

Chalet Hotels (CHALET)

Hospitality | 4QFY25 Result Update

BUY

CMP: Rs872 | Target Price (TP): Rs1,019 | Upside: 17%

May 13, 2025

Strong Q4 with Margin Expansion and Prudent Financing

Key Points

- Chalet reported an EBITDA/PBT beat of 10%/26% vs. NBIE estimates with numbers also surpassing consensus expectations. The outperformance was led by a 254bps YoY EBITDA margin expansion, supported by robust MICE traction, ARR-led growth, and tight cost controls across key micro-markets, reflecting strong operating leverage and execution efficiency.
- In Q4FY25, ADR growth in key metro clusters drove 27% YoY growth in room revenue, while F&B revenue rose 6% YoY. This shift improved the room revenue mix to 66% vs. 62% in Q4FY24, leading to a 70bps YoY margin uptick for the hospitality segment. The increased share of high-margin room revenue played a key role in driving blended profitability.
- We expect Chalet to maintain its growth trajectory over FY25-FY27E, led by incremental room inventory with higher occupancy, ARR growth, and scale-up in the annuity leasing portfolio. We model revenue/EBITDA/PBT CAGR of 26%/29%/44% and anticipate ROCE expansion from 11% in FY25 to 13-16% by FY27E. We assign 26x FY27E EBITDA to the hospitality segment, translating to a target price of Rs1,019, implying 20x on consolidated FY27E EBITDA (3Y avg. of 1Y fwd EV/EBITDA at 21x).

Yet another record-breaking performance: Chalet clocked 25%/32%/60% Revenue/EBITDA/PBT growth during the quarter on YoY basis marking its best-ever performance. It was the first time the company's consolidated revenue crossed the Rs5bn milestone in a single quarter. Chalet delivered its highest-ever consolidated EBITDA margin of 46.3% in Q4FY25, reflecting superior cost control and richer revenue mix. Notably, the same-store hospitality portfolio achieved a 50% EBITDA margin — a landmark level that sets a new benchmark in operational efficiency for the company. The annuity portfolio added around 1lakh sqf in incremental leased area compared to 3QFY25, taking the total leased area to 1.7msf, with 7%/9% revenue/EBITDA growth on sequential basis. At the same time Staff-to-room ratio has improved from 0.93 in FY24 to 1.01 in FY25.

Region-specific updates on Occupancy and ARR: Chalet Hotels delivered robust hospitality performance in Q4FY25, with ADR rising 21% YoY, driven by a 51% surge in resort rates and a 19% increase across business hotels. Occupancy remained steady at 76% but the shift in revenue mix toward high-margin room income supported operating leverage. RevPAR growth stood at 21% YoY portfolio-wide, led by a 15% RevPAR increase in MMR and a strong 30% rise in Bengaluru. Geography-wise, ADR traction was highest in Bengaluru and Hyderabad, aided by tight supply and rising corporate demand. Same-store RevPAR grew 23% YoY, while strong performance across non-MMR markets helped offset regional volatility. Strategic asset diversification and scale-up in premium city clusters continue to anchor Chalet's sustained margin and revenue growth.

Diversified Funding: As on 31-Mar-25, Chalet Hotels' net debt stood at approximately Rs2bn, reflecting increased capital deployment towards acquisitions and project development during the year. The company raised Rs750mn via listed non-convertible debentures (NCDs) for the first time, offering a cost-effective funding channel with a coupon of 8.35% and a AA– (Stable) credit rating from CRISIL. This helped diversify its capital structure and lower refinancing risk. The average cost of finance for the company reduced to 8.4%, down by 47bps from Mar-24.

| | |
|---------------|-----------|
| Est Change | No change |
| TP Change | Upward |
| Rating Change | No change |

Company Data and Valuation Summary

| | |
|------------------------------------|------------------|
| Reuters | CHAL.BO |
| Bloomberg | CHALET IN |
| Market Cap (Rsbn / US\$mn) | 191.1 / 2.3 |
| 52 Wk H / L (Rs) | 1,052 / 634 |
| ADTV-3M (mn) (Rs / US\$) | 244.1 / 2.8 |
| Stock performance (%) 1M/6M/1yr | 6.7 / 6.9 / 7.7 |
| Nifty 50 performance (%) 1M/6M/1yr | 7.3 / 4.1 / 10.6 |

| Shareholding | 2QFY25 | 3QFY25 | 4QFY25 |
|--------------|--------|--------|--------|
| Promoters | 67.5 | 67.4 | 67.4 |
| DII | 21.5 | 21.2 | 24.0 |
| FII | 7.0 | 7.5 | 5.2 |
| Others | 4.0 | 3.9 | 3.4 |
| Pro pledge | 33.1 | 33.1 | 33.1 |

Financial and Valuation Summary

| Particulars (Rsmn) | FY24 | FY25 | FY26E | FY27E |
|--------------------|--------|--------|--------|--------|
| Net Sales | 14,173 | 17,178 | 22,193 | 27,383 |
| Growth YoY % | 25.6 | 21.2 | 29.2 | 23.4 |
| EBITDA | 5,846 | 7,359 | 9,676 | 12,266 |
| EBITDA margin % | 41.2 | 42.8 | 43.6 | 44.8 |
| Adj PAT | 2,782 | 3,257 | 5,125 | 6,806 |
| Growth YoY % | 79.6 | 17.1 | 57.3 | 32.8 |
| EPS (Rs) | 12.7 | 6.5 | 23.5 | 31.2 |
| Growth YoY % | 51.7 | -48.8 | 259.7 | 32.8 |
| RoIC | 16.4 | 13.3 | 15.5 | 17.5 |
| RoE | 10.3 | 3.6 | 10.3 | 12.5 |
| P/E | 67.7 | 132.2 | 36.7 | 27.7 |
| EV/EBITDA | 37.0 | 28.8 | 21.7 | 16.8 |
| P/BV | 10.2 | 6.2 | 5.3 | 4.4 |

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links – 4QFY25 Presentation

Please refer to the disclaimer towards the end of the document.

