

Issue Highlights:

Issuer: Lemon Tree Hotels Limited

Issue Type: 100% Book Built Issue IPO

Issue Open: Monday, Mar 26, 2018

Issue Close: Wednesday, Mar 28, 2018

Offer Details: 185,479,400 Equity Shares
(Rs.1,002* Cr – Rs. 1,039^ Cr)

Face Value: Rs.10 per Equity Share

Price Band: Rs.54 - Rs.56 per Equity Share

Minimum Order Quantity Retail: 265 Equity Shares and in multiples thereof

Maximum Bid amount for Retail: Rs. 2 Lakhs

Listing: NSE & BSE

Issue Size and Investor Category Allocation

QIB: 50% of the issue size (Rs.501* Cr - Rs.519^ Cr)

NIB: 15% of the issue size (Rs.150* Cr - Rs.156^ Cr)

Retail Individual: 35% of the issue size
(Rs.351* Cr – Rs.364^ Cr)

* Lower Price Band, ^ Upper Price Band

Book Running Lead Managers:

Kotak Mahindra Capital Company Limited, CLSA India Private Limited, J.P. Morgan India Private Limited and YES Securities (India) Limited

Registrar:

Karvy Computer Share Private Limited

Key Business Strategies:

- Strategic allocation of capital
- Grow our national footprint and diversify geographically
- Expansion through development, acquisitions, leases and management agreements
- Improve operating efficiencies to increase returns
- Attract consumers through expansion into leisure hotels and through online channels

Key Strengths:

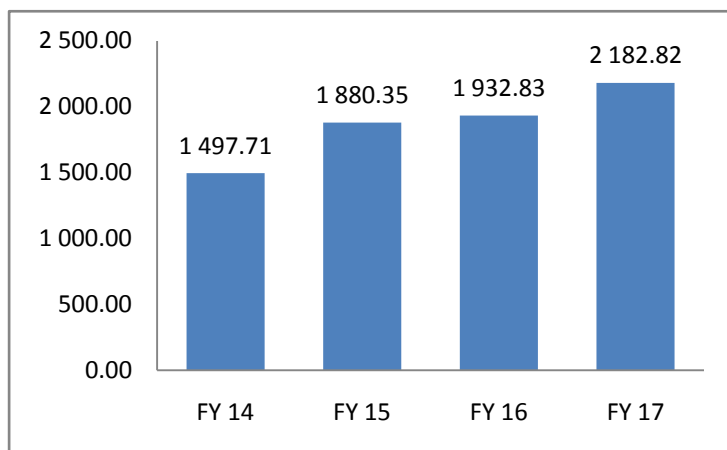
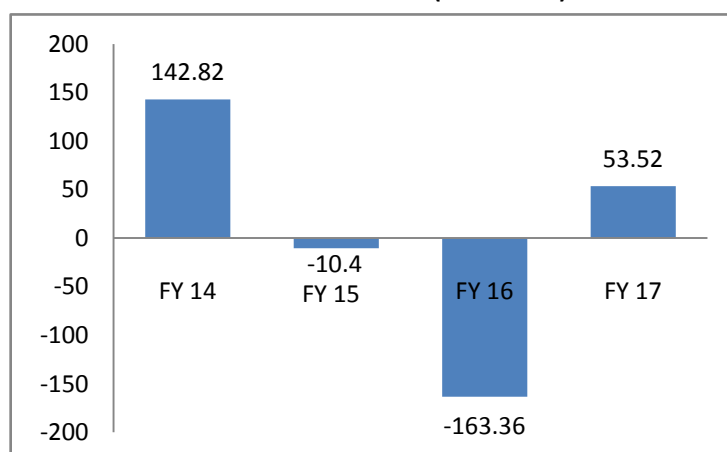
- Leading mid-priced hotel chain with a

differentiated business model

- Strategically positioned in key geographical areas
- Present across the value chain
- Focus on brand excellence, providing a value-for money proposition and strengthening employee culture
- Experienced promoter and management team

