

Balancing Renovations – Growth – Profitability well

- LT's Q1FY26 results came in line & were healthy. Revenue/EBITDA/APAT grew by +18/22/94% YoY. APAT grew higher due to Oplev.
- The company's FY26-27 outlook is driven by several key triggers, including 1) the renovation of big-box LT Premier hotels in key cities during FY25 (to drive ARR growth in FY26) 2) uptick from renovation of 'Keys brand' portfolio 3) stable renovation expenses in FY26 vs. FY25 4) ramp-up at Aurika Mumbai with occupancies hitting desired levels of ~80-85% 5) strong pipeline of rooms under management contracts 6) deleveraging and 7) potential listing of Fleur.
- We increase our FY26/27E EBITDA by 2/3% to factor Q1FY26 performance. Upgrade to 'BUY' rating from Accumulate, led by the aforementioned triggers. Our revised TP is Rs 175 @ 24x FY27E pre-IndAS EV/E (vs. Rs 170 earlier). We estimate Revenue/EBITDA/APAT CAGR of 13%/19%/32% over FY25–27E. LT has undergone 6M of time correction (another 3M likely due to high base of Q2FY25). Key risks include a potential reversal in the industry upcycle.

Revenues healthy, margins improve!

LTH's revenue grew by 18% YoY, driven by RevPAR growth of 19%. Non-room revenues were +13% YoY. EBITDA/APAT grew by 22/95% driven by oplev and lower renovation expenses and higher other income. EBITDA margin stood at 44.5%, +157bps YoY.

.....better operational performance too.

RevPAR grew 19% YoY, driven by an 8.9% YoY rise in occupancies and a 9.7% YoY increase in ARR. Key markets such as Mumbai (+39%), Bengaluru (+14%), and Delhi (+17%) posted healthy RevPAR gains. The company's focus on optimizing occupancy through strategic ARR adjustments has delivered strong performance, with growth in both ARR and occupancy. Despite geopolitical tensions, performance remained robust.

Strategic upgrade on track

Lemon Tree is undergoing a major renovation drive, with ~75% already completed and most of it to be completed by FY27E (earlier guided FY26), mainly across high-ARR LT Premier hotels and the Key portfolio. With most of the capex cycle ending in H1FY27, the company should benefit from ARR gains and a more stable cost structure. This, along with digital investments, Aurika Mumbai's ramp-up, and lower interest costs, positions it well for H2FY26 growth. Under LT 2.0, the company is targeting a 50% EBITDA margin, a 20% RoCE, and 20K+ rooms by CY28, with ~85% of these targets already achieved.

Key Data

Nifty	24,585
Equity / FV	Rs 7,918mn / Rs 10
Market Cap	Rs 113bn
	USD 1.3bn
52-Week High/Low	Rs 162/ 112
Avg. Volume (no)	27,93,670
Bloom Code	LEMONTRE IN

	Current	Previous
Rating	BUY	Accumulate
Target Price	175	170

Change in Estimates

(Rs.bn)	Current FY26E	Current FY27E	Chg (%) /bps FY26E	Chg (%) /bps FY27E
Revenue	15	17	1.8	3.3
EBITDA	7	9	1.8	2.8
EBITDA (%)	50.3	53.0	2	(29)
APAT	2	3	6.8	6.0
EPS (Rs)	3.2	4.3	6.8	6.0

Valuation (x)

	FY25A	FY26E	FY27E
P/E	57.2	45.1	33.1
EV/EBITDA	21.1	17.9	14.5
ROE (%)	18.5	19.4	21.5
RoACE (%)	11.2	12.2	14.4

Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	3,158	17.8	(16.6)
Total Expense	1,753	14.6	0.5
EBITDA	1,405	22.1	(31.2)
Depreciation	342	(1.0)	(1.9)
EBIT	1,063	32.1	(37.2)
Other Income	16	362.2	86.4
Interest	447	(13.7)	(5.4)
EBT	633	117.5	(48.5)
Tax	148	62.5	4.7
RPAT	383	93.5	(54.7)
APAT	383	93.5	(54.7)
		(bps)	(bps)
Gross Margin	93.7	(14)	(19)
EBITDA (%)	44.5	157	(943)
NPM (%)	12.1	475	(1023)
Tax Rate (%)	23.3	(790)	1186
EBIT (%)	33.7	363	(1105)

