

Lean cost structure, room expansion to drive growth

About the stock: Promoted by Patanjali Keswani, Lemon Tree is the largest hotel chain in the mid-priced segment in India. It operates 8,489 rooms in 87 hotels across 54 destinations in India and abroad under brands like Aurika (premium), Lemon Tree premier, Lemon Tree (midscale), RedFox (economy) and Keys.

- The favourable location of its properties in prominent business and tourist districts supports revenue growth prospects and reduces concentration risk
- Post completion of expansion, LTHL will be operating ~10,462 rooms in 105 hotels across 64 destinations, in India and abroad by FY24E

Q3FY23 Results: Lemon tree's Q3FY23 performance remained ahead of our estimates bolstered by strong room rates and focus on cost optimisation.

- Revenues grew 62.6% YoY to ₹ 233.5 crore (up 18.7% QoQ). They were also up 17% from pre-Covid levels (i.e. Q3FY20)
- On an absolute basis, operating costs were down 10% from pre-Covid levels This led to a sharp margin expansion of ~1348 bps to 54.2% (vs. our estimate of 49%) from pre-Covid levels
- PAT improved to ₹ 48.3 crore in Q3FY23 vs. net loss of ₹ 5.2 crore last year and net profit of ₹ 11.1 crore during Q3FY20

What should investors do? The company remains a key branded player in the high growing mid-scale segment.

- We maintain our **BUY** rating on the stock

Target Price and Valuation: We value the company at ₹ 95/share on an SOTP basis (i.e. implied value at 19x FY24E EV/EBITDA).

Key triggers for future price performance:

- Revival in foreign tourists, wedding season, G20 summit 2023 to provide further fillip to leisure and business hotel room demand, going forward
- Well positioned to capture the unorganised market share due to slowdown in the upcoming room supply in the wake of ongoing distress
- Mumbai hotel property (669 rooms i.e. 13% of owned/leased rooms) to get commissioned by Q3FY24E
- LTHL's large asset base, strategic partnership, and financial flexibility to continue support liquidity requirement for further growth

Alternate Stock Idea: Apart from Lemon Tree, in hotels coverage we like Indian Hotels Company.

- Key player with higher presence in the business & leisure destinations
- Maintain BUY with a target price of ₹ 390/share



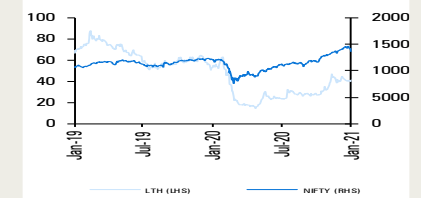
Particulars

Particulars	Amount
Market Cap (₹ crore)	6164
Debt (FY22) (₹ crore)	1642
Cash (FY22) (₹ crore)	142
EV (₹ crore)	7664
52 week H/L	₹ 71/36
Equity Capital (FY21) (₹ crore)	789
Face Value	₹ 10

Shareholding pattern

(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promoter	23.95	23.93	23.61	23.62
FII	28.72	27.90	27.46	26.81
DII	12.16	11.42	10.73	10.14
Others	35.17	36.75	38.20	39.43

Price Chart



Recent Event & Key risks

- Any further imposition of restrictions on travel could further delay the recovery
- Companies adopting WFH policy could impact the business segment room demand

