

# Lemon Tree Hotels | BUY



## Muted quarter, strong 2HFY25 guidance maintained

Lemon Tree Hotels (LTH) reported a 1QFY25 EBITDA of INR 1.15bn, which was lower than our estimates (JMFe: 1.25bn) as well as consensus. Revenue grew 20.6% YoY to INR 2.7bn (in-line with JMFe, down 18% QoQ) aided by room count increase of 12% and an ARR growth of 9% YoY. Occupancy was down 360bps YoY due to shutdowns for renovation and the impact of temporary headwinds related to election restrictions and heat waves. EBITDA margins declined on a YoY basis 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%/30% over FY24A-27E aided by low double-digit RevPAR growth over the same period. We reiterate BUY with a Mar'25 TP of INR 155, valuing LTH at 24.0x EV/EBITDA.

- Inline revenues, aided by higher room count:** LTH reported an inline growth (21% YoY; down 18% QoQ) in consolidated revenue for 1QFY25, which came in at INR 2.7bn (JMFe: INR2.7bn. ARRs were healthy at INR 5,686 (+9% YoY; down 14% QoQ), led by Mumbai (+9% YoY) and Pune (+7% YoY). LTH reported occupancy of 67.0% (down 360bps YoY; down 540 bps QoQ) due to shutdowns for renovation and the impact of temporary headwinds related to election restrictions and heat waves. Fees from O&M business (3rd party hotels) stood at INR 125mn in 1QFY25 (+21% YoY) and total management fees came in at INR 291mn (+22% YoY).
- EBITDA margin declines as expected, but came in lower than JMFe:** LTH's 1QFY25 EBITDA came in at INR 1.2bn (10% YoY, down 33% QoQ) with EBITDA margin declining to 43% (47% in 1QFY24 and 52% in 4QFY24), which came below our estimates of 47%. The significant decrease in EBITDA margin QoQ was due to planned increase in renovation expenses. Further, the management indicated that the margin was further impacted by increase in payroll expenses (down 10bps YoY, +380bps QoQ) and power & fuel cost (+10bps YoY, +270bps QoQ). Due to renovation and associated shutdowns, EBITDA margin for the Keys portfolio decreased by 10pps YoY as renovation expenses were c. INR 18mn over 1Q 2024 levels which is an increase of 100% YoY.
- Portfolio update:** Total network revenue stood at INR 4.2bn (+20% YoY) in 1QFY25 vs. INR 3.5bn in 1QFY24, similar to 19% YoY growth for the LTH owned portfolio. During the quarter, LTH signed three new management and franchise contracts which added 187 rooms to the pipeline and operationalized four hotels adding 331 rooms to its portfolio. The LTH portfolio has 107 operational hotels with 10,125 keys and a development pipeline of 4,036 keys across 61 properties. The Aurika, Mumbai operated at an occupancy of c. 46% in 1QFY25, with ARR of c. INR 9,000. By 2027, the management plans to have 20,000 rooms in the portfolio (30% owned, 70% managed).
- Maintain BUY with a Mar'25 TP of INR 155:** We have revised our EBITDA/PAT estimates downwards by an average of 2%/2% respectively. We maintain BUY with a Mar'25 TP of INR 155, valuing LTH at 24.0x EV/EBITDA.

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	155
Upside/(Downside)	22.8%
Previous Price Target	160
Change	-3.1%

### Key Data – LEMONTRE IN

Current Market Price	INR126
Market cap (bn)	INR100.0/US\$1.2
Free Float	61%
Shares in issue (mn)	791.6
Diluted share (mn)	791.6
3-mon avg daily val (mn)	INR504.1/US\$6.0
52-week range	158/93
Sensex/Nifty	78,886/24,117
INR/US\$	84.0

### Price Performance

%	1M	6M	12M
Absolute	-14.2	-8.7	33.3
Relative*	-12.6	-17.2	11.5

\* To the BSE Sensex

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	6,507	7,713	8,415
EBITDA Margin (%)	51.2	48.8	49.0	50.9	51.4
Adjusted Net Profit	1,146	1,485	1,982	2,760	3,264
Diluted EPS (INR)	1.4	1.9	2.5	3.5	4.1
Diluted EPS Growth (%)	0.0	29.6	33.5	39.3	18.3
ROIC (%)	9.0	10.6	11.3	14.2	16.0
ROE (%)	13.6	16.3	18.6	21.2	20.3
P/E (x)	87.1	67.2	50.3	36.1	30.6
P/B (x)	11.7	10.3	8.6	6.9	5.6
EV/EBITDA (x)	27.4	23.7	18.6	15.1	13.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 08/Aug/2024

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.

