

The Byke Hospitality Ltd. Q2FY19.

Growth fails to impress.

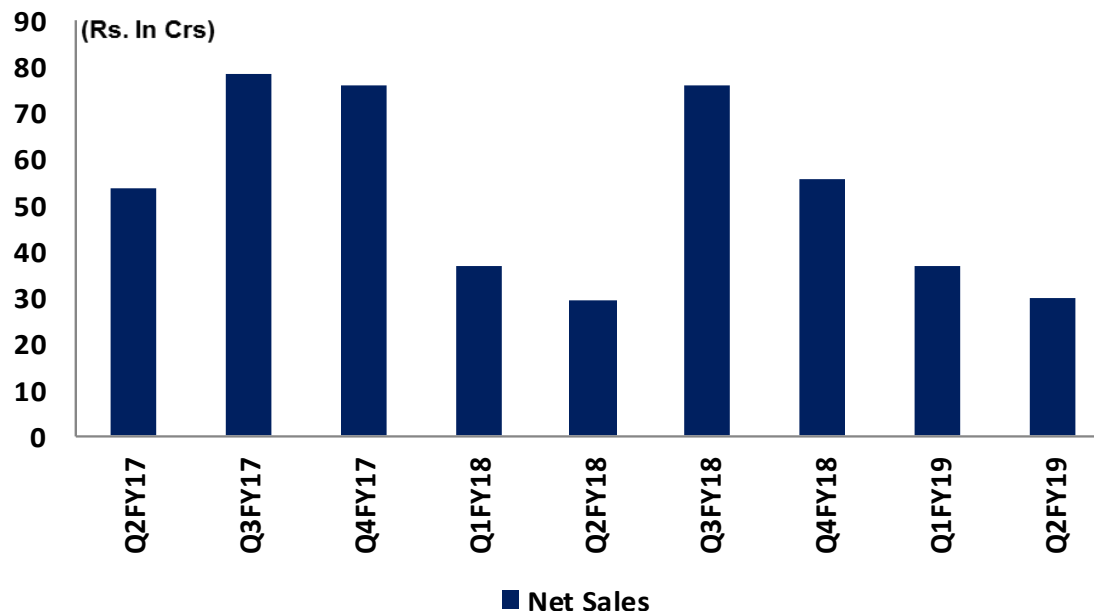
On-track growth...

In Q2Y19, revenues increased by 1.5% YoY to Rs. 29.9 crore from Rs. 29.4 crore in Q2FY18. (QoQ it fell 18.6% from Rs 36.7 crore). The EBIDTA inclined by 2% YoY (down 5 % QoQ from Rs 12.1 crore) from Rs 11.2 crore in Q2FY18 to Rs 11.5 crore in Q2FY19. The EBIDTA margin inclined by 31bps (up 555bps QoQ from 33%) from 38.2% bps in Q2FY18 to 38.5% in Q2FY19. The PAT declined by 5.2% YoY (down 9.2% QoQ from Rs 5.4 crore) from Rs 5.2 crore in Q2FY18 to Rs 4.9 crore in Q2FY19. The PAT margin decreased by 117 bps YoY (down 172 bps QoQ from 14.8%) from 17.7% in Q2FY18 to 16.5 % in Q2FY19.

The company acquired two hotels on a long term lease: Hotel Niranjana resort in Bodh Gaya, Bihar & Hotel Nashik Inn at Nashik, Maharashtra. Both will be operational by FY20. The company entered into two management contracts: with Hotel Guruprerna in Dwarka, Gujrat (To be operational from Q4FY19) & Hotel Suraj Club at Junagadh, Gujrat (To be operational from Q3FY19). It has taken a restaurant on lease for 3 years: Spice Lounge (Pure veg restaurant with a seating capacity of 100)