Director Research: Himanshu Shah
+91 22 4096 9737

himanshu.shah@dolatcapital.com

Associate: Urvi Shah
+9122 40969750

urvis@dolatcapital.com

Exhibit 1: Actual vs. Estimates

(Rs Mn)	Actual	Estimate	% Variance	Comments
Rooms (Nos)	5,759	5,759	-	In line. APAT higher due to oplev
ARR (Rs)	6,236	6,169	1.1	
Occupancy (%)	72.5	71.6	1.3	
RevPAR (Rs)	4,521	4,417	2.4	
Room Revenue (Rs Mn)	2,369	2,315	2.4	
Other Revenue (Rs Mn)	788	792	(0.5)	
Total Revenue (Rs Mn)	3,158	3,107	1.6	
EBITDA (Rs Mn)	1,405	1,390	1.1	
EBITDA Margin (%)	44.5	44.7	(22 bps)	
PAT (Rs Mn)	383	336	14.2	
EPS (Rs Mn)	0.5	0.4	14.2	

Source: Company, Dolat Capital

Exhibit 2: Change in estimates

Particular (Rs mn)	FY26E			FY27E			Comments
	New	Old	Chg. (%)	New	Old	Chg. (%)	
Rooms (Nos)	5,759	5,828	(1.2)	5,850	5,828	0.4	Increase estimates to factor Q1FY26
ARR (Rs)	6,855	6,810	0.7	7,404	7,321	1.1	
Occupancy (%)	75.3	73.6	2.3	77.9	76.2	2.2	
RevPAR (Rs)	5,180	5,046	2.7	5,790	5,615	3.1	
Room Revenue (Rs Mn)	10,882	10,657	2.1	12,335	11,936	3.3	
Other Revenue (Rs Mn)	3,680	3,648	0.9	4,334	4,194	3.3	
Total Revenue (Rs Mn)	14,562	14,304	1.8	16,669	16,130	3.3	
EBITDA (Rs Mn)	7,328	7,196	1.8	8,842	8,604	2.8	
EBITDA Margin (%)	50.3	50.3	2 bps	53.0	53.3	-25 bps	
APAT (Rs Mn)	2,498	2,338	6.8	3,403	3,211	6.0	
AEPS (Rs)	3.2	3.0	6.8	4.3	4.1	6.0	

Source: Company, Dolat Capital

Exhibit 3: Operating performance summary

Particulars (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Owned/Leased rooms	5,759	5,759	5,759	5,759	5,759	-	-
Managed rooms	4,366	4,559	4,558	4,510	4,730	8.3	4.9
Total Rooms	10,125	10,318	10,317	10,269	10,489	3.6	2.1
ARR (Rs)	5,686	5,902	6,763	7,042	6,236	9.7	(11.4)
Occupancy (%)	66.6	68.4	74.2	77.6	72.5	8.9	(6.6)
RevPAR (Rs)	3,787	4,037	5,018	5,465	4,521	19.4	(17.3)
Room Rev. (Rs Mn)	1,963	2,139	2,659	2,832	2,369	19.4	(16.3)
Non-Room Rev. (Rs Mn)	717	705	893	953	788	13.3	(17.3)
Total Revenue (Rs Mn)	2,680	2,844	3,552	3,785	3,158	17.8	(16.6)

