CMP: ₹ 915 | Target: ₹ 1120(22%) | Target Period: 12 months | BUY

November 10, 2025

Soft Q2; Recovery expected in H2

About the stock: Chalet Hotels Ltd (Chalet) is an owner, developer and operator of premium hotels, commercial office spaces and residential properties in India. The Company's portfolio comprises 11 fully operational hotels representing 3359 keys, across mainstream and luxury segments, and commercial spaces, representing ~2.4 mn sq.ft. in close vicinity to its hospitality assets.

Q2FY26 performance: Chalet's Q2FY26 results include residential income hence it is not comparable on YoY basis. On comparable basis, Chalet core business (ex-residential) recorded 20.5% YoY growth in revenues to Rs.461.7cr driven by 13% YoY growth in hospitality business and 76% YoY growth in Annuity business. Consolidated EBITDA (Ex-resi. business) stood at Rs.200.4cr witnessing 28.7% YoY growth while margins expanded 277bps YoY to 43.4% driven by strong annuity business performance. On reported basis, revenues grew by 95% YoY to Rs.735.3cr, EBITDA grew 2x YoY to Rs.299.2cr while margins improved 104bps YoY to 40.7%. Adjusted PAT grew in-line with revenues to Rs.155cr in Q2FY26.

Investment Rationale:

- **Hotel business to witness recovery in H2FY26:** Hotel business revenues witnessed 16% YoY growth to Rs.765.8cr in H1FY26 driven by 16% growth in ADR, while occupancies declined due to lower occupancies in resort business and new room addition in Bengaluru. In H2Y26, demand is expected to be strong considering recovery in MICE activity and leisure/holiday period. Consequently, key markets are expected to witness higher ADRs which coupled with better occupancies is likely to drive strong RevPAR growth. Hence, H2FY26 is expected to be better than H1FY26 aiding double digit growth in FY26 on YoY basis. In the medium to long term, consistent room additions and new properties will aid hospitality business to grow at CAGR of 17% over FY25-28E. We expect EBIDTA margins of the hotel business to stand at 44-45% over the next two years.
- **Strong growth momentum sustains in annuity business:** Annuity business reported yet another quarter of strong results reporting 76% YoY growth in revenues to Rs.73.8cr driven by 50% YoY increase in the leased area which stood at 1.9 msf. Further, with additional agreements in upcoming quarters, the monthly exit rental rate is expected to grow from Rs.24cr/month to Rs.30cr/month. Additionally, the CIGNUS-II, Powai is expected to be operation in Q4FY27. Hence, with additional leased area and opening of CIGNUS II, the annuity business revenues and EBITDA are expected to grow at CAGR of 30% and 32% over FY25-28E.
- **New Additions and "Athiva" to fuel further growth:** The company launched its own lifestyle premium brand "Athiva" and is set to have 6 hotels with 900 keys. Athiva's first property in Khandala (formerly Duke's retreat) is expected to be completely operational from November 2025. Other additions such as Taj, Delhi and hotel in Varca Goa are expected to come up in H1FY27 and FY28 respectively. Approvals for Hyatt, Airoli and Athiva, Trivandrum are on fast track. The addition of these assets to the portfolio will help in further growth of business and also post stabilisation will be accretive to EBITDA margins.

Rating and Target Price: Room expansion, strong annuity income is expected to fuel Chalet's growth in medium to long term with revenue and PAT expected to grow at CAGR of 36% and 41% over FY25-27E. We recommend Buy with a SOTP based price target of Rs1,120.

