

# Lemon Tree

BSE SENSEX 75,399 S&P CNX 23,690

**CMP: INR113 TP: INR160 (+42%) Buy**



|                       |             |
|-----------------------|-------------|
| Bloomberg             | LEMONTRE IN |
| Equity Shares (m)     | 792         |
| M.Cap.(INRb)/(USDb)   | 89.1 / 0.9  |
| 52-Week Range (INR)   | 181 / 100   |
| 1, 6, 12 Rel. Per (%) | 1/-20/-15   |
| 12M Avg Val (INR M)   | 600         |

## Financials & Valuations (INR b)

| Y/E Mar      | FY26 | FY27E | FY28E |
|--------------|------|-------|-------|
| Sales        | 14.4 | 16.6  | 17.9  |
| EBITDA       | 6.9  | 8.1   | 9.1   |
| PAT          | 2.55 | 3.17  | 3.93  |
| EBITDA (%)   | 47.9 | 48.5  | 50.9  |
| EPS (INR)    | 3.2  | 4.0   | 5.0   |
| EPS Gr. (%)  | 29.8 | 24.4  | 23.8  |
| BV/Sh. (INR) | 17.6 | 21.6  | 26.6  |

## Ratios

|          |      |      |      |
|----------|------|------|------|
| Net D/E  | 1.0  | 0.6  | 0.3  |
| RoE (%)  | 19.9 | 20.4 | 20.6 |
| RoCE (%) | 13.2 | 16.3 | 19.1 |

## Valuations

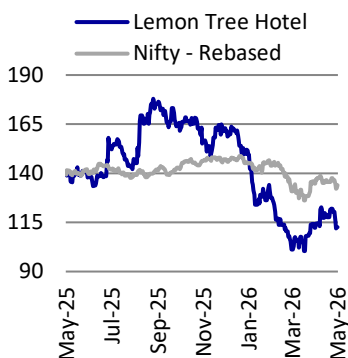
|               |      |      |      |
|---------------|------|------|------|
| P/E (x)       | 34.9 | 28.1 | 22.7 |
| EV/EBITDA (x) | 15.9 | 13.2 | 11.4 |
| FCF Yield (%) | 5.5  | 6.8  | 7.3  |

## Shareholding pattern (%)

| As on    | Mar-26 | Dec-25 | Mar-25 |
|----------|--------|--------|--------|
| Promoter | 22.3   | 22.3   | 22.3   |
| DII      | 15.7   | 19.5   | 19.7   |
| FII      | 21.7   | 21.6   | 21.0   |
| Others   | 40.4   | 36.7   | 37.0   |

Note: FII includes depository receipts

## Stock's performance (one-year)



## Renovation cycle nearing end; margins to expand

Lemon Tree Hotels (LEMONTRE) stands at a rare inflection point where years of deliberate, front-loaded investment in renovation, technology, and expansions are about to converge into a sustained margin improvement story.

- The company has strategically invested ~INR3b over FY23-FY26 (and ~INR1.3b is expected in FY27) in a phased renovation cycle (major part) and technology transformation.
- These investments have temporarily compressed the EBITDA margin from its FY23 peak of ~52% to ~49% in FY24 and ~49.4% in FY25. As these investments are expected to largely be completed by the end of FY27, the stage is set for a significant margin re-rating in FY28 and beyond.
- Encouragingly, renovation is already delivering measurable on-the-ground results. Delhi RevPAR grew 11% YoY despite 100 rooms offline; Hyderabad RevPAR rose 19% despite 60 rooms under renovation.
- Beyond renovation, LEMONTRE is simultaneously building a focused Aurika-branded owned portfolio — Shimla (91 keys, 2QFY27 opening), Shillong (first hospitality PPP with the Meghalaya government; ~INR2b investment at an effective debt rate of ~2.5-3.0%), Varanasi heritage (47 keys on the ghats; ARR economics equivalent to a 150-room Aurika), and Nehru Place, Delhi (~550 rooms with construction commencing in 2–3 months). At peak potential, these properties are expected to contribute 25% of FY28 revenue and ~30% of FY28 EBITDA at superior margins.
- We expect LEMONTRE to report a CAGR of 11%/15%/24% in revenue/EBITDA/PAT over FY26-28. We value the stock with our SOTP-based TP of INR160. Reiterate BUY.

