%)	63.33%	63.83%	69.18%	70.62%	72.57%	72.01%	73.79%	461 bps
Rev PAR (INR)	4,913	4,813	4,991	5,027	5,470	5,759	6,449	9%
Total Operating Revenues (INR mn)	2,282	2,288	2,459	1,225	2,639	2,784	3,115	8%
Operating expenses (INR mn)	1,475	1,470	1,578	796	1,642	1,721	1,837	5%
EBITDA Margins (%)	**35%**	**36%**	**36%**	**35%**	**38%**	**38%**	**41%**	**523 bps**

Source: Company, JM Financial, Industry

Four Points by Sheraton Vashi

- Vashi has the highest occupancies amongst the portfolio assets. We expect the ARRs to improve by 6% CAGR over FY18-21E and Occupancies to improve marginally by 190bps over same period.

Exhibit 28. KPI - Four Points by Sheraton Vashi

Four Points by Sheraton	FY16	FY17	FY18	1HFY19	FY19E	FY20E	FY21E	Growth over FY18-21E (CAGR)
No. of available keys	150	150	152	152	152	152	152	
ARR (INR)	6,494	6,326	6,436	6,887	6,725	7,129	7,628	6%
% YoY		-2.6%	1.7%		4.5%	6.0%	7.0%	
Average Occupancy (%)	86.42%	86.14%	88.10%	89.10%	90.00%	90.00%	90.00%	190 bps
Rev PAR (INR)	5,612	5,449	5,670	6,137	6,053	6,416	6,865	7%
Total Operating Revenue (INR mn)	492	492	511	263	551	584	625	7%
Operating expenses (INR mn)	306	304	292	163	307	323	341	5%
EBITDA Margins (%)	**38%**	**38%**	**43%**	**38%**	**44%**	**45%**	**45%**	**247 bps**

Source: Company, JM Financial, Industry

Commercial and Retail

The company has developed two commercial projects with c.0.86msf adjacent to the hotel properties. The Company's longstanding relationship with corporate clients and retail brands helps in securing retail clients for new developments, thereby mitigating the risks from inability to secure corporate or retail clients for large commercial and retail spaces.

Exhibit 29. Commercial and retail projects

Project Name	Location	Leasable Area (msf)
Business Centre	Sahar, Mumbai	0.37
The Orb – Retail	Sahar, Mumbai	0.12
Whitefield, Bengaluru – Commercial	Whitefield, Bengaluru	0.11
Inorbit Mall, Whitefield, Bengaluru – Retail	Whitefield, Bengaluru	0.26

Source: Company

Commercial and Retail KPI

- The IT building in Bengaluru is yielding a rental of INR 45/sf per month. Inorbit mall in the Bengaluru earned revenue of INR 174.47mn in FY17 and INR 185.8mn in FY18.
- Chalet has leased the commercial space in Sahar Mumbai at a monthly rental of INR 135/sf with an escalation of c.4.5% annually to WPP. We expect a normalised revenue of INR 600mn from the property with EBITDA margins of >90%
- In addition, Chalet's retail space in Sahar is expected to yield rentals of INR 130mn with EBITDA margins of >55%

Exhibit 30. KPI – Commercial/Retail Assets

	FY17	FY18
	IT Building Bengaluru	
Leasable Area (Sq ft)	1,09,228	1,09,228
Leased Area (Sq ft)	1,09,228	1,09,228
Occupancy (%)	100%	100%
Revenue (INR mn)	58.69	54.98
	Inorbit Mall Bengaluru	
Leasable Area (Sq ft)	2,59,599	2,60,948
Leased Area (Sq ft)	2,23,304	2,32,607
Occupancy (%)	86%	89%
Revenue (INR mn)	174.47	185.8

Source: Company

Revenue EBITDA proportion

Major portion of the total revenue is accounted by the Hospitality business (96.1%/90.3% of the total revenue in FY18/1HFY19). While majority of EBITDA is contributed by the hospitality segment, we expect the contribution of retail and commercial to increase on account of operationalization of Sahar retail and commercial and under construction properties in Powai and Bengaluru.

Exhibit 31. Segmental contributions to revenue and EBITDA

	FY16		FY17		FY18		1HFY19	
	INR mn	as a % of Revenue	INR mn	as a % of Revenue	INR mn	as a % of Revenue	INR mn	as a % of Revenue
Hospitality	5,644	98.5%	6,806	96.4%	8,395	96.1%	4,244	90.3%
Room Revenue	3,216	56.1%	3,961	56.1%	4,856	55.6%	2,472	52.6%
Food, beverage and smokes	2,031	35.4%	2,327	33.0%	2,822	32.3%	1,382	29.4%
Other Hospitality	397	6.9%	517	7.3%	717	8.2%	390	8.3%
Retail/commercial	8	0.1%	142	2.0%	241	2.8%	170	3.6%
Real Estate	77	1.4%	111	1.6%	102	1.2%	285	6.1%
Revenue from Operations (INR mn)	**5,729**	**100.0%**	**7,059**	**100.0%**	**8,738**	**100.0%**	**4,699**	**100.0%**
EBITDA	INR mn	as a % of EBITDA	INR mn	as a % of EBITDA	INR mn	as a % of EBITDA	INR mn	as a % of EBITDA
Hospitality	2,006	142%	2,791	115%	3,599	114%	1,375	119%
Retail & commercial	4	0%	27	1%	53	2%	23	2%
Real Estate	-324	-23%	-230	-9%	-189	-6%	-59	-5%
Other Corporate overheads	-351	-25%	-219	-9%	-361	-11%	-182	-16%
Exceptional - provision for cancellation	72	5%	68	3%	54	2%	0	0%
Total EBITDA (INR mn)	**1,408**	**100%**	**2,436**	**100%**	**3,157**	**100%**	**1,158**	**100%**

Source: Company, JM Financial

Pipeline Assets

Additionally, Chalet has a pipeline of 588 keys across three properties in Mumbai and Hyderabad.