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E*	FY27E*	FY28E	2 year CAGR (FY25-27E)
Revenues	1128.5	1417.3	1717.7	23.4	2877.8	3177.2	2846.6	36.0
EBITDA	452.8	584.6	735.8	27.5	1191.2	1357.8	1283.4	35.8
EBITDA Margins(%)	40.1	41.2	42.8		41.4	42.7	45.1	
Adjusted PAT	151.9	213.5	382.3	58.6	632.4	758.2	716.4	40.8
EPS (Rs.)	7.0	9.8	17.5		28.9	34.7	32.8	
PE (x)	131.6	93.6	52.3		31.6	26.4	27.9	
EV to EBITDA (x)	50.2	39.1	30.5		18.5	15.7	16.3	
RoE (%)	10.5	12.6	15.6		18.8	18.7	14.9	
RoIC(%)	9.1	9.8	10.8		17.4	20.0	17.9	

Source: Company, ICICI Direct Research *FY26E/FY27E includes revenues and EBIDTA for Bengaluru's residential project

CHALET HOTELS

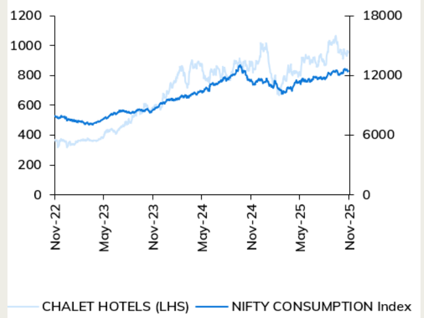
Particulars

Particular	Amount
Market Capitalisation (₹ crore)	19,989
Debt (FY25) -₹ crore	2,604
Cash (FY25) - ₹ crore	186
EV (Rs crore)	22,406
52 week H/L (₹)	1080 / 644
Equity capital (₹ crore)	218.5
Face value (₹)	10.0

Shareholding pattern

Particular	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	67.4	67.4	67.4	67.3
FII	7.5	5.2	5.2	5.7
DII	21.2	23.9	23.9	23.4
Others	3.9	3.4	3.4	3.5

Price Chart



Key risks

- Any adverse event such as terrorist attack or geo political tension will affect the near-term business.
- Delay in operationalisation of new hotels.
- Delay in repayment of debt.

Research Analyst

Kaustubh Pawaskar
kaustubh.pawaskar@icicisecurities.com

Abhishek Shankar
abhishek.shankar@icicisecurities.com

Result Update

ICICI Securities – Retail Equity Research

Exhibit 1: SOTP Valuation

Particulars	Method	Multiple (x)	Rev/EBITDA (FY27E-FY28E)	EV/NAV (₹ cr.)
Hotels	EV/EBITDA	21	986	20710
Hotel - Rishikesh	EV/EBITDA	16	58	933
Commercial	Capitalisation rate	8	392	4905
Residential property	NAV			293
Enterprise value (A)				26841
Total Debt				2604
Cash				186
Net Debt (B)				2418
Equity value (A-B)				24423
Number of shares (cr.)				21.8
Target price				**1120**
CMP				**915**

Source: Company, ICICI Direct Research

Q2FY26 – Key performance highlights

- Chalet core business (ex-residential) recorded 20.5% YoY growth in total revenues to Rs.461.7cr. During the quarter the company handed over 55 flats and booked revenues for the same totalling Rs.282.1cr
- Hospitality business reported 13% YoY growth in revenues to Rs.380.2cr Room Revenues stood at Rs.245.5cr witnessing 16% YoY growth while F&B and Other revenues witnessed 10% YoY growth to Rs.134.7cr. ADR grew by 16% YoY to Rs.12,170 while Occupancy dipped ~700bps to 67%. RevPAR for Q2FY26 stood at Rs.8115 recording 5% YoY growth.
- Hospitality EBITDA stood flat at 152.1cr growing by 10% YoY while margins declined by 130bps YoY to 40%. Decline was majorly on account higher employee expenses due to addition of new rooms.
- Annuity business revenues grew by 76% YoY to Rs.73.8cr driven. Occupancy for the quarter stood at 77% in Q1FY26 vs 50% in Q2FY25. Strong revenues translated to better EBITDA which stood at Rs.60.7cr witnessing 88% YoY growth while margins improved by almost ~520bps YoY to 82.3%.
- Consolidated EBITDA (Ex-residential business) stood at Rs.200.4cr witnessing 28.7% YoY growth while margins expanded 277bps YoY to 43.4% driven by strong annuity business performance. PBT (Ex. Residential business) grew by 23% YoY to Rs.98cr.
- Consolidated Revenues (incl. residential business) witnessed 95% YoY growth to Rs.735.3cr. EBITDA stood at Rs.299.2cr with margins at 40.7% improving by 104bps YoY.