Exhibit 1: 4QFY25 Consolidated performance

| Particulars (Rsmn) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | FY24 | FY25 | 4QFY25E | Var |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|------------|
| Net Sales | 3,108 | 3,145 | 3,737 | 4,183 | 3,610 | 3,771 | 4,578 | 5,220 | 14,173 | 17,178 | 4,870 | 7% |
| YoY Change (%) | 22.8 | 26.9 | 29.0 | 23.8 | 16.2 | 19.9 | 22.5 | 24.8 | 25.6 | 21.2 | 16.4 | |
| EBITDA | 1,098 | 1,260 | 1,660 | 1,829 | 1,402 | 1,495 | 2,047 | 2,414 | 5,846 | 7,359 | 2,188 | 10% |
| YoY Change (%) | 7.8 | 48.0 | 46.3 | 20.0 | 27.7 | 18.7 | 23.3 | 32.0 | 29.1 | 25.9 | 19.6 | |
| Margin (%) | 35.3 | 40.0 | 44.4 | 43.7 | 38.8 | 39.7 | 44.7 | 46.3 | 41.2 | 42.8 | 44.9 | |
| Depreciation | 310 | 350 | 353 | 371 | 389 | 424 | 477 | 498 | 1,384 | 1,788 | 481 | |
| Interest | 454 | 501 | 482 | 529 | 317 | 339 | 453 | 482 | 1,967 | 1,591 | 484 | |
| Other income | 38 | 36 | 62 | 61 | 81 | 61 | 67 | 154 | 198 | 363 | 57 | |
| PBT (bei) | 372 | 445 | 887 | 990 | 777 | 794 | 1,184 | 1,588 | 2,694 | 4,343 | 1,264 | |
| PBT | 372 | 445 | 887 | 990 | 777 | 794 | 1,184 | 1,588 | 2,694 | 4,343 | 1,264 | |
| Tax | -515 | 80 | 180 | 166 | 171 | 2,179 | 218 | 350 | -88 | 2,918 | 54 | |
| ETR (%) | -138.3 | 18.1 | 20.3 | 16.7 | 22.0 | 274.4 | 18.4 | 22.0 | -3.3 | 67.2 | 4.2 | |
| Reported PAT | 887 | 364 | 706 | 824 | 606 | -1,385 | 965 | 1,238 | 2,782 | 1,425 | 1,226 | 1% |
| EPS (Rs) | 4.3 | 1.8 | 3.4 | 4.0 | 2.8 | -6.4 | 4.4 | 5.7 | 12.7 | 6.5 | 5.6 | |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: 4QFY25 consolidated growth numbers

| Particulars (Rsmn) | 4QFY24 | 3QFY25 | 4QFY25 | YoY % | QoQ % | FY24 | FY25 | YoY % |
|---------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Net Sales | 4,183 | 4,578 | 5,220 | 24.8% | 14.0% | 14,173 | 17,178 | 21.2% |
| Foods, Beverages Consumed | 288 | 312 | 321 | 11.2% | 2.9% | 1,056 | 1,168 | 10.6% |
| Gross Profit | 3,894 | 4,266 | 4,899 | 25.8% | 14.8% | 13,117 | 16,010 | 22.1% |
| Staff costs | 516 | 578 | 677 | 31.1% | 17.1% | 1,946 | 2,345 | 20.5% |
| Other expenses | 1,550 | 1,641 | 1,808 | 16.7% | 10.1% | 5,325 | 6,306 | 18.4% |
| Total expenses | 2,354 | 2,531 | 2,805 | 19.2% | 10.8% | 8,327 | 9,819 | 17.9% |
| EBITDA | 1,829 | 2,047 | 2,414 | 32.0% | 18.0% | 5,846 | 7,359 | 25.9% |
| Depreciation | 371 | 477 | 498 | 34.1% | 4.3% | 1,384 | 1,788 | 29.2% |
| EBIT | 1,457 | 1,570 | 1,917 | 31.5% | 22.1% | 4,462 | 5,571 | 24.8% |
| Interest | 529 | 453 | 482 | -8.7% | 6.5% | 1,967 | 1,591 | -19.1% |
| Other income | 61 | 67 | 154 | 150.7% | 131.1% | 198 | 363 | 83.4% |
| PBT (bei) | 990 | 1,184 | 1,588 | 60.4% | 34.2% | 2,694 | 4,343 | 61.2% |
| PBT | 990 | 1,184 | 1,588 | 60.4% | 34.2% | 2,694 | 4,343 | 61.2% |
| Tax | 166 | 218 | 350 | 110.9% | 60.3% | -88 | 2,918 | -3405.6% |
| PAT | 824 | 965 | 1,238 | 50.2% | 28.3% | 2,782 | 1425 | -48.8% |
| EPS (Rs) | 4.0 | 4.4 | 5.7 | 41.2% | 28.3% | 13.6 | 6.5 | -51.9% |

Source: Company, Nirmal Bang Institutional Equities Research

KTAs from the conference call:

➤ **Management Commentary on Geopolitical and Business Impact:**

- The management acknowledged the impact of ongoing geopolitical tensions, describing the environment as fragile. Despite 11 days of disruption, Chalet Hotels reported 12% year-on-year growth for May (YTD and MTD), although this remains 9% below internal targets set in January. In the MICE segment, while some events were cancelled, most were rescheduled rather than fully cancelled, reflecting sustained demand and limited long-term impact.

