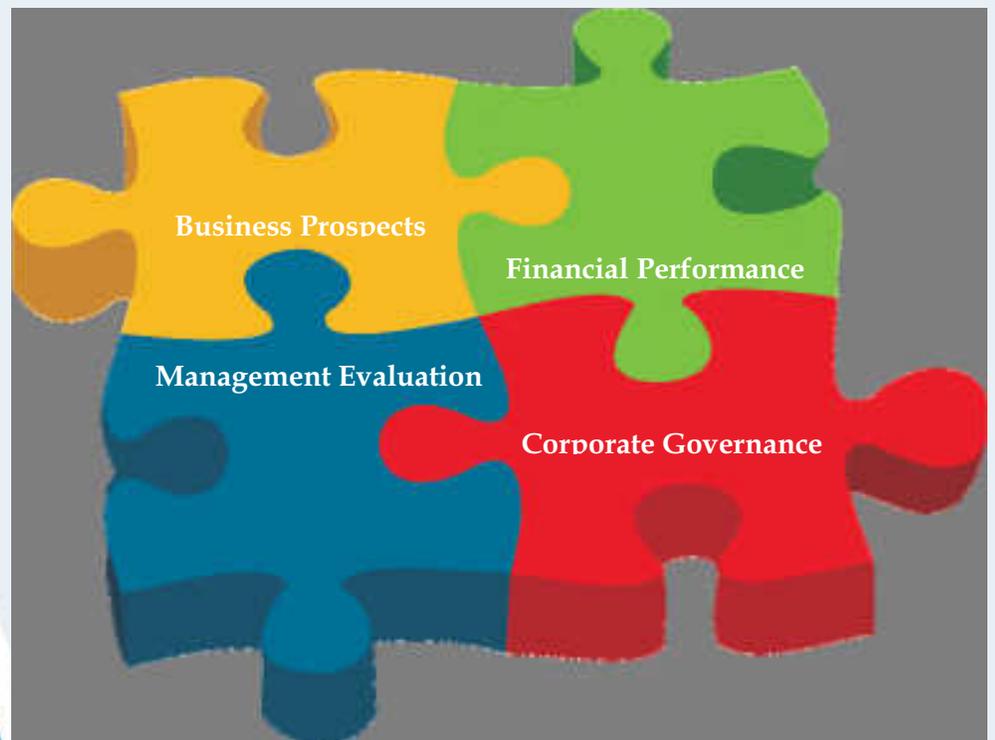


Independent Equity Research

Enhancing investment decisions



In-depth analysis of the fundamentals and valuation

**Savera Industries
Limited**

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade)

Fundamental Grade

CRISIL's Fundamental Grade represents an overall assessment of the fundamentals of the company graded in relation to other listed equity securities in India. The grade facilitates easy comparison of fundamentals between companies, irrespective of the size or the industry they operate in. The grading factors in the following:

- Business Prospects: Business prospects factors in Industry prospects and company's future financial performance
- Management Evaluation: Factors such as track record of the management, strategy are taken into consideration
- Corporate Governance: Assessment of adequacy of corporate governance structure and disclosure norms

The grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals)

CRISIL Fundamental Grade	Assessment
5/5	Excellent fundamentals
4/5	Superior fundamentals
3/5	Good fundamentals
2/5	Moderate fundamentals
1/5	Poor fundamentals

Valuation Grade

CRISIL's Valuation Grade represents an assessment of the potential value in the company stock for an equity investor over a 12 month period. The grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Valuation Grade	Assessment
5/5	Strong upside (>25% from CMP)
4/5	Upside (10-25% from CMP)
3/5	Align (+-10% from CMP)
2/5	Downside (negative 10-25% from CMP)
1/5	Strong downside (<-25% from CMP)

Analyst Disclosure

Each member of the team involved in the preparation of the grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.

Additional Disclosure

This report has been sponsored by NSE - Investor Protection Fund Trust (NSEIPFT).

Disclaimer:

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Chennai-based Savera Industries Ltd (Savera) is a hospitality player incorporated in 1968. It owns and operates a 230-room four-star deluxe hotel in Chennai. Preferring to concentrate all business energy on this one property, it does not have any major expansion plans. We assign Savera a fundamental grade of '2/5', indicating that its fundamentals are 'moderate' relative to other listed securities in India.

Hotel in the heart of Chennai provides a steady stream of cash flows

Savera Hotel is located in Mylapore, in the heart of Chennai, in close proximity to the airport, railway station and tourist spots. With the aim of attracting business travelers, it offers all modern amenities such as conference room, board room, banquet hall and Wi-Fi connectivity. The hotel has had a good influx of business travelers over a period of four decades as reflected by its occupancy rates (OR) and average room revenue (ARR) resulting in steady stream of cash flows. Although the ORs were low in FY09 and FY10 (47%), the economic revival has pushed it back to higher levels. Savera reported an OR of 68% in the first half of FY11. We expect a similar rate for the full year.

Improving industry outlook a positive

With an improvement in the domestic economy, the hotel industry is back on track with a sharp rise in room demand. Industry sources expect room demand to grow by 13-15% over FY10-12. Moreover, even though there are supply concerns in the premium hotel segment there is not much supply coming in the mid-market business segment where Savera is positioned.

No immediate expansion plan

Apart from the plan to acquire a 30-room budget hotel at an estimated cost of Rs 60 mn (Rs 2 mn per room) in Bengaluru, Savera has no major expansion plans. It is focused on profitably running the Chennai hotel. While this would result in steady cash flows, we believe it would not result in any substantial value creation for shareholders in the long term.

PAT to grow at a two-year CAGR of ~50%; EPS to more than double

We expect Savera to post a PAT CAGR of 50% from Rs 25 mn in FY10 to Rs 57 mn in FY12 driven by revenue growth and margin expansion. Revenues are expected to increase at a two-year CAGR of 12% to Rs 442 mn in FY12 while net margins are expected to improve from 7.2% in FY10 to 11.3% in FY11 and to 12.9% in FY12. We expect EPS to increase from Rs 2.1 in FY10 to Rs 4.8 in FY12.

Valuation - the current market price has strong upside

We have valued Savera on an EV/adjusted room basis. We have given a multiple of Rs 4.5 mn on EV/adj.room which translates into a fair value of Rs 73 per share. We initiate coverage on Savera with a valuation grade of '5/5', indicating that the market price has 'strong upside' from the current levels.