H1FY26 – Key performance highlights

- Chalet's core business (ex-residential) reported Rs.930.9cr revenues in H1FY26 growing by 24% YoY driven by 16% YoY growth in hospitality business and 90% YoY growth in annuity business.
- Hospitality business reported 16% YoY growth in revenues to Rs.765.8cr in H1FY26. ADR recorded 16% YoY growth to Rs.12,188 while occupancies dropped to 66.4% declining by ~6% YoY. Occupancy was impacted by geopolitical disruptions, room additions and adverse weather conditions across Q1FY26 and Q2FY26. RevPAR recorded 7.2% YoY growth to Rs.8088/night.
- Annuity business reported 90% YoY growth in revenues to Rs.147cr in H1FY26 driven by increase in leased area. Leased area as of H1FY26 stood at 1.9msf out of total available area of 2.4msf. EBITDA grew by more than 2x to Rs.121.5cr while margins improved by ~500bps YoY to 82.7%

- Consolidated EBITDA (Ex-residential business) reported 31% YoY growth to Rs.408.7cr while margins improved by 238bps YoY to 43.9% in H1FY26.
- Overall revenues (inc. residential business) grew by 121% YoY to Rs.1630cr. EBITDA grew by 126% YoY to Rs.657cr while margins stood at 40.3% improving by 100bps YoY. Adjusted PAT grew by 157% YoY to Rs.358cr in H1FY26.

Business wise highlights

- **Hospitality:** Hospitality revenues grew by 13.3% YoY to Rs.380.2cr in Q2FY26. Room revenues registered 16% YoY growth to Rs.245.5cr. ADRs grew by 16% YoY to Rs.12,170 in Q2FY26. Business hotels recorded 15.3% YoY growth in ADR to Rs.12,035 while resorts witnessed 14% YoY growth in ADR to Rs.14,217 in Q2FY26. Business hotels recorded 72% occupancy in Q2FY26 declining by 4% YoY due to addition of rooms in Marriott Bengaluru which is expected to stabilise in H2FY26. Resorts recorded 33% occupancy in Q2FY26 vs 44% in Q2FY25 impacted by adverse weather conditions across key resort locations and addition of rooms in Athiva, Khandala. Overall occupancy witnessed 7% YoY decline to 67%. RevPAR grew 5% YoY to Rs.8115/night. Business hotel's RevPAR stood at Rs.8619 in Q2FY26 growing by 9.3% YoY and Resorts RevPAR declined by 16% YoY to Rs.4639. Hospitality EBITDA stood at Rs.152.1cr with margins at 40% which declined by 130bps YoY.

- **Annuity:** Annuity business revenues grew by 76% YoY in Q2FY26 to Rs.73.8cr. EBITDA recorded 88% YoY growth to Rs.60.7cr while margins stood at 82.3% registering almost ~520bps growth compared to Q2FY25. Occupancy rate of leased space stood at 77% with Sahar achieving occupancy of 100%, Cignus, Powai – 66% and Whitefield – Bengaluru achieved occupancy of 76% in Q2FY26.