## Conference call Highlights

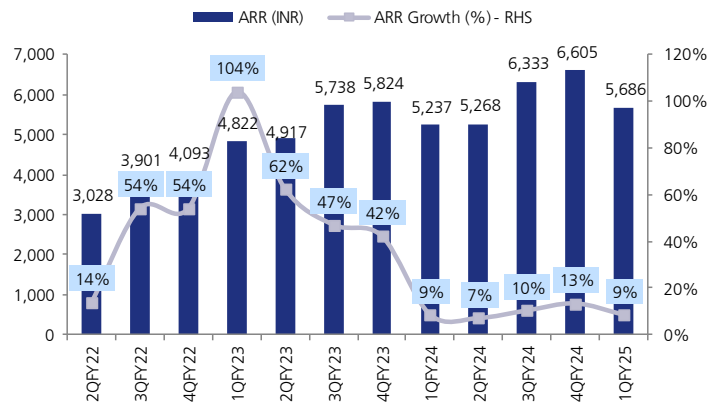
- Lemon Tree hotels is investing heavily in renovating its older hotels and transforming its Keys portfolio to position itself for a structural shift in hotel room demand.
- Renovation includes shutting down large portions of inventory temporarily, focusing on high-demand markets like Delhi, Hyderabad, and Bangalore to increase long-term value.
- Lemon Tree's four-pronged approach to achieve 20% ROCE involves:
  - significant renovation investments to overhaul old inventory;
  - digital transformation through repricing algorithms, a new sales system, and personalized offers;
  - business development; and
  - enhancing execution with increased talent and management.
- Free cash flow generated in summer is being used for renovation, while excessive winter cash flow will be directed towards debt reduction.
- Expected EBITDA of INR 0.6bn from renovated keys (significant increase in margins for FY26 and FY27), driven by higher rates and increased occupancy, despite current renovation-related pressures.
- In 1Q2025, the overall ARR excluding Aurika Mumbai was ~INR 5,400, reflective of lower occupancy due to ongoing renovations and the shutdown of higher-value rooms.
- Rate differentials across segments showed a 5% increase in corporate rates, an 11% rise in travel trade, and an 8% increase in web rates, leading to an overall ARR increase from INR 5,240 to INR 5,688 with Aurika included.
- Post-renovation, the rate for the Keys Portfolio is expected to increase to a minimum of INR 4,500, representing a 30% jump from the current INR 3,500 rate.
- By 2027, the plan includes to have 20,000 rooms (owned 30%, managed 70%)
- Strategic reduction in airline crew business (Aurika) – Aiming to transition to higher-rate retail and corporate segments, to enhance overall RevPAR.

Exhibit 1. Financial snapshot

INR mn	1QFY25	1QFY24	YoY	4QFY24	QoQ	FY24	FY25E	FY24-25E	YoY
Revenue from operations	2,680	2,223	21%	3,273	-18%	10,711	13,273	24%	
Cost of sales	164	124	32%	205	-20%	628	742	18%	
Gross margin (%)	94%	94%	-54bps	94%	14bps	94%	94%	27bps	
Employee expenses	507	426	19%	499	2%	1,878	2,065	10%	
Other expenses	858	627	37%	855	0%	2,973	3,959	33%	
EBITDA	1,151	1,045	10%	1,715	-33%	5,232	6,507	24%	
EBITDA margin (%)	42.9%	47.0%	-408bps	52.4%	-946bps	48.8%	49.0%	17bps	
Depreciation	346	228	52%	334	4%	1,121	1,460	30%	
Interest costs	518	481	8%	528	-2%	2,085	2,051	-2%	
Other income	4	24	-85%	39	-91%	125	131	5%	
PBT	291	359	-19%	892	-67%	2,151	3,127	45%	
Profit from associates	1	3	-62%	-2	-178%	7	7	5%	
Tax	91	87	5%	50	81%	341	787	131%	
Minority Interest	3	41	-92%	170	-98%	332	365	10%	
Adjusted PAT	198	235	-16%	670	-70%	1,485	1,982	33%	
Extraordinary Income	0	0	NM	0	NM	0	0	NM	
PAT	198	235	-16%	670	-70%	1,485	1,982	33%	