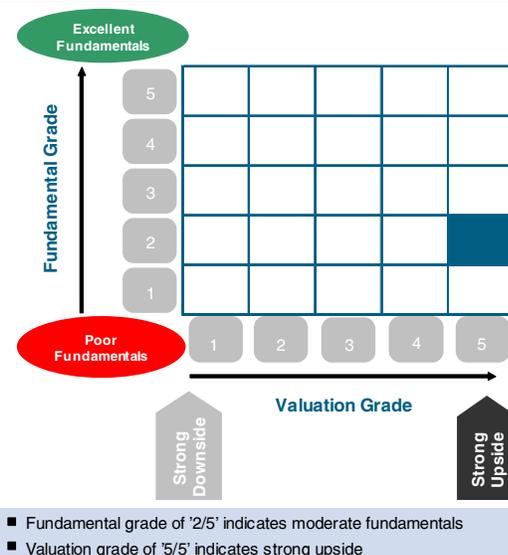
Key forecast (consolidated)

Rs (mn)	FY08	FY09	FY10	FY11E	FY12E
Operating income	458	397	352	418	442
EBITDA	156	117	95	118	129
Adj Net income	57	5	25	47	57
EPS-Rs*	4.8	0.4	2.1	4.0	4.8
EPS growth (%)	(34.4)	(91.7)	435.4	86.4	20.5
PE (x)	16.8	53.7	23.0	13.9	11.5
P/BV (x)	4.2	1.1	2.4	2.4	2.1
RoCE (%)	25.6	17.4	16.4	21.5	23.5
RoE (%)	28.6	2.1	10.7	18.3	19.4
EV/EBITDA (x)	8.1	4.1	8.0	7.0	6.0

Source: Company, CRISIL Equities estimate

*Adjusted for bonus issue 1:1

CFV matrix



Key stock statistics

BSE/NSE Ticker	SAVERA
Fair value (face value Rs 10)	73
Current market price*	55
Shares outstanding (mn)	11.9
Market cap (Rs mn)	657
Enterprise value (Rs mn)	761
52-week range (Rs) (H/L)	63/17
P/E on EPS estimate (FY12E)	11.5
Beta	0.9
Free float (%)	49.8
Average daily volumes (3 month)	31,944

*As on November 10, 2010

Share price movement



-Indexed to 100

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Table 1: Savera Hotels (India) Limited: Business environment

Parameter	Savera, Chennai	Health club	Floriculture
Revenue contribution (FY10)	95%	4%	1%
Revenue contribution (FY12)	95%	4%	1%
Product / service offering	<ul style="list-style-type: none"> Four-star property located in central Chennai with good access to all parts of the city. Total inventory of 230 rooms. Mainly caters to the domestic business travellers. Also attracts some foreign tourists 	<ul style="list-style-type: none"> Four health clubs in Chennai with an aggregate space of ~13,500 sq. ft. and ~1,850 members 	<p>One garden in Ooty measuring 14.39 acres. It produces crown flowers used for decoration</p>
Sales growth (FY08-FY10 – 2-yr CAGR)	<p>Minus 12%</p> <p>Impacted by the slowdown in FY09 and FY10</p>	<p>506%</p> <p>The company forayed into the health club business in FY08 with two studios. This high growth is attributed to a low base effect</p>	<p>7%</p> <p>The company forayed into the floriculture business in FY08 through its wholly owned subsidiary company, M/s Elkhill Agrotech Pvt Ltd</p>
Sales forecast (FY10-FY12 – 2-yr CAGR)	<p>12%</p> <ul style="list-style-type: none"> Driven by improvement in ORs and ARR backed by improvement in room demand with the revival in economy 	<p>3%</p> <ul style="list-style-type: none"> Marginal growth driven by increase in membership and fees 	<p>11%</p> <ul style="list-style-type: none"> Driven by volume and realisation growth
Margin drivers	<ul style="list-style-type: none"> Improvement in ORs. With the economic revival, the demand has bounced back sharply. However, ARR has not improved much. A further pick-up in demand and improvement in ARR will drive margins 	<ul style="list-style-type: none"> Margin not expected to improve much 	<ul style="list-style-type: none"> Some improvement in margins as volume increases and operating leverage comes into play
Demand drivers	<ul style="list-style-type: none"> Economic stability and increased business activity 	<ul style="list-style-type: none"> Increased health awareness 	-
Key competitors	<ul style="list-style-type: none"> Large players – Indian Hotel, EIH, Hotel Leela Ventures Comparable players –, Royal Orchid, Taj GVK, Asian Hotel (west), Oriental Hotel and Bhagwati banquet 	Talwalkars, Acme fitness, Mavericks	-

Source: Company, CRISIL Equities

Grading Rationale

Strategically located hotel in the heart of Chennai with good facilities

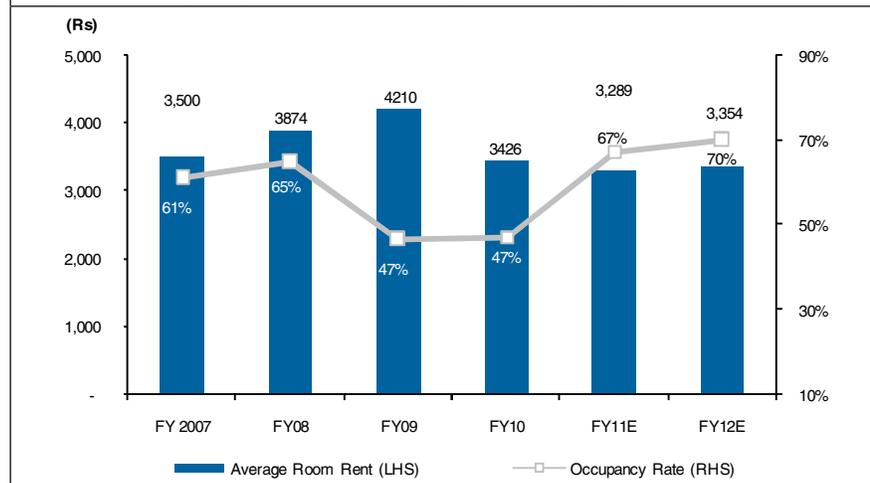
Savera Hotel was set up in 1968 in Mylapore, Chennai. A 230-room, deluxe four-star property, it is located in the heart of Chennai in close proximity to the airport, railway station and popular tourist spots which helps it attract domestic as well as international travellers. Furthermore, it is in neighbouring distance to local and international corporates such as Tamil Nadu Newsprint and Cag Gemini to name a couple. The hotel has all the modern amenities essential for business travellers such as conference room, board room, banquet hall and Wi-Fi connectivity. It also has a swimming pool and a health club (Body Lyrics) adjacent to it.