Q2FY26 Earnings call highlights

- **Industry Trends**
  - Q2FY26 witnessed temporary softness in occupancies due to intense monsoon in the northern states and fewer long weekend impacting the resort business.
  - H2FY26 outlook remains strong, supported by festive season, supported by festive season, corporate events and weddings.
  - Leisure portfolio/resorts expected to outperform in H2FY26 aided by festive and holiday season, international inbound recovery and wedding/social events.
  - Corporate demand remains healthy with improved booking momentum across key business cities.
  - Despite near term headwinds, the management had positive outlook for the entire year with various structural tailwinds coming up in H2FY26.
- **Room expansion is on track; Long pending regulatory approvals getting clearances.**
  - Delhi Airport hotel progressing as per timelines. The management expects to open the hotel in H1FY27. It is positioned as a high-occupancy, transit driven hotel.
  - Varca Goa is awaiting final approvals. The construction is expected to commence in Q4FY26.
  - Athiva Resorts, Khandala (earlier Duke's retreat) will be fully operational post rooms additions and renovation from mid-November 2025. Q3FY26 will witness marginal impact while full impact will start flowing in from Q4FY26.
  - Post the supreme court order, Airoli (Hyatt) and Trivandrum are witnessing steady progress. The management expects the approvals for the same soon.

- **Improvement in EBITDA margin through stabilisation of new additions and strong H2FY26 outlook.**
    - The management reiterated that EBITDA margins were impacted temporarily due to ramp-up of new room inventory in Bengaluru and Khandala and also due to adverse weather conditions.
    - The management expects the margins to be better in H2FY26 with stabilisation of newer assets being key driver along with strong growth potential aided by improving macros.
    - For FY26, the management expects EBITDA growth should be in the range of mid-teens to early 20s driven by stabilisation of new additions and strong H2FY26.
- **Debt and Liquidity Position**
    - Net Debt stands at ~Rs.2090cr, Cost of borrowing has reduced to 7.6% (declined 40bps QoQ).
    - The company maintained a healthy liquidity position of Rs.290cr as of Q2FY26. Debt servicing is completing covered by cash flows from the annuity business.
    - The company raised Rs.100cr through its maiden commercial paper issuance at 6.1% coupon rate aimed to primarily reduce the cost of borrowing.
- **Annuity Business**
    - Leasing activity was muted in Q2FY26 due to ongoing negotiations with key tenants. The management expects stronger traction in H2FY26.
    - Currently the exit rental rate stands at Rs.24.5cr/month. The management is confident of Rs.30cr/month by March 2026.
    - Market absorption continues to outpace new supply, supporting upward rental trends in the market.
    - Commercial real estate cash flows fully cover interest and debt repayment obligations, providing balance sheet strength.
- **Residential business**
    - The company handed over 55 units in Q2FY26 recognizing Rs.282.1cr revenue.
    - The company has sold 7 additional units at an average realization of Rs.21,300/sqft generating Rs.130cr.
    - The project is nearing completion with 314 out of 321 units sold as of September 2025.
    - The management informed that all promoter related obligations have been cleared with full repayment of Rs.200cr pertaining to preference share capital of the promoters.
    - Post the repayments, the Vivarea project is expected to release Rs.250cr into consolidated balance sheet further boosting the financial health.
    - Phase 2 of Vivarea targeted for completion in FY27, the commercial block is expected to be completed in FY28.
    - Strong residential cash inflows are expected to the support the capital expenditure and maintain balance sheet strength.
- **Chalet Hotels launches new youth-centric brand "ATHIVA"**
    - The company launched a new premium lifestyle, youth centric brand "ATHIVA".
    - The 1st hotel marked under the brand is Athiva Resort & Spa, Khandala formerly known as The Duke's Retreat.
    - The company will adding 5 additional properties totally to 900 keys in the Athiva portfolio over the next few years including

upcoming properties in Goa, Trivandrum and Mumbai (Aksha Beach)

- The brand will be positioned as an upper-upscale category comparable with leading premium hotel peers in the respective micro markets.
- The management informed that the current focus will be on owned and operated hotels, with long-term potential for asset-light management contracts.

- **Capex and Rooms additions**
  - The company has a planned capex of Rs.2500cr over the next 3 years primarily funded through internal accruals.
  - Capex will direct towards ongoing projects such as Goa, Airoli, Delhi Airport, CIGNUS-II and renovations across existing hotels.
  - Total room inventory is expected to expand by 800-1000 rooms over the next 2-3 years through greenfield and brownfield developments.

