

# Lemon Tree Hotels | BUY

## Strong close to the year; slowly shifting gears

4QFY24 was a strong quarter for Lemon Tree Hotels (LTH) with Revenue/EBITDA/PAT 5%/8%/7% above JMFe (2%/5%/20% above consensus) led by strong traction at Aurika, Mumbai, and a better-than-expected margin performance. Revenue grew 30% YoY to INR 3.3bn (+13% QoQ) aided by ARR growth of 13%, increase in room inventory and robust growth in fee revenue. EBITDA margin declined YoY due to planned renovations, increase in employee expenses due to wage inflation, and expansion of the business development team. We expect LTH to deliver Revenue/EBITDA/PAT CAGR of 15%/17%/29% over FY24A-27E aided by low double-digit RevPAR growth over the same period. We reiterate BUY with an unchanged Mar'25 TP of INR 160, valuing LTH at 24.0x EV/EBITDA.

- Strong topline growth, led by sector tailwinds:** For 4QFY24, LTH reported strong growth (30% YoY; 13% QoQ) in consolidated revenue, which came in at INR 3.3bn (JMFe: INR3.1bn). Significant contribution came from robust ARR growth of 13% and the commissioning of Aurika, Mumbai (669 rooms) in Oct'23. We highlight that the Aurika, Mumbai, hotel is expected to deliver an annual EBITDA of ~INR 1.2bn, as it reaches a steady state in the next 6-9 months. ARRs were healthy at INR 6,605 (+13% YoY; +4% QoQ), led by New Delhi and Gurugram (both up 11% YoY). LTH reported occupancy of 72.0% (down 163bps YoY; +605 bps QoQ) as performance at Aurika, Mumbai, improved sequentially. Fees from O&M business (3rd party hotels) stood at INR 144mn in 4QFY24 (+34% YoY) and total management fees came in at INR 412mn (+48% YoY).
- EBITDA margin declines as expected but was higher than JMFe:** LTH's 4QFY24 EBITDA came in at INR 1.7bn (23% YoY, 23% QoQ) with EBITDA margin declining to 52% (55% in 4QFY23 and 48% in 3QFY24), ahead of our estimates of 51%. The decrease in EBITDA margin YoY was due to planned increase in renovation expenses (2% of overall revenue: INR 1bn) and increase in employee expenses due to wage inflation and expansion of the business development team. Due to renovation and associated shutdowns, EBITDA margin for the Keys portfolio was muted at 24%.
- Portfolio update:** Total network revenue stood at INR 16.2bn (+22% YoY) in FY24 vs. INR 13.3bn in FY23, similar to 21% YoY growth for the LTH-owned portfolio. During the quarter, LTH signed 12 new management and franchise contracts, which added 667 rooms to the pipeline. The LTH portfolio has 104 operational hotels with 9,863 keys and a development pipeline of 4,156 keys across 62 properties. The Aurika, Mumbai, operated at an occupancy of c. 66% in 4QFY24, with ARR of c. INR 9,000. The management indicated that it is targeting debt-free status in the next 4 years aided by robust operational cash flows and the proposed listing of the Hotel PropCo (Fleur Hotels).
- Maintain BUY with a Mar'25 TP of INR 160:** We have factored in 12%/10%/10% growth in RevPAR for FY25E/FY26E/FY27E respectively. We have revised our EBITDA/PAT estimates upwards by an average of 3%/4% respectively. We reiterate BUY with a Mar'25 TP of INR 160, valuing LTH at 24.0x EV/EBITDA.



Sumit Kumar  
sumit.kumar@jmfl.com | Tel.: (91 22) 66303089

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	160
Upside/(Downside)	13.9%
Previous Price Target	160
Change	0.0%

### Key Data – LEMONTRE IN

Current Market Price	INR140
Market cap (bn)	INR111.3/US\$1.3
Free Float	61%
Shares in issue (mn)	791.6
Diluted share (mn)	791.6
3-mon avg daily val (mn)	INR616.9/US\$7.4
52-week range	158/90
Sensex/Nifty	76,469/23,264
INR/US\$	83.1

