

12 June 2024

Praveg

Pioneer in experiential tourism

Founded in 2005, Praveg, a pioneer and leader in experiential tourism, offers exhibition, event management and hospitality services in India. ~77% of its FY24 revenue arises from hospitality, ~685 luxury tents and cottages at 12 properties in Gujarat, Daman, Diu and Uttar Pradesh. These properties are in regions of cultural significance and heritage, where traditional construction is not viable. Its strategy of increasing resorts from ~12 to ~26 by FY25 and its unique position in hospitality augur well.

Revenue bifurcation: hospitality-exhibition. The company has two segments, hospitality (~77% to FY24 revenue) and events & exhibitions (~23%). Further, it recently made a foray into wedding management. In FY25, it targets 26 resorts (12 resorts now) at key tourist spots, which would add 695 keys, taking the count to ~1,380. Management highlighted that resort launches would require ~6-12 months to normalise (ARR, occupancy), but kept its ~Rs3bn topline target for FY25 unchanged during the Q4 FY24 concall. It also entered advertising by acquiring a ~51% stake each in Abhik Advertising (~Rs181m), which mainly focuses on developing outdoor properties, and Bidhan Advertising & Marketing (~Rs40.8m), which is into newspaper, radio and digital theatre advertising.

Asset-light model. So far, most of the company's projects are on leased land with contract renewals varying from five to 30 years. Moreover, compared to the cost of constructing a hotel room, the company's cottages and tents require much lower investment. Thus, lease contracts and less capex support the company in maintaining an asset-light model. The added advantage is less time to market a property as the company can set up tents in a shorter span.

Risks. Seasonal nature of some properties (eg, the White Rann resort and Tent City Varanasi operate only for 3-4 months, from Nov-Feb), dependence on leisure travel, economic slowdown, investment in non-core business of advertising and TV channel, etc.

Key financials (YE Mar)	FY20	FY21	FY22	FY23	FY24
Sales (Rs m)	596	453	452	845	916
Net profit (Rs m)	31	103	120	281	130
EPS (Rs)	2.1	5.8	6.6	14.6	5.7
P/E (x)	699	207	178	76	164
EV / EBITDA (x)	373	137	109	47	72
P / BV (x)	145	112	77	19	7
RoE (%)	23	61	51	40	6
RoCE (%)	20	52	45	39	5
Dividend yield (%)	0.0	0.4	0.2	0.4	0.4
Net debt / equity (x)	-0.1	-0.5	0.1	-0.2	-0.4

Source: Company RHP, Anand Rathi Research

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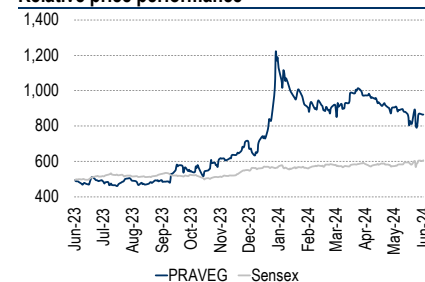
Rating: Non-rated

Share Price: Rs.870

Key data	PRAVEG IN
52-week high / low	Rs1300 / 450
Sensex / Nifty	76941 / 23422
3-m average volume	\$1.1m
Market cap	Rs21bn / \$254.2m
Shares outstanding	25m

Shareholding pattern (%)	Mar'24	Feb'24	Dec'23
Promoters	48.2	50.8	54.5
- of which, Pledged			
Free float	51.8	49.2	45.5
- Foreign institutions	6.5	3.8	5.9
- Domestic institutions	3.4	3.4	0.0
- Public	41.9	42.1	39.6

Relative price performance



Source: Bloomberg

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Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

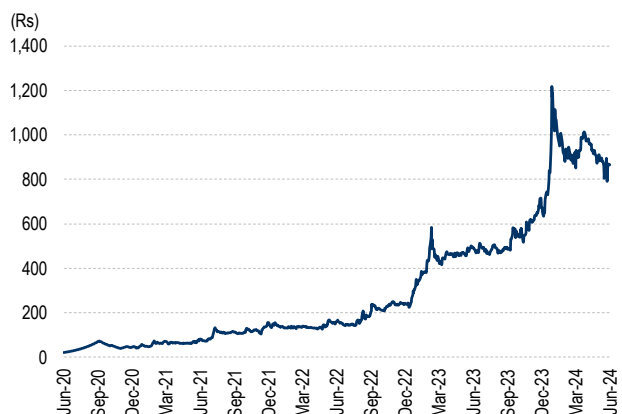
Year-end: Mar	FY20	FY21	FY22	FY23	FY24
Net revenues	596	453	452	845	916
Growth (%)	-0.9	-23.9	-0.1	86.7	8.4
No. of rooms	276	276	276	416	685
Direct costs	483	259	223	353	542
Gross profit	106	190	227	489	374
Gross margins (%)	17.7	41.9	50.2	57.8	40.9
SG&A	49	35	33	43	83
EBITDA	57	155	195	446	292
EBITDA margins (%)	9.5	34.1	43.0	52.8	31.9
Depreciation	10	16	27	61	107
Other income	4	3	0	4	30
Interest expenses	5	3	5	7	24
PBT	45	138	163	382	191
Effective tax rates (%)	31.7	25.5	26.6	26.4	31.8
+Associates / (Minorities)	-	-	-	-	-
Net income	31	103	120	281	130
WANS	18	18	18	19	24
FDEPS (Rs)	2.1	5.8	6.6	14.6	5.7