- 260 keys are being developed in the Mindspace campus in Airoli. This hotel is expected to be branded as Hyatt Regency
- 150 keys are being developed in Powai, adjacent to the existing Renaissance Hotel and Marriott Executive Apartments. This hotel is expected to be branded as W Hotel
- 178 keys are being developed in the Mindspace campus in Hyderabad. This hotel is adjacent to the existing Westin Hotel. The hotel is expected to be branded as Westin Hotel

Exhibit 32. Hotel projects under development

Project	No. of keys	Expected Month of opening	Our Ownership Interest	Type of contract
Westin Hyderabad	178	Apr-21	Leasehold Rights	Management contract
Hyatt Regency Airoli	260	Sep-21	Leasehold Rights	Franchise Contract
W Hotel Powai	150	Sep-21	100% ownership	Management Contract

Source: Company

Further, Chalet has commercial assets with the aggregate area of 1.12msf under development.

Exhibit 33. Commercial and retail projects under development

Project Name	Leasable Area (sq. ft.)	Expected Month of commencement	Ownership Interest
IT Building Phase II, Bengaluru	4,32,332	Mar'21	Freehold, 100% ownership
Powai Office Block, Mumbai	6,88,896	Sep'21	Freehold, 100% ownership

Source: Company

Residential projects

- Hyderabad - Chalet has a residential project in Madhapur Hyderabad. Chalet has already sold 0.19msf of area out of the total saleable area of 0.20msf (94% sold).
- Bengaluru – Chalet has a residential project situated at Koramangala Industrial Layout, Bengaluru. The property is located within the proximity of an aerodrome operated by the Hindustan Aeronautics Limited (HAL) and is under litigation

Bengaluru Project Litigation

- Chalet's residential project in Bengaluru is located within the proximity of an aerodrome operated by the Hindustan Aeronautics Limited (HAL). HAL granted the NOC for Chalet's project on 28 Oct'11 for the development of a 17 floor residential building with height up to 62 meters on this basis Chalet started development of Koramangala project and have allotted apartments to several customers.
- Thereafter, NOC granted was cancelled by HAL on 16Aug'13. At the time, five wings with 17 floors had been constructed up to the height of 62 meters and more than 200 apartments had been allocated to the customers. Subsequently, Chalet filed a writ petition before the Karnataka High Court (HC) challenging the cancellation of NOC. HC passed an interim order directing Chalet not to modify / alter / renovate / develop the Property above 40 meters from ground level and not to sell any portion of the Property above 40 meters. HC passed a further order directing the Airport Authority of India (AAI) to conduct an aeronautical study of the Bengaluru aerodrome.
- AAI's report confirmed that full height of the completed building-wings up-till then was permissible as it did not adversely affect aircraft operations. The writ petition is currently pending before the HC. Customers have been offered an option either to sell the allotted apartment back to continue and accept certain goodwill compensation.
- Chalet has made provision for impairment of super structure of INR 351mn and expected cost of alteration of super structure of INR 250mn, provision for mitigation program compensation of INR 421mn in relation to potential cancellations (net of compensation already provided for), impact of revised estimated cost of completion of the project on the net realisable value of inventory resulting in write down of INR 94mn.
- In case all the buyers of flats above the 10th floor decide to exercise exit option, Chalet may have to refund INR 944mn which is presently being accounted for as an advance from customers.
- Promoters of Chalet have signed the subscription agreement with the company. Promoters have agreed subscribe to 20,000, 20 years zero coupon non-cumulative non-convertible redeemable preference shares amounting to INR 2bn. These funds will be used to meet all costs, liabilities pertaining to the residential project in Bengaluru. Chalet as on Sep'18 has drawn down INR 176.82mn.

Key Business Strategies

- Active asset management: Focus on cost efficiency of the portfolio hotels has led to the asset management strategy. Some of the initiatives under active asset management are:
  - Optimal utilisation of hotel space to maximise and diversify revenues; increasing revenue share of food and beverage, meeting rooms, club floors, conferences, events and commercial and retail space
  - Upgrade of facilities for a best-in-class experience
  - Improvement in staff productivity and efficiency through training and learning exercises and use of technology
  - Energy saving and exploring shared service initiatives
  - Optimal utilisation of hotel lobby and reception areas through leasing opportunities for luxury products
- Opportunistic and accretive acquisitions: Current consolidation in the hospitality industry provides an opportunity to acquire assets at reasonable prices. Acquisition opportunities will be looked at if:
  - Helps in the consolidation of position in strategic micro-markets in key metro cities,
  - Helps expansion into newer geographies across India which typically attracts significant traffic from business and leisure travellers in NCR, Bengaluru, Pune, Chennai and Goa.
  - Provides opportunities of achieving operating leverage by unlocking potential efficiency and synergy benefits
- Opportunity for reflagging or renegotiation of hotel operation contracts: Given the limited supply over the next few years, the company will be better able to renegotiate terms with operators.

Management Profile

- Ravi Raheja: He is the promoter and a non-executive director of Chalet. He holds a bachelor's degree in commerce from the University of Mumbai and a master's degree in business administration from the London Business School. He is also the group president of K. Raheja Corp. Group. He has 22 years of experience across the real estate, hotel and retail industries.
- Neel Raheja: He is the promoter and a non-executive director of Chalet. He holds a bachelor's degree in law and a master's degree in commerce from the Mumbai University. He has also completed the owner / president management programme from Harvard Business School. He is also the group president of K. Raheja Corp. Group. He has been instrumental in the diversification of the K. Raheja Corp Group's business from real estate development to retail and hospitality for the last two decades. He has 20 years of experience across the real estate, hospitality and retail industries.
- Sanjay Sethi: He is the managing director and chief executive officer of Chalet. He holds a diploma in hotel management, catering and nutrition from IHM Pusa. Prior to joining the Company, he worked with ITC Limited as the chief operating officer for their hotels division, Bergguren Hotels Private Limited as the managing director and chief operating officer, and with the Indian Hotels Company Limited as a general manager to their hotel properties. He has 30 years of experience in hospitality.
- Rajeev Newar: He is an executive director and chief financial officer of Chalet. He holds a bachelor's degree in commerce from University of Calcutta. He is a chartered accountant registered with Institute of Chartered Accountants of India and has been admitted as an associate with Institute of Company Secretaries of India. Prior to joining the Company, he has experience of leading transformational initiatives with companies like Indian Hotels Company Ltd. He has over 26 years of experience in finance, management.