Revision in earnings estimates

We have broadly maintained our estimates for FY26 and FY27. There is no change in the core business (Hotel + Annuity) estimates.

Exhibit 2: Changes in headline estimates

(₹ crore)	FY26E			FY27E		
	Old	New	% Chg	Old	New	% Chg
Net Revenues	2872.2	2877.8	0.2	3188.4	3177.2	-0.4
EBITDA	1185.8	1191.2	0.5	1363.6	1357.8	-0.4
EBITDA margin (%)	41.3	41.4		42.8	42.7	
PAT	628.3	632.4	0.6	762.6	758.2	-0.6
EPS (Rs.)	28.8	28.9	0.6	34.9	34.7	-0.6

Source: Company, ICICI Direct Research

Exhibit 3: Growth Pipeline

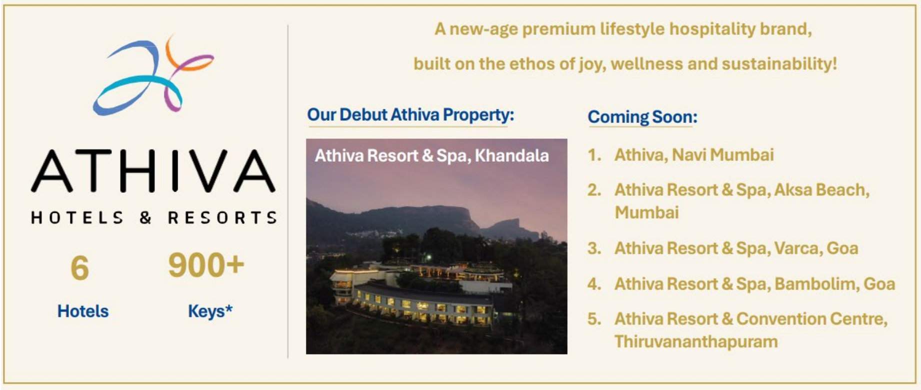
Under construction	New Rooms/ Leasable area	Location	Progress update
Athiva Resort & Spa, Khandala Renovation & Expansion	30 (117 keys currently operational)	Khandala	Phase 1: August '24 Phase 2: July '25 Phase 3: November '25
Taj at Delhi International Airport	385-390 rooms	New Delhi	H1 FY27
Athiva Resort & Spa at Varca, South Goa	~190 rooms	Goa	FY28
CIGNUS Powai® Tower II	0.9 msf	Mumbai	Q4 FY27
Total	**~600 rooms | 0.9 msf**		

In planning	New Rooms	Location	Progress update
Hyatt Regency at Airoli, Navi Mumbai	~280 rooms	Mumbai	36 months post approval*
Athiva Resort & Spa at Bambolim, North Goa	~170 rooms	Goa	36 months post approval
Athiva Resort & Convention Centre, Thiruvananthapuram	~150 rooms	Kerala	-
Grand Total	**~1,200 rooms | 0.9 msf**		

*Project approvals are currently at the NGT stage. Following recent positive developments, the project file has advanced into the approval queue with approvals anticipated over the next few months

Source: Company, ICICI Direct Research

Exhibit 4: Chalet's new own premium lifestyle brand – "ATHIVA"



