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Strong Q1; Focus on Fleur listing to trim debt

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 10,269 rooms in 111 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.

Q1FY26 performance: LTHL consolidated revenues grew by 17.8% YoY to Rs.315.8cr in Q1FY26. EBITDA margin improved by 156bps to 44.5% while EBITDA grew by 22.1% YoY to Rs.140.5cr. Despite the geopolitical headwinds during the quarter, Occupancy witnessed improvement by 590bps to 73% in Q1FY26 vs 67% in Q1FY25. Average room rentals grew by 10% YoY to Rs.6236/night. Management contract revenues grew by 29% YoY to Rs.37.1cr. Interest cost witnessed double digit decline by 13.7% YoY due to lesser interest cost and debt repayment. Higher Other income led to growth in Adjusted PAT to Rs.48.5cr in Q1FY26.

Investment Rationale:

- Strong RevPAR growth; double-digit growth momentum to sustain: LTHL's RevPAR grew by 19% YoY to 4523 per room driven by ~600bps improvement in occupancy and 10% increase in ARR in Q1FY26. Brands such as Aurika, Red Fox and Keys registered RevPAR growth of 58%, 20% and 22% in Q1FY26. Brand Aurika is scaling up fast, clocking revenues of Rs.48cr in Q1FY26 with occupancies standing at 72% (vs 46% in Q1FY25). Aurika revenues are expected to grow at CAGR of 19% over FY25-27E to Rs.260cr. This along with 46% CAGR growth in management fees, the company's revenues are expected to grow at CAGR of 16% to Rs.1717.4cr
- Management targets consistent improvement in the margins: Scale-up in Aurika contribution, reduction in the renovation cost and consistent growth in RevPar are key levers for margin expansion in the coming years. Aurika's EBITDA stood at ~Rs 28cr (20% of consolidated EBITDA) in Q1FY26. Aurika is likely achieved revenues of Rs260-270cr along with EBITDA of Rs160-170cr in FY27E. Renovation and technology cost as percentage of sales is expected to reduce to 2-2.5% from 6% currently. This along with steady double digit RevPAR growth will continue to help EBITDA margins to expand in the coming years.
- Fleur listing in next 12-18 months; will facilitate debt reduction on books: LTHL has put in new management structure to ease the demerger of its subsidiary Fleur (LTHL holds ~59% stake) and list it into separate entity over the next 18 months. Fleur will repay its entire debt (~90% of consolidated debt of Rs1698cr) through the amount raised from IPO listing. Fleur will have portfolio of owned hotels while LTHL will have portfolio of managed properties, which will have separate management team to scale-up the operations in the coming years.

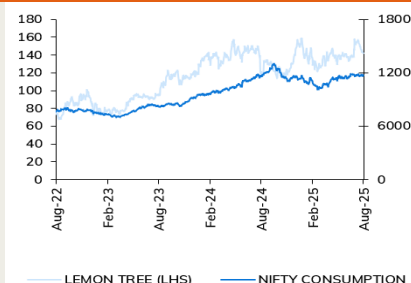
Rating and Target Price: Strong industry tailwind and stabilisation of Aurika, Mumbai will drive consistent earnings growth. Listing of Fleur will be keenly monitored. **We recommend Buy with a price target of Rs185 valuing it at 24x its FY27E EV/EBITDA (adjusting for 59% stake in Fleur Hotel)**

**Particulars**

Particular	Amount
Market Capitalisation (₹ crore)	11,323
Debt (FY25) - ₹ crore	2,176
Cash (FY25) - ₹ crore	125
EV (Rs crore)	13,374
52 week H/L (₹)	162 / 112
Equity capital (₹ crore)	791.8
Face value (₹)	10

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	22.8	22.8	22.5	22.3
FII	21.8	20.0	20.9	21.3
DII	18.9	20.8	19.7	20.0
Others	36.6	36.4	36.9	36.4

Price Chart**Key risks**

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

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Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenues	875.0	1071.1	1286.1	21.2	1490.3	1715.0	15.5
EBIDTA	447.6	523.2	634.1	19.0	742.2	865.8	16.8
EBIDTA Margins(%)	51.2	48.8	49.3		49.8	50.5	
Adjusted PAT	139.7	181.0	243.4	32.0	317.0	430.6	33.0
EPS (Rs.)	1.8	2.3	3.1		4.0	5.4	
PE (x)	80.9	62.4	46.4		35.7	26.3	
EV to EBITDA (x)	30.1	26.0	21.1		17.6	14.6	
Price to book (x)	13.3	11.7	9.7		7.6	5.9	
RoE (%)	16.6	19.9	22.9		24.0	25.4	
RoCE (%)	10.0	11.1	12.6		15.0	17.7	