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY20	FY21	FY22	FY23	FY24
PBT	45	138	163	382	191
+ Non-cash items	16	24	34	70	112
Oper. prof. before WC	61	162	197	452	303
- Incr. / (decr.) in WC	10	33	-88	-109	-97
Others incl. taxes	12	43	43	90	35
Operating cash-flow	59	152	66	253	170
Free cash-flow	45	147	-10	-124	-1,581
- Capex	-14	-5	-76	-376	-1,751
- Div. (incl. buyback & taxes)	4	65	37	74	102
+ Equity raised	-1	-	-	638	1,726
+ Debt raised	-21	-10	24	-29	-4
- Fin investments	-	-	-	-	-
- Misc. (CFI + CFF)	-5	-11	-65	-190	765
Net cash-flow	14	61	-88	222	805

Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY20	FY21	FY22	FY23	FY24
Share capital	185	185	185	209	245
Net worth	147	191	276	1,125	2,878
Debt (incl. Pref)	19	9	33	4	1
Minority interest	1	-	-	-	-
DTL / (Assets)	-	-	-	-	45
Capital employed	167	199	309	1,129	2,924
Net tangible assets	31	54	80	338	1,831
Net intangible assets	0	0	0	0	0
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	-	-	26	84	224
Investments (strategic)	1	1	1	1	1
Investments (financial)	-	3	3	4	13
Current assets (excl. cash)	185	120	264	604	545
Cash	31	92	4	226	1,031
Current liabilities	80	70	70	127	722
Working capital	105	49	195	476	-177
Capital deployed	167	199	309	1,129	2,924
Contingent liabilities	43.0	42.6	58.5	100.3	NA*

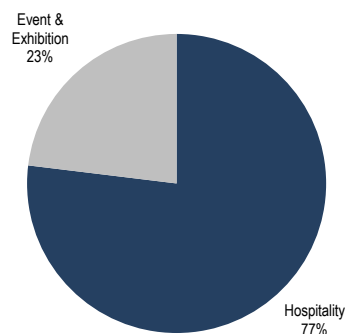
*FY24 annual report not released yet

Fig 4 – Ratio analysis

Year-end: Mar	FY20	FY21	FY22	FY23	FY24
P/E (x)	699.2	207.4	178.2	76.0	164.2
EV / EBITDA (x)	373.4	136.6	108.6	47.4	72.4
EV / Sales (x)	35.5	46.6	46.7	25.0	23.1
P/B (x)	144.7	112.0	77.3	19.0	7.4
RoE (%)	23	61	51	40	6
RoCE (%) - after tax	20	52	45	39	5
RoIC (%) - after tax	22	75	54	40	6
DPS (Rs)	0.2	3.7	2.0	3.5	3.5
Dividend yield (%)	0.0	0.4	0.2	0.4	0.4
Dividend payout (%) - incl. DDT	12	63	31	24	62
Net debt / equity (x)	-0.1	-0.5	0.1	-0.2	-0.4
Receivables (days)	86	47	110	70	80
Inventory (days)	15.0	34.5	35.8	50.7	48.2
Payables (days)	35	34	40	59	39
CFO : PAT %	193	148	55	90	131

Source: Company, Anand Rathi Research

Fig 6 – Revenue mix – FY24



Source: Company Presentation

Mix of hospitality and exhibition

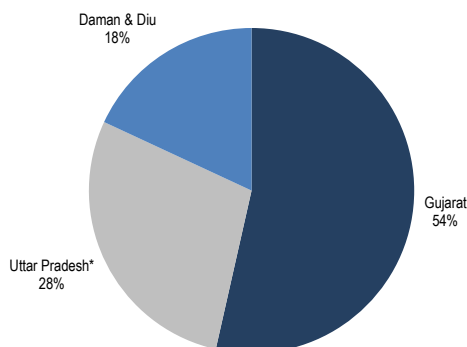
Key in experiential tourism, the company founded in 2005, made a foray into hospitality in 2015 with the opening of White Rann Resort in Kutch, Gujarat. In FY24, its hospitality business contributed ~77% to revenue, with 12 projects across Gujarat, Uttar Pradesh, Daman and Diu, and ~685 rooms. It differentiates itself by offering a unique experience to leisure travellers in areas of historical-, cultural- and tourism-related importance.