Financial Analysis

Hospitality – ARR / Occupancies to drive revenue/margin expansion

- Chalet hospitality revenues in FY18 grew by 23% on the back of; i) ramp up in the occupancies of JW Marriott Sahar, Renaissance Powai and Westin Hyderabad; ii) Increase in the number of operational rooms in Marriott Bengaluru and Four points Sheraton. Going forward we are building in the occupancy increase of c.6-7 percentage points over FY18-21E and ARR increase of 5% CAGR over the same period.
- EBITDA margin for hospitality segment improved from 34% in FY16 to 40% in FY18. Going forward we expect the margins for the hospitality segment to improve to 45% in FY21 on improving operating leverage on account of occupancy increase and ARR improvement.
- Average occupancy over FY21-24E would decline marginally on account of opening of new properties
- We expect the hospitality EBITDA to grow at 13% CAGR over FY18-21E and by c.19% CAGR over FY21-24E

Exhibit 34. Occupancy/ARR drive revenue and margin expansion

Consolidated Hospitality KPI	FY16	FY17	FY18	1HFY19	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	CAGR FY18-21	CAGR FY21-24
No of Available keys	1,921	2,259	2,328	2,328	2,328	2,328	2,328	2,916	2,916	2,916		
ARR (INR)	7,586	7,835	7,856	7,757	8,091	8,604	9,275	9,934	10,719	11,570	5.7%	7.6%
Growth (% YoY)		3.3%	0.3%		3.0%	6.3%	7.8%	7.1%	7.9%	7.9%		
Average Occupancy (%)	60.3%	67.3%	72.8%	74.8%	75.6%	77.3%	79.2%	73.2%	76.4%	77.9%	641 bps	-124 bps
Rev PAR (INR)	4,574	5,275	5,717	5,804	6,118	6,648	7,345	7,271	8,193	9,018	8.7%	7.1%
Operating Revenue (INR mn)	5,644	6,807	8,395	4,244	9,038	9,835	10,866	12,691	15,088	16,655	9.0%	15.3%
Operating Expenses (INR mn)	3,733	4,331	4,996	2,958	5,332	5,644	6,003	6,895	7,977	8,575	6.3%	12.6%
EBITDA (INR mn)	**1,911**	**2,476**	**3,399**	**1,286**	**3,706**	**4,191**	**4,863**	**5,796**	**7,111**	**8,079**	**12.7%**	**18.4%**
EBITDA Margins (%)	**34%**	**36%**	**40%**	**30%**	**41%**	**43%**	**45%**	**46%**	**47%**	**49%**	**427 bps**	**376 bps**

Source: Company, JM Financial

Retail/Commercial – Incremental contribution from Sahar retail & commercial

- Incremental rentals on opening of Sahar retail and commercial properties will contribute to incremental EBITDA
- Further, opening of the commercial properties in Powai and Bengaluru will aid the lease rental and EBITDA
- We expect Chalet to report an EBITDA growth of 21% over FY18-21E with margins expanding from 35% in FY18 to 45% in FY21

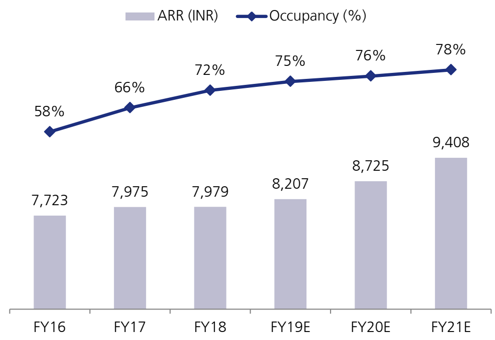
Exhibit 35. Retail/commercial contribute to incremental EBITDA

Retail/Commercial	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	CAGR FY19-24
Leasable Area ('000 sq ft)	867.62	867.62	867.62	1,988.84	1,988.84	1,988.84	
Occupancy (%)	41%	70%	97%	77%	93%	97%	
Total Revenue (INR mn)	292	724	1,131	1,717	2,465	2,675	55.7%
EBITDA (INR mn)	49	441	831	1,364	2,054	2,267	115.2%

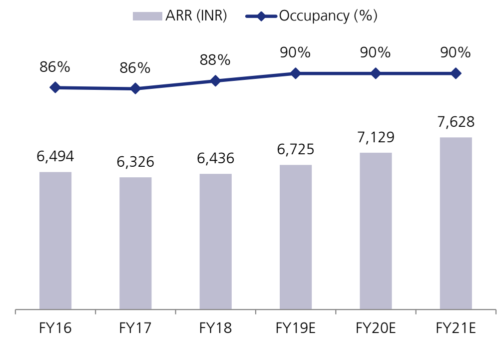
Source: Company, JM Financial

Exhibit 36. Occupancy/ARR to drive revenues and margin expansion

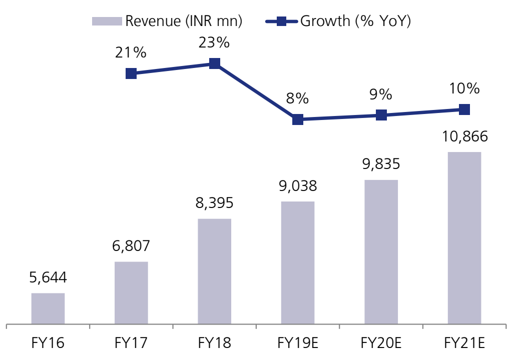
Occupancy/ARR improvements for hotels managed by Marriott



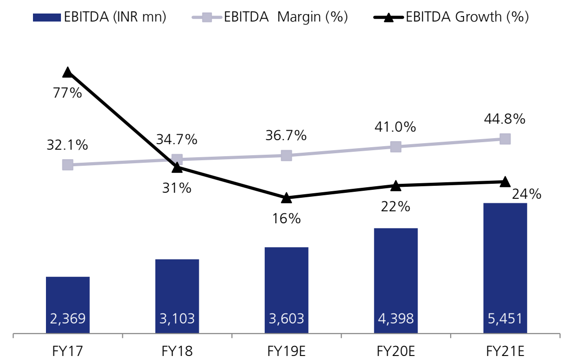
Occupancy/ARR improvement for hotel managed by Chalet



Hospitality revenues to grow on ARR/Occupancy improvement



EBITDA CAGR of 21%; Margins improving from 35% in FY18 to 45% in FY21E



Source: Company, JM Financial

Segmental

- Hospitality - We expect the revenue and EBITDA from the Hospitality segment to grow at c.9% and c.13% CAGR over FY18-21E.
- **Retail / commercial to aid EBITDA growth** - Leasing in retail and commercial assets in Sahar has started. We expect the Income from these assets will start from FY20.
- FY18 EBITDA for the hospitality segment was INR 3.6bn. Chalet's reported EBITDA however was INR 3.15bn on account of losses incurred in residential segment and other corporate overheads
- Exceptional item in FY17 and FY19 was on account of provision for estimated cost in relation to potential cancelation of residential apartments