About the Issuer:

- They are India's largest hotel chain in the mid-priced hotel sector, and the third largest overall, on the basis of controlling interest in owned and leased rooms.
- They are the ninth largest hotel chain in India in terms of owned, leased and managed rooms. By 2017; they were operating through 4,289 rooms in 40 hotels across 24 cities
- They have created three brands in order to address these three hotel segments:
 - ❖ Lemon Tree Premier' which is targeted primarily at the upper-midscale hotel segment catering to business and leisure guests who seek to use hotels at strategic locations and are willing to pay for premium service and hotel properties;
 - ❖ 'Lemon Tree Hotels' which is targeted primarily at the midscale hotel segment catering to business and leisure guests and offers a comfortable, cost-effective and convenient experience;
 - ❖ 'Red Fox by Lemon Tree Hotels' which is targeted primarily at the economy hotel segment.
- As of July 31, 2017, they have a portfolio of 19 owned hotels, three owned hotels located on leased or licensed land, five leased hotels and 13 managed hotels.
- They also have project design, management and development capabilities through our Subsidiary, Grey Fox Project Management Company Private Limited ("Grey Fox").

Revenue from Operations (Rs. Million)

Net Profit After Tax (Rs. Million)


SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs million)

	As at March 31, 2017 Rs. (in million)	As at March 31, 2016 Rs. (in million)	As at March 31, 2015 Rs. (in million)	As at March 31, 2014 Rs. (in million)	As at March 31, 2013 Rs. (in million)
ASSETS					
Non-current assets					
(a) Property, plant and equipment	4,323.04	4,505.86	4,293.00	4,646.07	3,891.45
(b) Capital work-in-progress	58.72	52.71	117.80	48.26	647.95
(c) Investment property	25.01	25.45	25.89	26.33	-
(d) Intangible assets	5.18	3.69	6.29	12.36	10.76
(e) Intangible assets under development	14.04	-	-	-	-
(f) Financial assets					
(i) Investments	6,973.31	6,998.92	6,815.13	6,300.12	5,445.55
(ii) Loans	155.74	214.47	226.70	151.63	111.58
(iii) Other non-current financial assets	125.27	112.43	103.25	92.46	93.22
(g) Deferred tax assets (net)	-	-	-	-	-
(h) Non-Current tax assets	144.92	132.40	96.82	60.91	55.70
(h) Other non-current assets	867.02	697.57	1,040.17	1,114.19	1,639.39
	<u>12,692.25</u>	<u>12,743.50</u>	<u>12,725.05</u>	<u>12,452.33</u>	<u>11,895.60</u>
Current assets					
(a) Inventories	20.30	22.91	19.97	25.82	27.83
(b) Financial assets					
(i) Trade receivables	145.67	170.68	106.98	96.61	103.15
(ii) Cash and cash equivalents	56.64	50.97	42.14	303.05	73.55
(iii) Loans	61.36	0.11	5.61	-	4.39
(iv) Other current financial assets	1.18	1.34	1.43	1.25	1.65
(c) Other current assets	84.73	123.38	63.99	58.11	50.62
	<u>369.88</u>	<u>369.39</u>	<u>240.12</u>	<u>484.84</u>	<u>261.19</u>
Total Assets	<u>13,062.13</u>	<u>13,112.89</u>	<u>12,965.17</u>	<u>12,937.17</u>	<u>12,156.79</u>
EQUITY AND LIABILITIES					
Equity					
(a) Share capital	7,812.13	7,780.41	7,764.26	1,286.17	1,267.77
(b) Other equity	1,460.18	1,372.99	1,511.78	7,924.10	7,666.87
Total Equity	<u>9,272.31</u>	<u>9,153.40</u>	<u>9,276.04</u>	<u>9,210.27</u>	<u>8,934.64</u>
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	2,576.21	2,772.60	2,744.39	2,623.02	2,288.90
(b) Long term provisions	8.14	7.84	6.26	5.42	3.98
(c) Other non-current liabilities	97.76	83.18	67.23	51.03	34.83
	<u>2,682.11</u>	<u>2,863.62</u>	<u>2,817.88</u>	<u>2,679.47</u>	<u>2,327.71</u>
Current liabilities					
(a) Financial liabilities					
(i) Borrowings	421.60	441.92	416.37	573.89	257.94
(ii) Trade payables	368.67	313.99	294.61	216.58	73.56
(iii) Other financial liabilities	222.47	260.76	107.68	209.89	478.40
(b) Provisions	10.62	9.09	6.97	7.29	7.00
(c) Other current liabilities	84.35	70.11	45.62	39.78	77.54
	<u>1,107.71</u>	<u>1,095.87</u>	<u>871.25</u>	<u>1,047.43</u>	<u>894.44</u>
Total Liabilities	<u>3,789.82</u>	<u>3,959.49</u>	<u>3,689.13</u>	<u>3,726.90</u>	<u>3,222.15</u>
Total Equity and Liabilities	<u>13,062.13</u>	<u>13,112.89</u>	<u>12,965.17</u>	<u>12,937.17</u>	<u>12,156.79</u>

