

February 11, 2026

## Margins to recover in FY28 after renovation dent

**About the stock:** Lemon Tree Hotels (LTHL) is India's largest hotel chain in the mid-priced hotel sector and the third largest overall, based on controlling interest in owned and leased rooms. LTHL currently operates 11,772 rooms in 130 hotels in India and abroad, under its various brands viz. Aurika Hotels & Resorts, Lemon Tree Premier, Lemon Tree Hotels, Red Fox Hotels and Keys etc.

**Q3FY26 performance:** LTHL consolidated revenues witnessed 14.4% YoY growth to Rs.406.1cr. Growth was aided by 9% RevPAR growth. RevPAR growth was largely driven by 11% YoY growth in ARR. Occupancy for the quarter declined by 80bps YoY to 73.4% EBIDTA margins declined 145bps YoY to 50.4% due to investment in renovation, technology and GST impact. Decent operating performance, Higher other income and lower interest cost aided 32% YoY growth in adjusted PAT to Rs.105.3cr in Q3FY26.

### Investment Rationale:

- Revenues to grow by 15% in FY27; industry tailwinds to drive growth in the medium term:** LTHL revenues grew by 14% YoY to Rs406.1cr with RevPar growth of 9% in Q3FY26. Average Room Rental (ARR) grew by 11% YoY to Rs7,487 while occupancy was down by 82bps YoY to 73.4%. Dip in occupancy was mainly on account underperformance by Gurgaon region (9% of room inventory) and hotels in the tier 2 towns. Operationalisation of 1000 renovated rooms, improvement in the occupancies in Gurgaon and steady demand in the existing properties will help RevPar to get back to double digit growth in Q4FY26. This along with 20%+ growth in the management fees will help revenues to grow in double digit. Aurika, Mumbai RevPar growing in double digit with occupancy hitting 80%, operationalisation of Shimla Aurika by Q2FY27 and improvement in occupancies in renovated rooms coupled with strong double-digit growth in management fees will help Revenues to grow by 15% in FY27. Management expects structural growth story of domestic hotel industry is intact with expected increase in room demand from new customers, rising MICE/events demand and opening up of new destinations, which will help room demand to remain in the medium term.
- Higher renovation cost and change in GST rates to dent margins in FY26 and FY27:** LTHL EBIDTA margins declined by 109bps YoY to 46.3% as of 9MFY26 affected by renovation and technology upgradation cost of Rs51cr and GST change impact of Rs7.4cr. Management expects renovation, technology investment and changes in GST to be 6.1% of revenues in FY26E and 6.5% of revenues in FY27E, which will dent the EBIDTA margins. However, the same are expected to reduce to 3.6% in FY28E. We have factored in the same and reduced our EBIDTA estimates for FY26E, FY27E and FY28E by 5-7%. We expect EBIDTA margins to bottom out in FY26E to 47% and then improve to 50% by FY28E on back of higher RevPar driven by improved performance of renovated rooms and scale-up in Aurika Mumbai. GST rate change impact to reduce in the subsequent years persons staying in the room with rate of Rs7,500 is expected to reduce with the hike in room rentals and ARR in the medium term.

**Rating and Target Price:** Strong industry tailwinds, renovations of existing hotels and expansion of Aurika brand drive growth in the medium term. **We recommend Buy with a revised price target of Rs.160 valuing it at 20x its FY28E EV/EBITDA (adjusting for 59% stake in Fleur Hotel).**