Fig 7 – Operating metrics

	FY21	FY22	FY23	FY24
No. of hotels	2	2	3	12
No. of rooms	276	276	416	685
Hospitality revenue (Rs m)	134	248	374	705
y/y growth (%)	-5.4	85.1	51.0	88.2
Event & exhibition revenue (Rs m)	290	163	470	211
y/y growth	-34.7	-43.8	188.8	-55.1
Television/other revenue (Rs m)	29	42	NA	NA
Revenue from operations (Rs m)	453	452	845	916
y/y growth	-23.9	-0.1	86.7	8.4

Source: Company Presentation, Anand Rathi Research

Fig 8 – State-wise inventory (FY24)



Source: Company Presentation, Anand Rathi Research *Incl. 140 non-operational rooms in Tent City Varanasi

Fig 9 – Operational inventory details – FY24

Project	Year of start of operations	Rooms, Tents, Cottages	Area Covered (Sq m)	Lease/Owned	Guests since inception	MICE	ARR, Rs	Operational	Peak Season
White Rann Resort, Gujarat	2015	76	40,000	Leased	59,000+	NA	11,099	Seasonal	Nov-Feb
Tent City Narmada, Gujarat	2018	200	1,24,000	Leased	1,43,000+	9 conference halls	8,379	AYR*	Oct-Mar
Tent City Varanasi, UP**	Jan'23	140	2,00,000	Leased	15,000+	1 conference hall	11,880	Seasonal	Nov-May
Beach Resort, Light House, Daman	May'23	33	10,000	Leased	15,200+	1 conference hall	10,545	AYR*	Oct-Jun
Beach Resort, Jampore, Daman	Oct'23	35	7,900	Leased	10,800+	NA	9,490	AYR*	Oct-Jun
Beach Resort, Chakratirth, Diu	Oct'23	30	5,650	Leased	6,800+	NA	9,611	AYR*	Oct-Jun
Beach Resort, Ghoghla, Diu	Nov'23	35	9,300	Leased	1,100+	NA	7,085	AYR*	Oct-Jun
Dholavira Resort, Gujarat	Nov'23	30	7,800	Owned Land	2,800+	NA	9,666	AYR*	NA

Source: Company Presentation *AYR = All Year Round **Additional 10 tents to be added in FY25

Fig 9 – Operational inventory details – FY24 (contd.)

Project	Year of start of operations	Rooms, Tents, Cottages	Area Covered (Sq m)	Lease/Owned	Guests since inception	MICE	ARR, Rs	Operational	Peak Season
Grand Eulogia, Ahmedabad	Oct'23	76	13,187	Leased	5,500+	NA	6,512	AYR*	NA
Tent City, Ayodhya, Brahmakund, UP	Nov'23	30	8,120	Leased	400+	NA	13,766	AYR*	NA
Tent City Ayodhya, Saryu, UP	Feb'24	39	8,889	Leased	3,726+	NA	12,696	AYR*	NA
Safari Resort, Velavadar, Gujarat	Mar'24	12	15,000	Leased	-	NA	-	AYR*	NA

Source: Company Presentation *AYR = All Year Round **Additional 10 tents to be added in FY25

Ahead, the company's pipeline includes 14 resorts in key tourist spots across Rajasthan, Gujarat, UP, Maharashtra, Lakshadweep, Daman and Diu, which would add 695 keys.

Fig 10 – Hotel development pipeline

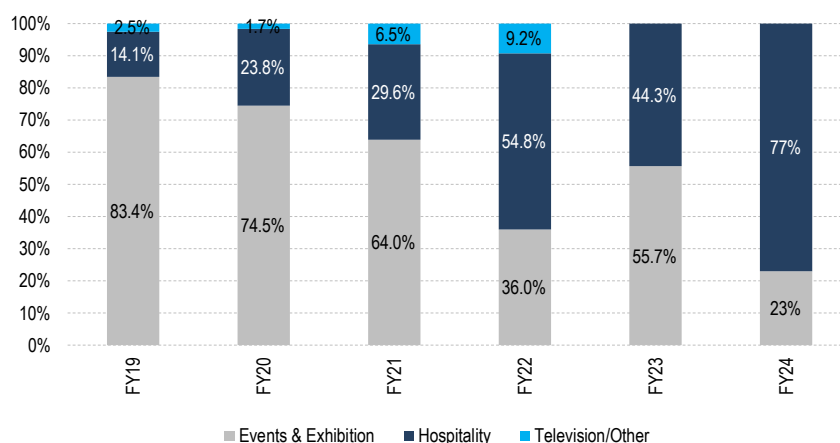
Sr. No.	Resort	No. of rooms
1	Udaipur, Rajasthan	35
2	Ranthambhore, Rajasthan	30
3	Jawai, Rajasthan	30
4	Adalaj, Gandhinagar, Gujarat	10
5	Damanganga Garden Katchhi Gam, Daman	30
6	Kihim, Maharashtra	40
7	Kashid, Maharashtra	40
8	Agatti Island, Lakshadweep	50
9	Jalandhar House, Daman And Diu	42
10	Silvasa, Daman And Diu	38
11	Thinakara-I, Lakshadweep	100
12	Thinakara-II, Lakshadweep	100
13	Bangaram-I, Lakshadweep	100
14	Bangaram-II, Lakshadweep	50
Total		695

Source: Company

The company also has a stronghold in event management (~23% to FY24 revenue). Since inception, it has organized ~2,000 exhibitions and ~1,000 events (mostly for the government), incl. *Vibrant Gujarat*, *Saputara Monsoon Festival*, etc. In FY24, its events and exhibition segment dipped on lower activity from the company's side and its focus on developing the hospitality business. The company would prioritise exhibitions once all resorts are operational.