Source: Company, ICICI Direct Research

Q1FY26 – Key Performance highlights

- Consolidated revenues recorded 17.8% YoY to Rs.315.8cr. Growth in revenues was aided by high teens growth in RevPAR which was driven by significant improvement in occupancy.
- EBITDA recorded 22.1% YoY growth to Rs.140.5 while margins expanded by 156bps to 44.5%. Improvement in margins was aided by improvement in mix with Aurika Hotels reporting robust performance.
- Aurika's revenue grew by 58% YoY to Rs ~48.0cr with Occupancies improving to 72% in Q1FY26 vs. 46% in Q1FY25 (ARR stood flat at Rs.9118/night). EBITDA stood at ~Rs.28cr while EBITDA margins improved to 58% in Q1FY26 vs. 49% in Q1FY25.
- Despite the headwinds due to geopolitical instability, Overall occupancy witnessed 590bps YoY improvement to 73%. Lemon Tree hotels occupancy in Q1FY26 stood at 73% vs 72% last year while Red Fox occupancy stood at 67% in Q1FY26 compared to 64% in Q1FY25. Keys by Lemon tree also witnessed 700bps YoY improvement in occupancy to 63% in Q1FY26. Lemon Tree premier recorded 200bps YoY improvement in occupancy to 81% in Q1FY26.
- LTLH's average room rentals stood at Rs.6236 growing by 9.7% YoY in Q1FY26. Lemon tree premier grew in high single digits by 8.8% YoY to Rs.7132/night. Lemon Tree hotels registered growth of 7.4% YoY in ARR to Rs.5693/night while Red Fox recorded mid-teens growth of 15.6% YoY in ARR to Rs.4873 and Keys witnessed high single-digit growth of 7.5% to Rs.3808 in Q1FY26.
- RevPar grew by 19.4% YoY to Rs.4,523 per room driven by ~10% increase in the Average room rentals and 590bps improvement in the occupancy rate to 72.5%.
- Consolidated Management Fees grew by 29% YoY to Rs.37.4cr in Q1FY26. Management fees from Fleur Hotels and 3rd party owned hotels grew by 29% YoY to Rs.21.3cr and Rs.16.1cr respectively.
- The company continued to lower its debt levels. It repaid Rs.40cr during the quarter. The company witnessed 13.7% YoY decline in interest cost driven by lower rates which stood at 8% as of June 2025 vs 8.8% in June 2024. This coupled with higher other income led to Adjusted PAT growing to Rs.48.6cr from Rs.20cr in Q1FY25.

Expansion through management contracts

- LTHL is planning to add 4787 rooms over FY26-27 with 2975 rooms to be added in FY26 and 1812 rooms to added in FY27 through managed and franchisee contract.
- Large room addition of 2,748 rooms (57% of the total room addition) will happen under the Lemon Tree Hotels brand.
- In Q1FY26, LTHL signed management/franchised contracts for 14 hotels with 1273 rooms. The Total managed and franchised contract pipeline stood at 108 hotels with 7514 rooms expected to be operational between FY26 and FY30.

Exhibit 1: Expected opening of inventory in pipeline of managed & franchised contracts

Brands	FY26	FY27	FY28	FY29	FY30	To be announced (TBA)	Total Rooms (Hotels)
Aurika Hotels & Resorts	-	-	132 (1)	82 (1)	175 (1)	110 (1)	499 (4)
Lemon Tree Premier	462 (5)	50 (1)	-	92 (1)	-	-	604 (7)
Lemon Tree Hotels	1,594 (24)	1,154 (17)	323 (5)	156 (3)	80 (1)	550 (6)	3,857 (56)
Red Fox Hotels	50 (1)	46 (1)	-	-	-	-	96 (2)
Keys by Lemon Tree Hotels	869 (19)	562 (9)	104 (2)	-	-	-	1,535 (30)
Total Rooms (Hotels)	2,975 (49)	1,812 (28)	559 (8)	330 (5)	255 (2)	660 (7)	6,591 (99)