### Key Financial Summary

Key Financials ( ₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	875.0	1071.1	1286.1	21.2	1448.8	1658.3	1865.0	13.2
EBIDTA	447.6	523.2	634.1	19.0	683.0	806.4	935.5	13.8
EBIDTA Margins(%)	51.2	48.8	49.3		47.1	48.6	50.2	
Adjusted PAT	139.7	181.0	243.4	32.0	282.9	402.5	529.7	29.6
EPS (Rs.)	1.8	2.3	3.1		3.6	5.1	6.7	
PE (x)	75.8	58.5	43.5		37.4	26.3	20.0	
EV to EBIDTA (x)	28.5	24.6	20.0		18.1	14.9	12.3	
Price to book (x)	12.4	11.0	9.1		7.3	5.7	4.5	
RoE (%)	16.6	19.9	22.9		21.7	24.4	25.0	
RoCE (%)	10.0	11.1	12.6		13.9	16.8	19.6	

Source: Company, ICICI Direct Research



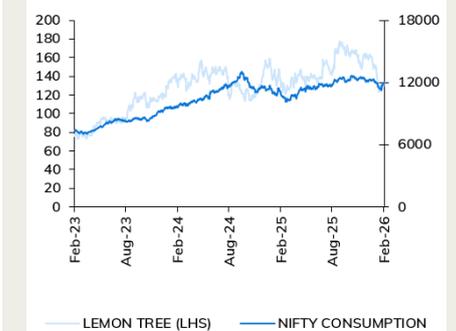
### Particulars

Particular	Amount
Market Capitalisation (₹ crore)	10,611
Debt (FY25) - ₹ crore	2,176
Cash (FY25) - ₹ crore	125
EV (Rs crore)	12,661
52 week H/L (₹)	181 / 111
Equity capital (₹ crore)	791.8
Face value (₹)	10

### Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	22.5	22.3	22.3	22.3
FII	20.9	21.3	21.5	21.5
DII	19.7	20.0	19.7	19.5
Others	36.9	36.4	36.6	36.8

### Price Chart



### Key risks

- Room demand getting impacted by global slowdown or any black swan event.
- Delay in reduction in debt.

### Research Analyst

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**Exhibit 1: Fair Valuation**

Particulars	FY28E
Lemon Tree Consolidated EBIDTA	936
Adjusting EBIDTA - Fleur APG (41% stake)	221
Adjusted EBITDA (Rs. Cr)	714
EV/EBIDTA (x)	20
Enterprise value (Rs. Cr)	14,285
Adjusted Debt (Rs. Cr)	1,692
Cash & Cash equivalent	81
<b>Equity Value (Rs. Cr.)</b>	<b>12,673</b>
<b>Equity shares (in Cr.)</b>	<b>79</b>
<b>Target price (Rs.)</b>	<b>160</b>