Source: Company, Dolat Capital

Exhibit 4: Consolidated Quarterly Financials

Particulars (Rs Mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Revenue	2,680	2,844	3,552	3,785	3,158	17.8	(16.6)
F&B costs	164	172	196	230	198	20.5	(13.9)
Employee costs	507	543	564	570	580	14.3	1.6
Other expenses	858	822	949	944	975	13.6	3.3
Total Operating Cost	1,530	1,536	1,710	1,744	1,753	14.6	0.5
EBITDA	1,151	1,307	1,842	2,041	1,405	22.1	(31.2)
D&A	346	348	351	349	342	(1.0)	(1.9)
Finance Cost (net)	518	513	503	472	447	(13.7)	(5.4)
Other Income	4	5	6	9	16	362.2	86.4
Share of profit/(loss) of associates	1	2	1	(6)	(4)	(435.0)	(36.2)
EO profit/(loss)	-	-	-	-	-	-	-
PBT	292	453	995	1,223	629	115.2	(48.6)
Tax	91	102	197	141	148	62.5	4.7
RPAT	201	350	798	1,081	481	139.1	(55.5)
Minority Interest	3	54	174	235	98	3,037.0	(58.4)
APAT	198	296	625	847	383	93.5	(54.7)

LTP: Loss to Profit/NTP: Negative to Positive, Source: Company, Dolat Capital

Exhibit 5: Margin Analysis

% of Net revenue	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (bps)	QoQ (bps)
Revenue	100.0	100.0	100.0	100.0	100.0	-	-
Cost of food and beverages consumed	6.1	6.0	5.5	6.1	6.3	14	19
Employee benefits expense	18.9	19.1	15.9	15.1	18.4	(56)	329
Other expenses	32.0	28.9	26.7	24.9	30.9	(114)	594
Operating Cost	57.1	54.0	48.1	46.1	55.5	(156)	943
EBITDA	42.9	46.0	51.9	53.9	44.5	156	(943)
D&A	12.9	12.2	9.9	9.2	10.8	(207)	162
Finance Cost (net)	19.3	18.1	14.2	12.5	14.1	(516)	167
Other Income	0.1	0.2	0.2	0.2	0.5	39	29
Share of profit/(loss) of associates	0.0	0.1	0.0	(0.2)	(0.1)	(17)	4
EO profit/(loss)	-	-	-	-	-	-	-
PBT	10.9	15.9	28.0	32.3	19.9	901	(1,239)
Tax	3.4	3.6	5.5	3.7	4.7	128	95
RPAT	7.5	12.3	22.5	28.6	15.2	773	(1,334)
Minority Interest	0.1	1.9	4.9	6.2	3.1	298	(311)
APAT	7.4	10.4	17.6	22.4	12.1	475	(1,023)
Tax as % of PBT	31.1	22.6	19.8	11.5	23.5	(763)	1,195

Source: Dolat Capital, Company

Exhibit 6: Abridged Cash Flows

Particulars (Rs Mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
PBT	(3)	183	453	(22)	(2,187)	(1,446)	1,782	2,158	2,962
Finance costs	641	691	768	1,544	1,812	1,724	1,732	1,961	1,936
D&A	510	526	541	872	1,076	1,043	966	1,121	1,393
Chg in WC	6	(433)	249	(916)	(324)	27	(403)	(218)	(416)
Other Adj.	21	13	(8)	19	(62)	20	(22)	(13)	42
Tax paid	(42)	(32)	(134)	(13)	96	(17)	(207)	(360)	(502)
Source of Cash Flows	1,133	949	1,869	1,483	410	1,353	3,849	4,650	5,416
Capex	(2,237)	(2,363)	(2,714)	(6,318)	(644)	(668)	(1,618)	(3,305)	(932)
Lease Liabilities	-	-	-	(327)	(268)	(372)	(379)	(392)	(403)
Interest Costs	(641)	(706)	(767)	(1,115)	(889)	(1,319)	(1,375)	(1,546)	(1,579)
Utilization of Cash Flows	(2,878)	(3,069)	(3,481)	(7,760)	(1,802)	(2,359)	(3,372)	(5,243)	(2,914)
Net FCFF	(1,746)	(2,120)	(1,612)	(6,277)	(1,391)	(1,006)	477	(592)	2,502
Chg in Equity	48	107	63	3,622	1,752	8	(1,262)	(483)	0
Chg in Borrowings	1,736	2,047	1,653	2,649	506	266	479	1,175	(2,284)
Financing Cash Flows	1,783	2,154	1,716	6,271	2,258	274	(783)	692	(2,284)
Chg in C&CE	38	34	104	(6)	866	(732)	(306)	100	218