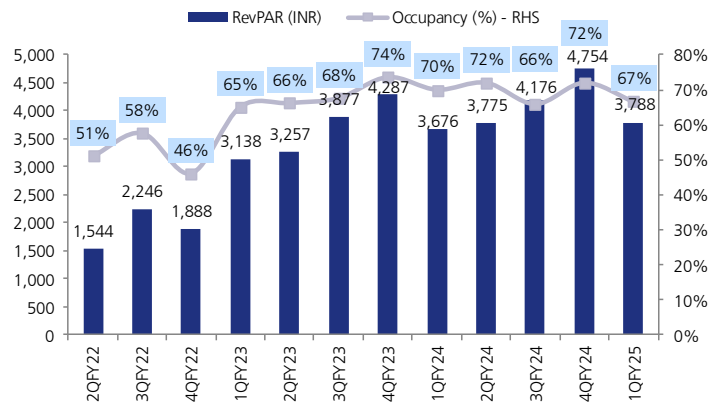
Source: Company, JM Financial

Exhibit 2. Healthy ARR growth



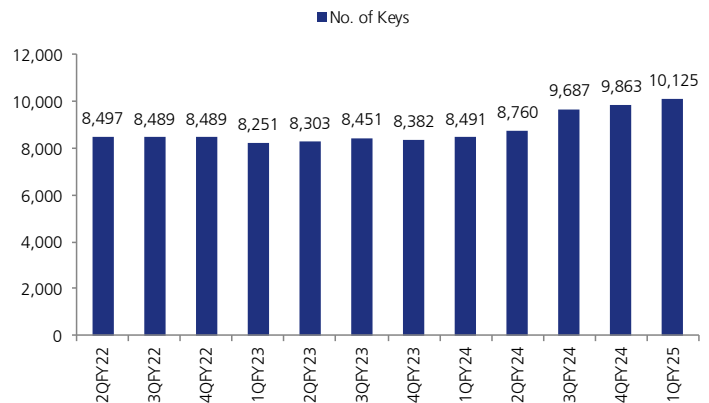
Source: Company, JM Financial

Exhibit 3.



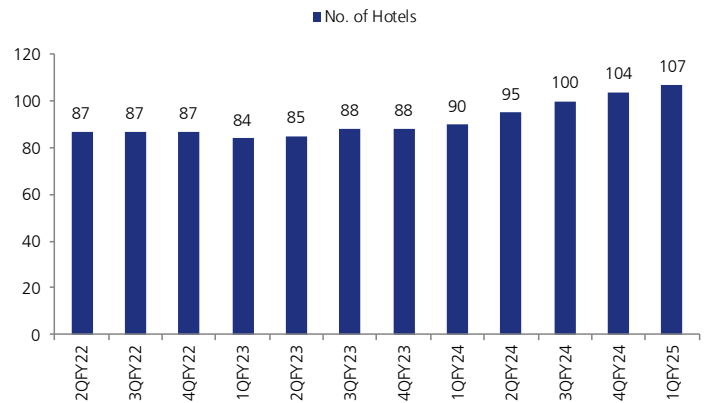
Source: Company, JM Financial

Exhibit 4. No of keys increased by 262...



Source: Company, JM Financial

Exhibit 5. ...across 3 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	11	1,106	20	2,709
Lemon Tree Hotels	13	1,241	4	321	38	2,192	55	3,754
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	5	196	5	196
<b>Total</b>	<b>34</b>	<b>5,186</b>	<b>7</b>	<b>573</b>	<b>66</b>	<b>4,366</b>	<b>107</b>	<b>10,125</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	1	69	0	0	2	242	3	311
Lemon Tree Premier	0	0	0	0	5	377	5	377
Lemon Tree Hotels	0	0	0	0	39	2,555	39	2,555
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	5	356	5	356
Keys Lite by Lemon Tree Hotels	0	0	0	0	7	332	7	332
<b>Total</b>	<b>1</b>	<b>69</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>3,967</b>	<b>61</b>	<b>4,036</b>