### Price Performance

%	1M	6M	12M
Absolute	-9.4	24.2	51.5
Relative*	-12.5	11.9	23.9

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	8,750	10,711	13,273	15,168	16,356
Sales Growth (%)	117.5	22.4	23.9	14.3	7.8
EBITDA	4,476	5,232	6,684	7,805	8,332
EBITDA Margin (%)	51.2	48.8	50.4	51.5	50.9
Adjusted Net Profit	1,146	1,485	2,113	2,828	3,202
Diluted EPS (INR)	1.4	1.9	2.7	3.6	4.0
Diluted EPS Growth (%)	0.0	29.6	42.3	33.8	13.2
ROIC (%)	9.0	10.6	11.7	14.4	15.8
ROE (%)	13.6	16.3	19.7	21.4	19.8
P/E (x)	96.7	74.6	52.5	39.2	34.6
P/B (x)	13.0	11.5	9.4	7.6	6.2
EV/EBITDA (x)	29.9	25.8	19.7	16.3	14.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 03/Jun/2024

## ■ Conference Call Highlights

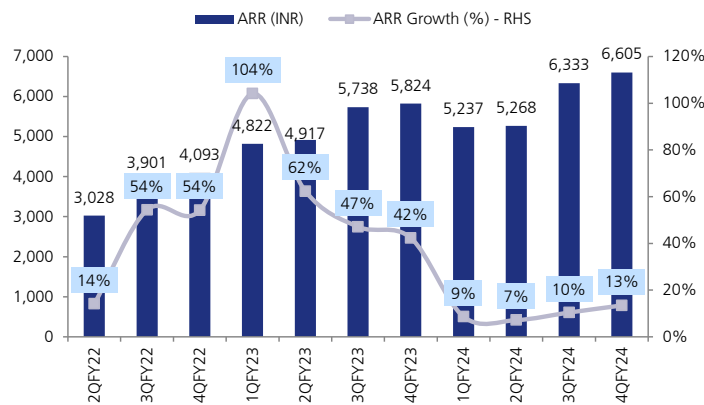
- The management guided for a minimum 15% increase in consolidated revenue for the next 3 years, driven by all three levers – ARR growth, increase in occupancy, and growth in the fee business
- Operational inventory has crossed 10,000 keys (as on date), operational inventory is expected to be 120+ hotels with over 11,000 rooms by end-FY25
- Large price hikes were undertaken in FY23 (post Covid), with some improvement in FY24 as well
- Indian economy at the cusp of real structural shift in discretionary consumption, moving towards non-discretionary for a very large cohort of consumers
  - Small base of customers who have the propensity to pay for services, which will increase considerably in the coming years
  - For airlines, ordered capacity is ~3x of current capacity
  - Number of airports to grow from 150 currently to 250 in the next 3-5 years; runways to actually double in the same period
  - SUV demand has increased enormously in India, identical to what happened in China and Indonesia (during 2006/2007)
  - The above markets saw 20%+ growth in hotel rooms for the next 6 years
  - Luxury hotels did better initially and performance of mid-market hotels picked up subsequently; same is being observed in India
- Target EBITDA for the Keys portfolio is INR 600mn per year, which should be achieved by Oct'25 (on a run-rate basis)
- The Aurika, Mumbai operated at an occupancy of c. 66% in 4QFY24, with ARR of c. INR 9,000; Aurika Bombay's ARR net of crew is ~11,500
- FY25 ARR growth should be at par with FY24; same-store ARR growth was at 8%
- Lemon Tree without Keys and Aurika recorded occupancies of ~75%
- April/May has been flattish (excluding Aurika, Mumbai), with some pick-up seen in month of June
- In Whitefield, 28% of the inventory is non-operational, in Electronic City 10% of the rooms are under shutdown, while the corresponding number in Hyderabad is ~12%

**Exhibit 1. Financial snapshot**

INR mn	4QFY23	FY23	1QFY24	2QFY24	3QFY24	4QFY24	QoQ	YoY	FY24	YoY	4QFY24E	Variance
Revenue from operations	2,527	8,750	2,223	2,272	2,887	3,273	13%	30%	10,711	22%	3,120	5%
Cost of sales	129	499	124	132	166	205	23%	59%	628	26%	155	32%
Gross margin (%)	95%	94%	94%	94%	94%	94%	-51bps	-117bps	94%	-16bps	95%	0bps
Employee expenses	410	1,497	426	463	490	499	2%	22%	1,878	25%	553	-10%
Other expenses	589	2,278	627	658	833	855	3%	45%	2,973	31%	823	4%
EBITDA	1,399	4,476	1,045	1,019	1,397	1,715	23%	23%	5,232	17%	1,588	8%
EBITDA margin (%)	55.4%	51.2%	47.0%	44.8%	48.4%	52.4%	398bps	-297bps	48.8%	-230bps	50.9%	0bps
Depreciation	235	966	228	226	333	334	0%	42%	1,121	16%	335	0%
Interest costs	452	1,823	481	473	534	528	-1%	17%	2,085	14%	475	11%
Other income	20	88	24	29	22	39	77%	89%	125	43%	25	54%
PBT	732	1,774	359	348	552	892	62%	22%	2,151	21%	803	11%
Profit from associates	1	9	3	2	3	-2	-145%	-220%	7	-19%	3	-151%
Tax	143	377	87	86	118	50	-57%	-65%	341	-9%	142	-65%
Minority Interest	150	260	41	37	84	170	103%	13%	332	28%	40	325%
Adjusted PAT	440	1,146	235	226	354	670	89%	52%	1,485	30%	624	7%
Extraordinary Income	0	0	0	0	0	0	NM	NM	0	NM	0	NM
PAT	440	1,146	235	226	354	670	89%	52%	1,485	30%	624	7%