Exhibit 37. Steady operating growth expected over FY19-21 on back of ARR/Occupancy improvement

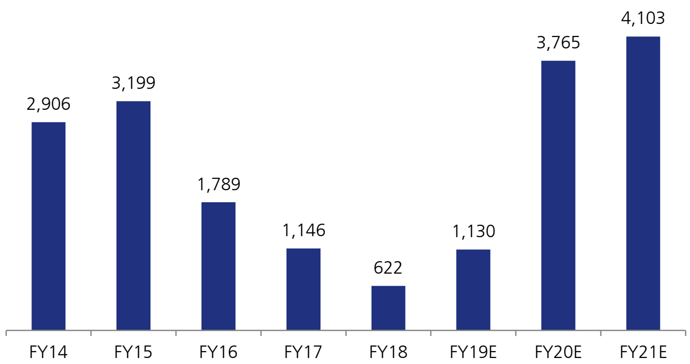
Segmental	FY17	FY18	FY19E	FY20E	FY21E	CAGR over FY18-21E
Revenues						
Hospitality	7,122	8,595	9,218	10,015	11,046	8.7%
Retail/Commercial	141	241	292	724	1,131	67.5%
Residential	111	102	313	0	0	
Total Revenues	**7,374**	**8,938**	**9,823**	**10,739**	**12,177**	**10.9%**
EBITDA						
Hospitality	2,791	3,599	3,886	4,371	5,043	11.9%
Hospitality EBITDA Margins (%)	39%	42%	42%	44%	46%	
Retail/Commercial	27	53	49	441	831	149.9%
Retail/Commercial EBITDA Margins (%)	19%	22%	17%	61%	73%	
Residential	-230	-189	-82	-139	-120	
Overheads	-219	-361	-250	-275	-303	
Total EBITDA	**2,369**	**3,104**	**3,603**	**4,398**	**5,451**	**20.7%**
EBITDA Margin (%)	32.1%	34.7%	36.7%	41.0%	44.8%	
Exceptional	68	54	0	0	0	

Source: Company, JM Financial

INR 9bn capex expected over FY19-21E

- FY14-15 witnessed a cash outflow on the capex on Sahar property. Going forward we expect the major capex to be incurred between FY20-22 on account of the construction of 3 hotels, 2 commercial blocks and Powai hotel renovation in the pipeline.
- We are building in renovation at INR 1.5mn per room for Renaissance renovation and INR 250mn for renovation of lobby

Exhibit 38. Capex (INR mn)

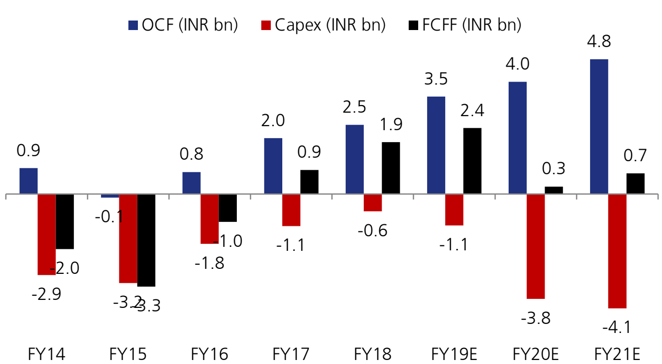


Source: Company, JM Financial

Cash Flows – INR 12.3bn of OCF over FY19-21E

- We expect the company to generate INR 12.3bn of operating cash flow over FY19-21E, which will be used to fund the on-going capex on the projects in the pipeline

Exhibit 39. Cash flows



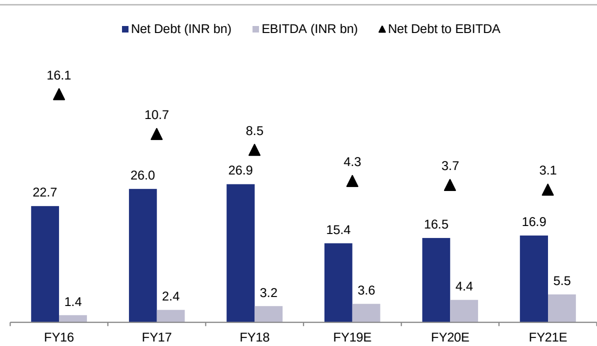
Source: Company, JM Financial

Net Debt – Declining net debt to EBITDA gives headroom for expansion

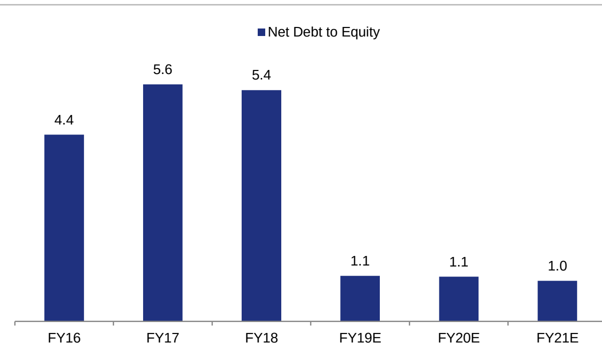
- Post the primary issue, net debt has declined from INR 26.9bn to INR 15.4bn with Net Debt to EBITDA ratio declining from 8.5x to 4.3x (estimated). We expect debt to remain at the comfortable level as the capex will be funded by the operating cash flows.

Exhibit 40. Net debt to remain stable

Equity infusion helped pare down debt



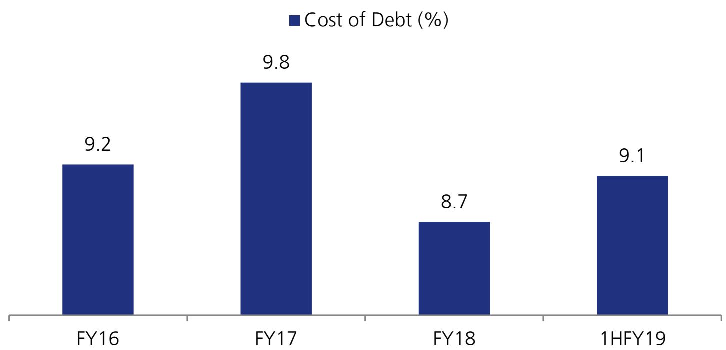
Net Debt to Equity at a comfortable level



Source: Company, JM Financial

The cost of debt will increase marginally on account of reduction in exposure to External Commercial Borrowings.