## Heavy lifting on margins nearing the end

- Over the past two years, Lemon Tree Hotels has pursued a multi-dimensional investment strategy encompassing physical asset renovation, digital transformation, human capital build-up, and new property construction.
- These investments were deliberate and front-loaded and were aimed at repositioning the portfolio for a higher-margin, higher-ADR future. The combined effect has temporarily suppressed margins, but management has consistently guided that the payback window is two years due to operating investments.
- LEMONTRE has strategically invested ~INR3b over FY23–FY26 in a phased renovation cycle, technology transformation, and human capital expansion. These investments have temporarily compressed the EBITDA margin from its FY23 peak of ~52% to ~48% in FY26E.
- The company, as of FY26, has renovated ~3,000 rooms (translating into a per-room renovation cost of ~INR1m). Of the total renovation expense of ~INR3b, opex is ~INR1.4b, which directly affects its margins, while the balance is the capex portion. The company is expected to complete its last leg of renovation in FY27 with an expected outflow of ~INR1.3b (~40-45% will be opex) in FY27 for renovating the balance of ~1,200 rooms.

Sumant Kumar - Research Analyst (Sumant.Kumar@MotilalOswal.com) Meet Jain Meet.Jain@MotilalOswal.com)

Research Analyst: Nirvik Saini Nirvik.saini@MotilalOswal.com) | Yash Darak Yash.Darak@MotilalOswal.com)

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- Further, to align its operations with the new age, tech-savvy customers, the company has been investing in technology upgrades in consultation with BCG. Some key initiatives have been an AI-driven revenue management program, sales platform overhaul, loyalty program relaunch, cybersecurity, and operational tech upgrades. Over the last two years, the company has spent ~INR150m (i.e., ~0.5-0.6% of total revenue), and the expenditure is likely to continue in the coming years.
- **As the majority of these investments (largely renovation) are expected to be completed by FY27, the stage is set for a significant margin re-rating in FY28 and beyond.**

#### Investments to reward

- The economics of renovation are already validating management's thesis. The renovated Keys Pune hotel reported a 47% year-on-year RevPAR increase post-renovation, significantly ahead of the portfolio average.
- **Management has guided that incremental EBITDA from renovated rooms should recover the full opex investment within approximately two years – a highly attractive payback for an asset-heavy company in an upcycle environment.**
- **Renovated properties command higher Average Room Rates (ARR) and improved occupancy.** Post-renovation, annual maintenance capex is expected to normalize to INR200-250m (from the peak of ~INR1b during the cycle).
- **Market-level renovation effects as of Dec'25:**
  - **Delhi:** ~100 rooms (out of ~500) were temporarily unavailable due to renovations; however, RevPAR still grew 11% YoY. Performance is expected to strengthen further as the Aerocity market completes its renovation cycle.
  - **Hyderabad:** Despite ~60 rooms (out of ~660) being out of inventory, RevPAR increased by 19% YoY, supported by effective repricing strategies.
  - **Bangalore:** Renovation impact has been materially higher due to building design constraints (smaller floor plates), necessitating the shutdown of multiple floors simultaneously. Management highlighted significant inventory loss, especially in Keys rooms, along with elevated guest disruption (noise and structural work), likely suppressed both occupancy and guest experience scores. Unlike Delhi/Hyderabad, recovery here will be more gradual, as normalization depends not only on inventory return but also on rebuilding customer perception and rate integrity in a highly competitive, supply-heavy micro-market.
- **Overall, once overall renovation cycles conclude, the portfolio should see a dual benefit of higher ARR (premiumization) and restored occupancy, leading to a sharper RevPAR and margin expansion trajectory.**

