

## Week Gone

- ⇒ In the week ended on Friday, 11 March 2022, the S&P BSE Sensex gained 1,216.49 points or 2.24% to settle at 54,550.30. The Nifty 50 index added 385.1 points or 2.37% to settle at 16,630.45.
- ⇒ The BSE Mid-Cap index rose 3.06% to settle at 23,309.95.
- ⇒ The BSE Small-Cap index advanced 3.25% to settle at 27,141.43.

## Week Ahead

- ⇒ Local stocks are likely to remain volatile amid the ongoing Russia-Ukraine crisis.
- ⇒ On the economic front, India's industrial production data for January will be unveiled after market hours on Friday 11 March 2022.
- ⇒ Overseas, Japan will announce inflation rate for February on 18 March 2022.

## Technical Overview

Index opened the week with wide gap down but reversed smartly from the lows to end the week near the weekly highs with decent gains. Index has formed bullish engulfing candlestick pattern, positive followup price action next week will confirm the pattern. Going ahead index has an immediate resistance around 16800, sustenance above the same will open the way for 17100-17400. While on the other hand support comes at 16400-16120-15800.



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	11-Mar-22	04-Mar-22	Weekly % Chg
Nifty 50	16,630.5	16,245.4	2.4
Nifty Next 50	40,087.1	39,042.3	2.7
Nifty 100	16,877.7	16,482.9	2.4
Nifty 500	14,237.2	13,893.2	2.5
NIFTY MIDCAP 100	28,210.4	27,517.1	2.5
S&P BSE SENSEX	55,550.3	54,333.8	2.2
S&P BSE 100	16,892.4	16,513.8	2.3
S&P BSE 200	7,195.0	7,027.4	2.4
S&P BSE 500	22,624.5	22,087.9	2.4
S&P BSE MidCap	23,310.0	22,618.6	3.1
S&P BSE SmallCap	27,141.4	26,286.7	3.3

## WORLD INDICES

Index	11-Mar-22	04-Mar-22	Weekly % Chg
Nikkei Index	25,162.7	25,985.5	-3.2
Hang Seng Index	20,553.7	21,905.3	-6.2
Kospi Index	2,661.2	2,713.4	-1.9
Shanghai SE Composite	3,309.7	3,447.7	-4.0
Strait Times Index	3,249.6	3,226.8	0.7
Dow Jones	33,264.4	33,614.8	-1.0
NASDAQ	13,004.6	13,313.4	-2.3
FTSE	7,155.6	6,987.1	2.4

## FOREX

Currency	11-Mar-22	04-Mar-22	Weekly % Chg
US\$ (Rs.)	76.4	76.5	-0.1
GBP (Rs.)	100.1	101.0	-0.9
Euro (Rs.)	84.0	83.4	0.7
Yen (Rs.) 100 Units	65.0	66.7	-2.5

## NIFTY TOP GAINERS (WEEKLY)

Scrip	11-Mar-22	04-Mar-22	Weekly % Chg
Cipla	1,044.0	931.2	12.1%
Indian Oil Corp.	123.7	113.3	9.2%
Sun Pharma Inds.	902.0	829.7	8.7%
Zee Entertainment	242.5	224.2	8.2%
Asian Paints	2,932.0	2,738.2	7.1%

## FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
11-Mar-22	6,250.9	8,514.8	-2,263.9
10-Mar-22	10,686.1	12,667.2	-1,981.2
09-Mar-22	9,370.8	14,189.5	-4,818.7
08-Mar-22	8,283.1	16,425.7	-8,142.6
07-Mar-22	7,443.1	14,925.2	-7,482.1
<u>MTD</u>	42,034.0	66,722.5	-24,688.4