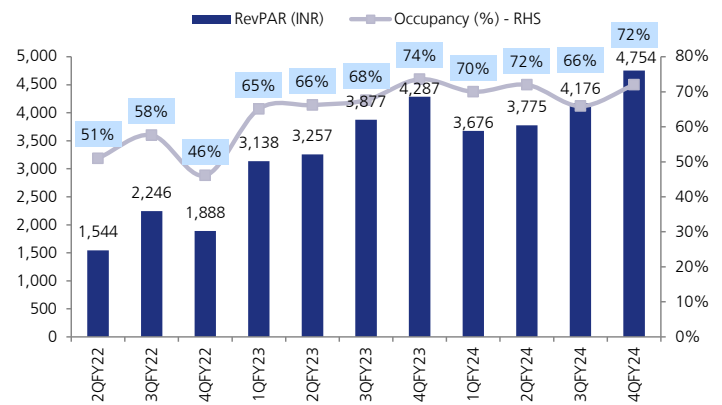
Source: Company, JM Financial

**Exhibit 2. Healthy ARR growth**



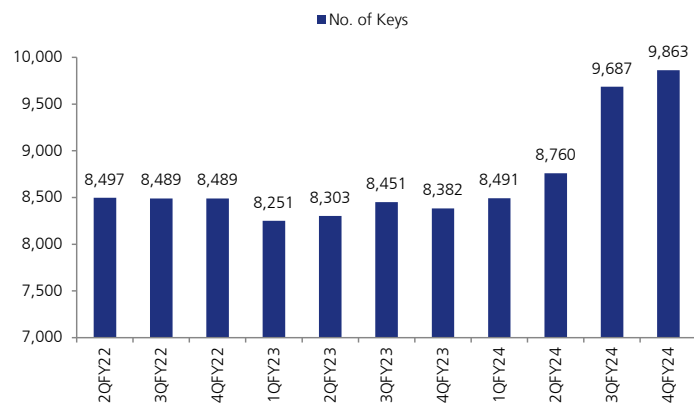
Source: Company, JM Financial

**Exhibit 3. Occupancy improved in 4QFY24**



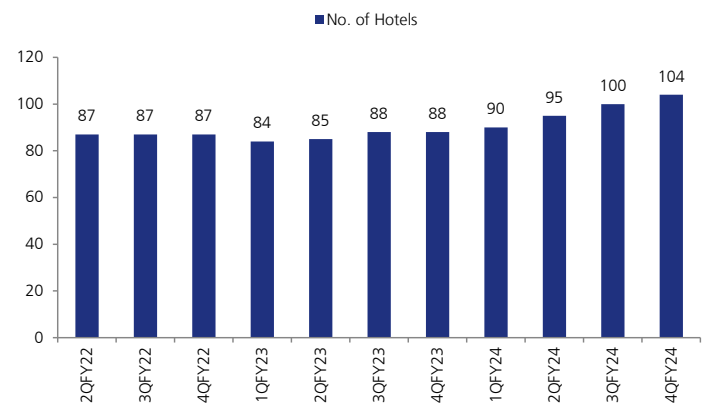
Source: Company, JM Financial

**Exhibit 4. No of keys increased by 176...**



Source: Company, JM Financial

**Exhibit 5. ...across 4 properties**



Source: Company, JM Financial

**Exhibit 6. Operational portfolio break-up**

Operational Portfolio	Owned (including leased land)		Leased		Managed/Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Aurika Hotels & Resorts	2	808	0	0	1	55	3	863
Lemon Tree Premier	7	1,442	2	161	9	911	18	2,514
Lemon Tree Hotels	13	1,241	4	321	38	2,193	55	3,755
Red Fox by Lemon Tree Hotels	5	759	1	91	5	440	11	1,290
Keys Prima by Lemon Tree Hotels	0	0	0	0	1	42	1	42
Keys Select by Lemon Tree Hotels	7	936	0	0	5	335	12	1,271
Keys Lite by Lemon Tree Hotels	0	0	0	0	4	128	4	128
<b>Total</b>	<b>34</b>	<b>5,186</b>	<b>7</b>	<b>573</b>	<b>63</b>	<b>4,104</b>	<b>104</b>	<b>9,863</b>