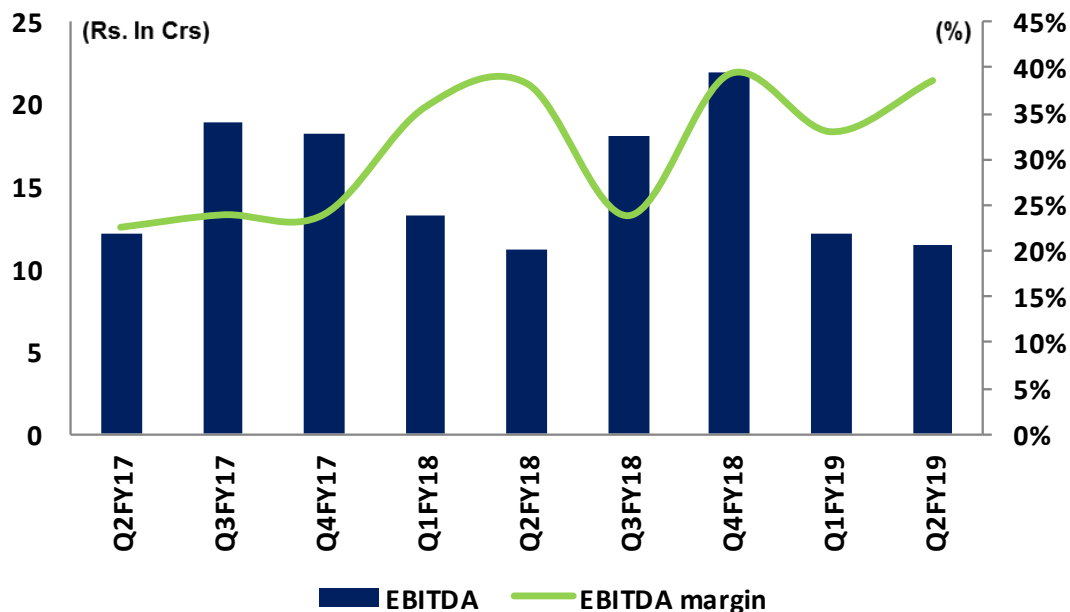
Valuation

At the CMP of Rs 75.50 , the stock is trading at PE of 5.3x FY20 . Recommend a HOLD.



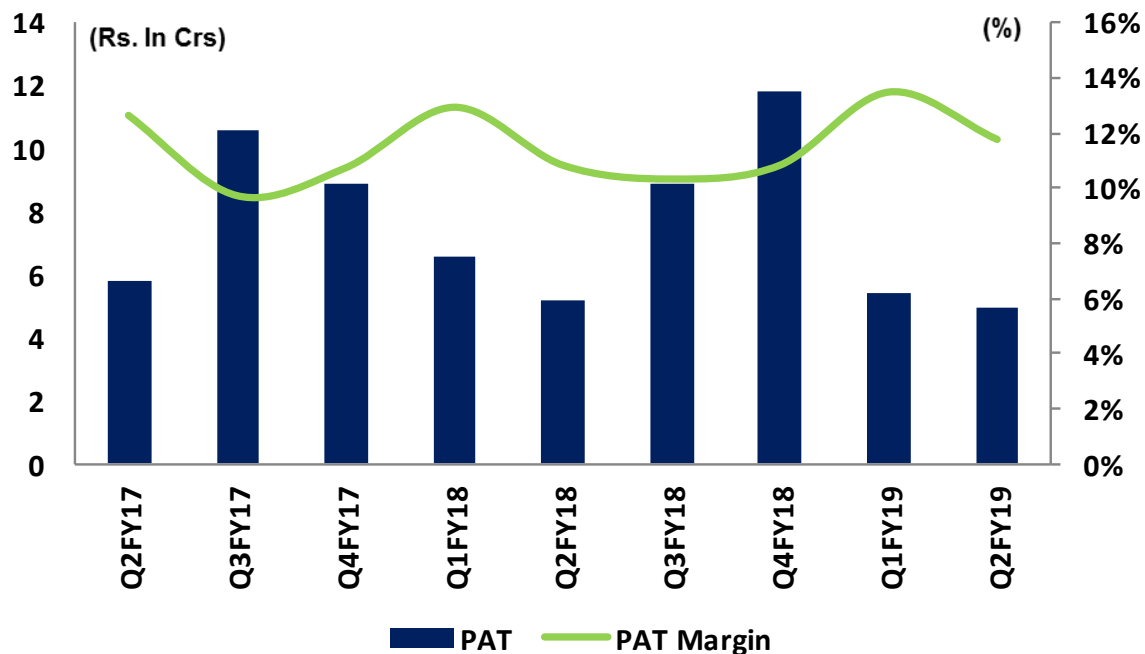
- In Q2Y19, revenues increased by 1.5% YoY to Rs. 29.9 crore from Rs. 29.4 crore in Q2FY18 (QoQ it fell 18.6% from Rs 36.7 crore).
- In the reporting quarter, the hotel revenue increased by 7% YoY to Rs. 23.4 crore from Rs. 21.8 crore in Q2FY18 and the chartering revenues fell by 14% YoY to Rs. 6.5 crore from Rs 7.6 crore in Q2FY18.