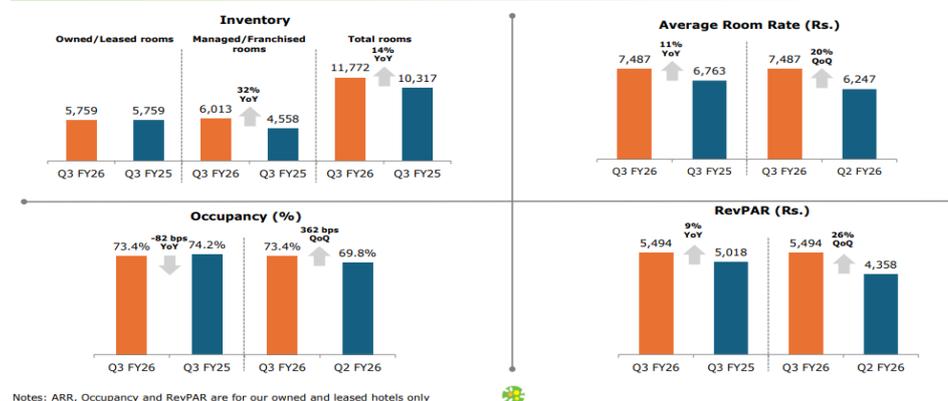
Source: Company, ICICI Direct Research

**Q3FY26 – Key Performance highlights**

- Consolidated revenues recorded 14.3% YoY to Rs.406.1cr. Growth in revenues was aided by 9% YoY growth in RevPAR. RevPAR growth was largely aided by 11% YoY growth in ADR. Occupancy declined by 80bps YoY to 73.4%.
- EBITDA ex-renovation and GST impact stood at ~Rs.229cr in Q3FY26 vs ~Rs.193cr in Q3FY25. EBITDA margins (ex-renovation and GST impact) expanded by 200bps YoY to ~56.2% in Q3FY26.
- On comparable basis, EBITDA ex-GST Impact stood at Rs.212.1cr growing by 15% YoY in Q3FY26. EBITDA margins (ex-GST Impact) expanded by 40bps YoY to 52.2% in Q3FY26 vs 51.8% in Q3FY25.
- Reported EBITDA grew by 11.1% YoY Rs.204.7cr while margins declined by 145bps YoY to 50.4%. Decline in margins was due to increased investments in renovation, technology and GST impact. Renovation and GST impact stood at Rs.16.5cr and Rs.7.4cr respectively during the quarter.
- Aurika's room revenue grew by 9.5% YoY to Rs.60.4cr with Occupancies improving to 74% in Q3FY26 vs. 71% in Q3FY25. ARR grew by 5% YoY Rs.10984/night. EBITDA stood at Rs.39.3cr while EBITDA margins improved by 100bps YoY to 65% in Q3FY26.
- LTHL's consolidated ARR stood at Rs.7487 growing by 11% YoY in Q3FY26. Lemon Tree Hotels ARR grew by 13% YoY to Rs.7081. Lemon Tree Premier ARR reported 8% YoY to Rs.8506. Red Fox recorded 17% YoY ARR to Rs.5016 while Keys recorded 19% YoY growth in ARR to Rs.4443 in Q3FY26.
- Overall occupancy witnessed 82bps YoY decline to 73.4%. Among other hotels, Lemon Tree hotels occupancy in Q3FY26 stood at 73% vs 75% last year while Red Fox occupancy stood at 70% in Q3FY26 compared to 75% in Q3FY25. The dip in occupancy across both the brands was as a result of repositioning Red Fox Aerocity, Delhi to Lemon Tree Hotels. Keys by Lemon tree witnessed 280bps YoY improvement in occupancy to 62% in Q3FY26. Lemon Tree premier occupancy stood flat at 81% in Q3FY26.
- Overall RevPAR stood at Rs.5494 witnessing 10% YoY growth in Q3FY26. Lemon Tree Hotel and Lemon Tree Premier witnessed 8% YoY growth in RevPAR to Rs.6890 and Rs.5203 respectively. Red Fox recorded 9% YoY growth in RevPAR to Rs.3525 while Keys recorded 25% YoY growth to Rs.2748 in Q3FY26.

- Consolidated Management Fees grew by 10% YoY to Rs.48.2cr in Q3FY26. Management fees from Fleur Hotels stood flat YoY at Rs.25.3cr and fees from 3<sup>rd</sup> party owned hotels grew by 24% YoY to Rs.22.9cr in Q3FY26.
- Adjusted PAT grew by 32% YoY to Rs.105.3cr in Q3FY26. During the quarter the recorded exceptional charge pertaining to provision of labour codes (Rs.14.5cr), Ex-gratia (Rs.11.1cr), Property Tax (Rs.4.8cr) and restructuring exp (Rs.1cr). Adjusted for exceptional charge, Reported PAT grew by 2.4% YoY to Rs.81.8cr during Q3FY26.

### Exhibit 2: Operating Metrics



Source: Company, ICICI Direct Research

## 9MFY26 – Key Performance highlights

- Consolidated revenues reported 13.3% YoY growth to Rs.1028.1cr as of 9MFY26.
- Reported EBITDA margins declined by 109bps YoY to 46.3% due to higher investments in renovations, technology and GST impact. Reported EBITDA witnessed 10.7% YoY to Rs.475.9cr.
- On comparable basis, EBITDA (ex-GST impact) stood at Rs.483.3cr growing by 12.3% YoY. EBITDA margins stood flat at 47% as of 9MFY26.
- Adjusted PAT stood at Rs.195.3cr as of 9MFY26 growing by 45% YoY.