#### Strengthening the owned asset pipeline under the Aurika brand

- Beyond renovation, LEMONTRE has also invested in a selective set of greenfield-/brownfield-owned properties under the Aurika brand, such as Aurika Shimla, Aurika Shillong, Aurika Heritage (Varanasi), and Aurika Nehru Place (New Delhi).
- **These expansions have the potential to contribute ~26% of FY28E revenue and ~30% of FY28E EBITDA at peak potential. Given that Aurika is a premium brand, these projects will command higher margins.**
- **Aurika, Nehru Place (Delhi):** Final designs have been completed, with the project now envisioned at ~550–560 rooms versus the earlier “500+” concept. There is no change in project cost, as the built-up area remains ~370,000 sq. ft. The development will feature a large MICE offering, including a main banquet

hall of ~14,000–15,000 sq. ft. Construction is expected to commence within the next 2–3 months, with completion targeted over four years.

- **Aurika, Shimla (91 keys):** The company plans to operationalize two out of three blocks by 2QFY27 to capitalize on peak summer demand, and the third block would be operationalized by the end of CY26. The company has spent ~INR660m as of Dec'25.
- **Aurika, Shillong:** The project represents a landmark in LEMONTRE's strategy as its first Public-Private Partnership (DBFOT mode); a partnership with the Meghalaya government for the redevelopment of the heritage Orchid Hotel at Polo Market (opposite the Chief Minister's Bungalow). The opening is targeted around mid-CY27 (3QCY27). The project entails an investment of ~INR2b (as of Dec'25, already spent ~INR150m) and benefits from strong state incentives, including access to ~70% debt funding at ~5% below the company's cost of debt (implying ~2.5%–3% rates), along with retention of the state's GST share for nine years.
- **Aurika Heritage, Varanasi (47 keys):** Signed under a license model, the property is strategically located on the ghats adjacent to the Ganges. Management expects premium positioning with significantly higher ARR, indicating that the asset's value could be comparable to a ~150-room Aurika property due to ~3x higher room rates.
- Apart from these, **management is actively evaluating opportunities comprising ~2,500 rooms and expects to add this inventory within the next year.**
- Key geographic focus areas include Mumbai, Pune, and Bangalore (particularly airport locations), along with select large operating assets under non-disclosure agreements.
- From a brand strategy perspective, any acquired assets or chains will be rebranded under existing brands, with no intent to introduce additional brands.
- Importantly, the Fleur Hotels demerger (carved out from LEMONTRE to hold all owned assets) and the associated INR9.6b Warburg Pincus investment into Fleur will de-risk future capex for large-scale projects, keeping LEMONTRE itself lean and focused on the asset-light management business.