Source: Company, JM Financial

**Exhibit 8. Managed and franchised hotels opened in 1QFY25**

Hotels	States	Rooms	Opening Dates
Lemon Tree Hotel, Tapovan, Rishikesh	Uttarakhand	126	Apr-24
Lemon Tree Premier, Budhanilkantha, Kathmandu	Nepal	102	Apr-24
Tigerland Safar, Lemon Tree Resort, Chitwan	Nepal	35	Apr-24
Keys Lite by Lemon Tree Hotels, Urban Suites, Udaipur	Rajasthan	68	Jun-24
<b>Total</b>		<b>331</b>	

Source: Company, JM Financial

**Exhibit 9. Managed and franchised hotels signed in 1QFY25**

Hotels	States	Rooms	Opening Dates
Keys Select by Lemon Tree Hotels, Bareilly (Franchised)	Uttar Pradesh	60	FY25
Lemon Tree Hotel, Morbi	Gujarat	75	FY26
Keys Lite by Lemon Tree Hotels, Somnath	Gujarat	52	FY26
<b>Total</b>		<b>187</b>	

Source: Company, JM Financial

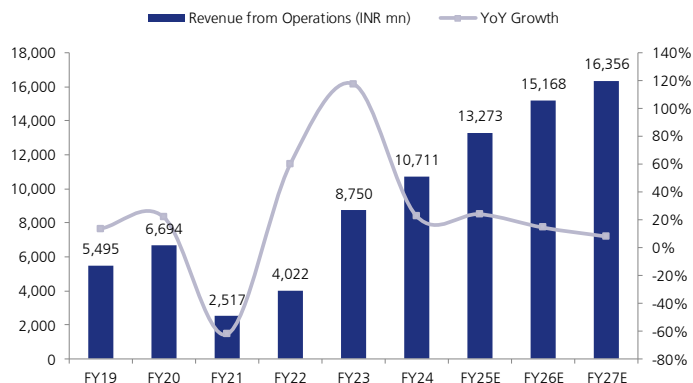
**Exhibit 10. Expansion Plans –Pipeline of managed & franchised contracts by opening**

Hotels Pipeline	States	Rooms	Expected Opening
Lemon Tree Hotel, Jamshedpur	Jharkhand	42	FY25
Lemon Tree Premier, Kanha	Madhya Pradesh	15	FY25
The Spectrum, operated by Lemon Tree Hotels, Gurugram	Gurugram	260	FY25
Lemon Tree Premier, Biratnagar	Nepal	80	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
Lemon Tree Hotel, Chandausi	Uttar Pradesh	70	FY25
Lemon Tree Resort, Mussoorie	Uttarakhand	40	FY25
Keys Lite by Lemon Tree Hotel Dehradun (Franchised)	Dehradun	32	FY25
Lemon Tree Resort, Somnath (Franchised)	Gujarat	52	FY25
Lemon Tree Hotel, Mussoorie (Franchised)	Uttarakhand	60	FY25
Lemon Tree Hotel, Meerut (Franchised)	Uttar Pradesh	75	FY25
Lemon Tree Hotel, Motihari (Franchised)	Bihar	50	FY25
Lemon Tree Hotel, Ranchi (Franchised)	Jharkhand	45	FY25
Lemon Tree Hotel, Noida	Noida	40	FY25
Keys Lite by Lemon Tree Hotels, Vadodara	Gujarat	63	FY25
Keys Select by Lemon Tree Hotels, Bareilly (Franchised)	Uttar Pradesh	60	FY25
Lemon Tree Hotel, Morbi	Gujarat	75	FY26
Lemon Tree Hotel Sri Ganganagar	Rajasthan	60	FY26
Lemon Tree Hotel, Rajahmundry	Andhra Pradesh	60	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
Keys Lite by Lemon Tree Hotels, Somnath	Gujarat	52	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	40	FY26
Keys Lite by Lemon Tree Hotels, Vijayawada	Andhra	44	FY26
Sankhwas Garh, a Lemon Tree Resort	Rajasthan	51	FY26
Lemon Tree Hotel, Bokaro	Jharkhand	70	FY26
Lemon Tree Premier Gomti Nagar, Lucknow	Uttar Pradesh	82	FY26
Lemon Tree Hotel, Badrinath	Uttarakhand	72	FY26
Lemon Tree Hotel, Bhubaneswar	Odisha	60	FY26
Bhangeri Durbar Resort, operated by Lemon Tree Hotels, Nepal	Nepal	51	FY26
Keys Lite by Lemon Tree Hotels, Banswara	Rajasthan	54	FY26
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	FY27
Aurika, Rishikesh	Uttarakhand	132	FY27
Lemon Tree Hotel, Kathmandu	Nepal	75	TBD
Lemon Tree Hotel, Gulmarg	Kashmir	35	TBD
Lemon Tree Hotel, Anjuna, Goa	Goa	51	TBD
Aurika, Kasauli	Himachal	110	TBD
Lemon Tree Hotel, Thiruvananthapuram	Kerala	100	TBD