Source: Company, ICICI Direct Research

Exhibit 5: Key Operating Assumptions

Particulars	FY24	FY25	FY26E	FY27E	FY28E	CAGR%
Hotel business (existing and upcoming properties)						
Rooms	3052	3314	3608	3888	3,889	*5.5*
Revenues (Rs. Cr)	1288.5	1519.9	1697.0	2023.0	2301.7	*14.8*
EBITDA (Rs. Cr)	574.1	680.3	783.8	916.7	1055.6	*15.8*
EBITDA margins (%)	44.6	44.8	46.2	45.3	45.9	
Hotel business (Westin, Rishikesh)						
Rooms			141.0	141.0	141.0	
Revenues (Rs. Cr)			117.1	145.7	159.1	
EBITDA (Rs. Cr)			43.6	55.4	61.2	
EBITDA margins (%)			37.3	38.0	38.5	
Hotel business (combined)						
Rooms	3052.0	3314.0	3749.0	4029.0	4030.0	
Revenues (Rs.Cr)	1288.5	1519.9	1814.1	2168.7	2460.8	*17.4*
EBITDA (Rs. Cr)	574.1	680.3	827.4	972.1	1116.8	*18.0*
EBITDA margins (%)	44.6	44.8	45.6	44.8	45.4	
Annuity & Rental business						
Revenues (Rs. Cr)	124.1	196.4	305.2	354.9	430.0	*29.8*
EBITDA (Rs. Cr)	98.7	154.0	250.4	286.9	356.3	*32.3*
EBITDA margins (%)	79.5	78.4	82.1	80.8	82.9	
Residential business						
Revenues (Rs. Cr)			700.1	654.3	-	
EBITDA (Rs. Cr)			245.0	248.6	-	
EBITDA margins (%)			35.0	38.0	-	

Source: Company, ICICI Direct Research

Exhibit 6: Q2FY26 consolidated result overview (₹ crore)

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Net revenue	**735.3**	**377.1**	**95.0**	**894.6**	**-17.8**
Food and beverages cons.	30.5	27.0	13.0	30.4	0.2
Employee cost	69.7	54.2	28.5	69.5	0.3
Operating Supplies Cons.	10.2	10.3	-0.3	10.2	0.0
Real Estate Development Cost	164.1	2.1	7645.3	265.2	-38.1
Other expenditure	161.6	133.9	20.6	161.9	-0.2
Total expenditure	436.1	227.5	91.6	537.3	-18.8
EBITDA	**299.2**	**149.5**	**100.1**	**357.3**	**-16.2**
Other income	8.5	6.1	38.9	13.8	-38.3
Interest expenses	45.4	33.9	34.1	48.5	-6.5
Depreciation	57.4	42.4	35.5	53.9	6.5
Profit Before Tax	204.9	79.4	158.1	268.6	-23.7
Tax	50.1	0.0	128428.2	65.5	-
Adjusted PAT	**154.8**	**79.4**	**95.0**	**203.1**	**-23.8**
Reported PAT	**154.8**	**-138.5**	**-211.8**	**203.1**	**-23.8**
Adjusted EPS (Rs.)	7.1	3.6	95.0	9.3	-23.8
Margins	**Q2FY26**	**Q2FY25**	**bps**	**Q1FY26**	**bps**
GPM (%)	95.9	92.8	301	96.6	-75
EBITDA Margin (%)	40.7	39.7	104	39.9	76
NPM (%)	21.1	21.1	0	22.7	-165
Tax rate (%)	24.5	0.0	2441	24.4	-

Source: Company, ICICI Direct Research

Exhibit 7: Q2FY26 consolidated result snapshot (ex-residential business) (₹ crore)

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Total Income	**461.7**	**383.2**	**20.5%**	**469.2**	**-1.6%**
Total Expenditure	261.3	227.5	14.9%	261.0	0.1%
EBITDA	**200.4**	**155.7**	**28.7%**	**208.2**	**-3.7%**
Depreciation	57.4	42.4	35.4%	53.9	6.5%
Interest expenses	45.4	33.9	33.9%	48.5	-6.4%
Profit Before Tax	**97.6**	**79.4**	**22.9%**	**105.8**	**-7.8%**
Margins	**Q2FY26**	**Q2FY25**	**y-o-y bps**	**Q1FY26**	**q-o-q bps**
EBITDA Margin (%)	43.4	40.6	277	44.4	-97

Source: Company, ICICI Direct Research

Exhibit 8: Q2FY26 Segmental revenues and results (₹ crore)