Source: Company, ICICI Direct Research

Q1FY26 Earnings call highlights

- Change in leadership
 - Mr. Neelendra Singh has been appointed as the MD of LTHL effective 1st October 2025. He brings 20+ years of experience from Adidas and will be key for brand and franchise led scaling of the company.
 - Mr. Patanjali Keswani, the current MD, post the cessation of his role as MD will continue as Executive director for 18months for transition of responsibilities to the next MD. He will remain as Executive director and will help in strategic oversight for LTHL. His term is only for 18 months as Fleur Hotels prepares for its separate listing and Mr. Keswani would assist the management of Fleur hotels in strategic decisions relating to expansions and in prudent capital allocation.
 - The company has strengthened the leadership team to support the incoming MD. Mr. Vishwajit Cheema (President Operations & Revenue) brings in wide range of experience from his previous role at Intercontinental Hotels. To support him, the company has appointed Mr. Sanjay Rai as the Chief Revenue officer. He was Vice-President Operations and Revenue in Oberoi Hotels and Mr. Niket Sood will be the Deputy Chief Revenue officer who joins the company from Accor (Leading International Hotel Chain).
 - Fleur Hotels will be led by Mr. Saurabh Satdal who has rich experience in transactions and real estate across multiple asset classes. Mr. Saurabh will be supported by Mr. Mayank Sharma (CFO) and Mr. Sanjeev Jain (development and projects).
- Demerger of Fleur, Listing Plans and Economic benefits
 - The management has formed 2 separate committees for Lemon Tree Hotels and Fleur Hotels. The role of the committee is evaluating the asset transfer between LTHL and Fleur via demerger and subsequent decisions on listing of the entity, shareholder proportion etc.
 - The management is planning to demerge and list Fleur Hotels in next eighteen months.
 - Post the demerger, Lemon Tree Hotels will operate as asset-light business focusing on brand, management and technology while Fleur will operate as the asset-heavy business and scale growth through acquisitions, leasing and greenfield developments with prudent capital allocation.

- The management fees of Fleur Hotel is expected at Rs.150cr for FY26 and is expected to scale to over Rs.300-Rs.400cr in the next 2-3 years.
- Currently, Debt of Fleur Hotels constitutes to 90% of the Total Debt on the consolidated books of LTHL. Post the Demerger and listing Fleur will repay its entire debt from IPO proceeds and LTHL will also have negligible or no debt. Until Fleur demerges and lists, the company plans to repay Rs.50cr debt every quarter. Consolidated Debt as of Q1FY26 stood at Rs.1658cr.
- Renovation of existing portfolio
 - ~4300 rooms were identified and put under renovation. 60-65% of the renovation has been completed in the last 2.5 years.
 - The company used to renovate 1/6th of the hotel room portfolio every year. In 2019, the company acquired 1000 rooms from Keys and opened 3-4 Lemon Tree Premier hotels adding 700 more rooms and another Red Fox hotel in Dehradun. This increased the inventory from 4000 to 5800 rooms and the company could not renovate the same for 3 years due to Covid. Now as the renovations have come all together there has been 400bps impact on EBITDA margins due to elevated renovation costs which would stabilise from October 2026 onwards.
 - Due higher RevPAR potential and higher inventory, Delhi, Hyderabad and Bengaluru have been prioritised for renovations. In Bengaluru, Whitefield out of 220 rooms, 170 rooms have been renovated and 50 is expected to be completed in the next 1 year. 80% renovation has been completed in Delhi while 60-70% has been completed in Hyderabad.
 - The management indicated that ~350 rooms would be ideally shut for 2-3 months at any point of time across the portfolio for renovations.
 - Majority of the renovation completion is targeted by October 2026 while select hotels such as Keys Hosur would extend to FY28.
 - The FY26 spends is expected to be Rs.130cr which would comprise of 60-65% Opex and 35-40% Capex. In FY27, 70% of the above amount would be the budget and thereafter it would reduce to Rs.20cr-Rs.30cr every year.
 - Other areas such as Kochi, Trivandrum and Vishakapatnam are undergoing renovation while Ludhiana renovation has been completed for Rs.3 Lakhs/room. Other locations have seen Rs.8 lakhs – Rs.10 lakhs/room renovation cost.
- Benefits of Renovations (Majority is Keys Hotels)
 - The company has spent Rs.10cr-Rs.12cr on Pimpri Hotel. Post the renovation the ARR has gone up by Rs.1300-Rs.1400 and occupancy is up by 10%. Pimpri ARR has crossed Rs.5000/night.
 - Whitefield renovation is almost completed with Rs.8cr-Rs.10cr spends and is already witnessing ARR north of Rs.4500/night.
 - Following the upgrades Delhi ARR +15%, Hyderabad ARR +19%.
 - The company intends to spend Rs.45cr-Rs.60cr over the next 2-3 years for renovations and is expecting that post renovation, due to improvement in occupancy and ARR growth, EBITDA of Keys Hotel should be around Rs.60cr-Rs.80cr and should operate at 50% EBITDA margins.
 - The company expects the occupancy to be north of 75% and ARR to be in the range of Rs.4500-Rs.5000/night.
 - The renovation costs for the overall portfolio forms 6% of the revenues which is expected to decline to 2-2.5% by FY27. This

would incrementally add to EBITDA thereby leading to expansion in consolidated EBITDA margins.