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Key Financial Summary

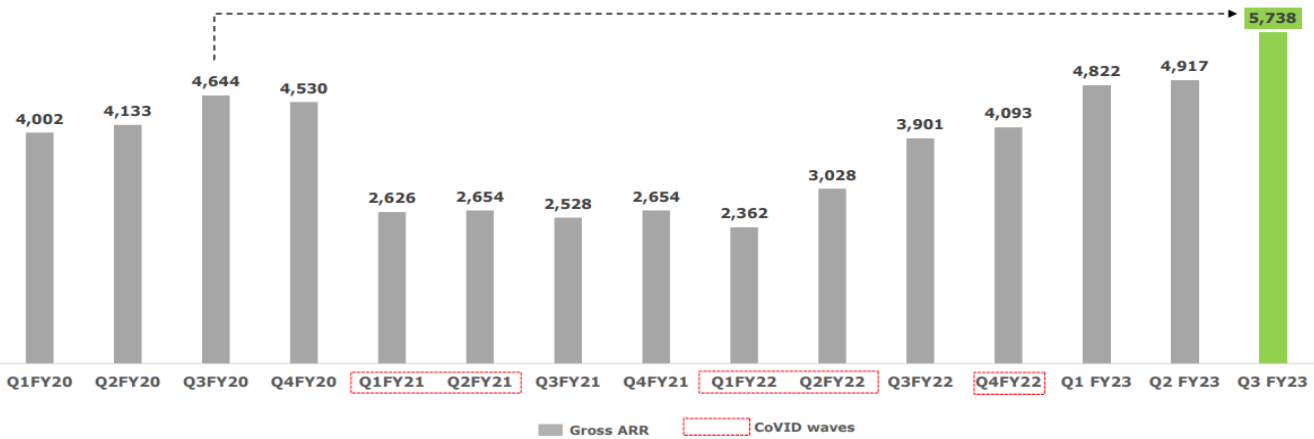
Key Financials	FY19	FY20	FY21	FY22	3 Year CAGR (%)	FY23E	FY24E	2 Year CAGR (%)
Sales	549.5	669.4	251.7	402.2	-9.9	854.6	1015.2	58.9
EBITDA	168.8	238.3	61.3	118.7	-11.1	412.7	475.1	100.1
EBITDA (%)	30.7	35.6	24.3	29.5		48.3	46.8	
PAT after MI	52.9	-9.5	-127.0	-87.4	PL	87.2	112.3	LP
EPS (₹)	0.7	-0.1	-1.6	-1.1		1.1	1.4	
EV/EBITDA	43.3	32.4	125.1	65.7		18.7	16.3	
RoNW	6.7	-1.5	-21.4	-15.7		12.8	15.2	
RoCE	5.5	5.5	-0.7	1.0		9.1	9.5	

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results: First normal quarter post pandemic

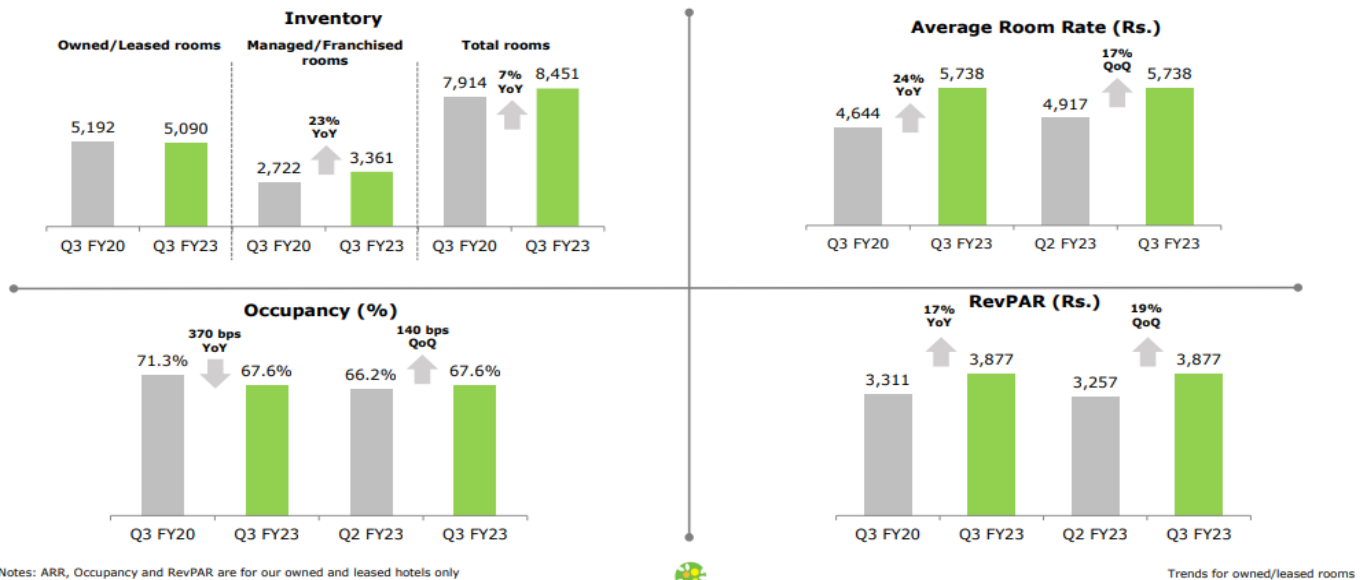
- Average occupancy improved further by 140 bps QoQ to 67.6% on full inventory basis. Gross ARR also increased ~17% QoQ to ₹ 5738/room. This led to QoQ RevPAR growth of 24% to ₹ 3879/room
- ARR was up 24% while occupancy levels were still down 370 bps vs. pre-Covid levels. Overall, RevPAR was up ~17% vs. pre-Covid levels
- Total operating cost was down significantly from 59% of sales in Q3FY20 (pre-Covid) to 46% of sales in Q3FY23. On an absolute basis, operating costs were down 10% from pre-Covid levels. This led to a sharp margin expansion of ~1348 bps to 54.2% (vs. our estimate of 49%) from pre-Covid levels. It was up 656 bps sequentially
- The company has further expanded its presence with the signing of seven new hotels in the cities of Thekkady, Haridwar, Jamshedpur, Dehradun, Chandausi, Banswara and Tejjpur. It operationalized three hotels in this quarter viz. Lemon Tree Hotel in Kalina Mumbai, Lemon Tree Hotel in Mukteshwar and Keys Lite by Lemon Tree Hotels in Vishakhapatnam