➤ **Foreign Guest Contribution:**

- Management expects growth to continue, noting that domestic travel tends to recover faster, while foreign travel may take longer. In FY25, foreign guests contributed 39% of total room nights in business hotels and 3% in resorts, reflecting their significant role in overall occupancy.

➤ **Koramangala Residential Project Update:**

- In FY25, the Koramangala project sold 23 additional units bringing total sales to 92% of inventory. The blended selling rate for the quarter moderated to Rs19,800. Overall collections for the year amounted to Rs3.9bn with receivables of Rs4.1bn as on 31-Mar-25. All nine towers have received the OC with just 27 units remaining unsold.

➤ **Mumbai Airport Terminal Shift – Expected Impact:**

- With the planned shutdown of Terminal 1 from November, which currently handles 10-15 million passengers annually, the management anticipates a positive impact on its hotel near Terminal 2. As passenger traffic is redirected to T2, where the company's airport hotel is located, increased footfall is expected to drive higher occupancy and room demand, strengthening the hotel's performance in the Mumbai market.

➤ **Hyatt Regency Project Delay:**

- The project faces a 12-18 month delay due to regulatory changes requiring central approval for sites within 5km of protected forests. The approval process is currently stalled between state and central authorities, affecting around 200 projects in Mumbai.

➤ **Resort Portfolio and Hospitality Segment Performance:**

- Chalet Hotels strengthened its presence in the high-growth leisure and wellness segment with the acquisition of Westin Resort & Spa Himalaya for Rs5.3bn in Q4. The newly-acquired resorts — Courtyard by Marriott Aravali and Himalaya — are in the early ramp-up phase, showing occupancy-led growth.

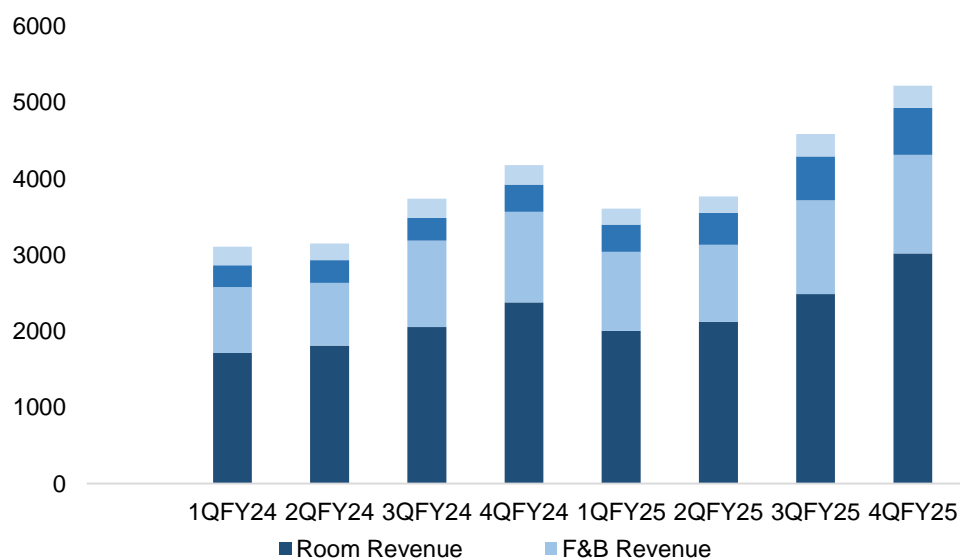
➤ **Rental and Annuity Business Update:**

- Rental revenue for the quarter surged 75% YoY to Rs619mn. Current permitted occupancy stands at 77% with the management expecting to reach over 90% within the next 2-3 quarters. Once over 90% occupancy is achieved, it is expected to remain stable due to the long-term nature of office leases.

➤ **Competitive Positioning:**

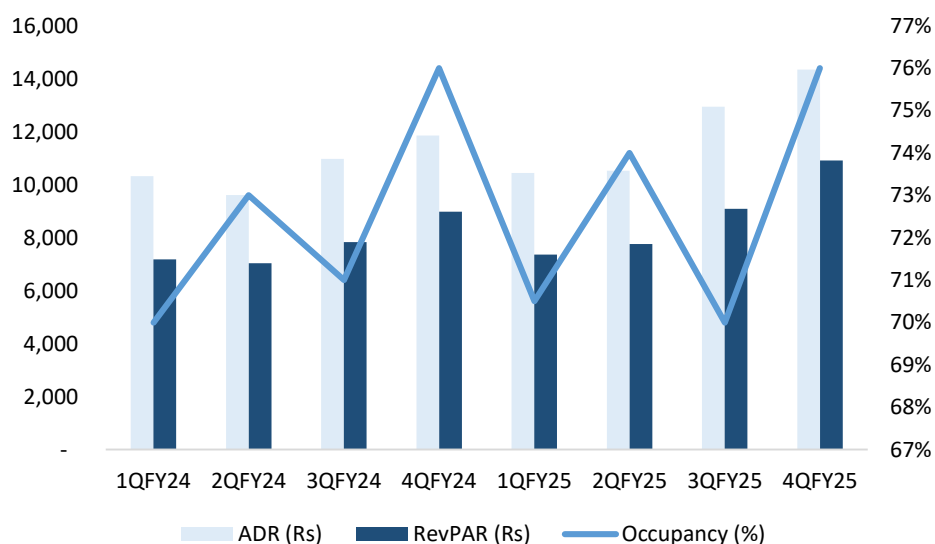
- Chalet believes its strength lies in being an efficient hotel asset owner with few peers investing in multiple hotel projects under one company. The company maintains a cost advantage through efficient design and construction, closely monitoring metrics like built-up area per room and cost per square meter to ensure high capital efficiency. This, combined with strong asset and operating management, supports superior return on capital employed.