Operating at reasonable occupancy levels

The property has recorded a good number of business travellers and tourists over a period of four decades as reflected by its ORs and ARR. Although the OR decreased in FY09 and FY10 as the hotel industry had succumbed to the domino effect of the global economic slowdown, with economic revival the OR has improved; it was 68% in the first half of FY11. We expect a similar level for the full year which is a significant jump compared to 47% in FY10.

Improved OR to 68% from 47% in FY10

Figure 1: Occupancy levels are once again moving up



Source: Company, CRISIL Equities estimates

Low seasonal risk given lower dependency on tourists

The property, positioned as a four-star hotel providing facilities at an affordable rate, is located near business destinations primarily targeting domestic business travellers. This reduces the seasonal risk attached to dependence on foreign leisure tourists. Also, given its positioning, the downward pressure on the ARR during a downturn is also lower compared to premium hotels. As per industry data, during the FY08-09 slowdown ARR of premium segment hotels declined by 40-50% compared to 15-20% declined in the budget-segment hotel's ARR. Savera witnessed an increase of 9% in ARR during the same period.

Higher proportion of F&B income also derisks the business to some extent

The proportion of F&B income at this property high since its restaurants get a lot of day

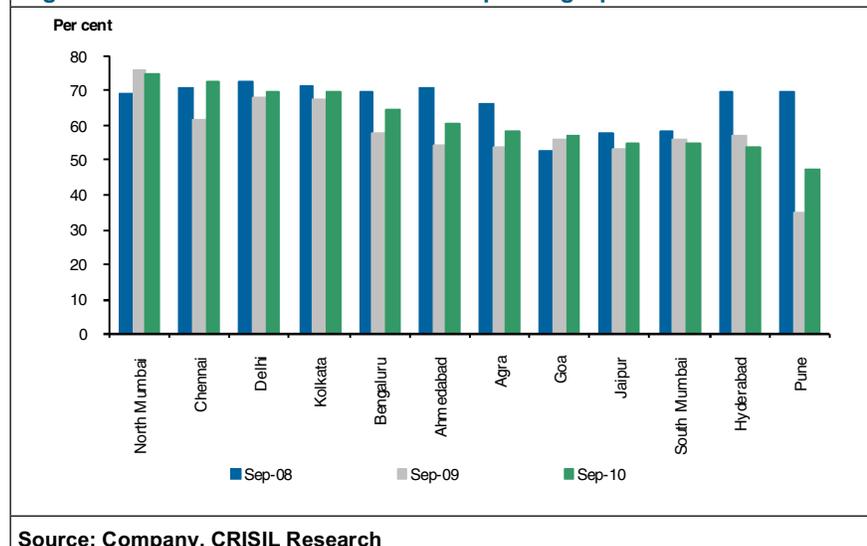
visitors. The hotel has four F&B outlets offering different cuisines and are targeted at different classes of customers. F&B income from the four outlets make up a substantial 34% of the company's top line, mitigating the risks of lower occupancy following a downturn in the industry.

Hotel industry back in business – room demand rises sharply

With an improvement in the domestic economy, the hotel industry is back on track with a sharp rise in room demand. ORs at various destinations has picked up considerably (improvement of 5-15% y-o-y over the past quarter - January 2010-March 2010 - in key markets) from the lower levels logged in the second half of 2008 and early 2009. Industry sources suggest a 13-15% growth in room demand over FY10-12, in line with historical trends. The growth in demand is expected to be driven by an increase in corporate travel budgets leading to higher business travellers.

Room demand has risen sharply with revival in economy

Figure 2: Demand for hotel rooms is picking up

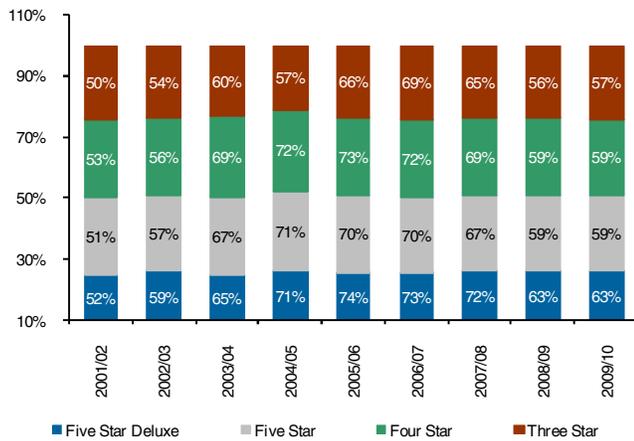


Outlook for Chennai market is stable

Chennai is predominantly a business destination and growth in demand is mainly driven by business travellers. With the Indian economy back on track (expected GDP growth rate of 8.2% in FY11 and 8.4% in FY12 as per CRISIL Research) the Chennai market is expected to see an increase in business travellers. Although supply concerns in the premium hotel segment exist, there is not much supply in the mid-market business segment where Savera is positioned. As per a HVS (Hotel Valuation Service) which is a consultancy firm for hotels, mid-market hotels have become affordable travel option for different types of travellers. OR for the mid-market/budget segment grew at a CAGR of 2% while the premium segment OR grew at a CAGR of 1% during 2001-10. Even though Savera is present in just one city, this is not a concern as the company is operating in the budget segment and is located in an area which is suitable for domestic business travellers.