Exhibit 1: ARR in Q3FY23 ~24% higher than pre-Covid levels



Source: Company, ICICI Direct Research

Exhibit 2: Quarterly ARR, occupancy trend



Notes: ARR, Occupancy and RevPAR are for our owned and leased hotels only



Trends for owned/leased rooms

Source: Company, ICICI Direct Research

Exhibit 3: City wise performance

Parameters	RevPAR (Rs.)			Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin %		
	Q3 FY23	Q3 FY20	Change (%)	Q3 FY23	Q3 FY20	Change (bps)	Q3 FY23	Q3 FY20	Change (%)	Q3 FY23	Q3 FY20	Change (%)	Q3 FY23	Q3 FY20	Change (bps)
By Brand (#Rooms)															
Aurika Hotels & Resorts (139)*	8,982	3,011	198%	53%	20%	3228	17,102	14,883	15%	7.89	1.05	649%	69%	39%	2,999
Lemon Tree Premier (1,603)	5,167	4,174	24%	75%	71%	465	6,863	5,908	16%	3.82	2.29	67%	65%	46%	1,874
Lemon Tree Hotels (1562)	3,760	3,289	14%	68%	73%	-449	5,500	4,514	22%	2.49	1.92	29%	57%	45%	1134
Red Fox by Lemon Tree Hotels (952)	3,132	2,811	11%	73%	78%	-569	4,315	3,591	20%	1.96	1.60	22%	60%	53%	707
Keys by Lemon Tree Hotels (936)*	1,778	1,978	-10%	51%	66%	-1,562	3,512	2,985	18%	0.34	0.66	-48%	18%	39%	-2,163

Parameters	RevPAR (Rs.)			Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin %		
	Q3 FY23	Q3 FY20	Change (%)	Q3 FY23	Q3 FY20	Change (bps)	Q3 FY23	Q3 FY20	Change (%)	Q3 FY23	Q3 FY20	Change (%)	Q3 FY23	Q3 FY20	Change (bps)
By Region (#Rooms)															
Delhi (636)	4,941	4,606	7%	81%	85%	-389	6,090	5,418	12%	4.07	2.79	46%	73%	50%	2394
Gurugram (529)	3,587	3,302	9%	68%	75%	-739	5,286	4,387	20%	2.36	1.93	22%	52%	43%	902
Hyderabad (663)	4,644	3,860	20%	74%	77%	-299	6,245	4,990	25%	3.32	2.52	31%	64%	54%	1007
Bengaluru (874)	2,805	2,836	-1%	54%	65%	-1,130	5,205	4,351	20%	1.52	1.35	12%	48%	44%	381
Mumbai (303)	6,683	4,151	61%	79%	62%	1,684	8,473	6,691	27%	4.62	2.00	131%	64%	44%	1998
Pune (426)	3,436	2,703	27%	69%	67%	199	4,978	4,033	23%	1.88	1.08	74%	48%	35%	1286
Rest of India (1,659)	3,419	2,763	24%	64%	68%	-323	5,317	4,091	30%	2.12	1.28	66%	54%	45%	938
Total (5090)	3877	3311	17%	68%	71%	-373	5,738	4,644	24%	2.57	1.73	49%	58%	46%	1210

* Aurika Hotels & Resorts and Keys by Lemon Tree Hotels operationalized in Q3 FY20; hence their performance is for the partial quarter of Q3 FY20.