## NIFTY TOP LOSERS (WEEKLY)

Scrip	11-Mar-22	04-Mar-22	Weekly % Chg
Britannia Inds	3,199.9	3,371.4	-5.1%
Axis Bank	690.9	715.0	-3.4%
Eicher Motors	2,290.8	2,339.3	-2.1%
Maruti Suzuki	7,102.6	7,247.3	-2.0%
GAIL India	152.4	155.5	-2.0%

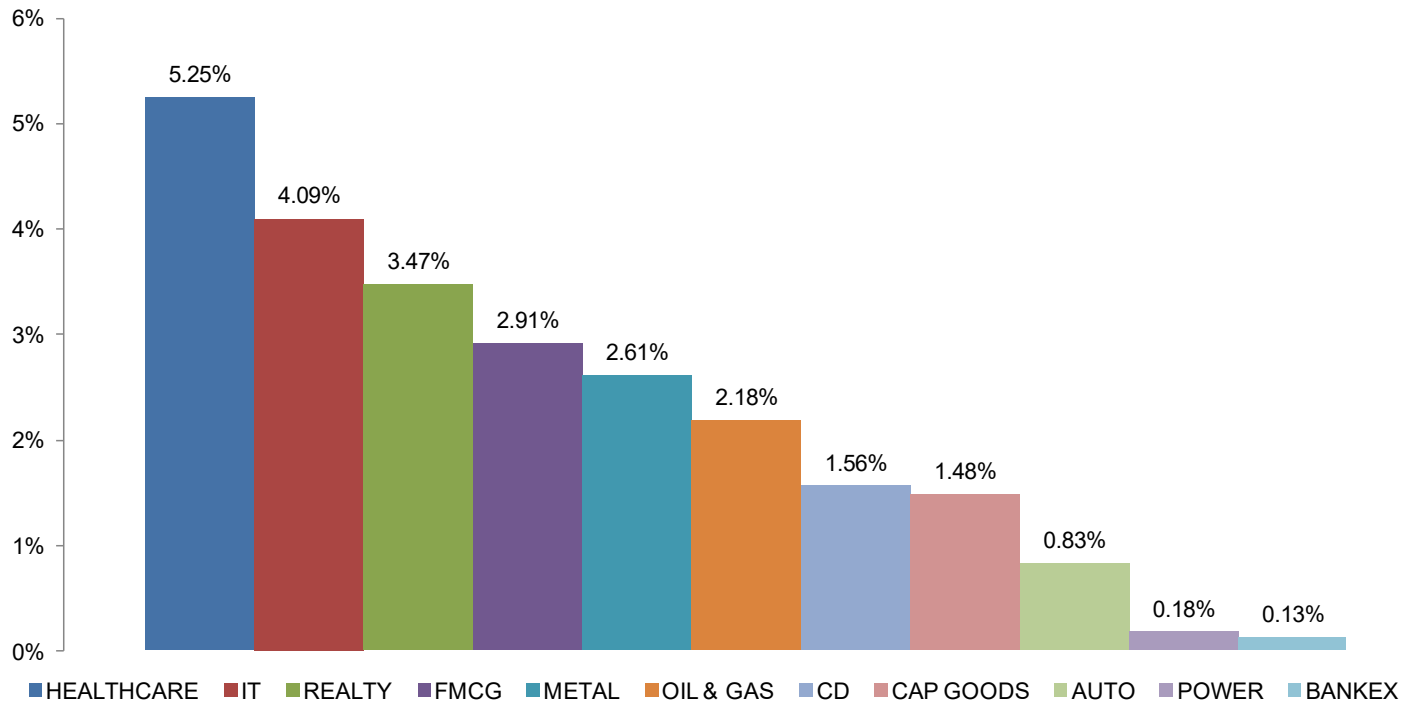
## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
11-Mar-22	6,786.3	5,099.5	1,686.9
10-Mar-22	9,273.6	8,327.8	945.7
09-Mar-22	11,078.1	7,802.1	3,275.9
08-Mar-22	12,923.5	6,433.9	6,489.6
07-Mar-22	13,168.0	7,837.0	5,331.0
<u>MTD</u>	53,229.5	35,500.4	17,729.1