## Expansion through management contracts

- In Q3FY26, LTHL signed management/franchised contracts for 17 hotels with 1855 rooms. The Total managed and franchised contract pipeline stood at 126 hotels with 9364 rooms expected to be operational between FY26 and FY30.

## Q3FY26 Earnings call highlights

- **Industry and Demand Outlook**
  - The management indicated that January month was sluggish; February and March are showing strong demand trends led by corporate travel and MICE.
  - Rising airline travel and order of aircrafts by airline companies indicate strong travel demand in the upcoming years. The management expects this trend to flow through to the hotels enhancing the demand.
  - The management also has indicated about the structural shift in the industry with the younger population opting for branded hotels.
  - Supply constraints continue across top tier cities such as Delhi, Mumbai, Hyderabad and Bengaluru continues due high land and construction cost. Higher demand and lower supply is expected to

support higher ARR and occupancies thereby leading to accelerated growth in RevPAR across the industry.

- India's industry wide average occupancy levels stand at ~66% with high headroom for expansion towards peak levels of ~78%-80%. This provides incremental opportunity for hotels to expand further into high demand areas.

- **LTHL reported slower RevPAR growth compared to industry, impacted by accelerated renovations.**

- The industry wide average RevPAR growth stood at ~11-12% while LTHL's RevPAR for the quarter stood at ~9%.
- The reason for slower RevPAR is majorly attributed to the ongoing renovations in the portfolio. Some of the key highlights of slower RevPAR growth:
  - Gurgaon market underperformed. The large corporate blocks/groups which were present last year did not repeat this year leading to muted performance. Both Lemon Tree and Red Fox Gurgaon were impacted.
  - The company is now focused on driving higher occupancy for Mumbai hence it is not re-pricing the rates in the city thereby leading to slower ARR growth translating to lower RevPAR growth.
  - ~1200 rooms were renovated in FY26 with peak shutdown of ~700-800 rooms during the year. About ~200 rooms are still under renovation (primarily Keys portfolio)
- The management expects that post Mumbai occupancy hit the peak, it will provide opportunity for re-pricing the asset, Gurgaon market is expected to stabilise over the upcoming quarters while full renovations are expected to be completed by H2FY27. These factors will lead to accelerated growth in RevPAR ahead.

- **Accelerated renovation continues across the portfolio**

- The total portfolio stands at ~5800 rooms. Out of this, ~1400-1500 rooms needed only refurbishment as they were opened post Covid and have not aged yet.
- The core portfolio which required full-scale renovation was ~4100 rooms. Out of the ~4100 rooms, 65% of the rooms have already been renovated.
- In FY26, ~1200 rooms were renovated. At the peak during the year, ~700-800 rooms were temporarily shut for renovation.
- ~200 rooms continue to remain under renovation as of Q3FY26 end.
- The entire renovation cycle is expected to be completed by FY27 end. Post FY27, the company will move back to normal refurbishment cycle of 1/6<sup>th</sup> portfolio refurbishment annually.
- The renovated portfolio is already showing strong pricing traction. Keys portfolio recorded 25% YoY growth in RevPAR and Hyderabad also witnessed ~25% ARR increase post the upgrades. Pune also is witnessing strong growth post the upgrades.

- **Rebranding of assets to drive growth in ARR translating to higher RevPAR growth in the upcoming years**

- Red Fox, Aeocity, Delhi has been re-branded to Lemon Tree Hotel. The management indicated that the hotel has witnessed significant improvement in ARR post the re-branding.
- Red Fox, Hyderabad to be re-branded to Lemon Tree Premier by October 2026.