In Q4 FY24, the company acquired a ~51% stake each in Abhik Advertising Pvt Ltd (for ~Rs181m from shareholders and via a preferential issue) and Bidhan Advertising & Marketing Ltd (~Rs40.8m via a preferential issue). Through this, it aims at capturing the advertising market through outdoor advertising and ancillary services.

While Abhik Advertising's FY23/22/21 revenue was Rs322.7m/257.8m/259.5m, Bidhan's was Rs56.5m/42.5m/55.2m. The company targets a revenue of Rs400m/450m from these acquisitions in FY25/26.

Fig 11 – Segment-wise revenue bifurcation (%)

Source: Company

Limited capex led to early breakeven

Compared to the cost of constructing a hotel room (~Rs10m), the company's costs are much lower (~Rs1.5-2m/tent, ~Rs3.2m/cottage or semi-permanent structure and ~Rs4m-10m/hotel room). Further, in main cities, a conventional hotel room costs ~Rs12.5m-15m. Instead, the company plans hotels on its own land in non-metros like Daman, Varanasi, Diu, etc., where construction cost is ~Rs4m/room (presuming ARR ~Rs15,000-25,000).

Type of structure to be constructed largely depends on the contract-renewal timeline, ie, the longer the lease, the greater the amount the company is keen to invest, along with the scope to grow ARR in the region. Of ~12 operational projects, most are on leased land with contract renewals varying from five to 30 years. Due to limited capex, the company's luxury tents/cottages can break even in the first year itself, at 20/40% occupancy.

Fund-raising and utilisation of proceeds

The company plans to add ~10 resorts every year. For this, it requires ~Rs1bn-1.2bn capex. Only after achieving ~Rs1bn PAT, would it be able to incur capex via internal accruals. Till then, it must raise funds externally. In Feb'24, it raised ~Rs998.3m via a preferential allotment. These funds would have been used in FY24 to operationalise ~12 projects, which are now being developed.

Fig 12 – Fund-raising history

Sr. No.	Date of Fundraising	Mode of fund raising	No. of shares / warrants	Face value (Rs)	Premium offered (Rs)	Issue price of warrants (Rs)	Issue size (Rs m)
1	16-Dec-22	Preferential issue (shares)	97,000	10	219	NA	22
2	10-Feb-23	Preferential issue (warrants)	1,200,000	10	NA	268	321.6 [#]
3	14-Aug-23	Preferential issue (warrants)	875,000	10	NA	487	241*
4	14-Aug-23	Preferential issue (shares)	545,533	10	477	NA	266
5	7-Feb-24	Preferential issue (shares)	1,490,000	10	660	NA	998
6	17-May-24	Preferential issue (shares)	1,293,024	10	945	NA	1,235
7	17-May-24	Preferential issue (warrants)	856,976	10	NA	955	818

Company, BSE #Fully (last leg) converted on 16th Jan'24 *Subscription plus partial conversion on 12th Feb'24 (total size: Rs 426m)

Q1, Q2, Q3, Q4 Concall Highlights

Q4 Concall KTAs

Guidance and outlook

- The company continues to target ~Rs3bn topline for FY25.
- Post inauguration of 10 resorts in Oct'24, management is optimistic of significantly better results.
- Launches would require ~6-12 months for ARR and occupancy normalisation.
- Management is optimistic of the Grand Eulogia property contributing ~Rs350m to FY25 topline, with ~40% potential EBITDA margin; ~70-80% booked for wedding season in Q3 & Q4 FY25.

FY24 & Q4 highlights

- FY24: ~45-50% occupancy and ARR Rs7,500-14,000.
- Manpower ~1,100 in FY24, from ~150 in FY23.
- Inventory of ~Rs121m related to the event business (tents, standees, carpets, etc).
- Payment from the government takes ~90 days (hence, ~80 receivable days in FY24).
- Cost bifurcation: ~30-35% cost to establish structure, ~15-20% furniture and fixtures, ~15-20% for surrounding development and ~10% overhead & manpower expenses.

Abhik and Bidhan acquisitions

- The company aims at capturing the advertising market via outdoor advertising and would offer similar services to clients.
- The company would benefit from in-house advertising vs. outsourcing to third parties.
- It is making a foray into digital marketing.
- Business from Rajasthan has already been received by Abhik.
- Auditing, compliance and financial systems to be managed by Praveg; remaining day-to-day business operations to be managed by subsidiaries.

Property-wise clarity

- Brahmakund project: few, ~400, guests, despite being operational since Nov'23, due to inauguration of the Ram Mandir and no visitors being permitted till Jan 31; occupancy calculated for Feb-Mar'24.
- Velavadar: only ~12 cottages due to higher seasonality and wildlife-centric, niche audience; more ARR (~Rs20,000) only in specific months.
- Eulogia: lower ARR (~Rs6,500-7,500) owing to property dedicated for MICE events with F&B/room contribution of <25%.
- Lakshadweep: work on 3,4 resorts (~386 rooms) to be stopped during Jun-Jul due to safety concerns; to resume in Aug-Sep'24; targeting to operationalise property by Nov-Dec'24, along with offering allied water activities.

