1. The Byke Hospitality Ltd CMP Rs : 169 View – HOLD

Total revenue for Q4FY18 grew by 11.9% yoy at Rs. 55.9 cr compared to Rs. 50.0 cr in Q4FY17, driven by growth in both hotel and chartering segment by 10.4% and 18.7% yoy, respectively. Its hotel segment reported revenue of Rs. 45.3 cr as against Rs. 40.1 cr in Q4FY17, while chartering segment revenue was at Rs.10.6 cr compared to Rs. 8.9 cr in corresponding quarter last year. Further, in the hotel segment, F&B division showed robust growth of 17.2% yoy with revenue of Rs. 25.2 cr, whereas room division growth was at 3% with revenue of Rs. 20.1 cr. On operational front, profit grew by 20.8% to Rs. 21.9 cr compared to Rs. 18.9 cr on yoy basis due to decrease in other expense by 3.5%

EBITDA margin stood at 39.3% in Q4FY18 compared to 36.4% in Q4FY17, improved by 289 bps yoy. Net profit grew by 32.1% yoy to Rs. 11.8 cr as against Rs. 9.0 cr in same quarter last year. Net profit margin came at 21.2% compared to 17.9% yoy, led by decrease in depreciation and interest expense by 12.9% and 25.1% yoy, respectively

For FY18 company has reported consolidated performance showing Topline of Rs 177.40 crs a EBIDTA of Rs 68.70 crs and a PAT of Rs 36 crs as compared to Rs 32 crs last year giving a EPS of Rs 9 as compared to Rs 8 last year.

Domestic tourism sector is expected to grow on back of increasing demand, rising discretionary income among middle class consumers, improved spending on tourism and better infra connectivity. Byke is well placed in mid-market domestic tourism segment with asset light business model.

Currently the company has total of 11 properties (owned -1 and leased - 10) with 874 rooms. Further it plans to expand its business and generate improved topline and bottom line, by adding more properties (with total of 100 rooms every year), change in revenue mix (more from its food and beverage division), improve capacity utilization of hotel rooms and lastly by optimizing cost.

We believe the Hotels business should grow strongly and despite a sharp underperformance of the stock we feel investors who can stay invested for the next 2 years should HOLD on to this stock.

2. Arihant Super Structures Ltd CMP Rs 120 View – HOLD

Arihant Superstructures Limited is one of the leading developers in the MMR and Jodhpur region.

ASL is present across all segments of the market, its main focus remains on the mid and affordable housing segment which accounts for around 63% of its project portfolio as on date. Another 30% for ASL comes from the Middle Income Group segment The Balance 7% for ASL comes from the Upper Medium Income Group.

Geographically for ASL, MMR, Kharghar, Panvel and Navi Mumbai account for 80% of the company's current projects portfolio while the rest 20% will come from Jodhpur, the second biggest city in the state of Rajasthan.

However last year that is for FY18 implementation was slower due to RERA, GST and Demon impact. The management expects traction of faster inventory movement across its key markets in current year and hence we expect a significant improvement from H1 of FY19 onwards

For FY18 company has reported consolidated performance showing Topline of Rs 187 crs a EBIDTA of Rs 36 crs and a PAT of Rs 14 crs from 32 crs last year resulting in a EPS of Rs 3 from Rs 8 last year.

We believe the Real Estate Business revival will take time but the key markets where company has a good presence especially MMR, Navi Mumbai panvel and Jodhpur hold good promise to yield attractive returns over the next 2-3 years. Hence despite a sharp underperformance of the stock we feel investors who can stay invested for the next 2 years should HOLD on to this stock.

JOINDRE CAPITAL SERVICES LTD.

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