Exhibit 3: Revenue break-up from operations

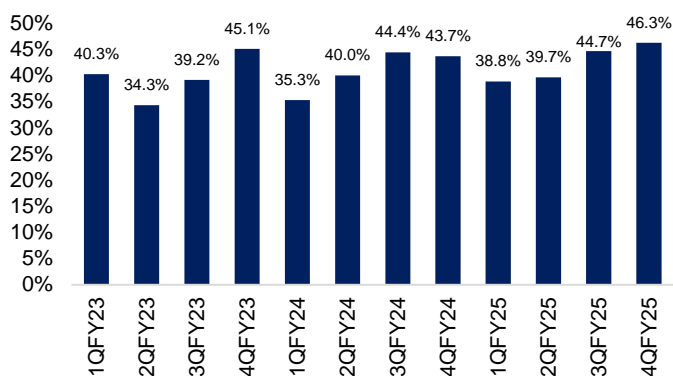


Source: Company, Nirmal Bang Institutional Equities Research

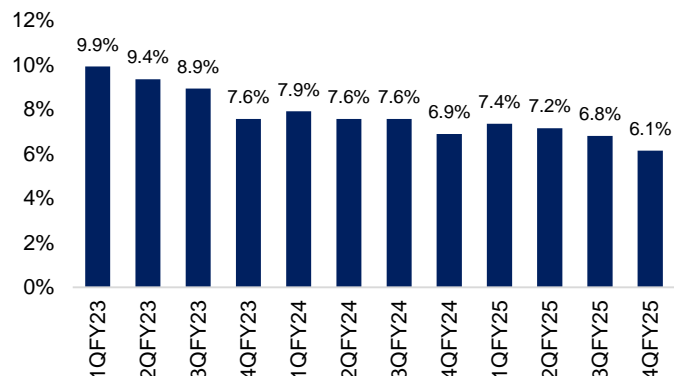
Exhibit 4: Key KPIs



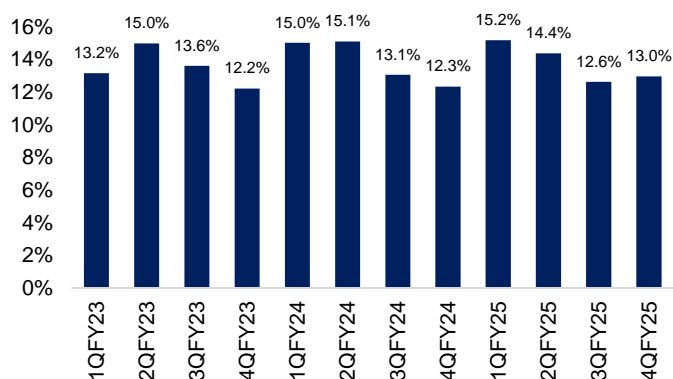
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Highest-ever EBITDA Margin in Q4


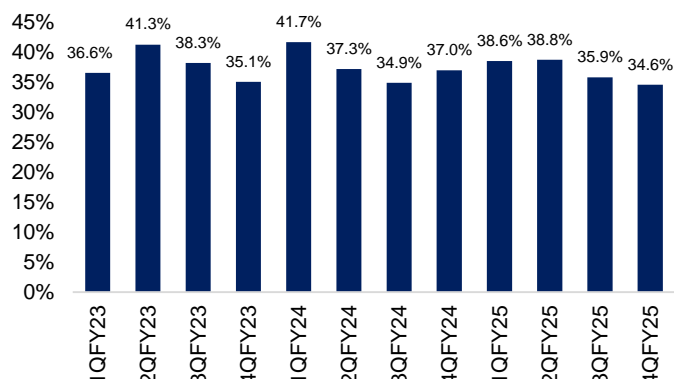
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: F&B cost as % of sales is falling


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Staff cost as % of sales is in a tight range


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Other expenses as % of sales improved QoQ