Q3 Concall KTAs

Guidance and outlook

- Management maintains its ~Rs3bn revenue target (excl. its exhibition business), ~40-50% EBITDA margin by FY25 with ~Rs10,000 ARR and ~60% occupancy.
- Margins to stabilise post operationalising 23 resorts under Vision 2027.
- The company would focus on reducing seasonality difference in H1 and H2 performances by FY25.
- Currently, its entire focus is on developing its hospitality business; it will focus on exhibitions once all resorts are operational.
- The company is interested in involving SAAS-based tech platforms to boost occupancy; the exact timeline has not been specified.
- The Varanasi property issue would be resolved in the next 2-3 months, with major hearing already completed. Approvals would be obtained to operate in FY24.
- The company will focus on raising Ayodhya tent city's occupancy to ~90%, with no expansion plans (now 70 rooms).
- Vision 2027 in place to expand hospitality business outside India by FY28.

Property-wise occupancies

- Current occupancies: White Rann (~65%), Dholavira (~25-30%), Ayodhya (~75-80%), Daman (~75%), others (~62-80%).
- Daman property: ~65-70% occupancy in six months of operation.
- Occupancies hurt by adding properties (which lead to lower occupancies overall), expected to improve gradually as awareness and popularity improve.
- Ayodhya tent city's business was impacted by Ram Mandir's opening in Jan'24, as the government restricted arrival of normal visitors due to presence of VVIPs; this would improve in Mar'24.

Miscellaneous

- Approval secured from the government for the Lakshadweep property.
- Minor impact in Q4 exhibitions business due to Vibrant Gujarat.
- As of now, no plans for dividend, bonus or split.
- Capex utilisation already in place; no funds required in the near term.

Q2 Concall KTAs

Guidance, expansion plans and key points

- In Q2, six properties were operational and 12 in the pipeline, with opening of the Beach Resort Jampore (Daman) and the Beach Resort Chakratirth (Diu). Eulogia Resort (Ahmedabad) and Dholavira Resort (Kutch) commenced operations.
- Q3 guidance: ~45% occupancy and ~Rs7,000-8,000 ARR; ~50% overall occupancy expected in FY24.
- The company received orders for Tent City Kihim (Maharashtra), Tent City Kachigam (Daman), Tent City Nagoa Beach (Diu).

- Opening dates for projects: Udaipur (Mar'24), Jawai (Q4), Adalaj (Q4), Rathambore (Q3 FY25).
- Work orders received for tent city projects in Kihim and Kashid (Maharashtra).
- Management aims at 972 rooms by Q4.
- Increase in indirect expenses due to development of new resorts, expansion in call centre/ admin teams, software application, enterprise resource planning (ERP), etc.
- Stress on EBITDA margin due to higher overheads.
- In exhibitions and event management, only those projects with >15-20% EBITDA margins were taken up.

Company strategy

- On establishing 15-20 resorts, the company would expand based on opportunities.
- Its strategy is not to set up >20% resorts in a state.
- ~50-60 resorts likely by FY28, of which 40% would be on private land.
- Management has already gathered funds to establish 15 resorts; for the other six, funds would be raised from the promoter group.

Rooms, occupancy, ARR

- Q2 room capacity: 640.
- Both Daman properties combined, occupancy reached ~80-100%.
- Currently, Dholavira has 20-30 rooms even though purchased land could accommodate 60-70 rooms.
- Udaipur: 30 rooms; Jawai: 30.
- Grand Eulogia (Ahmedabad): The company invested ~Rs50m-60m on a 10-year lease; 50% focus to be on utilising the banquet space within the property, particularly for its wedding business.

Project-wise cost and lease details

- Tent structure/room: ~Rs1.5m-2m, semi-temporary structure: ~Rs3.2m/room, permanent structure: ~Rs4m-10m/room.
- Lease contracts range from five to 40 years; the longer the lease, the greater the amount the company plans to invest in building the structures.
- New tent cities are full-year resorts, not seasonal like the White Rann Resort and Tent City Varanasi.
- On 30-year leases: Jawai, Ranthambore, Udaipur, Velavadar, Dholavira, Grand Eulogia, Ahmedabad, etc.
- ~33% of resorts were owned, the remaining 13 were based on PPP model.

Q1 Concall KTAs

Guidance, expansion plans and key points

- Q1 FY24: Four operational resorts (two full year, two seasonal); Q2: four full year, two seasonal, Q3: adding six more (10 full year, two seasonal); Q4: 17 resorts (15 full year, two seasonal).

- In Q1, Tent City Narmada had already begun operations; Beach Resort Daman commenced operations in May'23; now at ~75% occupancy.
- Q3 resort openings: Grand Eulogia, Ahmedabad; Ghoghla Beach Resort, Diu; Dholavira Resort, Gujarat; Tent City Ayodhya, UP.
- Q4 resort openings: Adalaj Theme Park, Gujarat; Udaipur Resort, Rajasthan; Jawai and Ranthambore, Rajasthan (clearances received).
- At end-Q4, management plans to set up >800 rooms (excl. 216 seasonal rooms at Tent City Varanasi and White Rann Resort, Gujarat).
- Vision 2027: 50 resorts comprising 2,000-3,000 rooms.
- Margin contribution: 15-20% from exhibitions, 40-50% from hospitality (depending on occupancy).