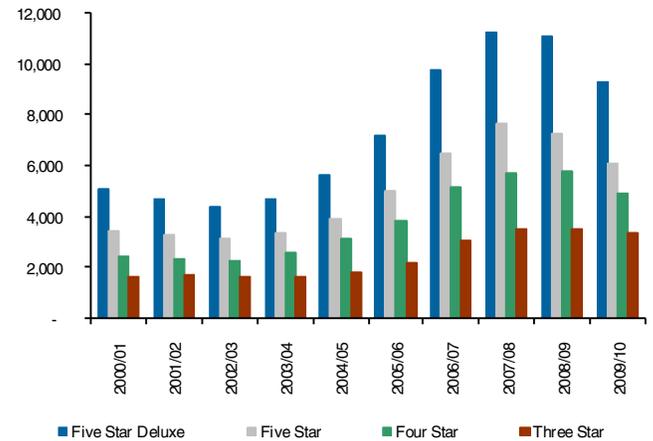
Outlook for budget hotels in Chennai is stable

Figure 3: Stable OR in mid-market./ budget segment



Source: Industry Sources, CRISIL Equities

Figure 4: Higher increase in ARR in mid-market hotels



Source: Industry Sources, CRISIL Equities

Foray into new business – but currently too small

Savera entered the health club business in 2007-08 in order to capitalise growth in the health fitness segment. It has set up four health centres in Chennai (Mogappair, Velachery, Haddows Road and Besant Nagar) admeasuring ~13,500 sq.ft. It has ~1,850 members. The company is looking to add one more health centre in Chennai but the plans are not yet finalised. Savera also entered the floriculture business in 2007 by acquiring M/s Elkhill Agrotech Pvt Ltd, Ooty. The company cultivates crown flower (used for decoration purposes) over a land spread over 14.39 acres.

These businesses are currently very small and contribute a mere 5% of the overall business of the company. Although total revenues from these businesses grew at a CAGR of ~500% during FY07-FY10, it was due to the low base effect. We expect the growth to taper significantly going ahead (two-year CAGR of 6%) since they do not have any major plans to add new space going ahead. Also, the floriculture business, which contributed 1% of total revenues in FY10, is yet to break even and reported EBIDTA loss to the tune of Rs 3.7 mn and PAT loss of Rs 5.3 mn during FY10.

A non-core business expansion would divert focus from core business

Savera's forte lies in the hotels business. Health club and floriculture businesses are new areas for the company where it lacks experience. We believe this could lead to diversion of management focus from the core business of hotel and restaurants.

No immediate expansion plans; value creation for shareholders will be subdued

Apart from the plan to acquire a 30-room budget hotel at an estimated cost of Rs 60 mn (Rs 2 mn per room) in Bengaluru, Savera has no major expansion plans to add any further inventory. It is focused on profitably running the Chennai hotel. The company has a relatively unlevered balance sheet (net debt-equity of 0.7x), which provides ample cushion to take on debt for any expansion. The management does not want to take on any risk given their conservative approach. While this would result in steady cash flows, we believe it would not result in any substantial value creation for shareholders in the long term.

Savera has no major expansion plans going ahead

Concentration risk – not something that could be ignored

The outlook on the OR and ARR for the Chennai market is stable given the bounce-back in demand. However, the hotel industry is highly prone to geopolitical risks and concentration in a particular market adds which has certain risks nevertheless. Since Savera derives ~95% of its revenues from a single property in Chennai, an inherent risk remains.

Hotel industry is prone to geopolitical risks

Key risks

Geopolitical risk

The travel and tourism industry is highly sensitive to geopolitical risks. Repeated terrorist attacks in the country over the past few years have reduced the flow of tourists to a trickle, especially the foreigners. Although the hospitality industry has revived post the December 2008 attack, any such act of terrorism in the future may have an impact on the overall growth of industry.

Slowdown in economy

The hotel business is highly dependent on the overall economic scenario. Any slowdown in economic activity will affect the business adversely.

Venture into non-core business

Savera has forayed into the health club and floriculture businesses, where it lacks expertise. These businesses have not yet reached breakeven at the EBITDA level and could lead to diversion of management focus from the core hotel business.

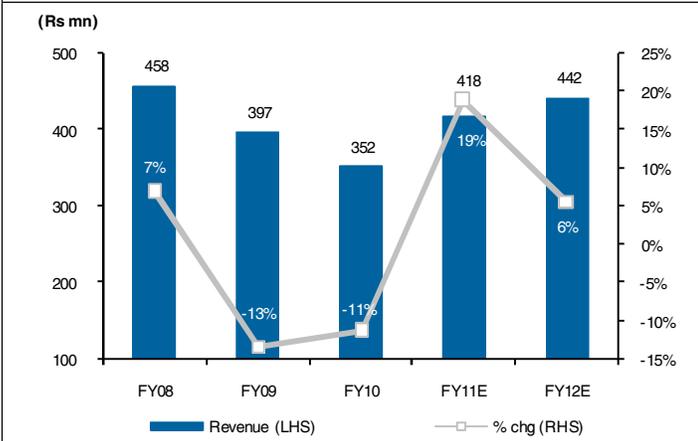
Financial Outlook

We expect revenues to grow at a two-year CAGR of 12%

Revenues to grow at two-year CAGR of 12% to Rs 442 mn in FY12

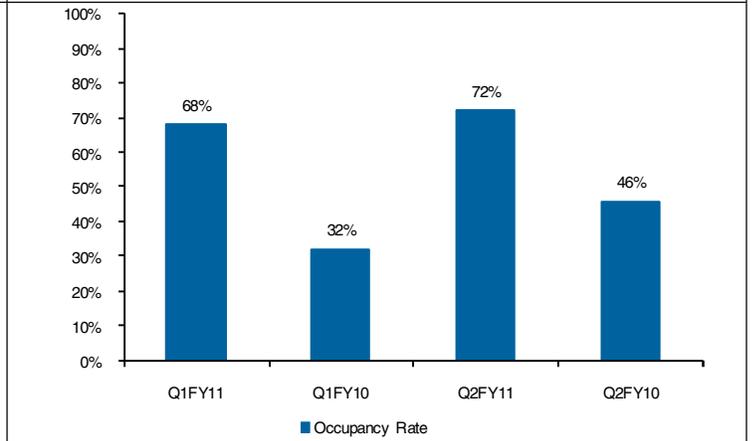
Savera's consolidated revenues are expected to grow at a two-year CAGR of 12% to Rs 442 mn in FY12 driven by an improvement in ARR and OR. The OR is expected to improve substantially to 67% in FY11 and 70% in FY12 compared to 47% in FY10. Savera has already reported an OR of 68% in the first half of FY11. It is operating in the mid-market segment with a clear focus to cater to the domestic business/leisure travellers; demand has picked up significantly post the economic revival.