Source: Company, JM Financial

**Exhibit 7. Pipeline portfolio break-up**

Pipeline Portfolio	Owned (including leased land)		Leased		Managed/Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Aurika Hotels & Resorts	0	0	0	0	2	242	2	242
Lemon Tree Premier	0	0	0	0	6	479	6	479
Lemon Tree Hotels	1	69	0	0	40	2,617	41	2,686
Red Fox by Lemon Tree Hotels	0	0	0	0	1	50	1	50
Keys Prima by Lemon Tree Hotels	0	0	0	0	1	55	1	55
Keys Select by Lemon Tree Hotels	0	0	0	0	4	296	4	296
Keys Lite by Lemon Tree Hotels	0	0	0	0	7	348	7	348
<b>Total</b>	<b>1</b>	<b>69</b>	<b>0</b>	<b>0</b>	<b>61</b>	<b>4,087</b>	<b>62</b>	<b>4,156</b>

Source: Company, JM Financial

**Exhibit 8. Managed and franchised hotels opened in 4QFY24**

Hotels	States	Rooms	Opening Dates
Keys Lite by Lemon Tree Hotels, Dapoli	Maharashtra	20	Jan-24
Lemon Tree Resort, Kumbhalgarh	Rajasthan	59	Feb-24
Keys Select by Lemon Tree Hotels, Udaipur	Rajasthan	48	Mar-24
Lemon Tree Hotel, Kasauli	Himachal Pradesh	49	Mar-24
<b>Total</b>		<b>176</b>	

Source: Company, JM Financial

**Exhibit 9. Managed and franchised hotels signed in 4QFY24**

Hotels	States	Rooms	Opening Dates
Lemon Tree Hotel, Noida	Delhi NCR	40	FY25
Keys Lite by Lemon Tree Hotels, Vadodara	Gujarat	63	FY25
Lemon Tree Hotel, Meerut (Franchised)	Uttar Pradesh	75	FY25
Lemon Tree Hotel, Motihari (Franchised)	Bihar	50	FY25
Keys Lite by Lemon Tree Hotels, Udaipur (Franchised)	Rajasthan	68	FY25
Lemon Tree Hotel, Ranchi (Franchised)	Jharkhand	45	FY25
Keys Lite by Lemon Tree Hotels, Coimbatore	Tamil Nadu	40	FY26
Keys Lite by Lemon Tree Hotels, Vijayawada	Andhra Pradesh	44	FY26
Sankhwas Garh, a Lemon Tree Resort	Rajasthan	51	FY26
Lemon Tree Hotel, Agartala	Tripura	80	FY27
Lemon Tree Resort, Marpalle	Telangana	50	FY27
Keys Select by Lemon Tree Hotels, Anjar (Franchised)	Gujarat	61	FY27
<b>Total</b>		<b>667</b>	

Source: Company, JM Financial

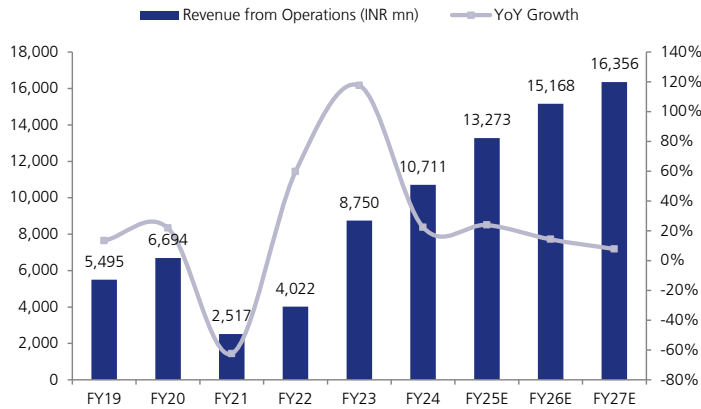
**Exhibit 10. Expansion Plans –Pipeline of managed & franchised contracts by opening**

