

BUZZING

STOCK

Asian Hotels Ltd.

CMP – Rs.780

Analyst

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Key Stock Data

Sensex	14212
Nifty	4124
Sector	Hotels - Large
Bloomberg	AHOT@IN
Reuters	ASHT.BO
No. of shares (m)	23
Market Cap (Rs m)	17644
Market Cap (US\$ m)	399
52-week H/L	Rs.800/436

Shareholding Pattern (%)

Promoters	63.56
Mutual Funds	4.03
FIs	5.64
Corporate Bodies	16.22
Pubic & Others	10.55

Company Background:

Asian Hotels is a leading player in the Indian hospitality industry operates a chain of deluxe hotels under the brand "Hyatt Regency Hotels". The company has a technical tie up with the world renowned Hyatt International Asia Pacific, the agreement signed for 15 years in 1994.

Property Portfolio:

AHL, operates in 5 – Star Deluxe segment of the hotel industry. It has a portfolio of three hotels spread across three metros i.e Delhi, Mumbai and Kolkata with a total room strength of 1,140. All the properties are located strategically that helps it to tap the business traveller as well as the tourist traveller. Due to its presence in the metros, the company has an added advantage of increasing its revenues from F&B segment. Benefiting from its marketing and management alliance with the Hyatt International, the company has been able to capture on the robust demand for hotel rooms. Delhi is the main contributor of the total revenue.

Hotel Units	Segment	Rooms
Hyatt Regency, Delhi	5 -Star Deluxe	508
Hyatt Regency, Kolkata	5 -Star Deluxe	235
Hyatt Regency, Mumbai	5 -Star Deluxe	397

Delhi: Delhi in the past has hosted many events and is now scheduled to host Commonwealth games in 2010. These events would keep the tourist arrival in Delhi on the higher end. As per the HVS estimates, 10,000 rooms are scheduled to come up in Delhi over the next five years. Due to the demand supply mismatch ARR are likely to remain on the higher end of the price brand. The Occupancy level for Delhi stood at around 81.7%.

Kolkata: As per the HVS estimates, Kolkata is expected to see 2,000 rooms entering the market in the various categories over the next few years. Kolkata is a business destination and is becoming preferred location for Conferences and Seminars. Occupancy levels for Kolkata stood at around 76.4%.

Mumbai: As per the HVS estimates, Mumbai is expected to see 4,950 rooms entering the market in the various categories over the next three to four year. The bulk of supply may come by 2008-09. The OR level for Mumbai stood at around 75.3%.

Valuation:

The company has reported good numbers for Q3FY07. Total revenues 1,139m is up by 27% YoY. EBIDTA margins expanded by 322 basis points and EBIDTA grew by 37% at Rs.483. PAT has registered a growth of 48% YoY at Rs. 255m. The stock is trading at 17.5x its Q3 FY07 annualised EPS of Rs.44.7.

Financial Snapshot

Asian Hotels Ltd.						Rs.m	Ratios (%)			
Financial Year End: March	Q3 FY07	Q3 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
Net Sales	1133	896	26	3285	2581	27	Debt -Equity	0.8	1.0	(24)
Other Income	6	2	275	15	9	61	PBIDTM	39	34	13
Total Income	1139	898	27	3299	2590	27	PBDTM	33	25	30
Total Expenditure	656	545	20	2027	1706	19	RoCE	20	12	66
PBIDT	483	353	37	1273	884	44	RoNW	19	9	107
Interest	44	48	(9)	192	231	(17)				
PBDT	439	305	44	1081	653	66				
Depreciation	53	53	1	210	206	2				
Tax	122	18	590	158	38	317				
Reported Profit After Tax	255	173	48	567	255	122				
Extra -ordinary Items	0	0	0	0	(12)	0				
Adj. Profit After Extra-ordinary item	255	173	48	567	267	112				
No. of shares (m)	23	23	-	23	23	-				
EPS (annualised.) (Rs.)	44.7	30.3	-	24.9	11.2	-				
P/E	17.5	25.8	-	31.4	69.8	-				



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