Hotels Pipeline	States	Rooms	Expected Opening
Lemon Tree Hotel, Ludhiana	Punjab	60	TBD
<b>Total</b>		<b>3,967</b>	

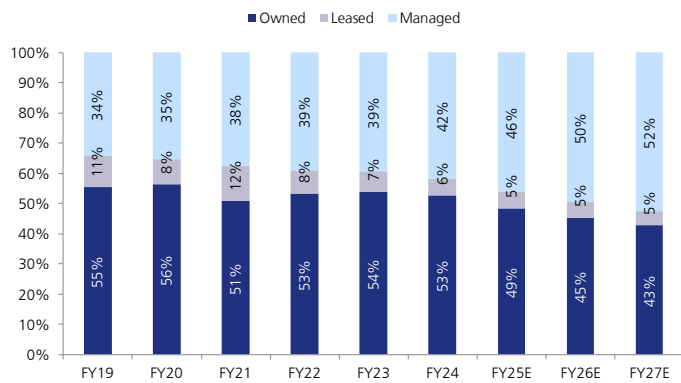
Source: Company, JM Financial

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



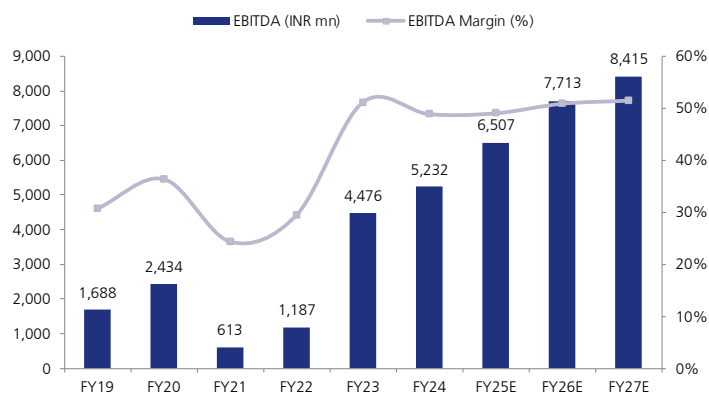
Source: Company, JM Financial

**Exhibit 12. Well-balanced portfolio – increasingly asset light**



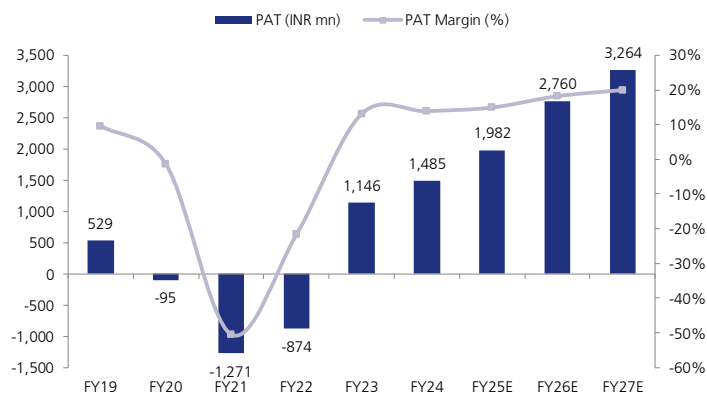
Source: Company, JM Financial

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



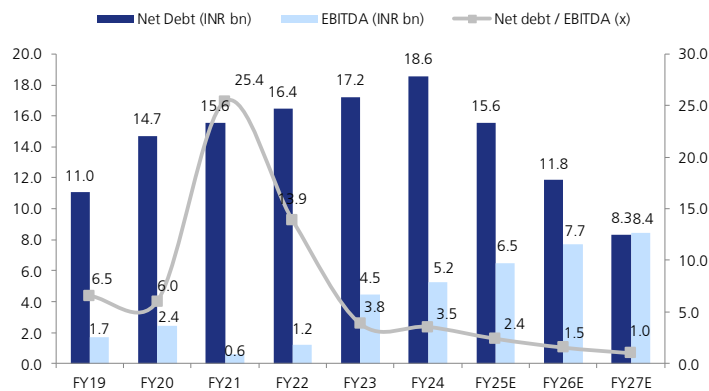
Source: Company, JM Financial

**Exhibit 14. ...resulting in healthy PAT**



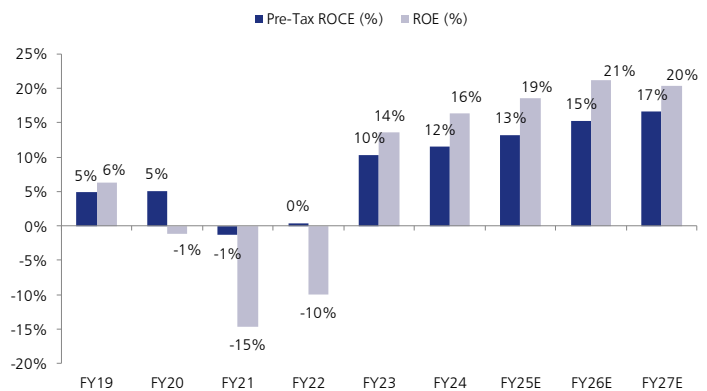
Source: Company, JM Financial

**Exhibit 15. Net debt peaked in FY24**



Source: Company, JM Financial

**Exhibit 16. Healthy return ratios by FY27E**



Source: Company, JM Financial

## Change in Estimates

## Exhibit 17. Change in Estimates

Old TP			New TP			Change in TP					
160			155			-3%					
INR mn	FY25E	FY26E	FY27E	INR mn	FY25E	FY26E	FY27E	Change	FY25E	FY26E	FY27E
Net Sales	13,273	15,168	16,356	Net Sales	13,273	15,168	16,356	Net Sales	0%	0%	0%
EBITDA	6,684	7,805	8,332	EBITDA	6,507	7,713	8,415	EBITDA	-3%	-1%	1%
EBITDA Margin (%)	50%	51%	51%	EBITDA Margin (%)	49%	51%	51%	EBITDA Margin (%)	-133bps	-60bps	50bps
Adj Net Profit	2,113	2,828	3,202	Adj Net Profit	1,982	2,760	3,264	Adj Net Profit	-6%	-2%	2%

Source: JM Financial

## Valuation and Target Price

## Exhibit 18. Mar'25 TP of INR 155

Particulars	Mar-25	Per Share