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Room rates and occupancy trend

| Particulars | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------|--------|
| ADR (Rs) | | | | | | | |
| MMR | 8,080 | 8,309 | 4,056 | 4,714 | 9,741 | 11,121 | 12,032 |
| Bengaluru | 8,756 | 9,093 | 4,611 | 4,403 | 8,825 | | |
| Hyderabad | 8,163 | 8,688 | 4,161 | 4,850 | 9,624 | 10,188 | 12,163 |
| Pune | - | 5,255 | 2,871 | 3,505 | 5,460 | | |
| Combined | 8,210 | 8,482 | 4,040 | 4,576 | 9,169 | 10,718 | 12,094 |
| Growth YoY | | 3% | -52% | 13% | 100% | 17% | 13% |
| Occupancy | | | | | | | |
| MMR | 76% | 72% | 35% | 58% | 74% | 77% | 77% |
| Bengaluru | 77% | 73% | 24% | 28% | 61% | | |
| Hyderabad | 76% | 70% | 19% | 45% | 69% | 68% | 68% |
| Pune | | 41% | 28% | 64% | 84% | | |
| Combined | 77% | 71% | 30% | 51% | 72% | 73% | 73% |
| Change | | -6% | -41% | 21% | 21% | 1% | 0% |
| RevPAR (Rs) | | | | | | | |
| MMR | 6,174 | 5,942 | 1,415 | 2,715 | 7,211 | 8,513 | 9,239 |
| Bengaluru | 6,757 | 6,593 | 1,127 | 1,220 | 5,363 | | |
| Hyderabad | 6,234 | 6,115 | 794 | 2,169 | 6,650 | 6,915 | 8,329 |
| Pune | - | 2,130 | 805 | 2,253 | 4,583 | | |
| Combined | 6,283 | 6,022 | 1,214 | 2,355 | 6,605 | 7,776 | 8,781 |
| Growth YoY | - | -4% | -80% | 94% | 180% | 18% | 13% |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Room rates and occupancy quarterly trend

| Particulars | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|--------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| ADR (Rs) | | | | | | | | |
| MMR | 10,826 | 9,861 | 11,510 | 12,173 | 10,530 | 10,580 | 12,972 | 14,122 |
| Others* | 9,555 | 9,309 | 10,235 | 11,474 | 10,339 | 10,480 | 12,912 | 14,570 |
| Combined | 10,317 | 9,610 | 10,974 | 11,862 | 10,446 | 10,532 | 12,944 | 14,345 |
| Occupancy | | | | | | | | |
| MMR | 74% | 74% | 78% | 81% | 78% | 75% | 74% | 80% |
| Others* | 64% | 72% | 64% | 70% | 63% | 72% | 66% | 73% |
| Combined | 70% | 73% | 71% | 76% | 71% | 74% | 70% | 76% |
| RevPar (Rs) | | | | | | | | |
| MMR | 7,976 | 7,288 | 8,977 | 9,815 | 8,210 | 7,969 | 9,622 | 11,265 |
| Others* | 6,147 | 6,737 | 6,546 | 8,079 | 6,488 | 7,540 | 8,562 | 10,581 |
| Combined | 7,182 | 7,034 | 7,838 | 8,984 | 7,361 | 7,756 | 9,090 | 10,909 |

Source: Company, Nirmal Bang Institutional Equities Research; Note: *Others include Pune, Hyderabad, Bengaluru, NCR, and Uttarakhand

Exhibit 11: Hospitality segment operating metrics – quaterly trend

| Particulars | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Hospitality performance (Rsmn) | | | | | | | | |
| Total Revenue | 2,822 | 2,844 | 3,434 | 3,830 | 3,255 | 3,352 | 4,005 | 4,598 |
| EBITDA | 1,198 | 1,184 | 1,589 | 1,832 | 1,341 | 1,387 | 1,847 | 2,228 |
| EBITDA margin | 42.5% | 41.6% | 46.3% | 47.8% | 41.2% | 41.4% | 46.1% | 48.5% |

| Particulars | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Hospitality Revenue | | | | | | | | |
| Room | 1,747 | 1813 | 2054 | 2379 | 2,004 | 2122 | 2489 | 3021 |
| F&B | 866 | 822 | 1134 | 1190 | 1,039 | 1014 | 1229 | 1263 |
| Other | 208 | 209 | 246 | 261 | 212 | 216 | 287 | 314 |
| Total | 2,822 | 2,844 | 3,434 | 3,830 | 3,255 | 3,352 | 4,005 | 4,598 |

| Particulars | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Share | | | | | | | | |
| Room | 62% | 64% | 60% | 62% | 62% | 63% | 62% | 66% |
| F&B | 31% | 29% | 33% | 31% | 32% | 30% | 31% | 27% |
| Other | 7% | 7% | 7% | 7% | 7% | 6% | 7% | 7% |

| Particulars | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating metrics | | | | | | | | |
| ADR | 10,317 | 9,610 | 10,974 | 11,862 | 10,446 | 10,532 | 12,994 | 14,345 |
| Occupancy (%) | 70% | 73% | 71% | 76% | 71% | 74% | 70% | 76% |
| RevPar | 7,182 | 7,034 | 7,838 | 8,984 | 7,361 | 7,756 | 9,090 | 10,909 |

| Particulars | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Mix | | | | | | | | |
| MMR | 64% | 58% | 63% | 60% | 59% | 54% | 56% | 53% |
| Hyderabad | 12% | 20% | 21% | 21% | 19% | 22% | 21% | 21% |
| Bengaluru | 17% | 15% | 11% | 12% | 13% | 14% | 12% | 13% |
| Pune/Lonavala | 8% | 7% | 5% | 5% | 5% | 6% | 5% | 5% |
| Others | 0% | 0% | 0% | 2% | 4% | 5% | 6% | 8% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