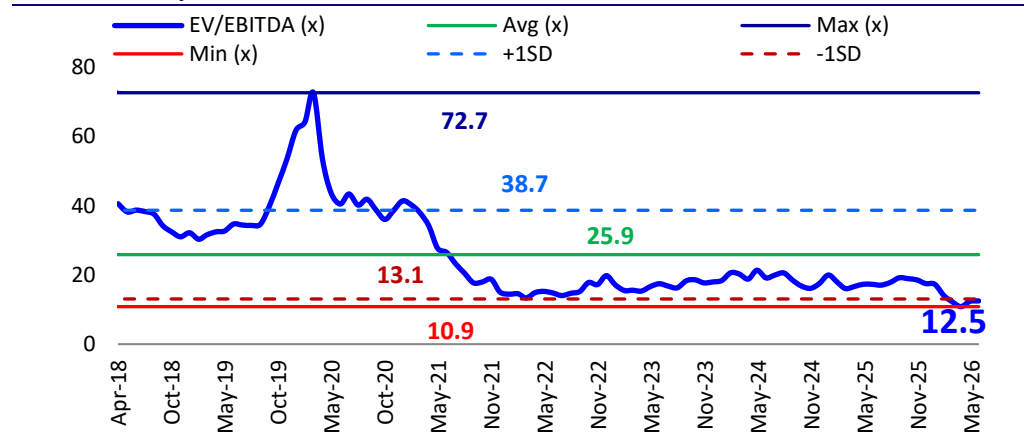
#### Valuation and view

- LEMONTRE enters FY27 with its significant investment cycle nearing completion, a record managed hotel pipeline (~9,364 keys under management/franchise contracts), and premium Aurika assets coming online (~850 keys greenfield).
- With renovation opex normalizing, technology investments yielding results, and management fees compounding at a healthy rate, EBITDA margins are poised to expand meaningfully from FY26E's ~48% toward 50-51% by FY28, supporting a strong 24% PAT CAGR over FY26–28.
- **We expect LEMONTRE to report a CAGR of 11%/15%/24% in revenue/EBITDA/PAT over FY26-28. We value the stock using the SoTP approach to arrive at our TP of INR160. Reiterate BUY.**

**Exhibit 1: SoTP valuation**

| Particulars                                    |             | FY28            |
|--|-------------|-----------------|
| <b>Standalone EBITDA</b>                       | <b>INRm</b> | <b>2,180</b>    |
| EV/EBITDA Multiple                             | x           | 17              |
| EV   | INRm        | 38,020          |
| Less: Standalone Net Debt                      | INRm        | 1,592           |
| <b>Target Value</b>                            | <b>INRm</b> | <b>36,428</b>   |
| <b>Carnations EBITDA (Management Contract)</b> | <b>INRm</b> | <b>1,163</b>    |
| EV/EBITDA Multiple                             | x           | 30              |
| EV   | INRm        | 34,898          |
| <b>Fluer's EBITDA</b>                          | <b>INRm</b> | <b>5,753</b>    |
| LEMONTRE's Share of Fluer's EBITDA (58.91%)    | INRm        | 3,389           |
| EV/EBITDA Multiple                             | x           | 17              |
| EV   | INRm        | 59,122          |
| Less: LEMONTRE's Share of Fluer's Net Debt     | INRm        | 3,752           |
| <b>Target Value</b>                            | <b>INRm</b> | <b>55,370</b>   |
| <b>Total Target Value</b>                      | <b>INRm</b> | <b>1,26,695</b> |
| No. of shares                                  | Mn          | 792             |
| <b>Target Price</b>                            | <b>INR</b>  | <b>160</b>      |

Source: Company, MOFSL

**Exhibit 2: One-year forward EV/EBITDA trend**

Source: MOFSL

**Exhibit 3: Margins bridge**

| Particulars   | units       | FY23         | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
|---|-------------|--------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>  | <b>INRm</b> | <b>8,750</b> | <b>10,655</b> | <b>12,861</b> | <b>14,424</b> | <b>16,636</b> | <b>17,870</b> |
| Rooms Renovated   | Units       | 250          | 550           | 1,000         | 1,200         | 1,200         |               |
| Total Renovation  | INRm        | 200          | 500           | 910           | 1,300         | 1,300         |               |
| % of revenue  | %           | 2.3          | 4.7           | 7.1           | 9.0           | 7.8           |               |
| Renovation/room   | INRm        | 0.80         | 0.91          | 0.91          | 1.08          | 1.08          |               |
| Renovation Opex as % of sales                                       | %           | 2.1          | 2.4           | 2.7           | 4.4           | 3.6           | 1.2           |
| Renovation Opex   | INRm        | 184          | 256           | 347           | 635           | 599           | 214           |
| Renovation Capex  | INRm        | 150          | 244           | 563           | 665           | 701           |               |
| Technology Cost as % of sales                                       | %           |              |               | 0.5           | 0.6           | 0.9           | 0.7           |
| Technology Cost   | INRm        |              |               | 64            | 87            | 150           | 125           |
| GST impact as % of sales  | %           |              |               |               | 1.1           | 2             | 1.7           |
| GST impact  | INRm        |              |               |               | 159           | 333           | 304           |
| Expected Margin benefit from these investments                      | %           |              |               |               |               | 1             | 0.5           |
| <b>EBITDA margins</b>   | <b>%</b>    | <b>51.7</b>  | <b>48.6</b>   | <b>49.3</b>   | <b>47.9</b>   | <b>48.5</b>   | <b>50.9</b>   |
| <b>EBITDA margins (ex of renovations, tech cost and GST impact)</b> | <b>%</b>    | <b>53.8</b>  | <b>51.0</b>   | <b>52.5</b>   | <b>54.0</b>   | <b>54.0</b>   | <b>54.0</b>   |