EBITDA & EBITDA margin rise marginally



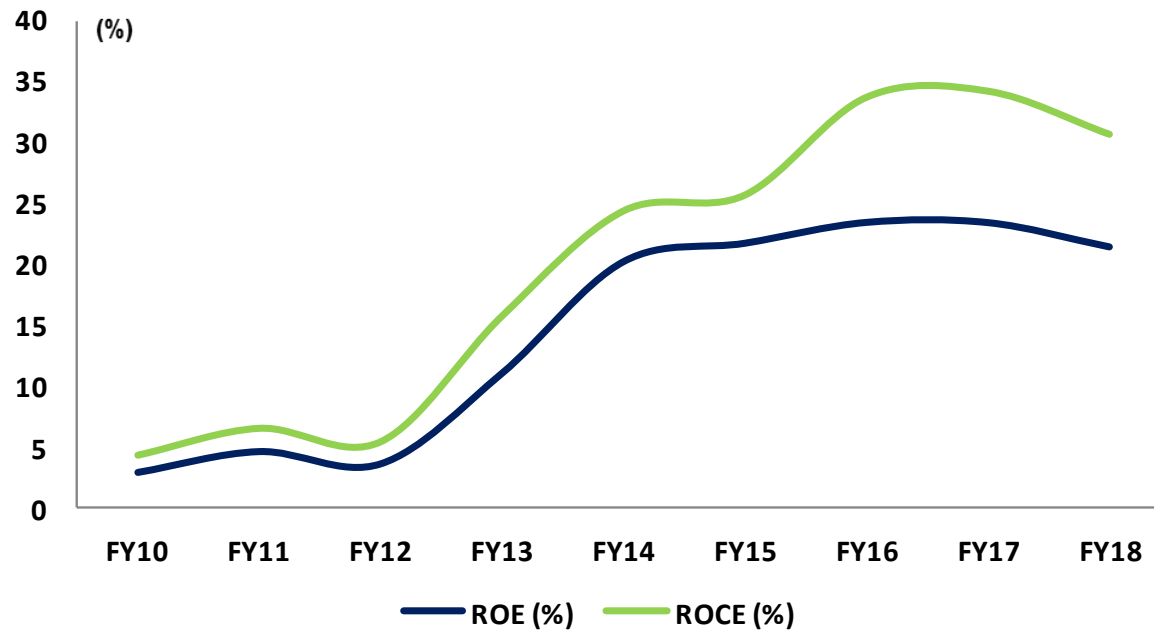
- EBITDA inclined by 2% YoY (down 5 % QoQ from Rs 12.1 crore) from Rs 11.2 crore in Q2FY18 to Rs 11.5 crore in Q2FY19. EBITDA margin inclined by 31bps (up 555bps QoQ from 33.04%) from 38.2% bps in Q2FY18 to 38.5% in Q2FY19.
- In the reporting quarter, the hotel EBITDA increased by 8% YoY to Rs. 6.6 crore from 6.1 crore in Q2FY18 .EBITDA margin of hotel were the same as Q2FY18 at 28% in Q2FY19.