| Particulars | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Guests breakup | | | | | | | | |
| Domestic Guests | 67% | 68% | 66% | 57% | 70% | 67% | 61% | 61% |
| Foreign Guests | 33% | 32% | 34% | 43% | 30% | 33% | 39% | 39% |
| Staff-to-room ratio | 0.96 | 0.97 | 0.94 | 0.93 | 0.94 | 0.97 | 0.97 | 1.10 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Pipeline for new upcoming Hotels and commercial property

| Project | New Rooms/Leasable Area | Location | Completion Update (Guidance given in Q4FY25) | Completion Update (Guidance given in Q3FY25) |
|--|-------------------------|------------|--|--|
| The Dukes Retreat Renovation & Expansion (Existing rooms – 80) | 67 New | Lonavala | Opening Phase 1 in Aug-24, Phase 2 – H1FY26 | Opening Phase 1 in Aug-24, Phase 2 – Q1FY26 |
| Land Parcel, North Goa | 170 rooms | Goa | - | Q4FY25 |
| Taj at Delhi International Airport | 385–390 rooms | New Delhi | H1FY27 | Q1FY27 |
| Hyatt Regency at Airoli, Navi Mumbai | ~280 rooms | Mumbai | 36 months post approval | H2FY27 |
| CIGNUS Powai® Tower II | 0.9msf | Mumbai | Q4 FY27 | Q4FY27 |
| New Hotel at Varca, Goa | ~190 rooms | Goa | FY28 | FY28 |
| New Hotel at Trivandrum, Kerala | ~150 rooms | Trivandrum | - | - |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Commercial leasing operating metrics – quarterly trend

| Particulars (Rsmn) | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Leasable Area (msf) | 1.2 | 1.2 | 1.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Leased Area (msf) | 0.5 | 0.7 | 0.8 | 1.1 | 1.2 | 1.2 | 1.6 | 1.7 |
| Occupancy | 45% | 57% | 67% | 46% | 50% | 50% | 67% | 71% |
| Rental/Annuity Revenue (Rsmn) | 285 | 300 | 301 | 354 | 355 | 419 | 577 | 619 |
| Rental/Annuity EBITDA (Rsmn) | 227 | 237 | 251 | 272 | 264 | 323 | 455 | 498 |
| EBITDA margin | 80% | 79% | 83% | 77% | 74% | 77% | 79% | 80% |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Actual performance vs NBIE and Consensus estimates

| Consolidated (Rsmn) | 4QFY25 | 4QFY25E (NBIE) | Variance | 4QFY25E (Consensus) | Variance |
|---------------------|--------|----------------|----------|---------------------|----------|
| Revenue | 5,220 | 4,870 | 7% | 5,067 | 3% |
| EBITDA | 2,414 | 2,188 | 10% | 2,262 | 7% |
| EBITDA margin | 46.3% | 44.9% | 133bps | 44.6% | 161bps |
| PAT | 1,238 | 1,226 | 1% | 1,138 | 9% |

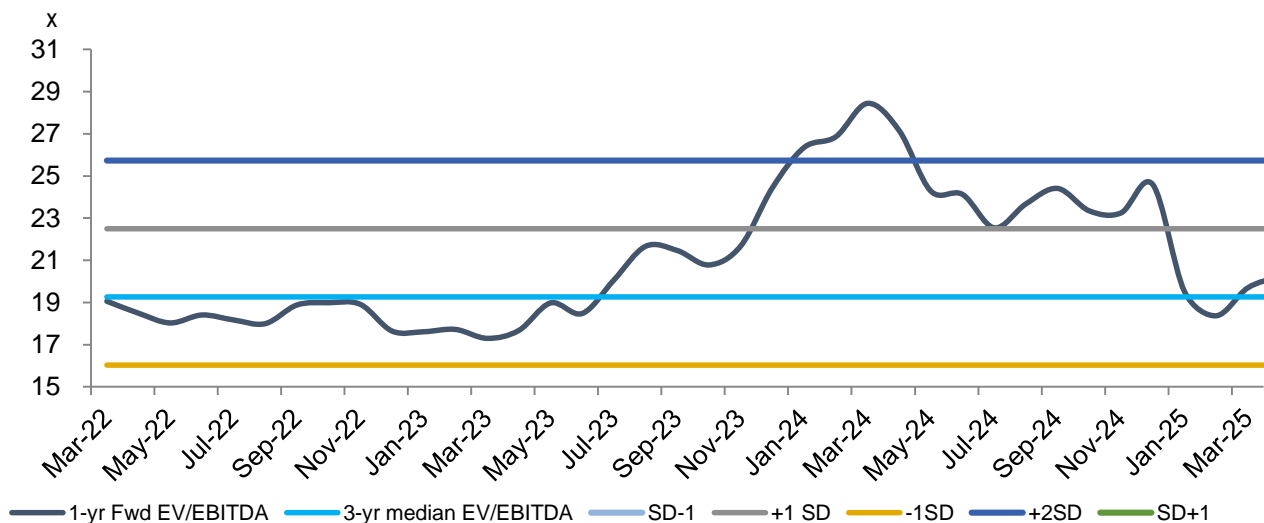
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Change in earnings estimates

| Y/E March | Earlier Estimates | | New Estimates | | Change | |
|---------------|-------------------|--------|---------------|--------|--------|-------|
| (Rsmn) | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Net Sales | 22,055 | 28,133 | 22,193 | 27,383 | 0.6% | -2.7% |
| EBITDA | 9,774 | 12,591 | 9,676 | 12,266 | -1.0% | -2.6% |
| EBITDA margin | 44.3% | 44.8% | 43.6% | 44.8% | -72bps | 4bps |
| PAT | 5,243 | 6,879 | 5,125 | 6,806 | -2.2% | -1.1% |