Exhibit 41. Average cost of debt

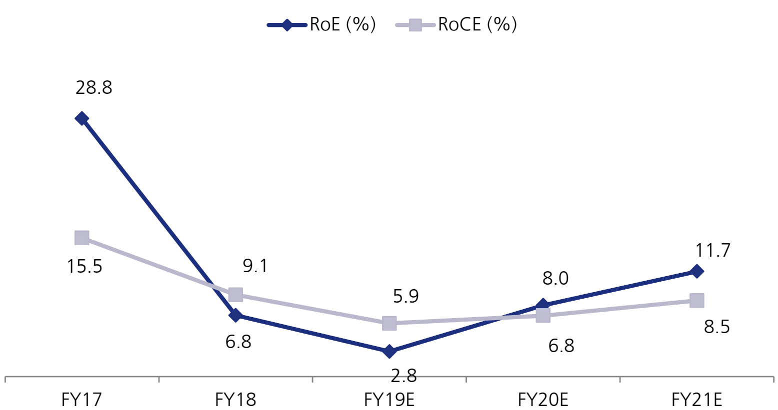


Source: Company, JM Financial | Excluding exchange (gain)/loss

Return Profile

- We expect the company level RoCE profile to improve with the hospitality margin improvement and incremental income from retail and commercial assets

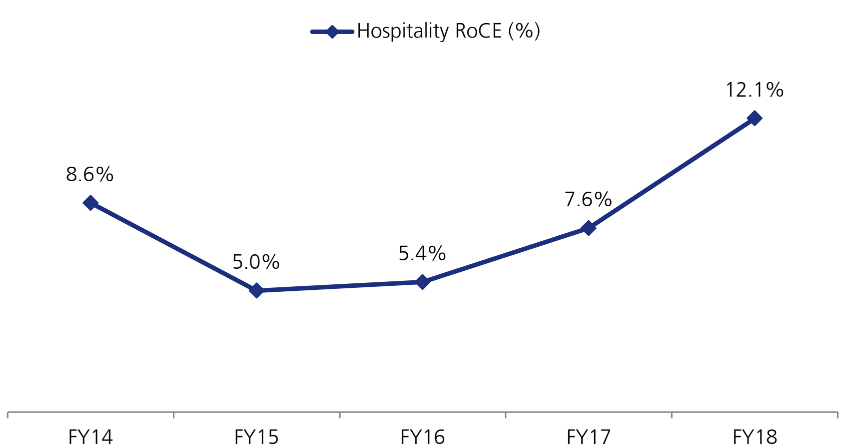
Exhibit 42. Chalet - return profile



Source: Company, JM Financial

- Hospitality segment pre-tax RoCE has improved consistently post FY15. It has improved to 12.1% in FY18 from the bottom of 5% in FY15

Exhibit 43. Hospitality segment return profile



Source: Company, JM Financial

Valuation

- **We initiate with BUY and a TP of INR 400 (Mar'20):** We value Chalet's existing operational assets, discounting cash flows from the assets.
- We are factoring in an ARR growth of 7-8% and Occupancy increase as the industry witnesses up-cycle.
- We are using 11% weighted average cost of capital for the existing asset and 12% for the upcoming assets.
- We are building in exit ARR growth of 5% for Hospitality business and 8% exit cap rate for commercial/retail assets.
- Present value of the corporate overheads has been reduced from the enterprise value.

Exhibit 44. Valuation table (INR mn)

Hospitality	EV	Contribution to EV (%)	FY21 EBITDA	EV/EBITDA (x)	Keys	EV/Key (INR mn)
Operational						
Renaissance Powai and Marriott Executive Apartments	19,997	20%	1,278	15.6	773	25.9
JW Marriott Sahar	21,719	22%	1,420	15.3	585	37.1
Four Points by Sheraton Vashi	4,920	5%	284	17.3	152	32.4
Westin Hyderabad	14,813	15%	1,010	14.7	427	34.7
Marriott Bengaluru	13,806	14%	897	15.4	391	35.3
Operational Hospitality - Total	**75,255**	**76%**	**4,888**	**15.4**	**2,328**	**32.3**
Under-Construction/Upcoming						
W Hotel Powai	2,177	2%			150	14.5
Hyatt Regency Airoli	3,594	4%			260	13.8
New Westin Hyderabad	3,504	4%			178	19.7
Under-constuction Hospitality Total	**9,275**	**9%**			**588**	**15.8**
Hospitality Total	**84,531**				**2,916**	**29.0**
Retail/Commercial	**EV**	**Contribution to EV (%)**	**FY21 NOI**	**Cap rate**		
Operational						
Bengaluru Mall	1,544	2%	128	8.3%		
Sahar Retail	835	1%	68	8.2%		
Bengaluru IT Building	596	1%	51	8.6%		
Sahar Commercial	7,049	7%	583	8.3%		
Operational Retail/Commercial Total	**10,025**	**10%**	**831**	**8.3%**		
Under construction/Upcoming						
Commercial Powai	6,846	7%				
Bengaluru Phase II	2,334	2%				
Upcoming Retail/Commercial Total	**9,180**	**9%**				
Retail/Commercial Total	**19,205**	**19%**				
Present value of overheads	-4,977	-5%				
Enterprise Value	**98,759**	**100%**				
Net Debt	16,674					
Equity Value	**82,085**					
Shares outstanding	205.02					
Target Price	**400**					