- Keys Select Pimpri is to be re-branded to Keys Prima.
- Keys Whitefield (220 rooms) to be upgraded post renovation.
- The management also indicated that it is looking to potentially convert Lemon Tree, Alleppey to Aurika.
- Further, the company has Red Fox in Jaipur which is a 183-room hotel. The land has become very valuable and the management hinted of a possible 150-room Aurika in the location.
- **Revenues to grow by 15% in FY27; Margin expansion from FY28 post renovations and other GST impact**
  - The management guided for ~15% revenue growth in FY27 aided by newer rooms post renovations, recovery in RevPAR led by stabilisation in affected markets and opening of new hotel Aurika Shimla.
  - The management also guided by gradual improvement in EBITDA margins with renovation expenses and GST related expenses declining over the next 2 years. The expenses which account for 6.4% in FY26 are expected to taper down to 3.5% by FY28 leading to meaningful expansion in EBITDA margins.
- **New additions in the premium brand “Aurika” over the upcoming years**
  - Aurika Nehru Place (Delhi) redesigned to ~550-560 rooms vs 500 rooms earlier. It will also have 14000-15000 sqft of convention facility. The construction is expected to begin soon with completion expected over the next 3-3.5 years.
  - Aurika Varanasi is located a prime spot near the Ganges. It will have 47 rooms and the management also indicated of significantly higher ARR potential compared to other Aurika hotels due to location advantage.
  - The company has invested ~Rs.200cr in Aurika, Shillong and is expected to be operational by CY27. The project benefits from concessional debt and GST incentives with visibility of good profitability trajectory.
  - The management is evaluating ~2500 rooms of potential acquisition/ greenfield opportunities across key demand markets with Aurika likely to anchor premium expansion.

## Revision in earnings estimates

We have factored in the same and reduced our EBIDTA estimates for FY26E, FY27E and FY28E by 5-7% to factor in the higher renovation cost, technology upgradation investments and change in the GST rates.

Exhibit 3: Changes in headline estimates

(₹ crore)	FY26E			FY27E			FY28E		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
Net Revenues	1465.8	1448.8	-1.2	1715.0	1658.3	-3.3	1917.6	1865.0	-2.7
EBIDTA	725.2	683.0	-5.8	865.8	806.4	-6.9	983.8	935.5	-4.9
EBIDTA margin (%)	49.5	47.1		50.5	48.6		51.3	50.2	
PAT	305.7	283.9	-7.1	430.6	403.5	-6.3	538.8	530.7	-1.5
EPS (Rs.)	3.9	3.6	-7.1	5.4	5.1	-6.3	6.8	6.7	-1.5

Source: Company, ICICI Direct Research

**Exhibit 4: Key Operating Assumptions**

Particulars	FY24	FY25	FY26E	FY27E	FY28E
<b>Aurika Hotels -revenues (Rs. Cr)</b>	97.2	184.9	224.0	260.9	295.9
Rooms	808.0	808.0	899.0	899.0	973.0
Occupancy ratio (%)	51	63	75	79	76
ARR (Rs)	10693	9894	10027	10857	11552
<b>Lemon Tree Premier - revenues (Rs. Cr)</b>	320.2	346.3	376.6	412.5	445.2
Rooms	1603.0	1603.0	1603.0	10856.6	11552.0
Occupancy ratio (%)	79	81	81	83	83
ARR (Rs)	6929	7342	7918	8513	9156
Room revenues	827.6	967.3	1073.6	1208.2	1316.4
yoy% growth	20.0	16.9	11.0	12.5	9.0
Management fees	121.9	149.0	173.2	217.8	281.5
yoy% growth	18.3	22.3	16.2	25.8	29.2
F&B revenues	120.8	169.7	202.0	232.3	267.1
yoy% growth	46.6	40.5	19.0	15.0	15.0
Total revenues	1070.3	1286.1	1448.8	1658.3	1865.0
yoy% growth	22.3	20.2	12.7	14.5	12.5