Particulars	Q2FY26	Q2FY25	y-o-y %	Q1FY26	q-o-q %
Hospitality business					
Room revenue	245.5	212.2	15.7	235.6	4.2
F&B revenue	109.4	101.4	7.9	117.7	-7.1
Other	25.3	21.6	17.1	32.3	-21.7
Total Hospitality revenue (Rs. crore)	**380.2**	**335.2**	**13.4**	**385.6**	**-1.4**
EBITDA (Rs. crore)	152.1	138.7	9.6	160.8	-5.4
EBITDA Margin (%)	40.0	41.4	-138	41.7	-170
Annuity business					
Revenue (Rs. crore)	73.8	41.9	76.1	73.2	0.8
EBITDA (Rs. crore)	60.7	32.3	87.9	60.8	-0.2
EBITDA Margin (%)	82.2	77.1	516	83.1	-81

Source: Company, ICICI Direct Research

Exhibit 9: Q2FY26 Operational Performance

Particulars	Q2FY26	Q2FY25	y-o-y (%/bps)	Q1FY26	q-o-q (%/bps)
ADR (Rs.)	12170	10513	15.8	12207	-0.3
Occupancy (%)	66.7	73.6	-690	66.0	70
RevPAR (Rs.)	8115	7742	4.8	8059	0.7

Source: Company, ICICI Direct Research

Financial summary

Exhibit 10: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	**1417.3**	**1717.7**	**2877.8**	**3177.2**	**2846.6**
Growth (%)	*25.6*	*21.2*	*67.5*	*10.4*	*-10.4*
Cost of food and beverages cons.	105.6	116.8	148.4	171.2	192.5
Gross Profit					
Employee Expenses	194.6	234.5	272.0	315.5	366.0
Operating Supplies Consumed	39.7	42.5	54.6	63.0	72.4
Other Expenditure	492.8	588.1	683.1	773.8	878.1
Total Operating Expenditure	832.7	981.9	1158.1	1323.5	1509.0
EBITDA	**584.6**	**735.8**	**1191.2**	**1357.8**	**1283.4**
Growth (%)	*29.1*	*25.9*	*61.9*	*14.0*	*-5.5*
Interest	196.7	159.1	160.5	145.4	114.7
Depreciation	138.4	178.8	195.4	206.2	219.7
Other Income	19.8	36.3	15.8	14.4	15.2
PBT	269.4	434.2	851.1	1020.5	964.2
Less Tax	55.9	51.9	218.7	262.3	247.8
Adjusted PAT (before exceptional item)	**213.5**	**382.3**	**632.4**	**758.2**	**716.4**
Growth (%)	*40.5*	*79.1*	*65.4*	*19.9*	*-5.5*
Exceptional item	40	-240	0	0	0
Reported PAT	**253.6**	**142.4**	**632.4**	**758.2**	**716.4**
Growth (%)	*38.4*	*-43.9*	*344.0*	*19.9*	*-5.5*
EPS (Adjusted)	10.4	17.5	28.9	34.7	32.8

Source: Company, ICICI Direct Research *FY26&FY27 includes residential project performance

Exhibit 11: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit/(Loss) after taxation	193.7	346.0	616.6	743.9	701.2
Add: Depreciation & Amortization	138.4	178.8	195.4	206.2	219.7
Other income	19.8	36.3	15.8	14.4	15.2
Changes in the working capital	157.4	155.4	247.0	205.1	91.5
CF from Operating activities	**509.3**	**716.5**	**1074.8**	**1169.6**	**1027.6**
(Purchase)/Sale of Fixed Assets	-629.6	-1129.8	-686.8	-500.0	-500.0
Investments	0.0	0.0	0.0	0.0	0.0
Bank balance	27.6	-27.0	-273.0	-200.0	-50.0
Others	-149.9	-79.9	-25.2	-26.5	-27.8
CF from Investing activities	**-751.9**	**-1236.7**	**-985.1**	**-726.5**	**-577.8**
(inc)/Dec in Loan	184.6	-350.9	23.4	-485.2	-483.7
Change in equity & reserves	95.9	812.5	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	0.0
Other	0	85.461	0	0	0
CF from Financing activities	**280.5**	**547.1**	**23.4**	**-485.2**	**-483.7**
Net Cash Flow	37.9	26.9	113.1	-42.1	-33.9
Cash and Cash Equivalent (openi	44.5	82.3	109.2	222.4	180.2
Cash	**82.3**	**109.2**	**222.4**	**180.2**	**146.3**
Free Cash Flow	**-120.3**	**-413.3**	**388.0**	**669.6**	**527.6**