PAT & PAT Margin declines



- PAT declined by 5.2% YoY (down 9.2% QoQ from Rs 5.4 crore) from Rs 5.2 crore in Q2FY18 to Rs 4.9 crore in Q2FY19 .
- The PAT margin decreased by 117 bps YoY (down 172 bps QoQ from 14.83%) from 17.7% in Q2FY18 to 16.5 % in Q2FY19.

ROE & ROCE fails to impress



- The ROE of the company was 21.4 % in FY18 as compared to 23.4% in FY17 whereas the ROCE for FY18 was 30.7% as compared to 34.2% in FY 17.

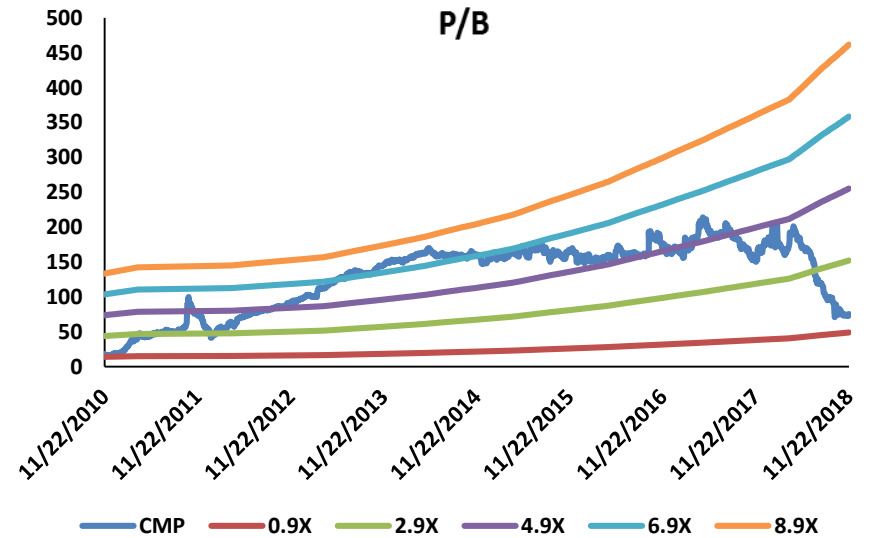
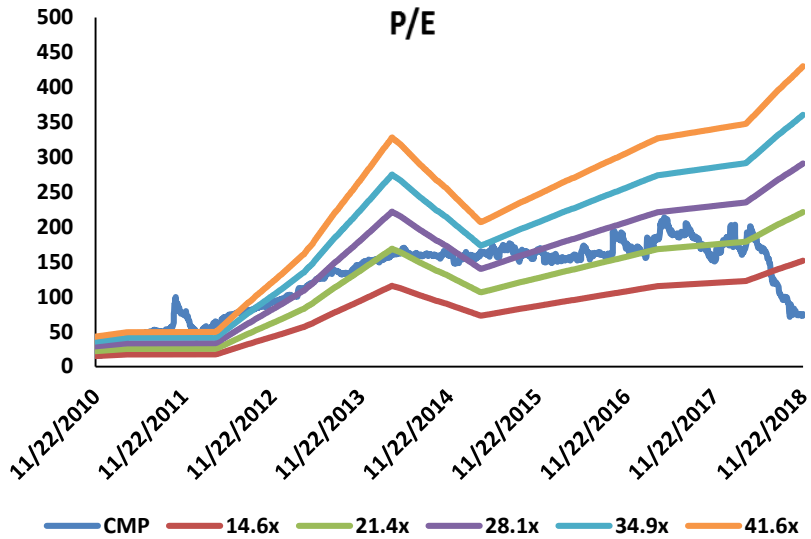
Financial QoQ