Source: Company, ICICI Direct Research

**Exhibit 5: Q3FY26 consolidated result overview (₹ crore)**

Particulars	Q3FY26	Q3FY25	y-o-y %	Q2FY26	q-o-q %
<b>Net revenue</b>	<b>406.1</b>	<b>355.2</b>	<b>14.3</b>	<b>306.3</b>	<b>32.6</b>
Cost of food and beverages consumed	23.0	19.6	17.2	20.0	14.9
Employee cost	59.4	56.4	5.3	58.5	1.5
Power & fuel	20.5	21.5	-4.7	22.6	-9.3
Other expenditure	98.5	73.4	34.1	74.4	32.3
Total expenditure	201.4	171.0	17.8	175.6	14.7
<b>EBITDA</b>	<b>204.7</b>	<b>184.2</b>	<b>11.1</b>	<b>130.7</b>	<b>56.6</b>
Other income	1.7	0.6	172.2	1.7	-1.4
Interest expenses	41.4	50.3	-17.7	42.3	-2.0
Depreciation	34.8	35.1	-0.8	34.3	1.4
Profit Before Tax	130.2	99.4	30.9	55.8	133.2
Tax	24.9	19.7	26.4	13.9	78.8
<b>Adjusted PAT</b>	<b>105.3</b>	<b>79.8</b>	<b>32.0</b>	<b>41.9</b>	<b>151.2</b>
Minority interest	0.0	-0.1	-	0.0	-
<b>Adjusted PAT (after MI)</b>	<b>105.3</b>	<b>79.8</b>	<b>31.9</b>	<b>41.9</b>	<b>-24.0</b>
Extra-ordinary gain / loss	-23.5	0.0	-	0.0	-
<b>Reported PAT</b>	<b>81.8</b>	<b>79.8</b>	<b>2.4</b>	<b>41.9</b>	<b>95.0</b>
Adjusted EPS (Rs.)	1.3	1.0	32.0	0.5	151.2
<b>Margins</b>	<b>Q3FY26</b>	<b>Q3FY25</b>	<b>bps</b>	<b>Q2FY26</b>	<b>bps</b>
GPM (%)	94.3	94.5	-14	93.5	87
EBITDA Margin (%)	50.4	51.9	-145	42.7	773
NPM (%)	25.9	22.5	348	13.7	1225
Tax rate (%)	19.1	19.8	-68	24.9	-580

Source: Company, ICICI Direct Research

**Exhibit 6: Q3FY26 brand wise performance**

Brands	No. of rooms	RevPAR (Rs.)			Occupancy (%)			Gross ARR (Rs.)		
	Q3FY26	Q3FY26	Q3FY25	Chg (%)	Q3FY26	Q3FY25	Chg (bps)	Q3FY26	Q3FY25	Chg (%)
Aurika Hotels & Resorts	808.0	8109	7442	9.0	74	71	300.0	10984	10457	5.0
Lemon Tree Premier	1603.0	6890	6388	7.9	81	81	0.0	8506	7852	8.3
Lemon Tree Hotels	1769.0	5203	4816	8.0	73	77	-400.0	7081	6254	13.2
Red Fox	643.0	3525	3226	9.3	70	75	-500.0	5016	4303	16.6
Keys by Lemon Tree Hotels	936.0	2748	2191	25.4	62	59	300.0	4443	3733	19.0
Lemon Tree Consolidated	5759.0	5494	5018	9.5	73	74	-80.0	7487	6763	10.7