Figure 5: Revenue and revenue growth



Source: Company, CRISIL Equities estimate

Figure 6: Improved occupancy levels



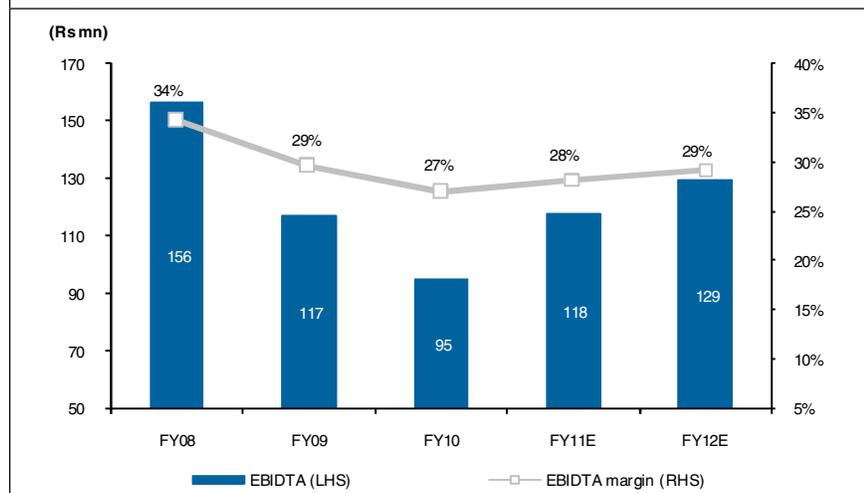
Source: Company, CRISIL Equities estimate

EBITDA margins are expected to improve to 28-29% in FY11-12

EBITDA margins to improve with increase in occupancy

Savera's EBITDA margin decreased from a peak of 38% in FY07 to 27% in FY10. However, with an improvement in the OR, EBITDA margin is expected to improve to 28-29% in FY11-12. Although on a standalone basis EBITDA margins are expected to be higher at 29% and 30%, lower margins of health club and floriculture businesses will likely to pull down margin slightly even though these businesses are currently too small to have a material impact on the overall performance.

Figure 7: EBITDA and EBITDA margin (%) to improve from current level



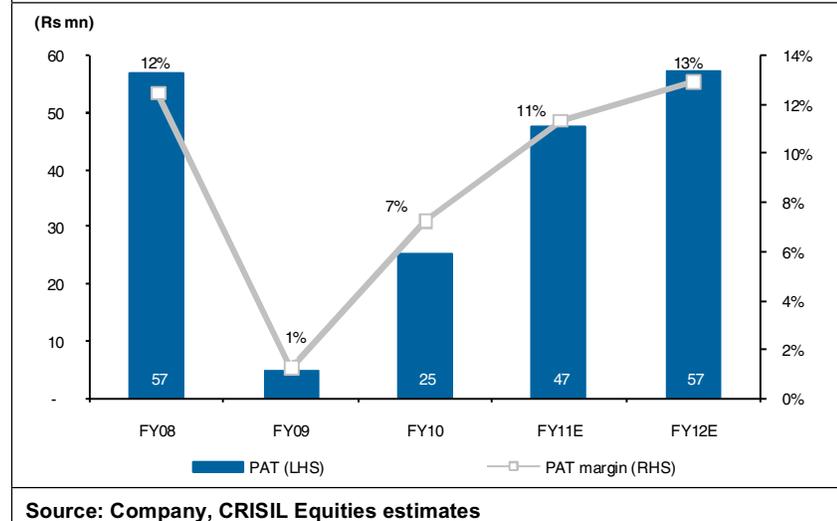
Source: Company, CRISIL Equities estimates

Strong bottom-line growth driven by healthy top-line growth and expansion in margins

PAT to grow at a CAGR of 50%; EPS to increase from Rs 2.1 in FY10 to Rs 4.8 in FY12

Savera's PAT is expected to grow from Rs 25 mn in FY10 to Rs 57 mn in FY12 driven by strong revenue growth as well as expansion in margins. Revenue is expected to increase at a CAGR of 12% during FY10-FY12, while net margins are expected to improve from 7.2% in FY10 to 11.3% in FY11 and 12.9% in FY12. EPS is expected to increase from Rs 2.1 in FY10 to Rs 4.8 in FY12, in line with PAT growth.

Figure 8: PAT and PAT margin (%) to improve significantly



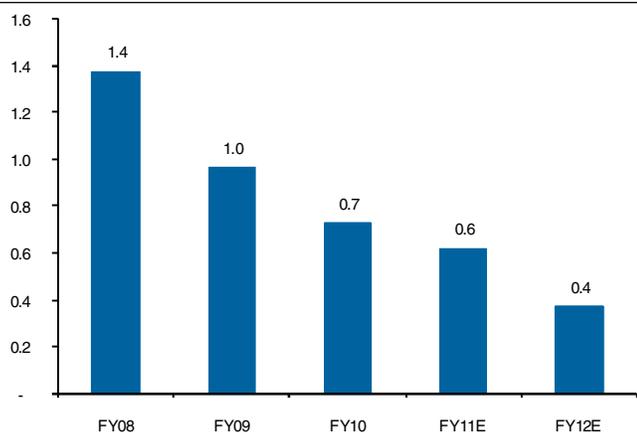
Low gearing – unheard in hotel industry

At the end of FY10, the net debt-equity ratio of the company was 0.7x, which is lower than the average debt-equity of ~1.5-2x in this industry. Although this could be attributed to the fact that the company has no major growth plans, it gives a comfort and leads to low financial risks especially in an industry which has higher operating leverage and is more prone to cyclical risks. Also, even though the company might not have any aggressive plans at this stage, a low gearing provides the cushion and support for any future plans and ability to take on debt if needed.

The debt-equity ratio is expected to come down further to 0.4x in FY12 with repayment of debt and no additional debt expected to be taken.