Source: Company, MOFSL

**Exhibit 4: LEMONTRE relaunched its loyalty program as 'Infinity 2.0' in FY25**

| Metric                         | FY24 / Pre-Relaunch | FY25 Post-Relaunch | Target (FY28) |
|--------------------------------|---------------------|--------------------|---------------|
| Loyalty members                | ~1.6m               | ~2.1m (+31%)       | ~3–4m         |
| Repeat usage rate              | ~38%                | -                  | ~55%+         |
| Retail segment share of demand | ~40%                | ~45%               | 65%           |

Source: Company, MOFSL

**Exhibit 5: Five pillars of the digital transformation initiated by LEMONTRE**

| Pillar  | Key Initiative                                  | What LEMONTRE is Doing  | Key Benefits / Impact  |
|---|---|---|--|
| <b>AI-Powered Revenue Management</b>                | Dynamic pricing engine under <b>Totally Fox</b> | ❖ Deep-learning-based pricing model recalibrates room rates every 2 hours using competitor pricing, historical demand, events, and macro signals; live deployment targeted in FY26–27 | <ul style="list-style-type: none"> <li>❖ Expected <b>~8% RevPAR uplift</b> through better forecasting</li> <li>❖ Reduces dependence on OTA-led discounting</li> <li>❖ Scalable across all managed hotels through centralized reservation systems</li> </ul>  |
| <b>Sales &amp; CRM Transformation</b>               | Salesforce-integrated digital sales platform    | ❖ Replaced legacy systems with an integrated CRM, enabling centralized sales tracking across 130+ hotels  | <ul style="list-style-type: none"> <li>❖ Business development team expanded <b>4x</b> with faster productivity ramp-up</li> <li>❖ Sales coverage scaled <b>1.5x</b> across Tier 2/3 markets</li> <li>❖ Better pipeline visibility, contract management, and corporate account penetration</li> </ul>     |
| <b>Infinity 2.0 Loyalty Relaunch</b>                | Revamped loyalty ecosystem                      | ❖ Relaunched with a new website, mobile-first UX, personalized offers, and expanded membership base   | <ul style="list-style-type: none"> <li>❖ Loyalty members increased from <b>~1.6m to ~2.1m (+31%)</b></li> <li>❖ Targeting a direct booking mix increase from <b>45% to 65%</b> by FY27–28</li> </ul>   |
| <b>Gen AI, Chatbots &amp; Predictive Analytics</b>  | AI-led guest and operational automation         | ❖ In-house AI models for chatbots, predictive maintenance, and revenue attribution analytics  | <ul style="list-style-type: none"> <li>❖ AI chatbots improve booking support and ancillary upselling</li> <li>❖ Predictive maintenance reduced power costs from <b>8.7% to 6.9% of revenue</b> in Q1 FY26</li> <li>❖ Better channel profitability analysis and mix optimization</li> </ul>               |
| <b>Renewable Energy &amp; ESG Cost Optimization</b> | Solar, wind PPAs & energy efficiency            | ❖ Investments in on-site/off-site renewable energy infrastructure   | <ul style="list-style-type: none"> <li>❖ Power &amp; fuel costs reduced by <b>180 bps YoY</b> (8.7% → 6.9%) despite higher occupancy</li> <li>❖ Every 100 bps saving adds <b>~INR129m EBITDA</b> at FY25 revenue scale</li> <li>❖ Current savings imply <b>~INR230m annual EBITDA benefit</b></li> </ul> |