Rooms, occupancies, ARR

- 449 rooms in Q1 FY24, of which only 233 were operational due to changes in management and transition from individual to professional management.
- Occupancies: Q1 and Q2 (25-35%), Q3 (60-70%), Q4, slight downturn.
- ~Rs8,500-9,000 ARR (applicable across quarters).
- Daman property ARR in Q1: ~Rs8,000-9,000; could go to ~Rs12,000-13,000 in Q3 and Q4.
- Every year, the occupancy ratio rises 3-4%.

Miscellaneous

- In case of the Dholavira, Kutch, property, management had initially planned to set up 30 rooms to gauge the response. On rising occupancy, it will increase capacity to 100 rooms.
- Its events and exhibition business dipped due to lower activity from the company's side.
- Huge rise in Q1 FY24 expenses due to development of 15 resorts in FY23.
- More indirect costs due to hiring at call centres, administration/HR staff, coming resorts; similar pressure likely on Q2 margins.

Fig 13 – Peer comparison

Particulars	Revenue (Rs m)					Revenue growth, y/y (%)					EBITDA (Rs m)					EBITDA margins (%)				
	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24
Praveg	596	453	452	845	916	-0.9	-23.9	-0.1	86.7	8.4	57	155	195	446	292	9.5	34.1	43.0	52.8	31.9
Park Hotels	NA	1,788	2,550	5,061	5,790	NA	NA	42.6	98.5	14.4	NA	115	455	1,589	1,925	NA	6.4	17.8	31.4	33.2
Indian Hotels (consol.)	44,631	15,752	30,561	58,099	67,688	-1.1	-64.7	94.0	90.1	16.5	9,675	-3,618	4,048	18,045	21,571	21.7	-23.0	13.2	31.1	31.9
EIH	15,963	4,935	9,853	20,188	25,113	-11.8	-69.1	99.6	104.9	24.4	2,903	-2,833	-13	5,974	9,269	18.2	-57.4	0.1	29.6	36.9
Lemon Tree	6,694	2,517	4,022	8,750	10,711	21.8	-62.4	59.8	117.5	22.4	2,434	613	1,187	4,476	5,232	36.4	24.3	29.5	51.2	48.8
Chalet Hotels	9,808	2,856	5,078	11,285	14,173	-0.6	-70.9	77.8	122.2	25.6	3,429	71	985	4,528	5,846	35.0	2.5	19.4	40.1	41.2
Samhi Hotels	6,056	1,696	3,227	7,386	9,574	NA	-72.0	90.3	128.8	29.6	1,500	-694	114	2,377	2,665	24.8	-40.9	3.5	32.2	27.8
Juniper Hotels	5,388	1,663	3,008	6,646	8,177	NA	-69.1	80.9	120.9	22.6	1,651	-43	586	2,697	3,110	30.6	-2.6	19.5	40.6	38.0

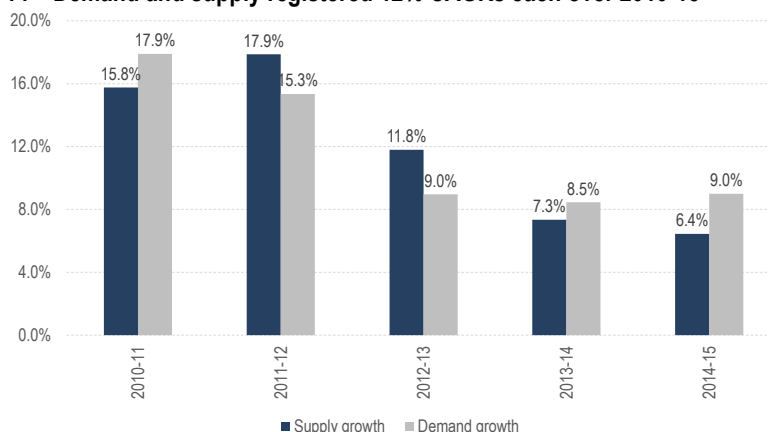
Source: Company, Anand Rath Research

Hotel demand-supply dynamics

2023-26 demand CAGR to outpace 5-6% supply growth

Much before the pandemic, India's hotel sector saw a protracted period of demand-supply dynamics, with a massive supply overhang. This led to the sector's mediocre performance over 2010-15.