Trends for owned/leased rooms

Source: Company, ICICI Direct Research

Q3FY23 – Other key highlights

- In terms of city-wise performance, occupancy across all major cities excluding Mumbai & Pune were lower vs. pre-Covid levels. However, Mumbai & Pune did exceedingly well. Both registered an increase of 1684 bps & 199 bps in occupancy from pre-Covid levels
- Aurika Udaipur registered average occupancy of 53% with average room rate of ₹ 17,102 for Q3. With likely rebound in foreign tourists, the premium segment is likely to witness healthy demand in 2023 as well
- The company garnered management fee of ₹ 25.1 crore during 9MFY23 (up 94% YoY). The same is likely to increase to ₹ 35 crore for FY23E. In FY24E, the company is likely to generate a management fee of ~₹ 50 crore (~50% growth guidance), which would again scale-up to ₹ 100 crore over the next two to three years thereafter
- The current employee count has reduced from 0.95/room to 0.62/room. Further, with the adoption of more technology in day to day operations, we expect the operating margin to scale up over 48% (highest in the industry)
- The company plans to add 738 rooms (669 rooms in Mumbai, 69 rooms in Shimla) over the next two years with total capex of ₹ 1006 crore. The company has spent ₹ 509 crore. We expect Aurika Mumbai to get launched during October-November 2023
- The company is also adding ~2051 rooms under management contract. The share of managed rooms to increase from current 40% to ~50% by 2025
- Gross debt is currently at ₹ 1670 crore (broadly flat YoY) with cost of debt at 8.65% (up 65 bps QoQ)

Exhibit 4: Quarterly performance

	Q3FY23	Q3FY23E	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	Q3FY20	Vs pre-covid (%)	Comments
Net Sales	233.5	232.9	143.7	62.6	196.7	18.7	199.6	117.0%	Room rates were higher 47% YoY to ₹5738/room. The same was also up by 24% from pre-covid levels while occupancy levels were at 67.6% vs 71.3% during pre-covid levels
Other Incomes	2.1	1.0	3.9	-47.1	1.7	25.9	3.9		
Raw Material Expenses	13.1	16.3	9.8	34.6	12.3	6.8	16.7		
Employee Expenses	38.1	40.1	28.0	36.3	36.1	5.7	42.1		
Other expenses	55.8	62.4	42.6	30.9	54.7	2.0	59.6		
Total expenses	107.1	118.8	80.4	33.2	103.1	3.9	118.4	90.4%	
EBITDA	126.5	114.1	63.3	LP	93.6	35.1	81.2	155.8%	
EBITDA Margin (%)	54.2%	49.0%	44.1%	1010 bps	47.6%	656 bps	40.7%	1348 bps	
Interest	46.0	46.1	45.4	1.4	45.5	1.1	45.9		
Depreciation	23.6	25.7	25.4	-7.3	25.0	-5.9	22.7		
PBT	59.0	43.3	-3.6	NA	24.7	138.7	16.5		
Total Tax	10.6	10.2	2.0	428.1	5.6	89.1	4.6		
Reported PAT	48.6	33.6	-5.2	LP	19.3	151.2	11.1	LP	

Source: Company, ICICI Direct Research

Exhibit 5: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Total Revenue	853.1	854.6	0.2	1,013.5	1,015.2	0.2	
EBITDA	395.2	412.7	4.4	465.4	475.1	2.1	
EBITDA Margin (%)	46.0	48.3	229 bps	45.9	46.8	88 bps	
PAT	85.8	87.2	1.6	114.3	112.3	-1.8	
EPS (₹)	1.1	1.1	1.6	1.4	1.4	-1.8	

Source: Company, ICICI Direct Research

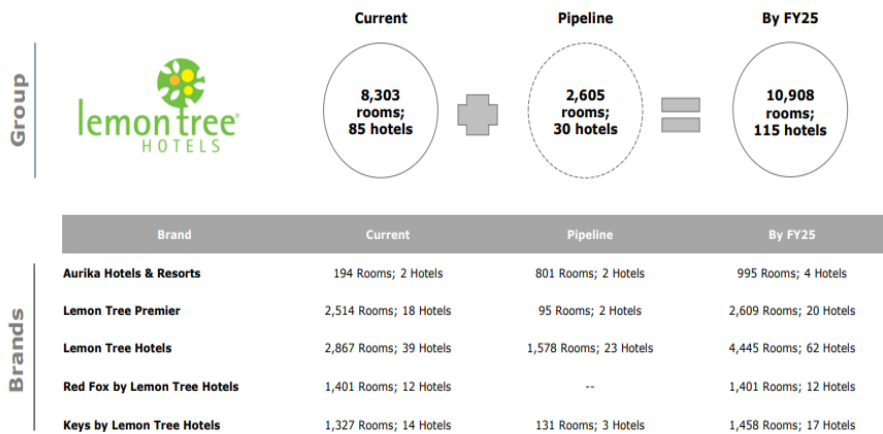
Story in charts

Exhibit 6: Upcoming owned/leased hotels (Excluding Management contracts)