Source: Dolat Capital, Company

Exhibit 7: Key assumptions table

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Rooms (No)	3,570	5,192	5,192	5,192	5,090	5,759	5,759	5,759	5,850
ADR (Rs)	4,177	4,327	2,577	3,346	5,325	5,861	6,348	6,855	7,404
Occupancy (%)	76.4%	71.5%	39.9%	46.1%	68.1%	70.0%	71.7%	75.3%	77.9%
RevPAR (Rs)	3,190	3,093	1,029	1,542	3,628	4,100	4,552	5,180	5,790
Room Revenue (Rs Mn)	3,880	4,760	1,949	2,980	6,684	8,145	9,615	10,882	12,335
Non-Room Rev (Rs Mn)	1,624	1,935	568	1,042	2,066	2,509	3,246	3,680	4,334
Total Revenue (Rs Mn)	5,504	6,694	2,517	4,022	8,750	10,655	12,861	14,562	16,669
Operating expenses	3,817	4,311	1,905	2,683	4,226	5,479	6,520	7,234	7,826
EBITDA (Rs Mn)	1,688	2,383	613	1,339	4,524	5,176	6,341	7,328	8,842
EBITDA margin (%)	30.7	35.6	24.3	33.3	51.7	48.6	49.3	50.3	53.0
Change YoY (%/bps)									
Rooms (No)	8.9	45.4	-	-	(2.0)	13.1	-	-	1.6
ADR (Rs)	7.8	3.6	(40.5)	29.9	59.2	10.1	8.6	8.0	8.0
Occupancy (bps)	0.6	(6.4)	(44.1)	15.4	2205	183	2.5	5.0	3.5
RevPAR (Rs)	8.0	(3.0)	(66.7)	49.9	135.3	13.0	11.3	13.8	11.8
Room Revenue (Rs Mn)	16.0	22.7	(59.0)	52.9	124.3	21.9	18.3	13.2	13.4
Non-Room Revenue (Rs Mn)	8.4	19.1	(70.7)	83.6	98.2	21.5	28.3	13.4	17.8
Total Revenue (Rs Mn)	13.7	21.6	(62.4)	59.8	117.5	21.8	20.7	13.2	14.5
Operating expenses	9.6	13.0	(55.8)	40.9	57.5	29.6	19.0	11.0	8.2
EBITDA (Rs Mn)	24.0	41.2	(74.3)	118.6	237.8	14.4	22.5	15.6	20.7
EBITDA margin (bps)	255	494	(1,126)	895	1,841	(312)	73	102	273

Source: Dolat Capital, Company

Exhibit 8: Valuation summary

Particulars	Consolidated (100%)		Proportionate Ownership (75%)*	
	FY26E	FY27E	FY26E	FY27E
EBITDA (Rs Mn)	7,328	8,842	5,496	6,632
(-) IndAS116 impact of Rent (Rs Mn)	567	624	425	468
Core EBITDA (Rs Mn)	6,761	8,219	5,071	6,164
Multiple (x)	24	24	24	24
Enterprise Value (Rs Mn)	1,62,267	1,97,250	1,21,700	1,47,937
Net debt (Rs Mn)	18,951	15,778	14,213	11,833
(-) IndAS 116 debt (Rs Mn)	4,763	5,120	3,334	3,584
(-) Debt for u/c assets/CWIP (Rs Mn)	408	204	286	143
Core Net debt (Rs Mn)	13,780	10,454	10,594	8,106
Equity Value (Rs Mn)	1,48,487	1,86,796	1,11,107	1,39,831
O/s shares (Mn)	792	792	792	792
Value per share (Rs)	187	236	139	175
CMP (Rs)	142	142	142	142
Upside/Downside (%)	32%	66%	-2%	24%