Source: Nirmal Bang Institutional Equities Research

Exhibit 16: 1-Year EV/EBITDA Trend



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit 17: Income statement

| Y/E March (Rsmn) | FY23 | FY24 | FY25 | FY26E | FY27E |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Net Sales | 11,285 | 14,173 | 17,178 | 22,193 | 27,383 |
| Growth YoY% | 122.2 | 25.6 | 21.2 | 29.2 | 23.4 |
| Foods, Beverages Consumed | 999 | 1,056 | 1,168 | 1,224 | 1,397 |
| % of sales | 8.9 | 7.4 | 6.8 | 5.5 | 5.1 |
| Staff costs | 1,511 | 1,946 | 2,345 | 2,580 | 2,964 |
| % of sales | 13.4 | 13.7 | 13.6 | 11.6 | 10.8 |
| Other expenses | 4,246 | 5,325 | 6,306 | 8,713 | 10,755 |
| % of sales | 37.6 | 37.6 | 36.7 | 39.3 | 39.3 |
| EBITDA | 4,528 | 5,846 | 7,359 | 9,676 | 12,266 |
| Growth YoY% | 359.8 | 29.1 | 25.9 | 31.5 | 26.8 |
| EBITDA margin % | 40.1 | 41.2 | 42.8 | 43.6 | 44.8 |
| Depreciation | 1,173 | 1,384 | 1,788 | 1,927 | 2,319 |
| EBIT | 3,355 | 4,462 | 5,571 | 7,749 | 9,948 |
| Interest | 1,545 | 1,967 | 1,591 | 1,472 | 1,331 |
| Other income | 495 | 198 | 363 | 570 | 475 |
| PBT (bei) | 2,305 | 2,694 | 4,343 | 6,846 | 9,091 |
| PBT | 2,728 | 2,694 | 4,343 | 6,846 | 9,091 |
| PAT | 1,833 | 2,782 | 1,425 | 5,125 | 6,806 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: Balance sheet

| Y/E March (Rsmn) | FY23 | FY24 | FY25 | FY26E | FY27E |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Share Capital | 2,050 | 2,055 | 2,185 | 2,185 | 2,185 |
| Reserves & Surplus | 13,365 | 16,454 | 28,272 | 33,398 | 40,204 |
| Net worth | 15,415 | 18,509 | 30,457 | 35,582 | 42,388 |
| Long term debt | 22,077 | 18,546 | 15,530 | 13,525 | 10,820 |
| Short term debt | 5,862 | 10,957 | 10,013 | 10,013 | 10,013 |
| Total debt | 27,939 | 29,503 | 25,543 | 23,538 | 20,833 |
| Net debt | 26,719 | 28,172 | 22,693 | 20,374 | 16,698 |
| Other non-current liabilities | 1,039 | 1,313 | 2,609 | 2,929 | 3,312 |
| Total Equity & Liabilities | 49,308 | 57,495 | 70,635 | 76,302 | 82,031 |
| Gross block | 33,776 | 38,544 | 46,719 | 54,719 | 61,219 |
| Accumulated depreciation | 12,283 | 13,666 | 15,454 | 17,382 | 19,700 |
| Net Block | 21,493 | 24,877 | 31,265 | 37,337 | 41,519 |
| CWIP | 978 | 369 | 1,832 | 1,832 | 1,832 |
| Intangible and others | 568 | 732 | 856 | 856 | 856 |
| Other non-current assets | 2,682 | 4,155 | 4,951 | 3,961 | 3,169 |
| Investments | 16,542 | 18,549 | 21,068 | 21,068 | 21,068 |
| Trade receivables | 590 | 552 | 782 | 893 | 1,102 |
| Inventories | 4,129 | 5,420 | 6,325 | 6,992 | 8,627 |
| Cash & Cash equivalents | 1,220 | 1,323 | 1,862 | 2,177 | 3,147 |
| Other current assets | 1,105 | 1,518 | 1,694 | 1,186 | 712 |
| Total current assets | 7,044 | 8,821 | 11,651 | 12,237 | 14,577 |
| Trade payables | 1,502 | 2,071 | 1,713 | 2,919 | 3,601 |
| Other current liabilities | 3,413 | 6,100 | 10,312 | 11,334 | 11,897 |
| Total current liabilities | 4,915 | 8,171 | 12,025 | 14,253 | 15,498 |
| Total Assets | 49,308 | 57,495 | 70,635 | 76,302 | 82,031 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Cash flow