Particulars	Number of rooms	Ownership (%)	Expected
End of FY19	3570		
Addition during the year:			
LTP, Mumbai	303	58	
LTP, Kolkata	142	58	
RFH, Chandigarh	102	Leased	
Aurika, Udaipur	139	58	
Total addition (Ex-Keys)	686		
Keys Hotels Inventory	936		
End of FY20	5192		
End of FY21	5192		
Future Additions			
LT Mountain Resort, Shimla	69	100	NA
Aurika Mumbai	669	58	End of CY23
Total (Owned/Leased) post Expansion	5930		

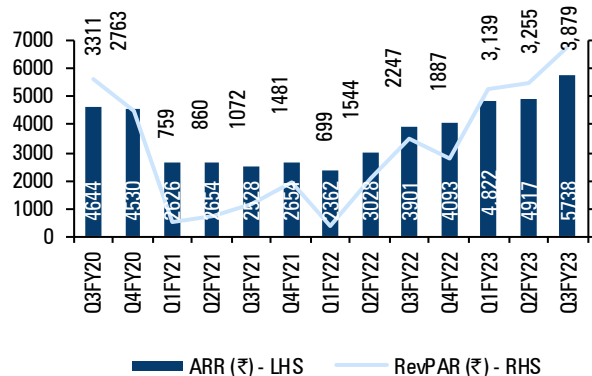
Source: Company, ICICI Direct Research

Exhibit 7: Total room portfolio (including managed)



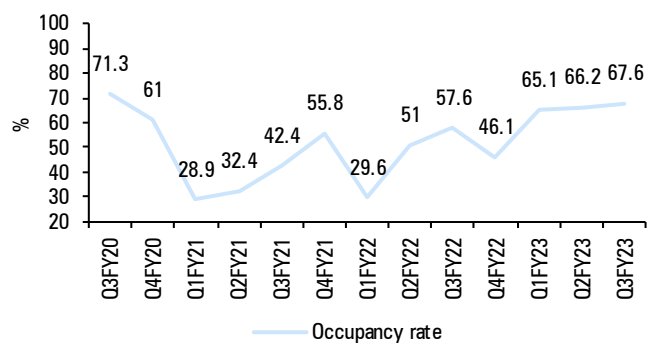
Source: Company, ICICI Direct Research

Exhibit 8: ARR remained firm, RevPAR up 17% than pre-Covid levels



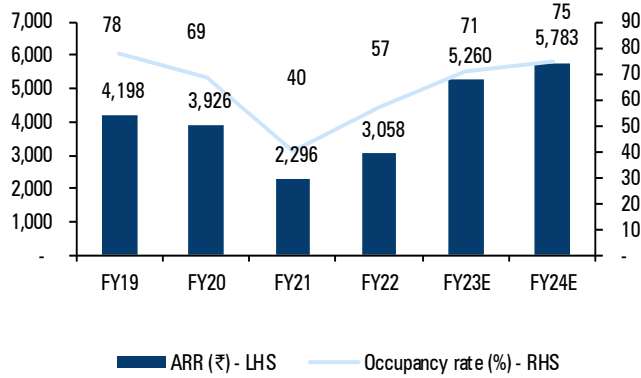
Source: Company, ICICI Direct Research

Exhibit 9: Occupancy trend (yet to cross pre-Covid levels)



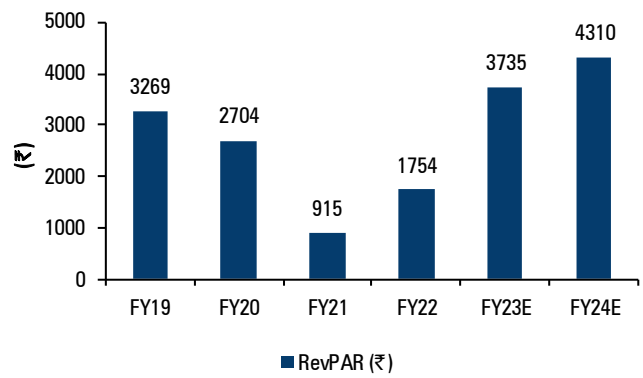
Source: Company, ICICI Direct Research

Exhibit 10: ARRs to likely stay firm; to drive revenue growth



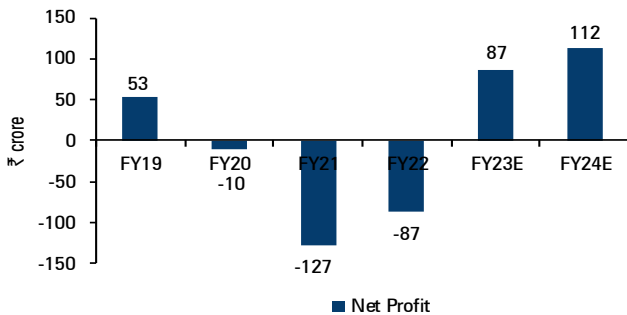
Source: Company, ICICI Direct Research

Exhibit 12: RevPAR trend



Source: Company, ICICI Direct Research

Exhibit 11: Expect profitability to improve sharply from FY23E



Source: Company, ICICI Direct Research

With full resumption of economy and improved cost efficiency, we expect co's profitability to improve sharply from FY23 onwards.