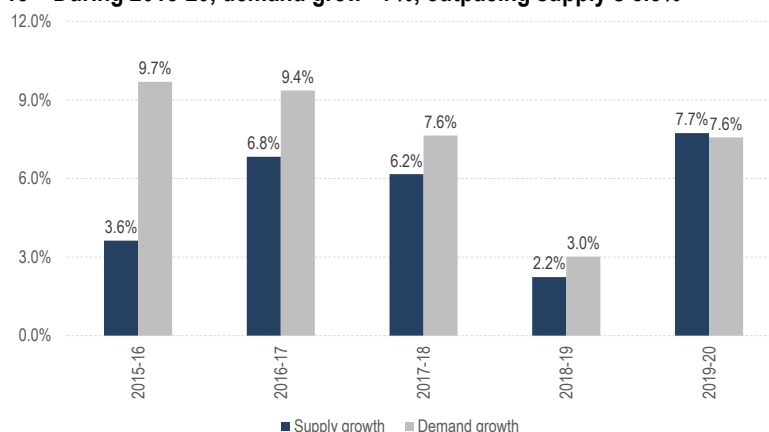
Fig 14 – Demand and supply registered 12% CAGRs each over 2010-15



Source: Hotelivate Report, 2023

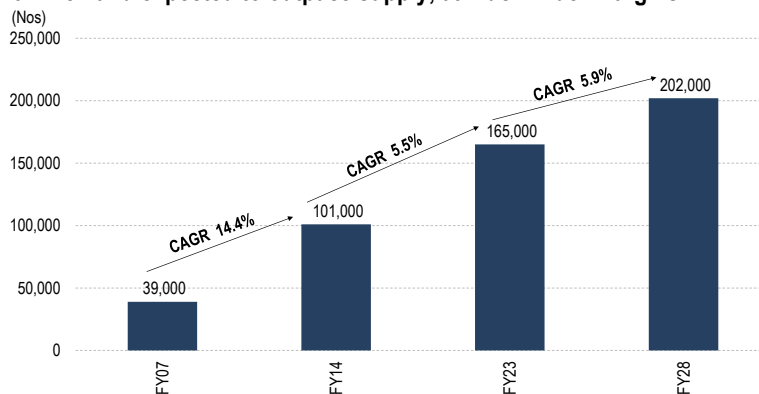
However, slower supplies helped but the 2015-20 demand revival altered all that. Then, Covid-19 struck, shattering every business, hotels being at the forefront. Travel and tourism was negligible, and weddings were curtailed, which resulted in massive losses to hotel companies.

Fig 15 – During 2015-20, demand grew ~7%, outpacing supply's 5.3%

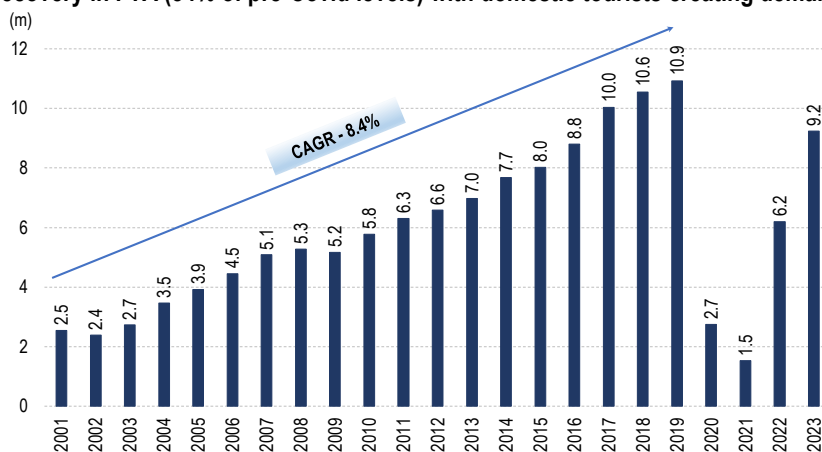


Source: Hotelivate Report, 2023

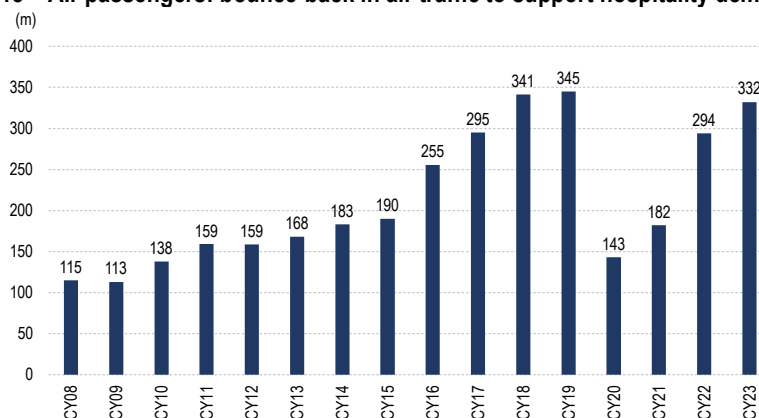
But now, as demand has picked up, largely due to domestic travel, the sector is expected to flourish. Considering the demand-supply gap, occupancies are expected to rise, thus pushing up room rates.

Fig 16 – Demand expected to outpace supply, at much wider margins

Source: Hotelivate Report, 2023

Fig 17 – Foreign tourist arrivals: strong industry performance despite partial recovery in FTA (84% of pre-Covid levels) with domestic tourists creating demand

Source: The Ministry of Tourism

Fig 18 – Air passengers: bounce-back in air traffic to support hospitality demand

Source: The Ministry of Tourism

Valuations

Established in 2005, Praveg, a pioneer and leader in experiential tourism, offers exhibition, event management and hospitality services in India. With ~685 luxury tents and cottages at 12 properties in Gujarat, Daman, Diu and Uttar Pradesh, its FY24 hospitality revenue was ~77%. These properties are in regions of cultural significance and heritage, where traditional construction is not viable. The company's strategy of increasing resorts from ~12 to ~26 by FY25 and its unique position in hospitality augur well.