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED
(Rs million)

	Year ended March 31, 2017 Rs. (in million)	Year ended March 31, 2016 Rs. (in million)	Year ended March 31, 2015 Rs. (in million) Proforma	Year ended March 31, 2014 Rs. (in million) Proforma	Year ended March 31, 2013 Rs. (in million) Proforma
I Income					
Revenue from operations	2,182.82	1,932.83	1,880.35	1,497.71	1,427.36
Other income	54.83	12.64	361.67	450.13	26.46
Total Income	2,237.65	1,945.47	2,242.02	1,947.84	1,453.82
II Expenses					
Cost of food and beverages consumed	138.09	130.81	132.84	119.19	136.71
Employee benefits expense	503.03	472.21	480.12	441.40	398.37
Other expenses	946.50	880.94	945.18	802.01	704.34
Total expenses	1,587.62	1,483.96	1,558.14	1,362.60	1,239.42
III Restated Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II)	650.03	461.51	683.88	585.24	214.40
Finance costs	412.56	425.78	461.82	358.47	322.34
Finance income	(36.97)	(23.21)	(32.27)	(121.47)	(17.94)
Depreciation and amortization expense	212.01	218.38	227.56	186.72	141.84
IV Restated Profit/(loss) before tax	62.43	(159.44)	26.77	161.52	(231.84)
V Restated Profit/(Loss) from continuing operations before tax	62.43	(159.44)	(2.20)	108.88	(264.64)
VI Tax expense:					
Current tax	8.91	3.92	2.03	18.70	-
Deferred tax charge/ (credit)	-	-	9.10	-	(28.40)
	8.91	3.92	11.13	18.70	(28.40)
VII Restated Profit/(Loss) from continuing operations (after tax)	53.52	(163.36)	(13.32)	90.18	(236.24)
VIII Profit/(loss) from discontinued operations before tax	-	-	28.96	52.64	32.80
Tax expense of discontinued operations	-	-	26.04	-	-
IX Profit/(loss) from Discontinued operations (after tax) (Also refer Note 50)	-	-	2.92	52.64	32.80
X Restated Net Profit/(Loss) (VII+IX)	53.52	(163.36)	(10.40)	142.82	(203.44)
XI Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement gains/(losses) on defined benefit plans	1.49	0.55	0.90	0.97	(4.07)
Income tax effect	(0.30)	-	(0.04)	(0.04)	-
Restated Comprehensive income (net of taxes)	1.19	0.55	0.86	0.93	(4.07)
Total Restated comprehensive income/(loss) (X+XI)	54.71	(162.81)	(9.54)	143.75	(207.51)

Source for Note: DRHP
Disclaimer

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