Exhibit 13: Pipeline of management contracts

#	Hotel Pipeline	City	Rooms	Opening date As of 30/09/2022 (Q2 FY23)	Opening date As of 31/12/2022 (Q3 FY23)
A (A1 to A28) Total hotel pipeline as of 30/09/2022 (Q2 FY23)					
A1	Lemon Tree Hotel, Tapovan, Rishikesh	Rishikesh	102	Q1 FY24	Q1 FY24
A2	The Spectrum, operated by Lemon Tree Hotels, Gurugram	Gurugram	260	Q1 FY24	Q1 FY24
A3	Lemon Tree Hotel, Hubli	Hubli	65	Q4 FY23	Q1 FY24
A4	Lemon Tree Hotel, Rajkot	Rajkot	45	Q4 FY23	Q1 FY24
A5	Lemon Tree Hotel, Sonmarg	Sonmarg	40	Q1 FY24	Q1 FY24
A6	Lemon Tree Premier, Biratnagar, Nepal	Biratnagar, Nepal	80	Q1 FY24	Q1 FY24
A7	Lemon Tree Hotel, Malad, Mumbai	Mumbai	93	Q4 FY23	Q2 FY24
A8	Lemon Tree Resort, Mussoorie	Mussoorie	40	Q4 FY23	Q2 FY24
A9	Lemon Tree Hotel, Agra	Agra	62	Q1 FY24	Q2 FY24
A10	Lemon Tree Hotel, Anjuna, Goa	Goa	51	Q4 FY23	Q2 FY24
A11	Lemon Tree Resort, Thimphu, Bhutan	Thimphu, Bhutan	38	Q3 FY24	Q3 FY24
A12	Lemon Tree Hotel, Thiruvananthapuram	Trivandrum	100	Q3 FY24	Q3 FY24
A13	Lemon Tree Hotel, Erode	Erode, Tamil Nadu	64	Q3 FY24	Q3 FY24
A14	Keys Select by Lemon Tree Hotels, Chirang	Chirang, Assam	40	Q3 FY24	Q3 FY24
A15	Lemon Tree Premier, Kanha	Kanha	15	Q3 FY24	Q3 FY24
A16	Keys Lite by Lemon Tree Hotels, Jaipur	Jaipur	47	Q3 FY24	Q3 FY24
A17	Lemon Tree Hotel, Darjeeling	Darjeeling	55	Q4 FY24	Q4 FY24
A18	Aurika, Rishikesh	Rishikesh	132	Q4 FY25	Q4 FY25
A19	Lemon Tree Hotel, Kharar	Kharar	60	Q4 FY25	Q4 FY25
A20	Lemon Tree Hotel, Gulmarg	Gulmarg	35	TBD	TBD
A21	Lemon Tree Hotel, McLeodganj	Dharamshala	39	Q1 FY24	TBD
A22	Lemon Tree Hotel, Bokaro	Bokaro	70	TBD	TBD
A23	Lemon Tree Hotel, Kathmandu	Kathmandu, Nepal	75	Q2 FY25	TBD
A24	Bhangeri Durbar Resort, operated by Lemon Tree Hotels, Nepal	Nagarkot, Nepal	51	TBD	TBD
A25	Lemon Tree Hotel, Ludhiana	Ludhiana	60	TBD	TBD
B (A26 to A28) Hotels in pipeline which opened in Q3 FY23					
A26	Keys Lite by Lemon Tree Hotels, Sreekanaya	Visakhapatnam	44	Q3 FY23	Now open
A27	Lemon Tree Hotel, Kalina	Mumbai	63	Q3 FY23	Now open
A28	Lemon Tree Hotel, Mukteshwar	Mukteshwar	41	Q3 FY23	Now open
C (C1 to C7) New hotels signed in Q3 FY23					
C1	Keys Prima by Lemon Tree Hotel, Thekkady	Thekkady, Kerala	42	Q3 FY23 Signing	Q2 FY24
C2	Lemon Tree Hotel Haridwar	Haridwar	50	Q3 FY23 Signing	Q2 FY24
C3	Lemon Tree Hotel, Jamsheedpur	Jamsheedpur, Jharkhand	42	Q3 FY23 Signing	Q2 FY24
C4	Keys Lite by Lemon Tree Hotel Dehradun	Dehradun	32	Q3 FY23 Signing	Q3 FY24
C5	Lemon Tree Hotel Chandausi	Chandausi, Up	70	Q3 FY23 Signing	Q1 FY25
C6	Keys Lite by Lemon Tree Hotels, Banswara	Banswara, Rajasthan	54	Q3 FY23 Signing	Q1 FY25
C7	Lemon Tree Hotel, Tejpur, Assam	Tejpur, Assam	42	Q3 FY23 Signing	Q4 FY25
A-B+C Total hotel pipeline as of 31/12/2022 (Q3 FY23)			2051		