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	205.5	218.5	218.5	218.5	218.5
Reserve and Surplus	1645.4	2827.2	3459.6	4217.9	4934.3
Total Shareholders funds	1850.9	3045.7	3678.1	4436.3	5152.7
Minority Interest	0.0	0.0	0.0	0.0	0.0
Total Debt	3005.2	2604.0	2614.3	2114.6	1615.0
Deferred Tax Liability	0	85.5	85.5	85.5	85.5
Other Non Current Liabilities	81.5	131.7	144.9	159.4	175.3
Total Liabilities	**4937.5**	**5866.9**	**6522.8**	**6795.8**	**7028.5**
Gross Block - Fixed Assets	5613.8	6517.0	7237.1	7637.1	8137.1
Accumulated Depreciation	1281.3	1392.2	1587.6	1793.8	2013.5
Net Block	4332.4	5124.8	5649.5	5843.3	6123.6
Capital WIP	36.9	183.2	150.0	250.0	250.0
Fixed Assets	4369.3	5307.9	5799.5	6093.3	6373.6
Goodwill & Other intangible asset	73.2	85.6	85.4	85.4	85.4
Investments	0	0	0	0	0
Other non-Current Assets	424.9	504.8	530.1	556.6	584.4
Inventory	542.0	632.5	621.1	577.5	664.8
Debtors	55.2	78.2	77.6	91.2	105.0
Other Current Assets	152.6	268.2	276.3	284.6	293.1
Loans & Advances	0.0	0.0	0.0	0.0	0.0
Cash	82.3	109.2	222.4	180.2	146.3
Bank balance	49.9	77.0	350.0	550.0	600.0
Total Current Assets	882.1	1165.1	1547.4	1683.5	1809.2
Creditors	207.1	171.3	293.1	339.9	388.0
Provisions	8.0	8.7	8.0	8.0	8.0
Other Current Liabilities	597.0	1016.5	1138.4	1275.1	1428.1
Total Current Liabilities	812.0	1196.5	1439.6	1623.0	1824.1
Net Current Assets	70.1	-31.4	107.8	60.5	-14.9
Application of Funds	**4937.5**	**5866.9**	**6522.8**	**6795.8**	**7028.5**

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per share data (₹)					
Adjusted EPS	9.8	17.5	28.9	34.7	32.8
Cash EPS	17.1	25.7	37.9	44.1	42.9
BV per share	90.1	139.4	168.4	203.1	235.9
Dividend per share	0	0	0	0	0
Operating Ratios (%)					
Operating EBITDA margins (%)	41.2	42.8	41.4	42.7	45.1
PAT Margins	17.9	8.3	30.7	31.9	26.2
Return Ratios (%)					
RoE	12.6	15.6	18.8	18.7	14.9
RoCE	9.9	11.0	16.3	17.5	15.6
RoIC	9.8	10.8	17.4	20.0	17.9
Valuation Ratios (x)					
P/E	93.6	52.3	31.6	26.4	27.9
EV / EBITDA	39.1	30.5	18.5	15.7	16.3
EV / Sales	16.1	13.0	10.7	9.0	7.6
Market Cap / Sales	14.1	11.6	9.7	8.4	7.3
Price to Book Value	10.2	6.6	5.4	4.5	3.9
Solvency Ratios (x)					
Net Debt / EBITDA	4.9	3.3	1.7	1.0	0.7
Debt / Equity	1.6	0.9	0.7	0.5	0.3

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Kaustubh Pawaskar, PGDBA (Finance), Abhishek Shankar, PGDM-RM, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report