Hotels Pipeline	States	Rooms	Expected Opening
Lemon Tree Hotel, Jamshedpur	Jharkhand	42	FY25
Lemon Tree Hotel, Anjuna, Goa	Goa	51	FY25
Lemon Tree Premier, Kanha	Madhya Pradesh	15	FY25
The Spectrum, operated by Lemon Tree Hotels, Gurugram	Gurugram	260	FY25
Lemon Tree Premier, Budhanilkantha (Franchised)	Kathmandu	102	FY25
Tigerland Safari, A Lemon Tree Resort, Chitwan	Nepal	35	FY25
Lemon Tree Premier, Biratnagar	Nepal	80	FY25
Lemon Tree Hotel, Tapovan, Rishikesh	Rishikesh	102	FY25
Lemon Tree Resort, Thimphu, Bhutan	Bhutan	38	FY25
Keys Lite by Lemon Tree Hotels, Jaipur	Rajasthan	47	FY25
Lemon Tree Hotel, Erode	Tamil Nadu	64	FY25
Bhangeri Durbar Resort, operated by Lemon Tree Hotels, Nepal	Nepal	51	FY25
Lemon Tree Hotel, Chandausi	Uttar Pradesh	70	FY25
Keys Lite by Lemon Tree Hotels, Banswara	Rajasthan	54	FY25
Lemon Tree Resort, Mussoorie	Uttarakhand	40	FY25
Keys Lite by Lemon Tree Hotel Dehradun (Franchised)	Dehradun	32	FY25
Lemon Tree Hotel, Bhubaneswar	Odisha	60	FY25
Lemon Tree Resort, Somnath (Franchised)	Gujarat	52	FY25
Lemon Tree Hotel, Mussoorie (Franchised)	Uttarakhand	60	FY25
Lemon Tree Hotel, Badrinath	Uttarakhand	72	FY25
Lemon Tree Hotel, Noida	Noida	40	FY25
Keys Lite by Lemon Tree Hotels, Vadodara	Gujarat	63	FY25
Lemon Tree Hotel, Meerut (Franchised)	Uttar Pradesh	75	FY25
Lemon Tree Hotel, Motihari (Franchised)	Bihar	50	FY25
Keys Lite by Lemon Tree Hotels, Urban Suites, Udaipur (Franchised)	Rajasthan	68	FY25
Lemon Tree Hotel, Ranchi (Franchised)	Jharkhand	45	FY25
Lemon Tree Hotel Sri Ganganagar	Rajasthan	60	FY26
Lemon Tree Hotel, Rajahmundry	Andhra Pradesh	60	FY26
Lemon Tree Hotel, Thiruvananthapuram	Kerala	100	FY26
Lemon Tree Premier Hotel Tirupati	Andhra Pradesh	120	FY26
Lemon Tree Hotel, Darjeeling	Darjeeling	55	FY26
Lemon Tree Hotel, Tejpur	Assam	42	FY26
Lemon Tree Hotel Jabalpur	Madhya Pradesh	75	FY26
Lemon Tree Hotel Gomti Nagar Lucknow	Uttar Pradesh	72	FY26
Lemon Tree Hotel, Mashobra	Himachal Pradesh	48	FY26
Lemon Tree Resort, Kasauli (Franchised)	Himachal Pradesh	50	FY26
Red Fox Hotel, Vishakhapatnam	Vishakhapatnam	50	FY26
Keys Select by Lemon Tree Hotels, Yadagirigutta	Telangana	150	FY26
Keys Select by Lemon Tree Hotels, Vadodara (Franchised)	Gujarat	45	FY26
Lemon Tree Hotel, Kharar	Punjab	60	FY26
Lemon Tree Hotel, Jamnagar	Gujarat	60	FY26
Lemon Tree Premier, Dehradun	Uttarakhand	80	FY26
Lemon Tree Hotel, Junagadh	Gujarat	64	FY26
Keys Select by Lemon Tree Hotels, Chirang	Assam	40	FY26
Keys Lite by Lemon Tree Hotels, Coimbatore	Tamil Nadu	40	FY26
Keys Lite by Lemon Tree Hotels, Vijayawada	Andhra Pradesh	44	FY26
Sankhwas Garh, a Lemon Tree Resort	Rajasthan	51	FY26
Aurika, Rishikesh	Uttarakhand	132	FY27
Lemon Tree Premier Gomti Nagar, Lucknow	Uttar Pradesh	82	FY27
Aurika, Kasauli	Himachal Pradesh	110	FY27
Lemon Tree Hotel, Zirakpur	Punjab	80	FY27
Keys Prima by Lemon Tree Hotels, Dehradun	Uttarakhand	55	FY27
Lemon Tree Hotel, Kundapura	Karnataka	80	FY27
Lemon Tree Hotel, Agartala	Tripura	80	FY27
Lemon Tree Resort, Marpalle	Telangana	50	FY27
Keys Select by Lemon Tree Hotels, Anjar (Franchised)	Gujarat	61	FY27
Lemon Tree Hotel, Bharuch	Gujarat	83	TBD
Lemon Tree Hotel, Gulmarg	Kashmir	35	TBD
Lemon Tree Hotel, Bokaro	Jharkhand	70	TBD