Source: Company, JM Financial

Valuation Comps

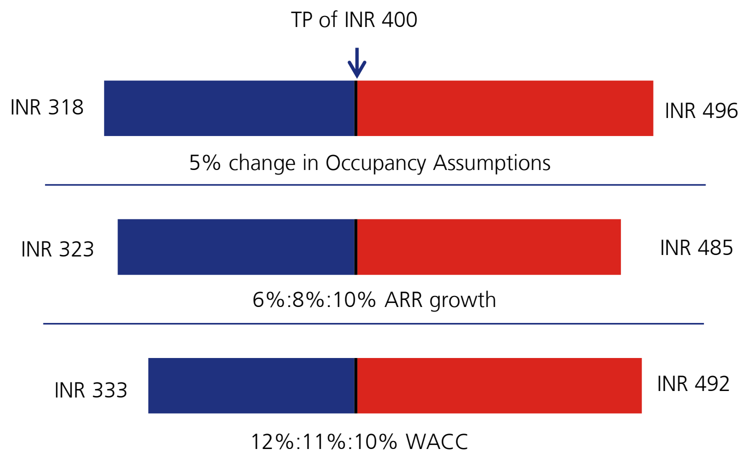
Exhibit 45. Comparable valuations

Valuation Table	Market Cap	Minority Interest	Net Debt	EV	EV/EBITDA			RoCE		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E
Chalet Hotels Limited	64,777		15,436	80,213	21.97	18.15	14.65	5.84	7.07	8.75
Indian Hotels	1,78,864	7,671	18,478	2,05,014	24.15	20.33	17.15	5.36	6.71	8.25
EIH Limited	1,14,171		2,757	1,16,928	27.21	24.31	24.73	7.49	7.97	8.46
Lemon Tree Hotels	63,657	4,295	9,340	77,292	40.97	27.02	20.21	4.19	6.89	9.72

Source: Company, JM Financial, Industry

Valuation Sensitivity

Exhibit 46. Valuation Sensitivity



Source: JM Financial

Risks

Vashi Hotel under litigation

- Chalet's Four Points by Sheraton Vashi is on leasehold land allotted, K Raheja Corp Private Limited (KRCPL) by CIDCO. In terms of the agreements of Chalet with KRCPL, it is entitled to occupy and operate hotel at the premises. However, allotment of the land to KRCPL by CIDCO has been challenged in two public interest litigations (PIL) filed in Bombay High Court. The court held the allotment to be illegal, arbitrary and in violation of Article 14 of the Constitution of India and directed KRCPL to hand over vacant possession of the land to CIDCO. KRCPL filed a special leave petition before the Supreme Court against the order of the High Court. The Supreme Court has directed the parties to maintain status-quo and a petition is currently pending before the Supreme Court.
- Four Points by Sheraton contributed 6%/7% to the Chalet's revenue / EBITDA in FY18.

Pledge

47.02mn (23%) shares of Chalet have been pledge by the promoters in favour of HDFC limited to secure borrowings availed by certain of promoters. In case the lender chooses to invoke the pledge, shareholding of the promoters will be reduced and may result in impact on the share price.

Risk of Competition

- **Mumbai** - The supply of Luxury-upper upscale hotels is expected to arise in north and central Mumbai, with upscale supply to come up predominantly in the north Mumbai, north-eastern Mumbai and Navi Mumbai areas.
- **Bengaluru** – Bengaluru witnessed a new supply of 360 rooms in Apr'18 and 280 rooms are expected to be added over the next two months. New supply will have short to medium term impact on hotels in the micro market.
- **Hyderabad** - Moderate supply growth of 1,489 rooms is expected by the financial year 2022, with 271 rooms in luxury-upper upscale segment and 670 rooms in the upscale segment. 271 rooms of ITC hotel in competitive zone of Westin Hyderabad Mindspace.

Annexures

I - Key Agreements-

Hotel operation agreements and related agreements

The company benefits from the operations contracts with Marriott for brands like JW Marriott, Marriott, Marriott Executive Apartments, Renaissance and Westin. Additionally, the company enters

- License and royalty agreements for the use of brands and trademarks,
- International marketing programme participation agreements,
- Technical services agreements or consultancy agreements,
- Training and computer systems agreements or operating support agreements with the hotel operator.

License and Related Agreements

The company has entered into a centralised services agreement and international license agreement with Luxury Hotels International of Hong Kong Limited for the brand Four Points by Sheraton, together with a centralised services agreement with Marriott. The agreement provides access to Four Points by Sheraton brand and network, industry best practices, online reservation systems and websites, marketing strategies (loyalty, sales and marketing programs), systems and processes and operational know-how. The hotel pays periodic license fees for the use of certain trademarks, administrative fees, etc expressed either as a fixed amount or as a percentage of gross revenue.

Royalty payments

For stabilised hotels, management fees range from 2.5-4.5% of the total hotel revenue. This translates to 7-11% of the hotel level EBITDA

Exhibit 47. Royalty Payments to the Manager

Royalty Payments	Rate (%)	
Base Royalty	1.5%-2.5%	of Gross Room Rentals
Incentive Royalty	5.0%-7.0%	of Gross Operating Profit
Operating Fee	0.25%-0.75%	of Gross Room Rentals
Sales and Marketing Expenses	1.0%-2.0%	of Gross Room Rentals

Range of payment to the Manager		
Gross Room Rentals	100	100
Other Revenue	80	80
Base Royalty	1.50	2.50
Operating fees	0.25	0.75
Sales and Marketing fees	1.00	2.00
Incentive Royalty	2.00	2.80
Total management fee payment of operator	**4.75**	**8.05**
% of Hotel Revenues	**2.6%**	**4.5%**
% of Hotel EBITDA	**6.6%**	**11.2%**

Source: JM Financial, Industry

II - RoCE Sensitivity with ARR / Occupancy

- At 80% occupancy, a hotel should charge an ARR of >INR 8,800 per room for it to be value accretive at a Capital expenditure of INR 10mn per room.
- A minimum ARR of INR 8,000 is required for a hotel to generate >10% RoCE

Exhibit 48. RoCE Sensitivity

		Hotel level occupancy					
		65%	70%	75%	80%	85%	90%
Hotel level ARRs	7200	4.4%	5.1%	5.8%	6.5%	7.2%	7.9%
	7600	5.5%	6.3%	7.1%	7.9%	8.7%	9.5%
	8000	6.6%	7.5%	8.4%	9.3%	10.2%	11.1%
	8400	7.9%	8.8%	9.8%	10.8%	11.8%	12.8%
	8800	9.1%	10.2%	11.3%	12.4%	13.5%	14.6%
	9200	10.5%	11.7%	12.9%	14.1%	15.3%	16.5%
	9600	11.9%	13.2%	14.5%	15.8%	17.1%	18.4%

Source: Company, JM Financial | We have assumed a capital cost of INR 10mn per room for construction of a hotel