Source: Dolat Capital, Company: * We value LTH on proportionate ownership basis as ~60% of its operational portfolio is in subsidiary Fleur where it owns ~59% stake. Effective ownership at entity level on room basis is ~72%. But LTH standalone also earns ~4-5% brand fees from subsidiaries.

Earning call KTAs

- **Demand trends:** Q1FY26 Revpar was healthy at 19%, with occupancies (8.9% YoY) and ARR growth (9.7% YoY). The company experienced higher RevPAR in Mumbai (39%), Delhi (+17%), and Bengaluru (+14%) due to increased occupancies. However, the ARR has remained relatively stable across these cities, including Mumbai. The company is aiming to boost occupancy by dynamically managing its ARR.
- The outlook for Q2FY26 appears less healthy due to a higher base effect from last year, July was subdued, and the quarter's seasonal softness, with RevPAR growth expected in the mid to high single-digit range; however, management remains confident that profitability will remain unaffected.
- **Keys Hotel to be a material growth driver in FY26-27E post renovations:** LT has shut down 25% of the Keys portfolio for renovations as guided by mgmt. earlier. It is focused on upgrading its Keys Hotel brand in FY25-27 through renovation, with an intent to increase the ARR to Rs. 5,000 (Rs 3,700 in FY25) viz. closer to Red Fox. The target is also to increase occupancies to past pre-COVID levels of ~65-66%. Mgmt. is targeting ~Rs 600mn EBITDA from Keys portfolio post renovations (i.e. from FY27) vs. FY25 EBITDA of ~Rs 269 mn with EBITDA margin of 50%

Cost Management and Renovations

- The increase in employee costs in Q4FY25 is driven by increments, bonuses, and hiring for Aurika Mumbai. Higher payroll expenses, increased commissions to travel agents for retail demand, elevated rates and taxes, and renovation-related operating costs have resulted in EBITDA margins below 60%. Management expects employee costs to stabilize going forward and is confident that once renovations are complete and related expenses normalize to 1.2–1.5% of revenue, EBITDA margins can reach 60%. Although management has guided a 50% EBITDA margin by FY28, they are signalling a potential target of 55%
- 70% of the portfolio is now renovated, and the rest will be renovated in FY26, all benefits kicking in from FY27
- Renovations will be scheduled during the summer months (H1) with rooms becoming available in the winter (H2). This annual renovation cycle will continue until the end of FY26; meanwhile, all rooms will be fully renovated. At any given time, ~450-500 rooms will be under renovation in each cycle.

Strategic Initiative

- To capitalize on the anticipated 22-25% CAGR mid-market hotel room demand over the next 5-6 years, several strategic initiatives have been undertaken:
- Room Renovations: A significant portion of the capital expenditure is being directed towards the renovation of rooms, particularly in key markets such as Hyderabad, Delhi, and Bangalore. This investment is crucial to address the structural shift in hotel demand within India.
- Digital Transformation: Efforts are also being made to enhance digital capabilities, including a revamp of the loyalty program and website. This is aimed at better capturing demand in the retail sector.

- **Business Development and Staffing:** There is a focus on expanding business development efforts, with a plan to increase the business development team by approximately four times the current staff. As part of this initiative, the sales team has already grown by 50%, reflecting a commitment to staff retention and development.
- **LT 2.0** Lemon Tree's LT 2.0 roadmap (CY24–CY28) focuses on building a stronger, more efficient platform through five key goals: (1) sustaining ~50% EBITDA margin, (2) improving RoCE to ~20%, (3) becoming net debt-free, (4) scaling up to 20,000+ rooms, and (5) investing in digital and commercial capabilities. As of FY25, the company has achieved a 49.4% EBITDA margin, reached ~85% of its room inventory target, and continued steady deleveraging. With renovation spends peaking in FY26 and tapering thereafter, Lemon Tree is well-positioned to stabilize margins and deliver stronger returns ahead of plan.

