

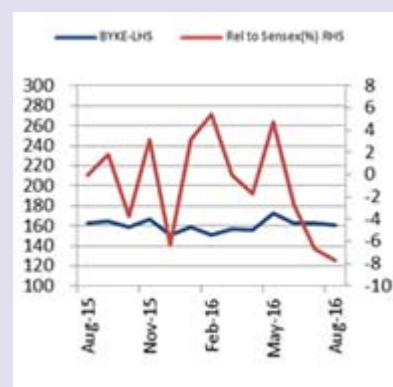
## The Byke Hospitality

BSE SENSEX 28085	S&P CNX 8678	CMP: INR161	TP: INR215 (+33%)	BUY							
Shares O/s (cr)	4.0	<b>YEAR</b>	<b>SALES</b>	<b>A.PAT</b>	<b>A.EPS</b>	<b>A.EPS</b>	<b>PE</b>	<b>P/BV</b>	<b>EV/</b>	<b>DIV. YLD</b>	<b>ROCE</b>
52-W H/L Range (Rs)	182/148	<b>March</b>	<b>(INRCr)</b>	<b>(INRCr)</b>	<b>(INR)</b>	<b>Gr.(%)</b>	<b>(X)</b>	<b>(X)</b>	<b>EBITDA(X)</b>	<b>(%)</b>	<b>(%)</b>
1/6/12 Month Perf	2/2/-7	FY15	181	20	5.0	26%	32	6.5	17.6	0.6%	25%
Market Cap. (INRCr)	647	FY16	232	26	6.5	29%	25	5.3	12.4	0.8%	33%
Market Cap. (US\$ m)	97	FY17E	280	34	8.4	30%	19	4.4	10.2	1.0%	35%

### Results Overview- In line; Strong quarter led by growth in room chartering as well as owned & leased segments

- Revenue for Q1FY17 rose by ~29% to INR 61.9cr from INR.48.1cr YoY. Revenue from owned & leased hotel and room chartering increased by ~21%/~36% YoY respectively. EBITDA came in at INR 12.9cr (+31.5% YoY with margin expansion of ~5bps). PAT grew to INR 6.4cr (+37% YoY).
- Room revenue growth: The company has increased its total no. of rooms from 501 in 1QFY16 to 677 in 1QFY17. Under lease business model the company's rooms/food & beverages revenue grew at ~22%/21% to INR 13.2cr/INR15.3cr YoY respectively. In room chartering segment, the Company has sold 1.42 lac room nights in 1QFY17 against 1.01 lac in 1QFY16. Revenue from room chartering business has grown at ~36% to ~INR 33.4cr YoY.
- Growing across India: Currently, the Company has presence in 6 cities with fully operational properties at 9 locations. The Company is focusing to grow its lease portfolio by adding 8 more properties in the next couple of years at strategically identified locations which include Lonavala, Mahabaleshwar, Chandigarh, Dalhousie, Jodhpur, Udaipur, Darjeeling, Gangtok to build a pan India presence.
- We believe, the Company would grow at ~22% CAGR over FY16-18e on account of growing domestic tourism industry, increasing no. of hotels under asset light model and better utilization of capital through room chartering business.

INRCr	1QFY16	4QFY16	1QFY17	yoy	qoq	FY15	FY16	yoy
Total Income	48.1	68	61.9	28.6%	-9%	181	232	28%
Expenditure	38	52	49	28%	-5%	144	179	24%
EBITDA	9.8	16.2	12.9	31.5%	-20%	37	53	41%
Other Income	0	0	0			0	0	
Interest	0	0	0	-23%	-11%	2	1	-17%
Depreciation	2	5	3	24%	-39%	10	12	14%
E/O Gain	0	0	0			0	0	
PBT	7.2	11.2	9.8	37%	-13%	25	40	56%
Tax	2	4	3			5	14	157%
P/L of Associates	0	0	0			0	0	
Adj. PAT	4.7	7.4	6.4	37.0%	-13%	20	26	29%
EBITDA (%)	20.3%	23.8%	20.8%			20.5%	22.7%	
Tax rate (%)	35%	34%	35%			21%	35%	



### Valuation and view

- An asset-light business model, adequately capitalized balance sheet, robust cash flows, exciting growth prospects, & a capable management inspire confidence in its prospects over the next two years.
- Byke offers a unique play on the growing touristic aspirations of the Indian population.
- BYKE currently trades at 15x FY18E EPS. We expect the company to grow its profits at 29% CAGR over FY16-18E and maintain the target price of INR 215 (20x FY18E EPS).

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

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2. Served as an officer, director or employee	No

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