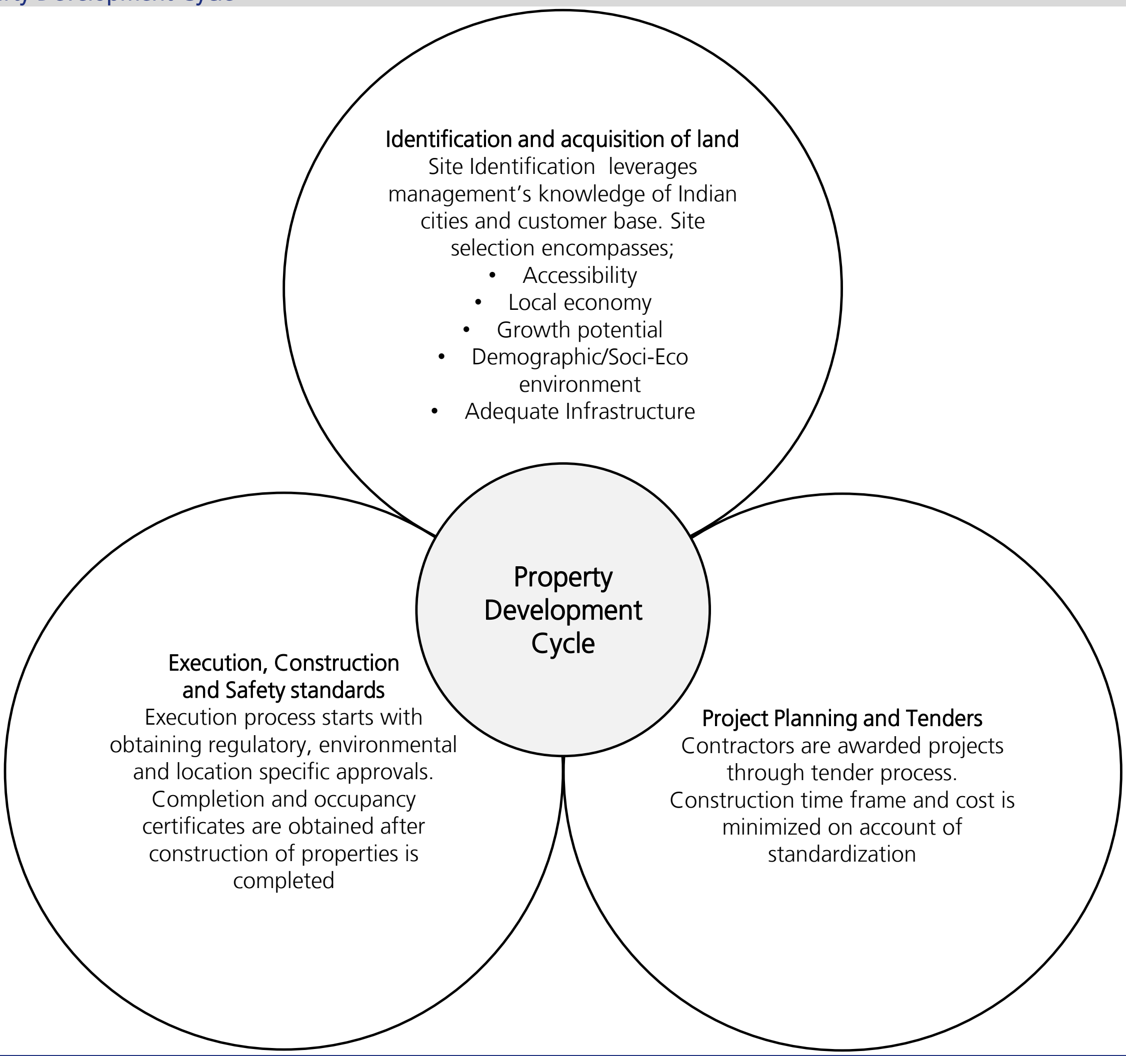
III - Key Approvals for operations of hotels, commercial and retail projects

- **Trade license from municipal authorities**: The company requires trade licenses from the respective municipal authorities of areas where the hotels and retail are located, and where local laws require such trade licenses to be obtained.
- **FSSAI Registration**: The company is required to obtain registration from the FSSAI, under the Food Safety and Standards Act, 2006 read with the Food Safety and Standard (Licensing and Registration of Food Business) Regulations, 2011, for sale, storage or distribution of food products.
- **Shops and establishments registrations**: The company requires registration under the respective shops and establishment acts of the states, wherever enacted or in force, is required. The terms of registration, renewal procedure and requirement may differ under the respective state legislations.
- **Liquor license under excise laws:** Under the scheme of excise laws, different states have enacted state legislations dealing with licenses for sale of alcohol. Any person selling alcohol, of various types and form, is required to obtain appropriate license under the state legislation. Such license is issued and classified based upon the nature and type of the alcohol. The categories of alcohol licenses may include Indian made foreign liquor, foreign liquor, country liquor, beer and wine, or a combination thereof. In states where the company serves liquor at the owned or leased hotels, it is required to obtain license to serve liquor under the respective legislation of the state.
- **Star classifications and reclassifications for hotels**: For the hotels, Chalet applies for star classifications with the Hotels and Restaurants Approval and Classification Committee, Ministry of Tourism, Government of India. These star classifications are awarded to the hotels for a period of five years.
- **Licensing and controlling of places of public entertainment**: The company is required to obtain licenses to conduct live public entertainment activities on the hotel premises, under local rules for licensing and controlling places of public entertainment. These licenses are issued by the commissioner of police and are subject to periodic renewals.
- **Environment related approvals**: The company is required to obtain various environment related approvals and consents to operate under the Environment Protection Act, Air Act, Water Act, the EIA Notification and authorisation for collection, storage and disposal of hazardous waste under the Hazardous Waste Rules in respect of the hotels, and where applicable, the commercial and retail projects.
- **No objection certificates (NOC) from police and fire department**: The company is required to obtain a NOC from the relevant police and fire department, as applicable in the concerned jurisdictions of the hotels, to continue operations at the owned and leased hotels.

- **NOC from the Airport Authority of India**: The company is required to obtain a NOC from the Airport Authority of India, if applicable, which prohibits construction of any building or erection, placement or raising any moveable or immoveable structure or fixture near any airport premises.
- **Occupation certificate**: The company is required to obtain an occupation certificate from the relevant municipality in the concerned jurisdictions. An occupation certificate is typically issued after considering certain other compliances of the hotel buildings with, among others, approved plans, building standards, and fire safety standards.