Aurika Mumbai

- Aurika's benefits will be fully reflected in H1FY26, with gross margins reaching 60% as the company focuses on occupancy growth while maintaining pricing. Management expects further gains, with 85-87% (currently ~85%) occupancy and ₹11K-11.5K ARR (vs. ~Rs 9k).
- With Phase 1 of boosting occupancies at Aurika Mumbai complete, the next focus will be on enhancing ARRs by phasing out lower-ARR business segments.
- Management does not see any threat from the renovation of T1 airport, citing a similar experience with Delhi airport, where business remained unaffected.
- Annual lease costs will be lower in the beginning and higher once the asset matures.

Fleur – Unlocking Significant Value

- All owned LT assets are to be housed under Fleur, positioning it as a pure-play asset company. Lt will be a brand and management platform
- Fleur's list presents a massive upside opportunity, unlocking substantial value for stakeholders.
- Mgmt. expects to list Fleur in 15-21m. More disclosures wrt Fleur are to be made available over the next 3-6 months as plans become concrete.

Aurika Shillong – High-Margin, High-Return JV

- It will be a luxury 5-star project with ~120rooms and capital outlay of ~Rs 1-1.2bn
- Taj and Courtyard by Marriott are present with ARRs of ~Rs 11-13k. Aurika on an as-is basis shall be around ~Rs 12-13k
- JV with RJ Corporation (Ravi Jaipuria's group), where LT will hold a majority stake.
- Investment of Rs 350mn equity, backed by Rs 700-800mn in debt at an effective interest rate of 3-3.5%
- Rs 150mn capital subsidy on opening of the hotel, reducing net equity investment to Rs 200mn.
- 100% GST reimbursement for 10 years, ensuring high profitability.
- EBITDA margin expected at 65% (incl. GST), with a payback period of just 1.5 years.

Keys Portfolio Strategy

- The Keys brand portfolio comprises 930 rooms, of which 65-70% have already been renovated, with a renovation cost starting at Rs. 5L per room. The renovation work is scheduled for completion by FY27.
- 930 rooms in Keys brand portfolio (65% already renovated) and capex ranging from 5L per room. Renovation will be completed by FY27.
- Goal to double EBITDA to 600mn (50% margin) by increasing occupancy to 75–80% and ARR to Rs 4.5–5k.
- Renovated rooms have shown notable improvements with Keys Pimpri seeing its ARR increase by Rs1.3-1.4k and occupancy rise by 10%. Post-renovation, Delhi's ARR increased by 15% and Hyderabad's by 19%.

Exhibit 9: Keys Changes in Roles & Responsibilities

Name	Role & Entity	Effective Date	Key Responsibilities	Background
Patanjali Govind Keswani	Executive Chairman – Lemon Tree & Fluer	1 st Oct'25	Transition to new MD/CEO, steer expansion, provide strategic oversight	Founder-Chairman; long-standing hospitality leader.
Neelendra Singh	MD – Lemon Tree Hotels	1 st Oct'25	Lead daily ops, all businesses/functions	26 yrs in retail/franchise; ex-Adidas MD India, global franchise head.
Kapil Sharma	ED & CFO – Lemon Tree Hotels	1 st Oct'25	Finance, strategy, legal, procurement	CA; 30+ yrs finance; at LTH since 2004; led M&A, IPO, project financing.
Vishvapreet Singh Cheema	President – Lemon Tree Hotels	9 th Jun'25	Ops, HR, revenue	28 yrs hospitality; ex-IHG Ops Director SW Asia; ex-Oberoi, Marriott.
Saurabh Shatdal	MD & CEO – Fluer Hotels	1 st Oct'25	Run daily ops, drive asset-heavy growth	27 yrs in capital markets, hospitality; ex-C&W, CBRE, ITC, InterContinental.
Mayank Sharma	CFO – Fluer Hotels	Current	Finance, asset mgmt, procurement	CA; 15+ yrs finance; M&A, restructuring, growth strategy.
Sanjeev Jain	VP – Projects & Engg – Fluer Hotels	Current	Design, project mgmt, hotel dev./renovations	33 yrs engg/projects; ex-Bloom Hotels; B.Tech IIT Bombay, M.Sc NUS.