Source: Company, MOFSL

**Exhibit 6: Greenfield expansions to contribute meaningfully**

| Property Name                           | Opening Timeline | # of Keys    | Total Capex spend (INRm) | Starting ARR | Peak Revenue (INRm) | Peak EBITDA (INRm) | Margins %   | % of Consol FY28 Revenue | % of Consol FY28 EBITDA |
|---|------------------|--------------|--------------------------|--------------|---------------------|--------------------|-------------|--------------------------|-------------------------|
| <b>Consol FY28E Operational numbers</b> |                  | <b>5,859</b> |                          | <b>7,834</b> | <b>17,870</b>       | <b>9,096</b>       | <b>50.9</b> |                          |                         |
| Aurika Nehru Place                      | FY31/32          | 550          | 7,500                    | 12,500       | 2,896               | 1,738              | 60.0        | 16.2                     | 19.1                    |
| Aurika Shillong                         | 4QFY28           | 165          | 2,000                    | 12,000       | 811                 | 487                | 60.0        | 4.5                      | 5.3                     |
| Aurika Shimla                           | 2QFY27           | 91           | 1,050                    | 10,000       | 403                 | 222                | 55.0        | 2.3                      | 2.4                     |
| Aurika Varanasi                         | FY30             | 47           | 750                      | 30,000       | 540                 | 324                | 60.0        | 3.0                      | 3.6                     |
| <b>Total</b>                            |                  | <b>853</b>   | <b>11,300</b>            |              | <b>4,650</b>        | <b>2,770</b>       | <b>59.6</b> | <b>26.0</b>              | <b>30.5</b>             |

Source: Company, MOFSL

**Exhibit 7: Details of Aurika Nehru Place – greenfield expansion**

| Parameter                | Detail  |
|--------------------------|---|
| Location                 | ❖ Nehru Place, South Delhi — adjacent to Delhi's largest IT park and financial district                   |
| Land Size                | ❖ 2.25 acres (DDA-owned land; e-auction won August 2025)  |
| Lease Terms              | ❖ INR270m p.a; 5% annual escalation for 1 <sup>st</sup> 3-4 years and then 7% annually; 55-year tenure    |
| Comparable Land Value    | ❖ Management estimates land worth ~INR6b if purchased outright — implying effective lease at ~4% cap rate |
| Planned Rooms            | ❖ ~550 rooms; Aurika brand (upper-upscale / luxury)   |
| Target ARR at Opening    | ❖ ~INR12,500 per night  |
| Stabilized EBITDA Target | ❖ ~INR1.5-1.6b annually at stabilization  |
| Project IRR Target       | ❖ ~15% on total capex deployed  |
| Current Status           | ❖ Design and approvals stage; initiation announced 3QFY26 (Dec'25)  |
| Expected Opening         | ❖ FY31/32E (4+ years from land award)   |
| FY27 Contribution        | ❖ No revenue; capex deployment ongoing — funded at Fleur level  |