IV - Property Development Cycle

Exhibit 49. Property Development Cycle



Source: Company

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY17A	FY18A	FY19E	FY20E	FY21E
Net Sales	7,033	8,663	9,557	10,428	11,860
Sales Growth	22.7%	23.2%	10.3%	9.1%	13.7%
Other Operating Income	341	275	267	311	317
Total Revenue	**7,374**	**8,938**	**9,823**	**10,739**	**12,177**
Cost of Goods Sold/Op. Exp	1,094	1,217	1,446	1,249	1,332
Personnel Cost	1,188	1,296	1,440	1,552	1,673
Other Expenses	2,655	3,269	3,333	3,541	3,722
EBITDA	**2,436**	**3,157**	**3,603**	**4,398**	**5,451**
EBITDA Margin	33.0%	35.3%	36.7%	41.0%	44.8%
EBITDA Growth	73.1%	29.6%	14.1%	22.0%	24.0%
Depn. & Amort.	1,270	1,116	1,242	1,249	1,194
EBIT	1,167	2,041	2,361	3,149	4,257
Other Income	1,872	357	242	63	63
Finance Cost	2,180	2,119	2,010	1,384	1,265
PBT before Excep. & Forex	859	279	593	1,827	3,054
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	859	279	593	1,827	3,054
Taxes	-483	-60	190	585	977
Extraordinary Inc./Loss(-)	-68	-54	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,274	284	403	1,243	2,077
Adjusted Net Profit	**1,342**	**338**	**403**	**1,243**	**2,077**
Net Margin	18.2%	3.8%	4.1%	11.6%	17.1%
Diluted Share Cap. (mn)	152.1	171.1	205.0	205.0	205.0
Diluted EPS (INR)	**8.8**	**2.0**	**2.0**	**6.1**	**10.1**
Diluted EPS Growth	0.0%	-77.6%	-0.6%	208.3%	67.1%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY17A	FY18A	FY19E	FY20E	FY21E
Shareholders' Fund	4,661	4,946	14,374	15,617	17,693
Share Capital	1,521	1,711	2,050	2,050	2,050
Reserves & Surplus	3,140	3,235	12,324	13,566	15,643
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	26,359	27,253	17,110	18,470	20,516
Def. Tax Liab. / Assets (-)	-279	-316	-251	-50	286
Total - Equity & Liab.	**30,741**	**31,883**	**31,233**	**34,036**	**38,495**
Net Fixed Assets	28,598	28,410	28,298	30,814	33,723
Gross Fixed Assets	34,821	35,577	36,439	38,355	40,204
Intangible Assets	256	245	245	245	245
Less: Depn. & Amort.	6,691	7,630	8,604	9,610	10,566
Capital WIP	212	218	218	1,825	3,840
Investments	3	43	43	43	43
Current Assets	7,751	8,861	8,408	8,783	10,472
Inventories	4,275	4,200	4,207	4,217	4,230
Sundry Debtors	296	552	606	663	752
Cash & Bank Balances	332	317	1,705	2,013	3,600
Loans & Advances	1,899	2,463	561	561	561
Other Current Assets	949	1,329	1,329	1,329	1,329
Current Liab. & Prov.	5,610	5,431	5,516	5,604	5,743
Current Liabilities	0	0	0	0	0
Provisions & Others	5,610	5,431	5,516	5,604	5,743
Net Current Assets	2,141	3,429	2,892	3,179	4,729
Total – Assets	**30,741**	**31,883**	**31,233**	**34,036**	**38,495**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY17A	FY18A	FY19E	FY20E	FY21E
Profit before Tax	791	224	593	1,827	3,054
Depn. & Amort.	1,270	1,116	1,242	1,249	1,194
Net Interest Exp. / Inc. (-)	1,934	1,922	1,768	1,321	1,203
Inc (-) / Dec in WCap.	-236	-530	24	21	36
Others	-1,679	-119	0	0	0
Taxes Paid	-67	-124	-124	-384	-641
Operating Cash Flow	**2,012**	**2,489**	**3,503**	**4,035**	**4,846**
Capex	-1,146	-622	-1,130	-3,765	-4,103
Free Cash Flow	866	1,867	2,373	270	743
Inc (-) / Dec in Investments	0	0	0	0	0
Others	4,395	-668	1,902	0	0
Investing Cash Flow	**3,249**	**-1,290**	**772**	**-3,765**	**-4,103**
Inc / Dec (-) in Capital	0	0	9,025	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-2,393	536	-10,143	1,359	2,047
Others	-2,240	-2,103	-1,768	-1,321	-1,203
Financing Cash Flow	**-4,634**	**-1,567**	**-2,886**	**38**	**844**
Inc / Dec (-) in Cash	**628**	**-368**	**1,388**	**308**	**1,587**
Opening Cash Balance	-508	230	-138	1,250	1,558
Closing Cash Balance	120	-138	1,250	1,558	3,145

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY17A	FY18A	FY19E	FY20E	FY21E
Net Margin	18.2%	3.8%	4.1%	11.6%	17.1%
Asset Turnover (x)	0.2	0.3	0.3	0.3	0.3
Leverage Factor (x)	6.3	6.7	3.4	2.2	2.2
RoE	27.3%	7.0%	4.2%	8.3%	12.5%

Key Ratios

Y/E March	FY17A	FY18A	FY19E	FY20E	FY21E
BV/Share (INR)	30.6	28.9	70.1	76.2	86.3
ROIC	6.2%	7.9%	5.2%	6.9%	8.7%
ROE	27.3%	7.0%	4.2%	8.3%	12.5%
Net Debt/Equity (x)	5.6	5.4	1.1	1.1	1.0
P/E (x)	36.0	160.8	161.8	52.5	31.4
P/B (x)	10.4	11.0	4.5	4.2	3.7
EV/EBITDA (x)	37.4	29.2	22.4	18.6	15.1
EV/Sales (x)	12.4	10.3	8.2	7.6	6.7
Debtor days	15	23	23	23	23
Inventory days	212	172	156	143	127
Creditor days	0	0	0	0	0

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

(formerly known as JM Financial Securities Limited)

Corporate Identity Number: U67100MH2017PLC296081
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Rating	Meaning
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Hold	Price expected to move in the range of 10% downside to 15% upside from the current market price.
Sell	Price expected to move downwards by more than 10%

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