Hotels Pipeline	States	Rooms	Expected Opening
Lemon Tree Hotel, Kathmandu	Nepal	75	TBD
Lemon Tree Hotel, Ludhiana	Punjab	60	TBD
<b>Total</b>		<b>4,087</b>	

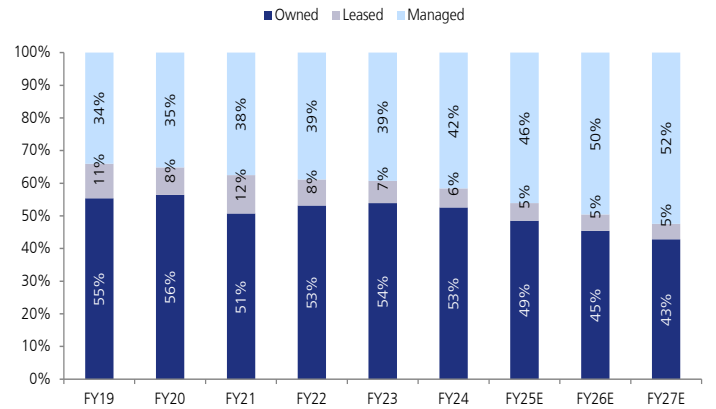
Source: Company, JM Financial

Exhibit 11. Revenue to grow 1.5x in FY24-FY27E



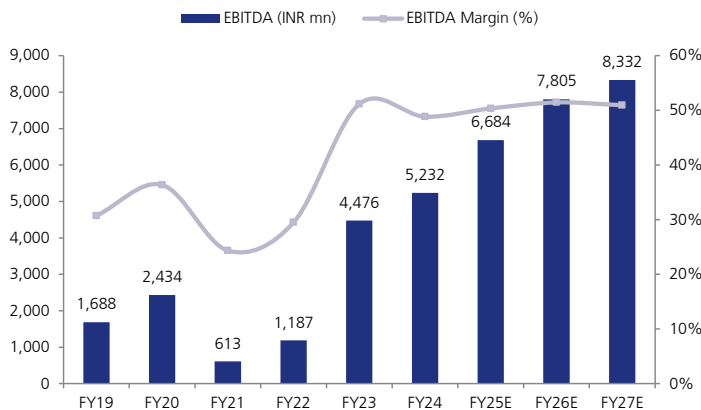
Source: Company, JM Financial

Exhibit 12. Well-balanced portfolio – increasingly asset light



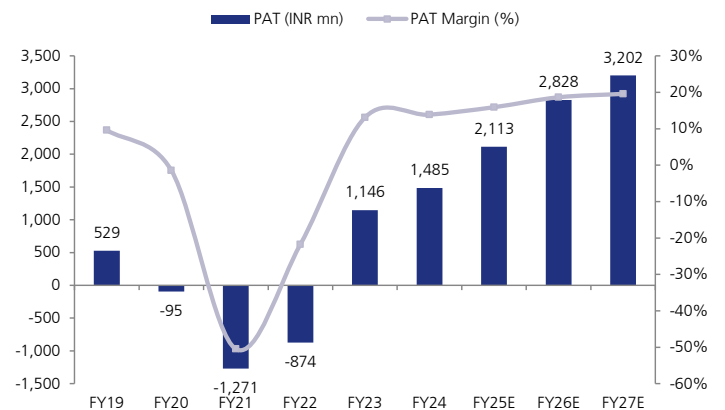
Source: Company, JM Financial

Exhibit 13. Management contracts to maintain high EBITDA margin...