Source: Company, MOFSL

**Exhibit 8: Details of Aurika Shimla – greenfield expansion**

| Parameter                 | Detail   |
|---------------------------|--|
| Location                  | ❖ Shimla, Himachal Pradesh — India's most popular Himalayan hill-station for domestic leisure travel                 |
| Structure                 | ❖ Three blocks (total ~91 rooms); planned as phased opening  |
| Planned Opening           | ❖ 2 of 3 blocks by 2QFY27 (summer season); 3rd block by end of CY26  |
| Total Project Capex       | ❖ ~INR1b total (multi-year); INR660m invested as on Dec'25   |
| Target ARR                | ❖ INR12,000–15,000+ per night (upper-upscale leisure positioning; Shimla commands premium over metro city hotels)    |
| Target Occupancy          | ❖ 65–70% stabilised (strong summer peak; MICE and corporate in shoulder season)                                      |
| FY28 Revenue Contribution | ❖ Partial contribution from H2 FY27 only from 2 blocks and ~INR300-400m revenue in FY28                              |
| FY28 EBITDA Contribution  | ❖ ~INR150–170m (assuming 50% EBITDA margin)  |
| Competitive Landscape     | ❖ Very limited branded upper-upscale supply in Shimla; positioned as the finest branded property in Himachal Pradesh |
| Strategic Rationale       | ❖ Lemon Tree's first significant leisure destination property; taps INR150b+ Himachal Pradesh tourism market         |

Source: Company, MOFSL

**Exhibit 9: Details of Aurika Shillong – greenfield expansion**

| Parameter           | Detail   |
|---------------------|--|
| Location            | ❖ Polo Market, Shillong, Meghalaya (opposite the Chief Minister's Bungalow; prime central location)  |
| Property            | ❖ Redevelopment of the Heritage Orchid Hotel — preservation of colonial-era architecture + modern amenities                                  |
| Rooms               | ❖ 165 elegantly designed rooms and suites; Mirasa all-day dining restaurant; Ariva bar; banquet + MICE + recreational facilities             |
| Land Lease          | ❖ Minimum guaranteed lease rent (MGR)+ 1% of annual revenue share (vs. INR2b+ land purchase cost in open market)                             |
| Total Investment    | ❖ INR2b total project for all 165 rooms  |
| JV Partner          | ❖ RJ Corp (50% stake) — co-investor; LEMONTRE's equity commitment ~INR600m net   |
| Financing Incentive | ❖ 5% interest subvention under Meghalaya Industrial & Investment Promotion Policy 2024; effective borrowing rate drops from 8–8.5% to 3–3.5% |
| Other Incentives    | ❖ Capital subsidy + GST reimbursement under Uttar Poorva Transformative Industrialization Scheme   |
| Projected EBITDA    | ❖ ~INR400-500m at stabilization  |
| Expected Opening    | ❖ 4QFY28   |