Source: Company, ICICI Direct Research

## Financial summary

Exhibit 7: Profit and loss statement						₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E	
<b>Total Operating Income</b>	<b>1071.1</b>	<b>1286.1</b>	<b>1448.8</b>	<b>1658.3</b>	<b>1865.0</b>	
Growth (%)	22.4	20.1	12.7	14.5	12.5	
Cost of food and beverages consumed	62.8	76.2	79.7	86.2	97.0	
Gross Profit	1008.3	1209.9	1369.1	1572.1	1768.0	
Employee Expenses	187.8	218.5	251.3	283.9	323.7	
Power & fuel	78.0	87.8	90.4	94.0	97.8	
Other Expenditure	219.3	269.5	344.4	387.7	411.0	
Total Operating Expenditure	547.9	652.0	765.8	851.9	929.5	
<b>EBITDA</b>	<b>523.2</b>	<b>634.1</b>	<b>683.0</b>	<b>806.4</b>	<b>935.5</b>	
Growth (%)	16.9	21.2	7.7	18.1	16.0	
Interest	201.6	200.7	173.5	131.5	82.7	
Depreciation	112.1	139.3	134.0	138.9	146.2	
Other Income	5.6	2.3	5.2	5.7	6.3	
<b>PBT</b>	<b>215.1</b>	<b>296.5</b>	<b>380.8</b>	<b>541.8</b>	<b>712.9</b>	
Less Tax	34.1	53.1	97.9	139.2	183.2	
<b>Adjusted PAT (before exceptional item)</b>	<b>181.0</b>	<b>243.4</b>	<b>282.9</b>	<b>402.5</b>	<b>529.7</b>	
Growth (%)	29.6	34.5	16.2	42.3	31.6	
Minority interest / profit from associates	0.7	-0.3	1.0	1.0	1.0	
Exceptional item	0.0	0.0	0.0	0.0	0.0	
<b>Reported PAT</b>	<b>181.7</b>	<b>243.1</b>	<b>283.9</b>	<b>403.5</b>	<b>530.7</b>	
Growth (%)	29.3	33.8	16.8	42.1	31.5	
<b>EPS (Adjusted)</b>	<b>2.3</b>	<b>3.1</b>	<b>3.6</b>	<b>5.1</b>	<b>6.7</b>	

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet						₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E	
Equity Capital	791.8	791.8	791.8	791.8	791.8	
Reserve and Surplus	175.0	371.7	655.6	1059.1	1589.8	
Total Shareholders funds	966.9	1163.5	1447.4	1850.9	2381.6	
Minority Interest	579.5	626.1	625.1	624.1	623.1	
Total Debt	2335.8	2176.0	1889.3	1553.0	1067.1	
Deferred Tax Liability	5.3	7.2	7.2	7.2	7.2	
Long-Term Provisions	3.2	3.4	3.4	3.4	3.4	
<b>Total Liabilities</b>	<b>3890.8</b>	<b>3976.2</b>	<b>3972.4</b>	<b>4038.6</b>	<b>4082.4</b>	
Gross Block - Fixed Assets	3706.9	3794.6	3863.1	4073.1	4283.1	
Accumulated Depreciation	590.9	730.2	864.2	1003.1	1149.3	
Net Block	3116.0	3064.4	2999.0	3070.1	3133.8	
Capital WIP	24.8	58.6	200.0	200.0	200.0	
Leased Assets	390.7	365.1	365.1	365.1	365.1	
Fixed Assets	3531.5	3488.0	3564.0	3635.1	3698.9	
Goodwill & Other intangible assets	135.1	126.8	126.8	126.8	126.8	
Investments	13.3	44.6	45.0	50.0	50.0	
Other non-Current Assets	155.7	167.4	167.4	167.4	167.4	
Inventory	13.8	13.8	19.8	22.7	25.5	
Debtors	71.5	78.6	99.2	113.6	127.7	
Other Current Assets	55.0	80.7	80.7	80.7	80.7	
Loans & Advances	3.3	1.2	1.2	1.2	1.2	
Cash	33.6	55.4	17.7	18.4	8.9	
Bank balance	20.1	25.3	75.0	75.0	75.0	
Total Current Assets	197.4	255.0	293.7	311.6	319.1	
Creditors	85.9	61.6	178.6	204.4	229.9	
Provisions	6.0	6.4	6.4	6.4	6.4	
Other Current Liabilities	50.4	37.3	39.1	41.1	43.2	
Total Current Liabilities	142.3	105.3	224.2	252.0	279.5	
Net Current Assets	55.2	149.7	69.5	59.6	39.6	
<b>Application of Funds</b>	<b>3890.8</b>	<b>3976.5</b>	<b>3972.7</b>	<b>4038.9</b>	<b>4082.7</b>	