| Y/E March (Rsmn) | FY23 | FY24 | FY25 | FY26E | FY27E |
|--------------------------------|---------------|---------------|----------------|---------------|---------------|
| PBT | 2,728 | 2,694 | 4,343 | 6,846 | 9,091 |
| Depreciation | 1,173 | 1,384 | 1,788 | 1,927 | 2,319 |
| Interest | 1,545 | 1,967 | 1,591 | 1,472 | 1,331 |
| Other adjustments | 1,673 | 2,805 | 3,395 | 3,285 | 4,163 |
| Change in Working capital | -35 | 1,366 | 2,830 | 1,957 | -125 |
| Tax paid | 31 | -553 | -867 | -1,721 | -2,285 |
| Operating cash flow | 4,769 | 6,894 | 9,504 | 9,912 | 9,856 |
| Capex | -1,748 | -4,362 | -9,691 | -8,000 | -6,500 |
| Free cash flow | 3,021 | 2,532 | -187 | 1,912 | 3,356 |
| Other investing activities | -4,176 | -1,986 | -4,163 | 1,560 | 1,267 |
| Investing cash flow | -5,924 | -6,349 | -13,854 | -6,440 | -5,233 |
| Movement of Debt | 2,475 | 1,031 | -2,608 | -2,005 | -2,705 |
| Other financing activities | -1,466 | -2,243 | -2,180 | -172 | -948 |
| Financing cash flow | 1,260 | -1,078 | 4,956 | -2,177 | -3,653 |
| Net change in cash flow | 105 | -532 | 606 | 1,296 | 970 |
| Opening C&CE | 232 | 354 | -29 | 881 | 2,177 |
| Closing C&CE | 354 | -30 | 881 | 2,177 | 3,147 |

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: Key ratios

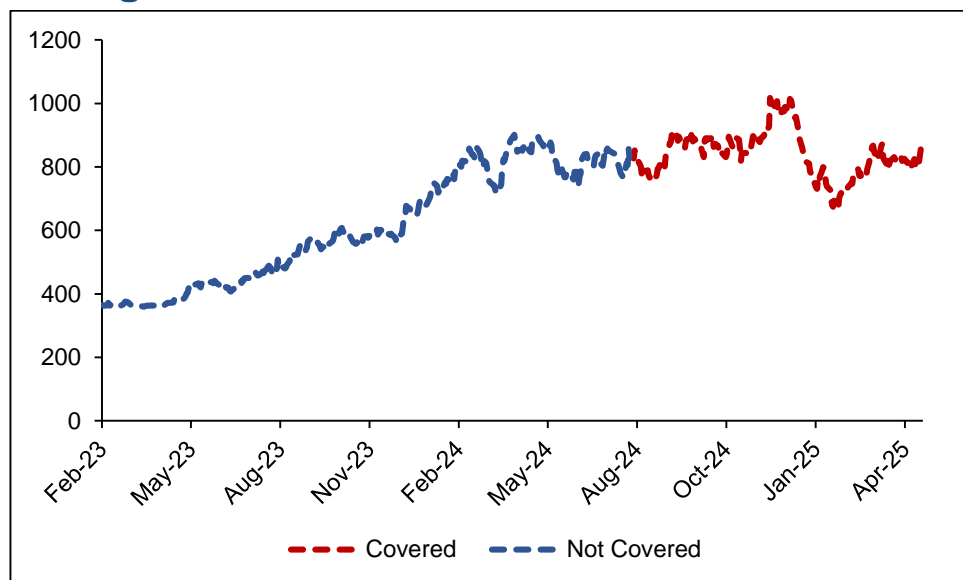
| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E |
|---------------------------------|-------|-------|-------|-------|-------|
| Per share (Rs) | | | | | |
| Adj EPS | 8.4 | 12.7 | 6.5 | 23.5 | 31.2 |
| Book value | 70.6 | 84.7 | 139.4 | 162.9 | 194.0 |
| Valuation (x) | | | | | |
| P/Sales | 16.7 | 13.3 | 11.0 | 8.5 | 6.9 |
| EV/EBITDA | 47.5 | 37.0 | 28.8 | 21.7 | 16.8 |
| P/E | 102.7 | 67.7 | 132.2 | 36.7 | 27.7 |
| P/BV | 12.2 | 10.2 | 6.2 | 5.3 | 4.4 |
| EV/Room (Rsmn) | 81.5 | 70.9 | 69.5 | 64.6 | 57.4 |
| Return ratios (%) | | | | | |
| RoCE | 5.5% | 10.1% | 3.5% | 10.1% | 12.2% |
| RoCE (pre-tax) | 8.2% | 9.8% | 10.7% | 13.5% | 16.3% |
| RoIC | 10.7% | 16.4% | 13.3% | 15.5% | 17.5% |
| RoE | 5.6% | 10.3% | 3.6% | 10.3% | 12.5% |
| Profitability ratios (%) | | | | | |
| EBITDA margin | 40.1 | 41.2 | 42.8 | 43.6 | 44.8 |
| PAT margin | 13.2 | 19.4 | 18.6 | 22.5 | 24.4 |
| Liquidity ratios (%) | | | | | |
| Current ratio | 0.7 | 0.5 | 0.5 | 0.5 | 0.6 |
| Quick ratio | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| Solvency ratio (%) | | | | | |
| Debt to Equity ratio | 1.7 | 1.5 | 0.7 | 0.6 | 0.4 |
| Turnover ratios | | | | | |
| Fixed asset turnover ratio (x) | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 |
| Debtor days | 17 | 15 | 15 | 15 | 15 |
| Inventory days | 130 | 123 | 120 | 115 | 115 |
| Creditor days | 38 | 46 | 46 | 48 | 48 |
| Net Working capital days | 109 | 92 | 89 | 82 | 82 |

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

| Date | Rating | Market price (Rs) | Target price (Rs) |
|-----------------|--------|-------------------|-------------------|
| 29 July 2024 | Buy | 836 | 980 |
| 25 October 2024 | Buy | 830 | 954 |
| 30 January 2025 | Buy | 755 | 954 |
| 13 May 2025 | Buy | 872 | 1,019 |

Rating Chart



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BUY > 15%

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SELL < -5%

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