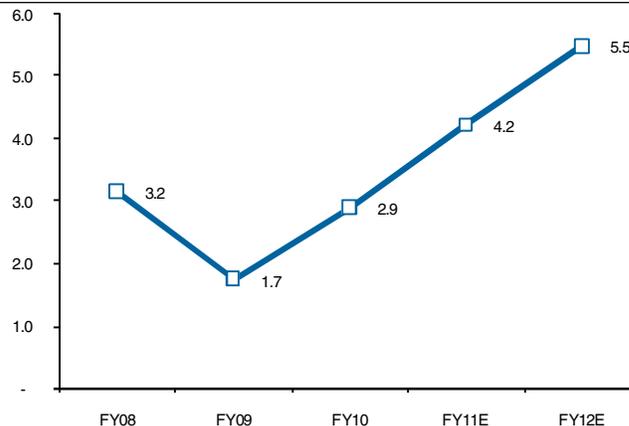
Low gearing is a comfort

Figure 9: Comfortable net debt-equity ratio



Source: Company, CRISIL Equities estimates

Figure 10: Comfortable Interest coverage ratio



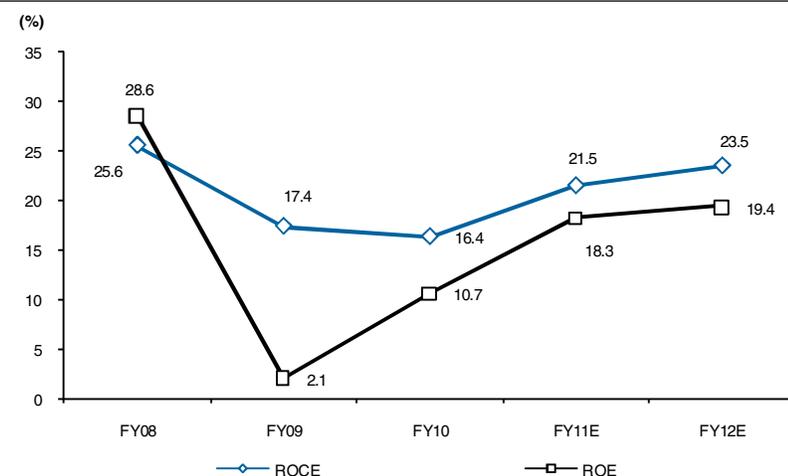
Source: Company, CRISIL Equities estimates

Healthy RoCE and RoE

RoCE and RoE are healthy

Savera's RoCE of the company is expected to increase from 16.4% in FY10 to 21.5% and 23.5% in FY11 and FY12, respectively, while RoE is expected to move up from 10.7% in FY10 to 18.3% and 19.4% in FY11 and FY12, respectively. This improvement is on account of increase in margins as well as asset turnover driven by higher occupancy levels. Although the estimated RoE of 18-19% is healthy, it is lower than RoCE as it is tempered by a relatively lower gearing.

Figure 11: RoCE (%) and RoE (%) are improving



Source: Company, CRISIL Equities estimates

Management Overview

CRISIL's fundamental grading methodology includes a broad assessment of management quality, apart from other key factors such as industry and business prospects, and financial performance. Overall, we feel that the management is strong and will drive the company's growth in the near future.

An experienced management

Savera is headed by Mr Ravi Kumar Reddy, an experienced hotelier with close to 20 years of experience in this industry. He has been instrumental in driving the business from only 27 rooms in 1968 to 230 rooms now.

Management is conservative; no major expansion plans

Savera does not have any major expansion plans going ahead. The management is conservative and does not want to make any ambitious plans. They are more focussed on running the current property profitably and not keen to take on a risk. We believe the management is conservative and lack of growth plans would mean that there will be no substantial value creation in the long term.

Second line of management

The company is small and owns just one property. Also, there is no major expansion plans in the pipeline. In this backdrop, we think the company has enough personnel at the operations and finance levels to take care of these functions adequately.

Savera's promoter has more than two decades of experience in the hospitality industry

Corporate Governance

CRISIL's fundamental grading methodology includes a broad assessment of corporate governance and management quality, apart from other key factors such as industry and business prospects, and financial performance. In this context, CRISIL Equities analyses shareholding structure, board composition, typical board processes, disclosure standards and related-party transactions. Any qualifications by regulators or auditors also serve as useful inputs while assessing a company's corporate governance.

Overall, corporate governance practices at Savera are good supported by a strong and fairly independent board. We feel that the company's corporate governance practices are adequate and meet the minimum required levels.

Board composition

Savera's board comprises nine members, of whom five are independent, exceeding the stipulated SEBI listing guidelines. Given the background of directors, we believe the board is fairly experienced. Also independent directors have been associated with the have a fairly good understanding of the company's business and its processes.

Board comprises nine members, of whom five are independent directors

Board's processes

The company has various committees – audit, remuneration and investor grievance - in place to support corporate governance practices. The company's disclosures are sufficient to analyse various business aspects of the company. CRISIL Equities assesses from its interactions with independent directors of the company that the quality of agenda papers and the level of discussions at the board meetings are good.

Group companies

Mr Ravi Kumar Reddy operates around 42 restaurants, which are not under Savera. The promoter does have a trading business which deals with Savera's F&B business.

Valuation

Grade: 5/5

Fair value estimate of Rs 73 based on EV/adjusted room of Rs 4.5 mn

We have valued Savera at an EV/adjusted room of Rs 4.5 mn, factoring its location and positioning. Our fair value estimate of Savera based on the assigned EV/room is Rs 73 per share. Consequently, we initiate coverage on Savera with a valuation grade of '5/5', indicating that the market price of Rs 55 has 'strong upside' from the current levels.

Other big players are trading at an EV/adj. room of Rs 19 mn per room. However these players mostly have five star and five star premium category rooms across various locations including Delhi and Mumbai. Given that Savera is into four star segments in Chennai, it cannot be compared to the EV/Room of other players. We believe Rs 4.5 mn is reasonable given the location and positioning of Savera's property.