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Revenue	10,655	12,861	14,562	16,669
Total Expense	5,479	6,520	7,234	7,826
COGS	628	762	911	1,083
Employees Cost	1,878	2,185	2,408	2,601
Other expenses	2,973	3,573	3,915	4,142
EBIDTA	5,176	6,341	7,328	8,842
Depreciation	1,121	1,393	1,392	1,456
EBIT	4,054	4,948	5,936	7,386
Interest	2,016	2,007	1,664	1,293
Other Income	113	23	37	30
Exc. / E.O. items	0	0	0	0
EBT	2,151	2,965	4,309	6,123
Tax	341	531	1,102	1,589
Minority Interest	331	465	709	1,131
Profit/Loss share of associates	0	0	0	0
RPAT	1,479	1,969	2,498	3,403
Adjustments	0	0	0	0
APAT	1,479	1,969	2,498	3,403

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	7,918	7,918	7,918	7,918
Minority Interest	5,795	6,261	5,596	4,938
Reserves & Surplus	1,750	3,717	6,206	9,599
Net Worth	9,669	11,635	14,124	17,517
Total Debt	23,714	21,849	20,174	18,541
Net Deferred Tax Liability	85	116	133	153
Total Capital Employed	39,264	39,861	40,028	41,149

Applications of Funds

Net Block	35,444	34,594	34,685	34,420
CWIP	248	454	408	204
Investments	2,585	2,836	2,908	2,982
Current Assets, Loans & Advances	2,053	2,934	3,080	4,701
Current Investments	0	0	0	0
Inventories	138	138	152	167
Receivables	715	786	1,089	1,306
Cash and Bank Balances	618	807	1,223	2,763
Loans and Advances	0	386	3	2
Other Current Assets	582	817	612	462
Less: Current Liabilities & Provisions	1,067	957	1,052	1,158
Payables	859	616	678	745
Other Current Liabilities	208	341	375	412
<i>sub total</i>				
Net Current Assets	987	1,978	2,027	3,543
Total Assets	39,264	39,861	40,028	41,149

E – Estimates

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	94.1	94.1	93.7	93.5
EBIDTA Margin	48.6	49.3	50.3	53.0
EBIT Margin	38.1	38.5	40.8	44.3
Tax rate	15.9	17.9	25.6	26.0
Net Profit Margin	13.9	15.3	17.2	20.4
(B) As Percentage of Net Sales (%)				
COGS	5.9	5.9	6.3	6.5
Employee	17.6	17.0	16.5	15.6
Other	27.9	27.8	26.9	24.8
(C) Measure of Financial Status				
Gross Debt / Equity	2.5	1.9	1.4	1.1
Interest Coverage	2.0	2.5	3.6	5.7
Inventory days	5	4	4	4
Debtors days	24	22	27	29
Average Cost of Debt	8.8	8.8	7.9	6.7
Payable days	29	17	17	16
Working Capital days	34	56	51	78
FA T/O	0.3	0.4	0.4	0.5
(D) Measures of Investment				
AEPS (Rs)	1.9	2.5	3.2	4.3
CEPS (Rs)	3.3	4.2	4.9	6.1
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	12.2	14.7	17.8	22.1
RoANW (%)	16.2	18.5	19.4	21.5
RoACE (%)	10.1	11.2	12.2	14.4
RoAIC (%)	10.9	12.7	15.2	19.1
(E) Valuation Ratios				
CMP (Rs)	142	142	142	142
Mcap (Rs Mn)	1,12,586	1,12,586	1,12,586	1,12,586
EV	1,35,682	1,33,629	1,31,537	1,28,364
MCap/ Sales	10.6	8.8	7.7	6.8
EV/Sales	12.7	10.4	9.0	7.7
P/E	76.1	57.2	45.1	33.1
EV/EBITDA	26.2	21.1	17.9	14.5
P/BV	11.6	9.7	8.0	6.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	21.8	20.7	13.2	14.5
EBITDA	14.4	22.5	15.6	20.7
EBIT	14.0	22.0	20.0	24.4
PBT	18.1	37.8	45.3	42.1
APAT	24.8	33.1	26.9	36.2
EPS	24.8	33.1	26.9	36.2