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement						₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E	
Profit/(Loss) after taxation	175.4	241.1	277.7	396.8	523.4	
Add: Depreciation & Amortization	112.1	139.3	134.0	138.9	146.2	
Other income	5.6	2.3	5.2	5.7	6.3	
Changes in the working capital	-29.5	-67.7	92.2	10.6	10.5	
<b>CF from Operating activities</b>	<b>263.6</b>	<b>315.0</b>	<b>509.2</b>	<b>552.0</b>	<b>686.5</b>	
(Purchase)/Sale of Fixed Assets	-339.2	-87.5	-210.0	-210.0	-210.0	
Investments & Bank balances	-24.1	-36.4	-50.2	-5.0	0.0	
Others	-3.7	-11.7	0.0	0.0	0.0	
<b>CF from Investing activities</b>	<b>-367.1</b>	<b>-135.6</b>	<b>-260.2</b>	<b>-215.0</b>	<b>-210.0</b>	
(inc)/Dec in Loan	159.0	-159.6	-286.7	-336.3	-485.9	
Change in equity & reserves	-67.8	-46.8	1.0	1.0	1.0	
Dividend paid	0.0	0.0	0.0	0.0	0.0	
Other	22.3	48.7	-1.0	-1.0	-1.0	
<b>CF from Financing activities</b>	<b>113.4</b>	<b>-157.7</b>	<b>-286.7</b>	<b>-336.3</b>	<b>-485.9</b>	
Net Cash Flow	10.0	21.8	-37.7	0.7	-9.4	
<b>Cash and Cash Equivalent (opening)</b>	<b>23.7</b>	<b>33.6</b>	<b>55.4</b>	<b>17.7</b>	<b>18.4</b>	
<b>Cash</b>	<b>33.6</b>	<b>55.4</b>	<b>17.7</b>	<b>18.4</b>	<b>8.9</b>	
<b>Free Cash Flow</b>	<b>-75.6</b>	<b>227.6</b>	<b>299.2</b>	<b>342.0</b>	<b>476.5</b>	

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios					
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
<b>Per share data (₹)</b>					
Adjusted EPS	2.3	3.1	3.6	5.1	6.7
Cash EPS	3.7	4.8	5.3	6.8	8.5
BV per share	12.2	14.7	18.3	23.4	30.1
Cash per Share	0.8	1.6	1.7	1.8	1.7
<b>Operating Ratios (%)</b>					
Gross Profit Margins	94.1	94.1	94.5	94.8	94.8
Operating EBITDA margins (%)	48.8	49.3	47.1	48.6	50.2
PAT Margins	16.9	18.9	19.5	24.3	28.4
Cash Conversion Cycle	-40	-13	-15	-15	-15
<b>Return Ratios (%)</b>					
RoE	19.9	22.9	21.7	24.4	25.0
RoCE	11.1	12.6	13.9	16.8	19.6
<b>Valuation Ratios (x)</b>					
P/E	58.5	43.5	37.4	26.3	20.0
EV / EBITDA	24.6	20.0	18.1	14.9	12.3
EV / Net Sales	12.0	9.8	8.5	7.3	6.2
Market Cap / Sales	9.9	8.3	7.3	6.4	5.7
Price to Book Value	11.0	9.1	7.3	5.7	4.5
<b>Solvency Ratios (x)</b>					
Debt / EBITDA	4.5	3.4	2.8	1.9	1.1
Debt / Equity	2.4	1.9	1.3	0.8	0.4

Source: Company, ICICI Direct Research

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