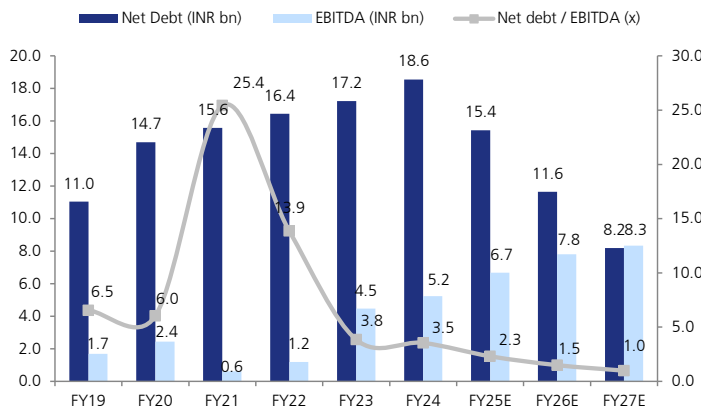
Source: Company, JM Financial

Exhibit 14. ...resulting in healthy PAT



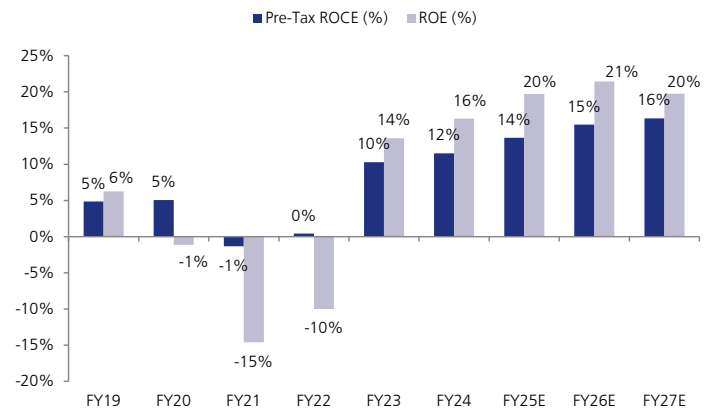
Source: Company, JM Financial

Exhibit 15. Net debt peaked in FY24



Source: Company, JM Financial

Exhibit 16. Healthy return ratios by FY27E



Source: Company, JM Financial

**Exhibit 17. Mar'25 TP of INR 160**

Particulars	Unit	Mar-25	Per Share	Comments
Consolidated EBITDA (Mar'26E)	INR mn	7,805		
Adjustment for Fleur APG stake	41%	2,341		Lemon Tree share of EBITDA - 70%
Lemon Tree share of EBITDA	INR mn	5,463		
Valuation Multiple	(x)	<b>24.0x</b>		
<b>Enterprise Value</b>	<b>INR mn</b>	<b>1,31,123</b>		
Less: Net Debt (Mar'25E)	INR mn	7,716		Majority of the debt sits on Fleur
<b>Equity Value</b>	<b>INR mn</b>	<b>1,23,407</b>		
<b>Target Price</b>	<b>INR</b>	<b>160</b>		
CMP	INR	140		
Upside	%	14%		
No. of shares outstanding	mn	792		