E – Estimates

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	2,151	2,965	4,309	6,123
Depreciation & w.o.	1,121	1,393	1,392	1,456
Net Interest Exp	2,016	2,007	1,664	1,293
Direct taxes paid	341	531	1,102	1,589
Change in Working Capital	(304)	(803)	367	24
Non Cash	(113)	(23)	(37)	(30)
(A) CF from Operating Activities	4,530	5,008	6,593	7,277
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(3,518)	(748)	(1,437)	(988)
Free Cash Flow	1,012	4,259	5,155	6,289
(Inc.)/ Dec. in Investments	106	(220)	(55)	(54)
Other	113	23	37	30
(B) CF from Investing Activities	(3,298)	(945)	(1,455)	(1,012)
Issue of Equity/ Preference	(480)	(2)	(1,383)	(1,799)
Inc./(Dec.) in Debt	1,636	(1,865)	(1,675)	(1,634)
Interest exp net	(2,016)	(2,007)	(1,664)	(1,293)
Dividend Paid (Incl. Tax)	0	0	0	0
Other	0	0	0	0
(C) CF from Financing	(973)	(973)	(973)	(973)
Net Change in Cash	372	188	416	1,540
Opening Cash balances	247	618	807	1,223
Closing Cash balances	618	807	1,223	2,763

E – Estimates

Notes

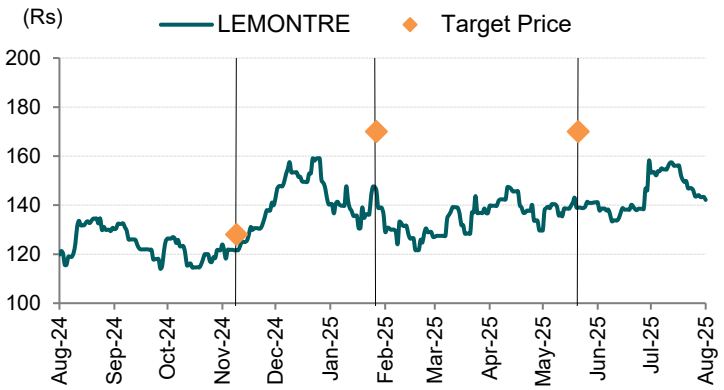
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(7)	10	19
Rel to NIFTY (%)	(5)	7	18

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	22.8	22.8	22.3
MF/Banks/FIs	20.8	19.7	20.0
FIIIs	20.0	20.9	21.4
Public / Others	36.4	36.9	36.4



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-24	Reduce	128	122
Feb-25	Accumulate	170	146
May-25	Accumulate	170	139

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Dolat Team

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
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CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	Designation	E-mail	
P. Sridhar	Director and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	Director - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	Director - Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Director - Sales Trading	kartikm@dolatcapital.com	+9122 4096 9715
Nishit Sariya	VP - Derivatives Sales Trading	nishits@dolatcapital.com	+9122 4096 9765
Monali Jobanputra	Co - Head Asia Derivatives	monalij@dolatcapital.com	+9122 6176 4841
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

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Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