- Aurika Mumbai scaling up well
 - Occupancy has improved significantly from 46% in Q1FY25 to 76% in Q1FY26. The growth was majorly driven by 50% increase in corporate bookings, increase in airline business and increase in non-negotiated bookings. 65% of the occupancy increase was led by negotiated business while 35% through non-negotiated business. Out of total ~30% rise in occupancy, ~20% came from negotiated business while ~10% came from non-negotiated business.
 - The management has been focusing on stabilising the occupancy in Aurika. Currently the occupancy of Aurika is in the range of 72%-76% which is sustainable and according to the management it has stabilised. Now it is looking to amend the ARR and adjust it upwards soon.
 - The management expects >80% occupancy in Aurika Mumbai despite the potential shift of airport to Navi Mumbai and closure of Terminal 1. The company expects Aurika Mumbai's Annual room rate to touch Rs12,000 by end of the current fiscal.
- Focus on increasing membership under loyalty programme
 - The loyalty membership increased from 1.5mn in Q4FY25 to 2.1mn in Q1FY26 which the management targets to scale to 3mn in the next 1 year with new additions to management such as Mr. Niket Sood and Mr. Vishwaprit taking over the role to increase enrolments.
 - The company witnesses 44-45% repeat customers and only 65% of those are loyalty members while the remaining 1/3rd is not enrolled. With the new additions to the management, green shoots are now visible and the enrolments are witnessing increased traction.
- Overall outlook
 - The management is confident of achieving target of 20,000 rooms by end of FY26 and is expecting to scale to over 30000-40000 rooms in the longer term.
 - Growth shall be led by asset-light managed/franchised model largely. The company will only engage selective asset heavy expansion via Fleur.
 - The company has made investments in renewable energy which has already reduced Fuel and Power cost which constituted 8.7% of total revenue in Q1FY25 to 6.9% in Q1FY26. Currently the company currently runs on 40% renewable power which it aims to increase to over 50% in coming years ahead.

Revision in earnings estimates

We have broadly maintained our earnings estimates for FY26 and FY27 as Q1FY26 performance was largely in-line with our expectation.

Exhibit 2: Changes in headline estimates

(₹ crore)	FY26E			FY27E		
	Old	New	% Chg	Old	New	% Chg
Net Revenues	1501.9	1490.3	-0.8	1724.6	1715.0	-0.6
EBIDTA	750.9	742.2	-1.2	872.3	865.8	-0.7
EBIDTA margin (%)	50.0	49.8		50.6	50.5	
PAT	316.1	317.0	0.3	428.0	430.6	0.6
EPS (Rs.)	4.0	4.0	0.3	5.4	5.4	0.6

Source: Company, ICICI Direct Research

Exhibit 3: Key Operating Assumptions

Particulars	FY24	FY25	FY26E	FY27E
<u>Aurika Hotels - revenues (Rs. Cr)</u>	97.2	184.9	228.3	258.2
Rooms	808.0	808.0	808.0	808.0
Occupancy ratio (%)	51	63	73	76
ARR (Rs)	10693	9894	10605	11457
<u>Lemon Tree Premier - revenues (Rs. Cr)</u>	320.2	346.3	374.2	406.8
Rooms	1603.0	1603.0	1603.0	11457.3
Occupancy ratio (%)	79	81	81	82
ARR (Rs)	6929	7342	7918	8494
Room revenues	827.6	973.3	1077.4	1176.2
yoy% growth	20.0	17.6	10.7	9.2
Management fees	121.9	149.0	224.1	321.6
yoy% growth	18.3	22.3	50.3	43.6
F&B revenues	120.8	163.7	188.9	217.2
yoy% growth	46.6	35.5	15.3	15.0
Total revenues	1070.3	1286.1	1490.3	1715.0
yoy% growth	22.3	20.2	15.9	15.1