Consolidated EBITDA (Mar'26E) - FY+1	7,713	
Adjustment for Fleur APG 41% stake	2,314	
Lemon Tree share of EBITDA	5,399	
Valuation Multiple (x)	<b>24.0x</b>	
<b>Enterprise Value</b>	<b>129,582</b>	
Less: Net Debt (Mar'25E)	7,781	
Less: Minority Interest	-	
<b>Equity Value</b>	<b>121,800</b>	<b>153.9</b>
<b>Target Price (INR)</b>	<b>121,800</b>	<b>155.0</b>
CMP (INR)	99,932	126
Upside (%)	23%	
No. of shares outstanding	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	2,272	2,454	
Other Expenses	2,278	2,973	3,959	4,316	4,559	
<b>EBITDA</b>	<b>4,476</b>	<b>5,232</b>	<b>6,507</b>	<b>7,713</b>	<b>8,415</b>	
EBITDA Margin	51.2%	48.8%	49.0%	50.9%	51.4%	
EBITDA Growth	277.2%	16.9%	24.4%	18.5%	9.1%	
Depn. & Amort.	966	1,121	1,460	1,668	1,799	
EBIT	3,510	4,111	5,047	6,045	6,616	
Other Income	88	125	131	136	142	
Finance Cost	1,823	2,085	2,051	1,965	1,815	
PBT before Excep. & Forex	1,774	2,151	3,127	4,216	4,943	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	1,774	2,151	3,127	4,216	4,943	
Taxes	377	341	787	1,061	1,244	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	268	339	373	410	450	
Reported Net Profit	1,146	1,485	1,982	2,760	3,264	
<b>Adjusted Net Profit</b>	<b>1,146</b>	<b>1,485</b>	<b>1,982</b>	<b>2,760</b>	<b>3,264</b>	
Net Margin	13.1%	13.9%	14.9%	18.2%	20.0%	
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>2.5</b>	<b>3.5</b>	<b>4.1</b>	
Diluted EPS Growth	0.0%	29.6%	33.5%	39.3%	18.3%	
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