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	04/03/22	11/03/22	Weekly % Chg	04/03/22	11/03/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
COFORGE	4624.6	4312.9	-6.7	491000	1692200	244.6
JKCEMENT	2621.3	2306.4	-12.0	277900	474775	70.8
GSPL	280.7	268.4	-4.4	1227400	2029800	65.4
WHIRLPOOL	1632.4	1579.9	-3.2	421250	601250	42.7
SHREECEM	22568.9	22438.3	-0.6	198025	281000	41.9

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	04/03/22	11/03/22	Weekly % Chg	04/03/22	11/03/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ABB	2161.8	2129.1	-1.5	326750	206750	-36.7
CUB	118.1	123.8	4.8	11815000	8710800	-26.3
DALBHARAT	1406.6	1434.8	2.0	744000	579250	-22.1
LTTS	4624.1	4962.8	7.3	596000	470400	-21.1
POLYCAB	2250.9	2354.6	4.6	721500	572700	-20.6

## Company Background

Chalet Hotels Ltd (CHL) part of K Raheja Group is a owner, developer and asset manager of high-end hotels catering to luxury-upper upscale and the upscale hotel segment. The company has 7 fully operational hotels representing 2,554 keys, located in areas like Mumbai, Hyderabad, Bangalore etc under high-end global brands like JW Marriott, The Westin, Marriott, Renaissance and Four Points. All the hotel assets are located in high density business districts of their respective metro cities with high barriers to entry (like close to airports, major business centers etc). The Company has also developed commercial and retail spaces at close proximity to its hotels.

## Investment Rationale

### Strong Promoter group combined with tie up among well known international hospitality brands

CHL is part of the K Raheja Corp Group who is a leading player in commercial real estate development across India. By virtue of being a part of the stronger group, the company enjoys considerable financial flexibility from its lender. CHL also derives active hotel management support from Marriott and Accor, international hospitality chains with well-established global brands. CHL benefits from their global branding, marketing and advertising networks. This benefit has resulted in premium ARR of Rs 5,078 as well as higher occupancy rate of around 60% despite the effects of the pandemic

### Diversified Business Mix as a result of Hotel-led complimentary use of real estate

CHL has a mixed portfolio, comprising hospitality, commercial and retail assets. CHL develops retail and commercial office space of around 0.9 mn sq.ft adjacent to hotels in order to optimize use of available land parcel, to generate regular rental income and cushion the cyclical hospitality segment. Retail and commercial segment also complement the hospitality business and generate synergies within the hotel led mixed-use projects. This prudent hotel led mixed use development by the company supports its cash flows as Hospitality sector is cyclical in nature . Further, this segment attracts better operating margin and aids overall margin expansion at consolidated level. CHL also has a robust development pipeline that includes ~170 keys under development in Hyderabad and ~88 keys under expansion in Pune under the hospitality segment and ~1.4 mn sqft under development in commercial segment in Mumbai and Bengaluru.

## Valuation Outlook

CHL has used the pandemic to recalibrate its business mix including the conversion of its retail holdings to commercial assets which is expected to lead to better realization and EBITDA margin expansion. They have also introduced stringent cost control measures which has led a reduction of 35% in fixed cost and 47% in variable cost and compared to pre covid levels. This has lead to EBITDA growth of 288% YoY in 3QFY22. Thus CHL is well suited to take advantage of post pandemic increase in demand of leisure and business travel .On the valuation front, we valued the company based on 14.5x FY24 EV/EBITDA and arrive at a target price of INR 328 (23.59% upside from CMP INR 265) with a 12 months investment horizon.

## Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

## Sector Outlook

Positive

## Stock

CMP (INR)	265
Target Price (INR)	328
NSE Symbol	CHALET
BSE Code	542399
Bloomberg	CHALET IN
Reuters	CHAL.BO

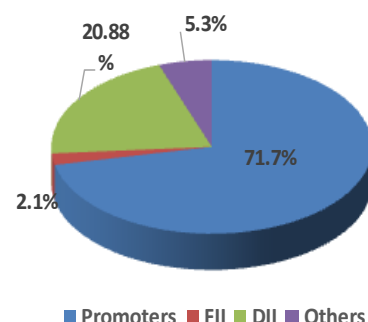
## Key Data

Nifty	16,630
52WeekH/L(INR)	301/125
O/s Shares (Mn)	205
Market Cap (INR bn)	54
Face Value (INR)	10

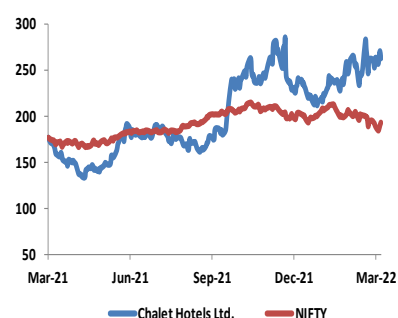
## Average volume

3 months	5,99,100
6 months	8,43,620
1 year	6,23,110

## Share Holding Pattern (%)



## Relative Price Chart



## Weekly Wealth

Key Financials						
YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>9,872</b>	<b>9,808</b>	<b>2,944</b>	<b>5,387</b>	<b>8,830</b>	<b>12,803</b>
<i>Revenue Growth (Y-o-Y)</i>	24.1%	(0.6%)	(70.0%)	83.0%	63.9%	45.0%
<b>EBIDTA</b>	<b>3,192</b>	<b>3,429</b>	<b>71</b>	<b>1,088</b>	<b>3,223</b>	<b>6,020</b>
<i>EBIDTA Growth (Y-o-Y)</i>	30.4%	7.4%	(97.9%)	1443.2%	196.2%	86.8%
<b>Net Profit</b>	<b>-76</b>	<b>1,027</b>	<b>-1,391</b>	<b>-840</b>	<b>353</b>	<b>2,305</b>
<i>Net Profit Growth (Y-o-Y)</i>	(91.8%)	(1446.2%)	(235.5%)	(39.6%)	(142.0%)	552.5%
<b>Diluted EPS</b>	<b>(0.4)</b>	<b>5.0</b>	<b>(6.8)</b>	<b>(4.1)</b>	<b>1.7</b>	<b>11.2</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	(91.8%)	(1446.2%)	(235.5%)	(39.6%)	(142.0%)	552.5%
Key Ratios						
<b>EBIDTA margin (%)</b>	<b>32.3%</b>	<b>35.0%</b>	<b>2.4%</b>	<b>20.2%</b>	<b>36.5%</b>	<b>47.0%</b>
<b>NPM (%)</b>	-0.8%	10.5%	-47.2%	-15.6%	4.0%	18.0%
<b>RoE (%)</b>	<b>-0.5%</b>	<b>6.6%</b>	<b>-9.8%</b>	<b>-6.3%</b>	<b>2.6%</b>	<b>14.4%</b>
<b>RoCE (%)</b>	11.3%	10.5%	0.2%	3.1%	8.7%	16.0%
Valuation Ratios						
<b>P/E (x)</b>	<b>-712.3x</b>	<b>52.9x</b>	<b>-39.1x</b>	<b>-64.6x</b>	<b>153.8x</b>	<b>23.6x</b>
<b>EV/EBITDA</b>	21.2x	20.4x	1025.5x	69.4x	23.6x	12.4x
<b>P/BV (x)</b>	<b>3.8x</b>	<b>3.5x</b>	<b>3.8x</b>	<b>4.1x</b>	<b>4.0x</b>	<b>3.4x</b>
<b>Market Cap. / Sales (x)</b>	5.5x	5.5x	18.5x	10.1x	6.2x	4.2x

Source: Company, BP Equities Research



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**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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