Note: The dates are under the best case scenario and as per latest update from owners based on their lines of credit

Expansion Plans – Hotels under Development

Under-development hotels	Type	Rooms	Expected Opening date	Ownership (%)
Aurika, Mumbai International Airport	Owned	669	CY23	58.91%
Lemon Tree Mountain Resort, Shimla	Owned	69	TBD	100.00%
Total		738		

* Total estimated project cost is Rs. 1,006 Cr
 * Total capital deployed/capital expenditure already incurred (i.e. CWIP + Security Deposit for leased assets under-development + Land Capitalised + Capital advances – Capital creditors) as on 31st December 2022 is Rs. 509 Cr

Source: Company, ICICI Direct Research

Performance set to improve sharply in stabilised environment...

With the economy coming out of pandemic induced pain, the hotel business has recovered fully in terms of RevPAR. As the companies are adopting ARR led growth strategy, we now model occupancy of 71%, 75% for FY23E, FY24E, respectively, vs. 78%, 81% projected earlier. ARR is now expected to remain stable. However, with addition of rooms in Mumbai, we assume ARR growth of 12% on a blended basis. LTH has taken measures to curtail costs, by taking salary cuts, re-negotiating contracts, reducing repairs costs, reduction in power costs, ad, etc. With some of these measures being sustainable, we model EBITDA margins of 48.3%, 46.8% in FY23E, FY24E vs. 29.5% in FY22 while the company has given EBITDA margin guidance of 50%+. At the PAT level, we expect the company to report PAT of ₹ 112.3 crore in FY24E.

Valuation & Outlook

Being the largest branded hotel player in the mid segment, the company is expected to be a key beneficiary of a sharp demand revival. We expect it to continue to gain market share due to its strong positioning across all major cities. While we expect revenue & EBITDA CAGR of 59% and 100% during FY22-24E on lower base of FY22, we expect the growth tempo to stay strong beyond FY24 as well on commissioning of Mumbai property. We maintain **BUY** rating with a revised target price of ₹ 95 per share (SOTP based valuation, i.e. implied EV multiple of 25x FY24E EBITDA).

Exhibit 14: Valuation matrix

Target valuations		Amount
Lemon Tree Group Enterprise value (₹ crore)		11640
Net Debt FY24E (₹ crore)		1594
Lemon Tree Group Equity value (₹ crore)		10046
Lemon Tree Equity Value - Standalone (₹ crore)	(A)	2843
Fleur Hotels Equity Value (₹ crore)	(B)	7203
Fleur Hotels Equity Value - 58% Lemon Tree share (₹ crore)	(C)	4178
Lemon Tree Value (₹ crore)		7521
Number of shares (Crore)		79
Target Price (₹)		95

Source: Company, ICICI Direct Research

Financial summary

Exhibit 15: Profit and loss statement					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Total operating Income	669.4	251.7	402.2	854.6	1015.2
Growth (%)	22%	-62%	60%	112%	19%
Raw Material Expenses	57.0	17.8	27.8	70.1	83.2
Employee Expenses	155.3	70.4	97.3	141.1	182.7
Other Exp	218.8	102.2	158.4	230.7	274.1
Total Operating Expenditure	431.1	190.4	283.5	441.9	540.1
EBITDA	238.3	61.3	118.7	412.7	475.1
Growth (%)	41.2%	-74.3%	93.7%	247.7%	15.1%
Depreciation	87.2	107.6	104.3	109.3	132.4
Interest	161.6	190.4	180.9	181.2	173.6
Other Income	10.9	22.0	21.0	18.0	19.0
PBT	0.5	-214.7	-145.6	140.2	188.1
Others	0.0	0.0	0.0	0.0	0.0
Total Tax	10.9	-32.2	-7.2	29.4	42.3
Reported PAT	-13.1	-186.5	-137.4	111.7	147.8
PAT after MI	-13.1	-127.0	-87.4	87.2	112.3
Growth (%)	-1.2	8.7	NA	LP	NM
Adjusted EPS (₹)	-0.2	-2.4	-1.7	1.1	1.4