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	8,750	10,711	13,273	15,168	16,356	
Sales Growth	117.5%	22.4%	23.9%	14.3%	7.8%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>8,750</b>	<b>10,711</b>	<b>13,273</b>	<b>15,168</b>	<b>16,356</b>	
Cost of Goods Sold/Op. Exp	499	628	742	867	929	
Personnel Cost	1,497	1,878	2,065	2,231	2,409	
Other Expenses	2,278	2,973	3,782	4,265	4,686	
<b>EBITDA</b>	<b>4,476</b>	<b>5,232</b>	<b>6,684</b>	<b>7,805</b>	<b>8,332</b>	
EBITDA Margin	51.2%	48.8%	50.4%	51.5%	50.9%	
EBITDA Growth	277.2%	16.9%	27.7%	16.8%	6.8%	
Depn. & Amort.	966	1,121	1,460	1,668	1,799	
EBIT	3,510	4,111	5,224	6,137	6,533	
Other Income	88	125	130	135	141	
Finance Cost	1,823	2,085	2,051	1,965	1,815	
PBT before Excep. & Forex	1,774	2,151	3,302	4,306	4,859	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	1,774	2,151	3,302	4,306	4,859	
Taxes	377	341	831	1,084	1,223	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	268	339	373	409	450	
Reported Net Profit	1,146	1,485	2,113	2,828	3,202	
<b>Adjusted Net Profit</b>	<b>1,146</b>	<b>1,485</b>	<b>2,113</b>	<b>2,828</b>	<b>3,202</b>	
Net Margin	13.1%	13.9%	15.9%	18.6%	19.6%	
Diluted Share Cap. (mn)	791.6	791.6	791.6	791.6	791.6	
<b>Diluted EPS (INR)</b>	<b>1.4</b>	<b>1.9</b>	<b>2.7</b>	<b>3.6</b>	<b>4.0</b>	
Diluted EPS Growth	0.0%	29.6%	42.3%	33.8%	13.2%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	8,537	9,669	11,782	14,610	17,811	
Share Capital	7,916	7,918	10,031	12,859	16,061	
Reserves & Surplus	621	1,750	1,750	1,750	1,750	
Preference Share Capital	0	0	0	0	0	
Minority Interest	5,597	5,795	5,430	5,028	4,586	
Total Loans	17,457	18,891	18,976	16,565	15,156	
Def. Tax Liab. / Assets (-)	-365	-358	-358	-358	-358	
<b>Total - Equity &amp; Liab.</b>	<b>31,227</b>	<b>33,997</b>	<b>35,830</b>	<b>35,844</b>	<b>37,195</b>	
Net Fixed Assets	34,395	36,666	36,462	35,608	35,133	
Gross Fixed Assets	30,191	36,441	37,691	37,691	37,691	
Intangible Assets	4,987	4,858	4,614	4,428	4,252	
Less: Depn. & Amort.	5,475	4,881	6,341	8,009	9,809	
Capital WIP	4,691	248	498	1,498	2,998	
Investments	45	52	45	45	45	
Current Assets	2,518	3,254	6,674	8,269	10,481	
Inventories	105	138	133	152	164	
Sundry Debtors	560	715	929	1,062	1,145	
Cash & Bank Balances	237	336	3,544	4,918	6,963	
Loans & Advances	10	81	10	10	10	
Other Current Assets	1,606	1,983	2,058	2,127	2,199	
Current Liab. & Prov.	5,732	5,975	7,352	8,078	8,464	
Current Liabilities	4,956	4,651	5,980	6,657	6,991	
Provisions & Others	775	1,324	1,372	1,421	1,472	
Net Current Assets	-3,214	-2,721	-678	190	2,017	
<b>Total - Assets</b>	<b>31,227</b>	<b>33,997</b>	<b>35,829</b>	<b>35,844</b>	<b>37,195</b>	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	1,782	2,158	3,302	4,306	4,859	
Depn. & Amort.	966	1,121	1,460	1,668	1,799	
Net Interest Exp. / Inc. (-)	1,773	2,025	2,051	1,965	1,815	
Inc (-) / Dec in WCap.	-403	-218	917	321	27	
Others	-63	-77	-358	-394	-434	
Taxes Paid	-207	-360	-831	-1,084	-1,223	
<b>Operating Cash Flow</b>	<b>3,849</b>	<b>4,650</b>	<b>6,541</b>	<b>6,783</b>	<b>6,843</b>	
Capex	-1,618	-3,305	-1,500	-1,000	-1,500	
Free Cash Flow	2,231	1,345	5,041	5,783	5,343	
Inc (-) / Dec in Investments	50	-70	78	0	0	
Others	-1,264	-590	244	186	176	
<b>Investing Cash Flow</b>	<b>-2,832</b>	<b>-3,965</b>	<b>-1,178</b>	<b>-814</b>	<b>-1,324</b>	
Inc / Dec (-) in Capital	17	5	-365	-402	-442	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	92	1,026	262	-2,228	-1,217	
Others	-1,432	-1,616	-2,051	-1,965	-1,815	
<b>Financing Cash Flow</b>	<b>-1,323</b>	<b>-585</b>	<b>-2,155</b>	<b>-4,595</b>	<b>-3,474</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-306</b>	<b>100</b>	<b>3,208</b>	<b>1,374</b>	<b>2,045</b>	
Opening Cash Balance	543	237	336	3,544	4,918	
Closing Cash Balance	237	336	3,545	4,918	6,963	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
Net Margin		13.1%	13.9%	15.9%	18.6%	19.6%
Asset Turnover (x)		0.2	0.3	0.3	0.4	0.4
Leverage Factor (x)		4.2	4.1	3.7	3.1	2.6
RoE		13.6%	16.3%	19.7%	21.4%	19.8%

Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
BV/Share (INR)		10.8	12.2	14.9	18.5	22.5
ROIC		9.0%	10.6%	11.7%	14.4%	15.8%
ROE		13.6%	16.3%	19.7%	21.4%	19.8%
Net Debt/Equity (x)		2.0	1.9	1.3	0.8	0.5
P/E (x)		96.7	74.6	52.5	39.2	34.6
P/B (x)		13.0	11.5	9.4	7.6	6.2
EV/EBITDA (x)		29.9	25.8	19.7	16.3	14.8
EV/Sales (x)		15.3	12.6	9.9	8.4	7.6
Debtor days		23	24	26	26	26
Inventory days		4	5	4	4	4
Creditor days		57	12	74	90	89

Source: Company, JM Financial



History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
16-Aug-23	Buy	115	
13-Nov-23	Buy	125	8.7
10-Feb-24	Buy	155	24.0

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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\* REITs refers to Real Estate Investment Trusts.

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