Table 2: Peer valuation

Companies	Market cap. (Rs mn)	EV	EV/adj. room	EV/EBIDTA			RoE (%)		
				FY09	FY10	FY11E	FY09	FY10	FY11E
Savera Industries (CRISIL Equities Estimate)	657	761	2.8	6.5	8.0	6.5	2.1	10.7	18.3
Consensus estimates									
Jindal Hotel Ltd	276	270	2.4	5.6	5.2	n.a.	16.9%	n.a	n.a.
Suave Hotels Ltd	461	446	n.a	20.9	19.9	n.a.	4.0%	2.9%	n.a.
Bhagwati Banquets	5,184	2,796	13.0	18.3	15.8	n.a.	7.4%	7.2%	n.a.
Royal Orchid Hotel	2,186	4,056	4.1	9.5	14.1	n.a.	10.2%	3.4%	n.a.
Mean	2,026.8	1,891.9	4.9	13.6	13.7	n.a.	9.6%	4.5%	n.a.
Median	1,323.5	1,620.8	3.2	13.9	15.0	n.a.	8.8%	3.4%	n.a.
Indian Hotel	77,412	115,798	14.1	20.7	29.1	16.5	0.5%	-4.7%	5.2%
EIH	50,377	61,520	21.2	24.3	40.7	17.7	12.8%	4.7%	9.2%
Hotel Leela Venture Ltd	21,136	47,182	29.5	22.2	37.2	21.0	9.8%	2.0%	4.5%
Taj GvK	9,277	11,112	12.4	10.7	12.7	9.6	20.9%	12.9%	17.5%
Mean	39,551	58,903	19.3	19.5	29.9	16.2	11.0%	3.7%	9.1%
Median	35,757	54,351	17.6	21.5	33.2	17.1	11.3%	3.4%	7.2%
Mean			12.1	16.5	21.8	16.2	10.3%	4.1%	9.1%
Median			10.4	17.7	24.1	17.1	10.0%	3.4%	7.2%

Source: CRISIL Equities estimate, industry sources

Note: Updated as on November 10, 2010

*Adjusted for rooms under management contracts

n.a = not available

Company Overview

Incorporated in 1968, Savera is a Chennai-based hospitality player. It owns and manages one of the leading four-star deluxe hotels with 230 rooms and four F&B outlets in the premises. This property is strategically located in close proximity to the international airport, railway station and other tourist spots.

In 2008, Savera forayed into the health club business with its brand 'O2 Health' and 'Body Lyrics'. Currently, it has four health club studios with 1,800 members. Also in 2008, the company acquired M/s Elkhill Agrotech Pvt Ltd, Ooty. It is in the business of floriculture with an aggregate cultivation area of 14.39 acres.

Table 3: Savera Evolution

Year	Events and Milestones
1968	Incorporation of Savera with 27 rooms
1970	Increased room inventory to 125 units
1991	Increased room inventory to 230 units
2007	Opened first health club studio "Body Lyrics" in Chennai
2008	Acquired M/s Elkhill Agrotech Pvt Ltd

Source: Company, CRISIL Equities

Annexure: Financials

Financial Statements (Consolidated)

Income Statement

(Rs Mn)	FY08	FY09	FY10	FY11E	FY12E
Net sales	452	381	333	398	422
Operating Income	458	397	352	418	442
EBITDA	156	117	95	118	129
Depreciation	25	30	21	22	22
Interest	42	51	25	23	19
Other Income	0	(8)	(3)	1	1
PBT	90	29	45	74	88
PAT	57	5	25	47	57
No. of shares	12	12	12	12	12
Earnings per share (EPS)*	4.8	0.4	2.1	4.0	4.8

*Adjusted for bonus issue 1:1

Balance Sheet

(Rs Mn)	FY08	FY09	FY10	FY11E	FY12E
Equity capital (FV - Rs 10)	60	60	60	119	119
Reserves and surplus	165	173	185	155	196
Debt	316	231	186	186	132
Current Liabilities and Provisions	59	52	65	45	46
Deferred Tax Liability/(Asset)	4	4	4	4	4
Capital Employed	603	520	500	509	498
Net Fixed Assets	528	440	431	434	422
Capital WIP	2	-	-	-	-
Intangible assets	11	11	7	-	-
Investments	0	0	4	2	2
Loans and advances	29	36	27	32	33
Inventory	10	8	9	11	11
Receivables	16	17	13	15	16
Cash & Bank Balance	7	7	9	16	15
Application of funds	603	520	500	509	498

Source: Company, CRISIL Equities estimate

Cash Flow

(Rs Mn)	FY08	FY09	FY10	FY11E	FY12E
Pre-tax profit	90	29	45	74	88
Total tax paid	(36)	(24)	(19)	(26)	(31)
Depreciation	25	30	21	22	22
Change in working capital	3	(13)	26	(29)	(1)
Cash flow from operating activities	81	22	73	41	79
Capital expenditure	(75)	60	(9)	(18)	(10)
Investments and others	(0)	-	(4)	2	-
Cash flow from investing activities	(75)	60	(13)	(16)	(10)
Equity raised/(repaid)	-	-	-	60	-
Debt raised/(repaid)	(5)	(84)	(45)	(0)	(54)
Dividend (incl. tax)	(14)	(7)	(7)	(13)	(15)
Others (incl extra ordinaries)	11	10	(6)	(65)	(1)
Cash flow from financing activities	(7)	(81)	(58)	(18)	(70)
Change in cash position	(1)	1	1	7	(1)
Opening Cash	8	7	7	9	16
Closing Cash	7	7	9	16	15

Ratios

	FY08	FY09	FY10	FY11E	FY12E
Growth ratios					
Sales growth (%)	6.9	(13.3)	(11.3)	18.8	5.7
EBITDA growth (%)	(3.9)	(25.1)	(19.0)	24.3	9.5
EPS growth (%)	(34.4)	(91.7)	435.4	86.4	20.5
Profitability Ratios					
EBITDA Margin (%)	34.2	29.5	26.9	28.2	29.2
PAT Margin (%)	12.4	1.2	7.2	11.3	12.9
Return on Capital Employed (RoCE) (%)	25.6	17.4	16.4	21.5	23.5
Return on equity (RoE) (%)	28.6	2.1	10.7	18.3	19.4
Dividend and Earnings					
Dividend per share (Rs)	1.2	0.6	0.6	0.9	1.1
Dividend payout ratio (%)	24.5	146.9	28.1	23.0	22.7
Dividend yield (%)	1.5	2.7	1.2	1.7	2.0
Earnings Per Share (Rs)	4.8	0.4	2.1	4.0	4.8
Efficiency ratios					
Asset Turnover (Sales/GFA)	0.7x	0.6x	0.5x	0.6x	0.6x
Asset Turnover (Sales/NFA)	0.9x	0.8x	0.8x	1.0x	1.0x
Sales/Working Capital	-230.1x	129.3x	-103.5x	-218.2x	34.4x
Financial stability					
Net Debt-equity	1.4	1.0	0.7	0.6	0.4
Interest Coverage	3.2	1.7	2.9	4.2	5.5
Current Ratio	1.1	1.3	0.9	1.6	1.6
Valuation Multiples					
Price-earnings	16.8x	53.7x	23.0x	13.9x	11.5x
Price-book	4.2x	1.1x	2.4x	2.4x	2.1x
EV/EBITDA	8.1x	4.1x	8.0x	7.0x	6.0x