Particular	Sep-17	Growth	Dec-17	Growth	Mar-18	Growth	Jun-18	Growth	Sep-18	Growth
Gross Sales	29.4		55.0		55.9		36.4		29.9	
Less: Excise Duty	0.0		0.0		0.0		0.0		0.0	
Net Sales	29.4	-21%	55.0	87%	55.9	2%	36.4	-35%	29.9	-18%
Total Expenditure	18.2		32.8		33.9		24.6		18.3	
<i>As a % of sales</i>	<i>24%</i>		<i>43%</i>		<i>45%</i>		<i>32%</i>		<i>61%</i>	
PBIDT (Excl OI)	11.3	-15%	22.2	98%	22.0	-1%	11.8	-46%	11.5	-3%
<i>As a % of sales</i>	<i>15%</i>		<i>29%</i>		<i>29%</i>		<i>16%</i>		<i>15%</i>	
Other Income	0.2		0.2		0.2		0.2		0.2	
<i>As a % of sales</i>	<i>0%</i>		<i>0%</i>		<i>0%</i>		<i>0%</i>		<i>0%</i>	
Operating Profit	11.5	-15%	22.4	96%	22.2	-1%	12.0	-46%	11.7	-2%
<i>As a % of sales</i>	<i>15%</i>		<i>24%</i>		<i>24%</i>		<i>24%</i>		<i>24%</i>	
Interest	0.2		0.2		0.2		0.5		0.5	
<i>As a % of sales</i>	<i>0%</i>		<i>0%</i>		<i>0%</i>		<i>1%</i>		<i>1%</i>	
PBDT	11.3	-14%	22.2	98%	22.0	-1%	11.6	-47%	11.3	-3%
<i>As a % of sales</i>	<i>15%</i>		<i>29%</i>		<i>29%</i>		<i>15%</i>		<i>15%</i>	
Depreciation	3.3		3.3		3.9		3.6		3.7	
<i>As a % of sales</i>	<i>4%</i>		<i>4%</i>		<i>5%</i>		<i>5%</i>		<i>5%</i>	
PBT	8.0		18.9		18.1		8.0		7.6	
<i>As a % of sales</i>	<i>11%</i>		<i>25%</i>		<i>24%</i>		<i>11%</i>		<i>10%</i>	
Tax	2.8		6.5		6.3		2.9		2.6	
<i>As a % of sales</i>	<i>4%</i>		<i>9%</i>		<i>8%</i>		<i>4%</i>		<i>3%</i>	
Profit After Tax	5.2	-18%	12.4	138%	11.9	-4%	5.1	-57%	4.9	-4%
<i>As a % of sales</i>	<i>7%</i>		<i>16%</i>		<i>16%</i>		<i>7%</i>		<i>7%</i>	

Financial YoY

DESCRIPTION	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Gross Sales	155.7	181.4	231.5	270.0	177.4
Less: Excise Duty	0.0	0.0	0.0	0.0	0.0
Net Sales	155.7	181.4	231.5	270.0	177.4
Expenditures					
Foods, Beverages Consumed	9.4	14.2	22.8	26.1	28.3
Power & Fuel Cost	2.5	0.0	0.0	0.0	0.0
Employee Cost	3.2	3.8	6.3	9.1	11.4
Operating & Servicing Expenses	80.4	89.2	109.1	127.0	25.0
Selling & Administration Expenses	31.6	36.3	40.2	44.9	43.1
Miscellaneous Expenses	0.0	0.3	0.4	0.6	0.9
Total Expenditure	127.1	144.2	178.8	207.8	108.6
As a % of Sales	0.8	0.8	0.8	0.8	0.6
Operating Profit (Excl OI)	28.6	37.2	52.6	62.2	68.9
Operating Margin	0.2	0.2	0.2	0.2	0.4
Other Income	0.2	0.1	0.1	0.7	0.8
Operating Profit	28.7	37.3	52.8	62.9	69.6
Interest	2.1	1.8	1.5	1.1	0.9
PBDT	26.6	35.5	51.3	61.7	68.7
Depreciation	5.4	10.2	11.6	12.8	13.7
PBT	21.3	25.4	39.7	49.0	55.1
Tax	5.4	5.3	13.7	16.9	19.1
Profit After Tax	15.9	20.0	25.9	32.0	36.0
Profit Margin	0.1	0.1	0.1	0.1	0.2

1 year forward P/E & P/B Trends.





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