Source: Company, ICICI Direct Research

Exhibit 4: Fair Valuation

Particulars	FY27E
Lemon Tree Consolidated EBITDA	866
Adjusting EBITDA - Fleur APG (41% stake)	198
Adjusted EBITDA (Rs. Cr)	668
EV/EBIDTA (x)	24
Enterprise value (Rs. Cr)	16,034
Adjusted Debt (Rs. Cr)	1,692
Cash & Cash equivalent	81
Equity Value (Rs. Cr.)	14,422
Equity shares (in Cr.)	79
Target price (Rs.)	185

Source: Company, ICICI Direct Research

Exhibit 5: Q1FY26 consolidated result snapshot (₹ crore)

Particulars	Q1FY26	Q1FY25	y-o-y %	Q4FY25	q-o-q %
Net revenue	315.8	268.0	17.8	378.5	-16.6
Cost of food and beverages consumed	19.8	16.4	20.5	23.0	-13.9
Employee cost	58.0	50.7	14.3	57.0	1.6
Power & fuel	21.9	23.4	-6.3	20.2	8.5
Other expenditure	75.6	62.4	21.1	74.2	1.9
Total expenditure	175.3	153.0	14.6	174.4	0.5
EBITDA	140.5	115.1	22.1	204.1	-31.2
Other income	1.6	0.4	362.2	0.9	86.4
Interest expenses	44.7	51.8	-13.7	47.2	-5.4
Depreciation	34.2	34.6	-1.0	34.9	-1.9
Profit Before Tax	63.3	29.1	117.5	122.9	-48.5
Tax	14.8	9.1	62.5	14.1	4.7
Adjusted PAT	48.5	20.0	142.5	108.8	-55.4
Reported PAT	48.1	20.1	139.1	108.1	-55.5
Adjusted EPS (Rs.)	0.6	0.3	142.5	1.4	-55.4
Margins	Q1FY26	Q1FY25	bps	Q4FY25	bps
GPM (%)	93.7	93.9	-14	93.9	-19
EBITDA Margin (%)	44.5	42.9	156	53.9	-943
NPM (%)	15.4	7.5	790	28.7	-1338
Tax rate (%)	23.3	31.2	-790	11.5	1186

Source: Company, ICICI Direct Research

Exhibit 6: Q1FY26 brand wise performance

Brands	No. of rooms	RevPAR (Rs.)			Occupancy (%)			Gross ARR (Rs.)		
	Q1FY26	Q1FY26	Q1FY25	Chg (%)	Q1FY26	Q1FY25	Chg (bps)	Q1FY26	Q1FY25	Chg (%)
Aurika Hotels & Resorts	808	6569	4170	57.5	72	46	2600	9118	9061	0.6
Lemon Tree Premier	1603	5753	5177	11.1	81	79	200	7132	6558	8.8
Lemon Tree Hotels	1562	4155	3838	8.3	73	72	100	5693	5299	7.4
Red Fox	850	3259	2709	20.3	67	64	300	4873	4214	15.6
Keys by Lemon Tree Hotels	936	2415	1975	22.3	63	56	700	3808	3542	7.5
Lemon Tree Consolidated	5759	4523	3788	19.4	73	67	590	6236	5686	9.7

Source: Company, ICICI Direct Research

Financial summary

Exhibit 7: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Total Operating Income	1071.1	1286.1	1490.3	1715.0
Growth (%)	22.4	20.1	15.9	15.1
Cost of food and beverages consumed	62.8	76.2	82.0	94.3
Gross Profit	1008.3	1209.9	1408.3	1620.7
Employee Expenses	187.8	218.5	251.3	288.9
Power & fuel	78.0	87.8	96.6	106.2
Other Expenditure	219.3	269.5	318.3	359.7
Total Operating Expenditure	547.9	652.0	748.1	849.2
EBITDA	523.2	634.1	742.2	865.8
Growth (%)	16.9	21.2	17.0	16.7
Interest	201.6	200.7	173.5	140.5
Depreciation	112.1	139.3	145.5	150.8
Other Income	5.6	2.3	3.5	5.0
PBT	215.1	296.5	426.7	579.5
Less Tax	34.1	53.1	109.7	148.9
Adjusted PAT (before exceptional item)	181.0	243.4	317.0	430.6
Growth (%)	29.6	34.5	30.2	35.8
Minority interest / profit from	0.7	-0.3	1.0	1.0
Exceptional item	0.0	0.0	0.0	0.0
Reported PAT	181.7	243.1	318.0	431.6
Growth (%)	29.3	33.8	30.8	35.7
EPS (Adjusted)	2.3	3.1	4.0	5.4