Source: Company, ICICI Direct Research

Exhibit 16: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	-186	-137	112	148
Add: Depreciation	108	104	109	132
(Inc)/dec in W/cap	29	13	-116	0
Others	152	50	320	161
CF from operating activities	103	30	425	441
(Inc)/dec in Other Non-Curr Assets	0	0	0	0
(Inc)/dec in Fixed Assets	-74	-93	-398	-300
Others	18	78	42	9
CF from investing activities	-56	-14	-356	-291
Issue/(Buy back) of Shares	0	0	0	0
Inc/(dec) in loan funds	46	57	50	55
Dividend paid & dividend tax	0	0	0	0
Others	8	-159	-13	-155
CF from financing activities	54	-103	37	-100
Net Cash flow	100	-87	105	50
Opening Cash	41	141	54	160
Closing Cash	141	54	160	209

Source: Company, ICICI Direct Research

Exhibit 17: Balance sheet					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Liabilities					
Equity Capital	790.3	790.4	790.2	790.2	790.2
Reserve and Surplus	32.7	127.1	40.4	127.6	239.9
Total Shareholders fun	823.0	917.5	830.7	917.8	1030.1
Total Debt	1596.0	1641.9	1698.6	1748.5	1803.5
Deferred Tax Liability	0.0	0.0	2.0	0.0	0.0
Minority Interest / Others	721.8	617.4	567.6	742.1	777.6
Total Liabilities	3459.9	3518.4	3381.0	3696.7	3900.4
Assets					
Gross PPE	2941.3	2967.8	3011.0	3061.0	3561.0
Less: Acc Depreciation	289.5	397.1	501.4	610.7	743.1
Net PPE	2651.8	2570.8	2509.6	2450.3	2817.8
Investment Property	2.4	2.3	1.8	2.5	2.5
CWIP	189.6	241.8	294.6	644.6	444.6
Total Fixed Assets	2843.7	2814.9	2805.9	3097.3	3264.9
Intangibles	119.4	114.6	112.1	109.8	109.8
Investments	59.7	69.9	75.9	50.0	50.0
Inventory	8.2	7.2	8.1	15.0	15.0
Debtors	50.3	30.8	29.1	67.0	67.0
Loans and Advances	0.0	0.0	0.0	0.0	0.0
Other Current Assets	55.5	50.1	33.6	75.0	75.0
Cash	40.8	141.2	54.3	159.7	209.5
Total Current Assets	159.2	230.2	130.3	351.7	401.5
Creditors	42.0	78.8	58.5	93.0	93.0
Provisions & Others	115.7	89.2	49.6	131.6	131.6
Total Current Liabilities	302.8	296.3	253.3	369.6	374.6
Net Current Assets	-143.6	-66.1	-123.0	-17.9	26.9
Others Assets	580.7	585.1	510.2	457.5	448.9
Application of Funds	3459.9	3518.4	3381.0	3696.7	3900.4

Source: Company, ICICI Direct Research

Exhibit 18: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adjusted EPS	-1.6	-1.1	1.1	1.4
Cash EPS	-1.0	-0.4	2.8	3.5
BV	11.6	10.5	11.6	13.0
DPS	0.0	0.0	0.0	0.0
Cash Per Share	1.8	0.7	2.0	2.7
Operating Ratios (%)				
EBITDA Margin	24.3	29.5	48.3	46.8
EBIT Margin	-9.7	8.8	37.6	35.6
PAT Margin	-74.1	-34.1	13.1	14.6
Inventory days	11.2	7.0	4.9	5.4
Debtor days	58.8	27.2	20.5	24.1
Creditor days	87.6	62.3	32.4	33.4
Return Ratios (%)				
RoE	-21.4	-15.7	12.8	15.2
RoCE	-0.7	1.0	9.1	9.5
Valuation Ratios (x)				
P/E	NM	NM	70.7	54.9
EV / EBITDA	125.1	65.7	18.7	16.3
EV / Net Sales	30.4	19.4	9.0	7.6
Market Cap / Sales	24.5	15.3	7.2	6.1
Price to Book Value	6.7	7.4	6.7	6.0
Solvency Ratios				
Debt/EBITDA	26.8	14.3	4.2	3.8
Debt / Equity	1.1	1.2	1.1	1.0
Current Ratio	0.8	0.5	1.0	1.1
Quick Ratio	0.8	0.5	0.9	1.0

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%



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