Source: Company, CRISIL Equities estimate

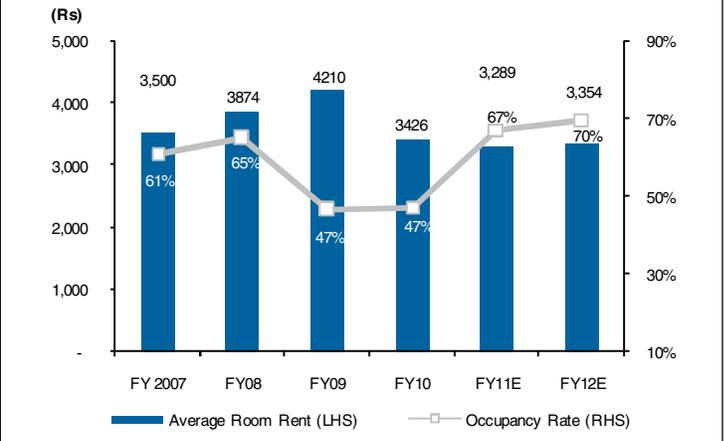
Focus Charts

Savera stock has moved in line with Nifty



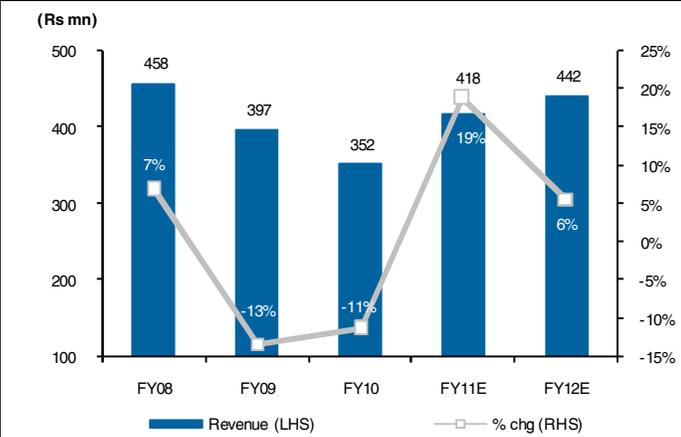
Source: NSE

Savera property – OR and ARR trend



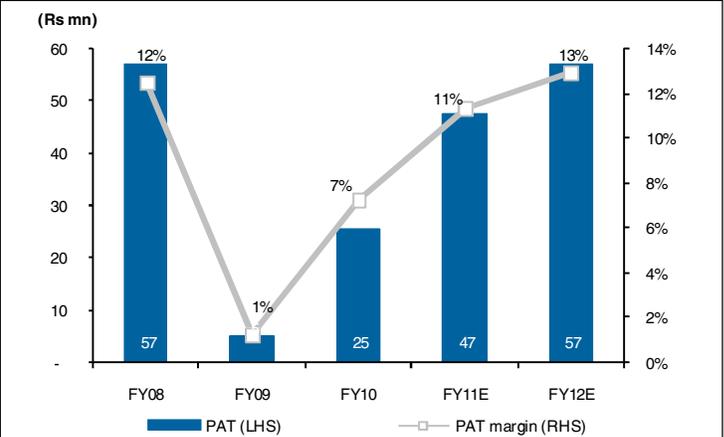
Source: Company, CRISIL Equities estimates

Revenue and revenue growth



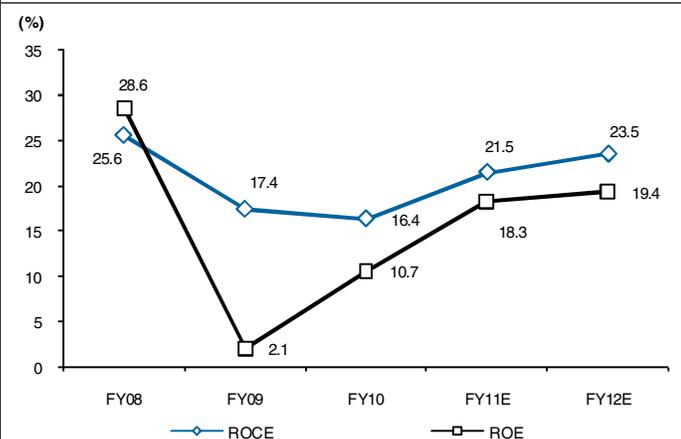
Source: Company, CRISIL Equities estimates

PAT and PAT growth



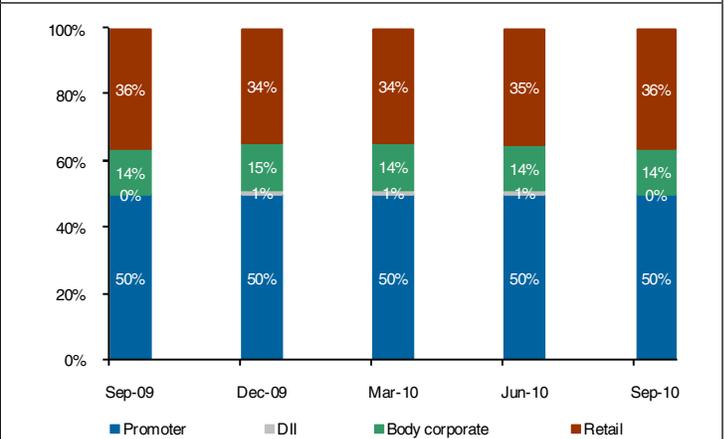
Source: Company, CRISIL Equities estimates

RoCE (%) and RoE (%) are improving



Source: Company, CRISIL Equities estimate

Shareholding pattern



Source: Company, BSE

About CRISIL Limited

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CRISIL Research is India's largest independent, integrated research house. We leverage our unique, integrated research platform and capabilities spanning the entire economy-industry-company spectrum to deliver superior perspectives and insights to over 600 domestic and global clients, through a range of subscription products and customised solutions.

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