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit/(Loss) after taxation	175.4	241.1	313.5	425.6
Add: Depreciation & Amortization	112.1	139.3	145.5	150.8
Other income	5.6	2.3	3.5	5.0
Changes in the working capital	-29.5	-67.7	94.0	11.2
CF from Operating activities	263.6	315.0	556.5	592.6
(Purchase)/Sale of Fixed Assets	-339.2	-87.5	-210.0	-210.0
Investments & Bank balances	-24.1	-36.4	-85.2	-105.0
Others	-3.7	-11.7	0.0	0.0
CF from Investing activities	-367.1	-135.6	-295.2	-315.0
(inc)/Dec in Loan	159.0	-159.6	-286.7	-286.3
Change in equity & reserves	-67.8	-46.8	1.0	1.0
Dividend paid	0.0	0.0	0.0	0.0
Other	22.3	48.7	-1.0	-1.0
CF from Financing activities	113.4	-157.7	-286.7	-286.3
Net Cash Flow	10.0	21.8	-25.4	-8.7
Cash and Cash Equivalent (opening)	23.7	33.6	55.4	30.0
Cash	33.6	55.4	30.0	21.3
Free Cash Flow	-75.6	227.6	346.5	382.6

Source: Company, ICICI Direct Research

Exhibit 9: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	791.8	791.8	791.8	791.8
Reserve and Surplus	175.0	371.7	689.7	1121.3
Total Shareholders funds	966.9	1163.5	1481.5	1913.1
Minority Interest	579.5	626.1	625.1	624.1
Total Debt	2335.8	2176.0	1889.3	1603.0
Deferred Tax Liability	5.3	7.2	7.2	7.2
Long-Term Provisions	3.2	3.4	3.4	3.4
Total Liabilities	3890.8	3976.2	4006.5	4150.8
Gross Block - Fixed Assets	3706.9	3794.6	3863.1	4073.1
Accumulated Depreciation	590.9	730.2	875.7	1026.4
Net Block	3116.0	3064.4	2987.5	3046.7
Capital WIP	24.8	58.6	200.0	200.0
Leased Assets	390.7	365.1	365.1	365.1
Fixed Assets	3531.5	3488.0	3552.5	3611.8
Goodwill & Other intangible assets	135.1	126.8	126.8	126.8
Investments	13.3	44.6	45.0	50.0
Other non-Current Assets	155.7	167.4	167.4	167.4
Inventory	13.8	13.8	20.4	23.5
Debtors	71.5	78.6	102.1	117.5
Other Current Assets	55.0	80.7	80.7	80.7
Loans & Advances	3.3	1.2	1.2	1.2
Cash	33.6	55.4	30.0	21.3
Bank balance	20.1	25.3	110.0	210.0
Total Current Assets	197.4	255.0	344.4	454.2
Creditors	85.9	61.6	183.7	211.4
Provisions	6.0	6.4	6.4	6.4
Other Current Liabilities	50.4	37.3	39.1	41.1
Total Current Liabilities	142.3	105.3	229.3	259.0
Net Current Assets	55.2	149.7	115.2	195.2
Application of Funds	3890.8	3976.5	4006.8	4151.1

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Adjusted EPS	2.3	3.1	4.0	5.4
Cash EPS	3.7	4.8	5.8	7.3
BV per share	12.2	14.7	18.7	24.2
Cash per Share	0.8	1.6	2.3	3.6
Operating Ratios (%)				
Gross Profit Margins	94.1	94.1	94.5	94.5
Operating EBITDA margins (%)	48.8	49.3	49.8	50.5
PAT Margins	16.9	18.9	21.3	25.1
Cash Conversion Cycle	-40	-13	-15	-15
Return Ratios (%)				
RoE	19.9	22.9	24.0	25.4
RoCE	11.1	12.6	15.0	17.7
Valuation Ratios (x)				
P/E	62.4	46.4	35.7	26.3
EV / EBITDA	26.0	21.1	17.6	14.6
EV / Net Sales	12.7	10.4	8.7	7.4
Market Cap / Sales	10.6	8.8	7.6	6.6
Price to Book Value	11.7	9.7	7.6	5.9
Solvency Ratios (x)				
Debt / EBITDA	4.5	3.4	2.5	1.9
Debt / Equity	2.4	1.9	1.3	0.8

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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