Risks

- Slowdown in the economy would curb demand; also, external factors such as terrorist attacks, epidemics, etc.
- Heavily dependent on leisure travel; no contribution from other segments, especially corporate/ business travel.
- The seasonal nature of some properties (eg, the White Rann Resort, Tent City Varanasi) hurt revenue.
- Investment in non-core business of advertising and TV channel etc.

Company background, management

Key in experiential tourism, Praveg was founded in 2005 and subsequently made a foray into hospitality in 2015, with the *White Rann Resort* in Kutch, Gujarat. Operations now cover 12 locations and three states/ UTs in India, with ~685 rooms at religious and historical sites bringing ~77% to revenue.

Apart from hospitality, it organises events and exhibitions (mostly for the government; ~1,000 events, ~2,000 exhibitions incl. *Vibrant Gujarat*), which bring ~23% to revenue. It recently made a foray into wedding management.

Fig 19 – Milestones

Year	Key events
2005	Established as Praveg Communications Pvt. Ltd.
2008	Won gold medal and 1 st prize for the Gujarat pavilion at the IITF
2010	Special mention for its Ahmedabad pavilion at the 2010 Shanghai World Expo, China
2015	Ventured into hospitality by developing the 'White Rann Resort'
2017	Organised Glorious India Expo in the US, receiving 20,000 visitors
2018	Established Tent City, Narmada, in proximity to the Statue of Unity
2019	Listed on the Bombay Stock Exchange
2019	The Rann Resort won the 'Best Eco Resort - Runner Up' at the Gujarat Travel & Tourism Excellence Awards
2022	Land acquired at Jawai, Velavadar, Ranthambore and Udaipur for coming hospitality endeavours
2022	License for 'Praveg TV', a satellite TV channel, from the Ministry of Information & Broadcasting
2022	Transformed into Praveg Ltd
2023	Developed many projects, incl. Tent City Varanasi, and Praveg Beach Resort (Daman & Diu)

Source: Company RHP, Anand Rath Research

Fig 20 – Contingent liabilities

Particulars	FY21	FY22	FY23	FY24**
Service tax (Rs m)	21.3	20.2	20.2	N.A.
Goods & Services Tax (Rs m)	0.0	0.0	0.0	N.A.
Income tax (Rs m)	0.0	13.6	14.1	N.A.
Outstanding amount (counter bank guarantees)* (Rs m)	21.3	24.6	65.9	N.A.
Total (Rs m)	42.6	58.5	100.3	N.A.
As % of revenue	9.4	12.9	11.9	N.A.

Source: Company RHP, Anand Rath Research

*Incl. performance guarantees given for projects of Tent City and private TV

** FY24 annual report not released yet

Fig 21 – Management details

Name	Designation	Description	Other Directorships	Committee(s)
Vishnukumar Patel	Chairman	A practicing-chartered accountant and founder partner of M/s. V. V. Patel & Co with rich professional experience since 1998 in construction, solar energy and events	NA	Corporate Social Responsibility
Bijal Parikh	Finance Director	As the director of U R Energy (Solar) Pvt. Ltd. for over seven years, was instrumental in driving success and growth; has expertise across diverse areas incl. marketing, technical, finance, customer support service and HR	NA	Risk Management
Dharmendra Soni	Chief Financial Officer	Holds more than 25 years' experience in the field of taxation, finance and accountancy	NA	Risk Management
Bhumit Patel	Wholetime Director	Has ~15 years' experience in construction, with a unique ability to lead diverse teams across varied geographical terrains	NA	NA
Ajit Panda	Independent Director	Is a retired government official with ~14 years' experience as the Joint Secretary, a former Chief Commissioner of Income Tax, and has a post-graduate degree in science, expertise in finance, direct tax laws and administration	NA	Audit Nomination and Remuneration Stakeholders' Relationship
Pooja Khakhi	Independent Director	A company secretary with ~10 years' experience in corporate law, finance and management; diploma in legal studies, fundamentals of business law, laws and judicial systems, the adversary trial system and contract laws	NA	NA
Rajendrakumar Patel	Independent Director	B.E. (Mechanical), Gujarat University, and M.S. (Mechanical) degrees, University of Michigan, Ann Arbor, USA. Held senior positions in Voltas, Blue Star, DAIL, Reliance Industries and SMPS Consultants	Patels Airtemp (India)	Audit Nomination and Remuneration Risk Management Corporate Social Responsibility Stakeholders' Relationship
Keyoor Bakshi	Independent Director	A company secretary, provided professional services to various companies and expertise in corporate governance, corporate and securities compliance management, due diligence, mergers, acquisitions and takeovers, public offerings of securities, etc	Gokul Agro Resources Kiri Industries Innovative Tyres & Tubes Infibeam Avenues Saanvi Advisors	Risk Management
Mukesh Chaudhary	Company Secretary		NA	NA
Auditor	M/s. B. K. Patel & Co., Chartered Accountants		NA	NA

Source: Company

Appendix

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