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	1,782	2,158	3,127	4,216	4,943	
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	-787	-1,061	-1,244	
<b>Operating Cash Flow</b>	<b>3,849</b>	<b>4,650</b>	<b>6,410</b>	<b>6,716</b>	<b>6,905</b>	
Capex	-1,618	-3,305	-1,500	-1,000	-1,500	
Free Cash Flow	2,231	1,345	4,910	5,716	5,405	
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>3,077</b>	<b>1,306</b>	<b>2,108</b>	
Opening Cash Balance	543	237	336	3,413	4,719	
Closing Cash Balance	237	336	3,413	4,719	6,827	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	8,537	9,669	11,651	14,411	17,675	
Share Capital	7,916	7,918	9,900	12,660	15,925	
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>35,698</b>	<b>35,645</b>	<b>37,059</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	6,543	8,070	10,345	
Inventories	105	138	133	152	164	
Sundry Debtors	560	715	929	1,062	1,145	
Cash & Bank Balances	237	336	3,413	4,719	6,827	
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	-809	-8	1,881	
<b>Total - Assets</b>	<b>31,227</b>	<b>33,997</b>	<b>35,698</b>	<b>35,645</b>	<b>37,059</b>	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	13.1%	13.9%	14.9%	18.2%	20.0%	
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%	18.6%	21.2%	20.3%	

Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	10.8	12.2	14.7	18.2	22.3	
ROIC	9.0%	10.6%	11.3%	14.2%	16.0%	
ROE	13.6%	16.3%	18.6%	21.2%	20.3%	
Net Debt/Equity (x)	2.0	1.9	1.3	0.8	0.5	
P/E (x)	87.1	67.2	50.3	36.1	30.6	
P/B (x)	11.7	10.3	8.6	6.9	5.6	
EV/EBITDA (x)	27.4	23.7	18.6	15.1	13.4	
EV/Sales (x)	14.0	11.6	9.1	7.7	6.9	
Debtor days	23	24	26	26	26	
Inventory days	4	5	4	4	4	
Creditor days	57	12	72	89	90	

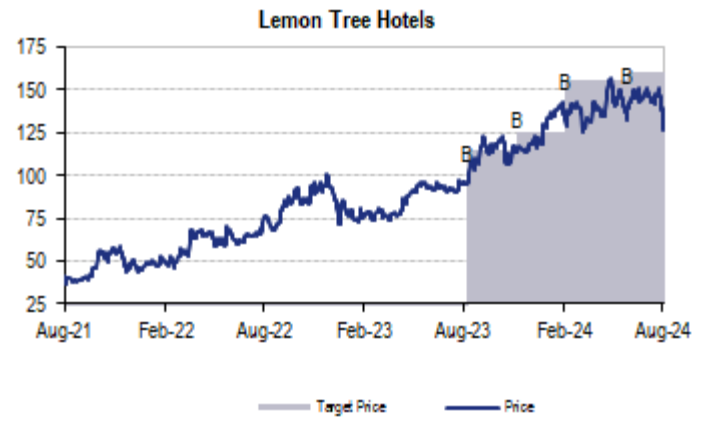
Source: Company, JM Financial



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
3-Jun-24	Buy	160	3.2

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

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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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