Source: Company, MOFSL

## Financials and valuations

| Consolidated - Income Statement     |              |               |               |              |               |               |               |               | (INRm)        |
|-------------------------------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March                           | FY20         | FY21          | FY22          | FY23         | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
| <b>Total Income from Operations</b> | <b>6,694</b> | <b>2,517</b>  | <b>4,022</b>  | <b>8,750</b> | <b>10,655</b> | <b>12,861</b> | <b>14,424</b> | <b>16,636</b> | <b>17,870</b> |
| Change (%)                          | 21.8         | -62.4         | 59.8          | 117.5        | 21.8          | 20.7          | 12.2          | 15.3          | 7.4           |
| F&B Consumed                        | 570          | 178           | 279           | 499          | 628           | 762           | 877           | 965           | 1,036         |
| Employees Cost                      | 1,553        | 704           | 973           | 1,497        | 1,878         | 2,185         | 2,399         | 2,612         | 2,806         |
| Other Expenses                      | 2,137        | 1,022         | 1,432         | 2,230        | 2,973         | 3,573         | 4,244         | 4,991         | 4,932         |
| <b>Total Expenditure</b>            | <b>4,260</b> | <b>1,905</b>  | <b>2,683</b>  | <b>4,226</b> | <b>5,479</b>  | <b>6,520</b>  | <b>7,520</b>  | <b>8,568</b>  | <b>8,774</b>  |
| % of Sales                          | 63.6         | 75.7          | 66.7          | 48.3         | 51.4          | 50.7          | 52.1          | 51.5          | 49.1          |
| <b>EBITDA</b>                       | <b>2,434</b> | <b>613</b>    | <b>1,339</b>  | <b>4,524</b> | <b>5,176</b>  | <b>6,341</b>  | <b>6,903</b>  | <b>8,068</b>  | <b>9,096</b>  |
| Margin (%)                          | 36.4         | 24.3          | 33.3          | 51.7         | 48.6          | 49.3          | 47.9          | 48.5          | 50.9          |
| Depreciation                        | 922          | 1,076         | 1,043         | 966          | 1,121         | 1,393         | 1,388         | 1,434         | 1,450         |
| <b>EBIT</b>                         | <b>1,512</b> | <b>-463</b>   | <b>296</b>    | <b>3,557</b> | <b>4,054</b>  | <b>4,948</b>  | <b>5,515</b>  | <b>6,635</b>  | <b>7,646</b>  |
| Int. and Finance Charges            | 1,565        | 1,817         | 1,740         | 1,772        | 2,016         | 2,007         | 1,674         | 1,379         | 1,043         |
| Other Income                        | 58           | 133           | 140           | 36           | 113           | 23            | 69            | 67            | 71            |
| <b>PBT bef. EO Exp.</b>             | <b>5</b>     | <b>-2,147</b> | <b>-1,304</b> | <b>1,822</b> | <b>2,151</b>  | <b>2,965</b>  | <b>3,910</b>  | <b>5,322</b>  | <b>6,674</b>  |
| EO Items                            | 0            | 0             | 153           | -48          | 0             | 0             | 313           | 0             | 0             |
| <b>PBT after EO Exp.</b>            | <b>5</b>     | <b>-2,147</b> | <b>-1,456</b> | <b>1,774</b> | <b>2,151</b>  | <b>2,965</b>  | <b>3,596</b>  | <b>5,322</b>  | <b>6,674</b>  |
| Total Tax                           | 109          | -322          | -72           | 377          | 341           | 531           | 664           | 1,224         | 1,535         |
| Tax Rate (%)                        | 2220.8       | 15.0          | 5.0           | 21.3         | 15.9          | 17.9          | 18.5          | 23.0          | 23.0          |
| MI/ share of profit from associates | -9           | -555          | -510          | 251          | 325           | 468           | 615           | 925           | 1,210         |
| <b>Reported PAT</b>                 | <b>-95</b>   | <b>-1,271</b> | <b>-874</b>   | <b>1,146</b> | <b>1,485</b>  | <b>1,966</b>  | <b>2,317</b>  | <b>3,173</b>  | <b>3,929</b>  |
| <b>Adjusted PAT</b>                 | <b>-95</b>   | <b>-1,271</b> | <b>-760</b>   | <b>1,182</b> | <b>1,485</b>  | <b>1,966</b>  | <b>2,552</b>  | <b>3,173</b>  | <b>3,929</b>  |
| Change (%)                          | -118.0       | 1,232.4       | -40.2         | -255.5       | 25.7          | 32.4          | 29.8          | 24.4          | 23.8          |
| Margin (%)                          | -1.4         | -50.5         | -18.9         | 13.5         | 13.9          | 15.3          | 17.7          | 19.1          | 22.0          |

| Consolidated - Balance Sheet        |               |               |               |               |               |               |               |               | (INR M)       |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March                           | FY20          | FY21          | FY22          | FY23          | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
| Equity Share Capital                | 7,903         | 7,904         | 7,908         | 7,916         | 7,918         | 7,918         | 7,918         | 7,918         | 7,918         |
| Eq. Share Warrants & App. Money     | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Preference Capital                  | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Total Reserves                      | 1,986         | 1,272         | 404           | 621           | 1,750         | 3,716         | 6,033         | 9,206         | 13,135        |
| <b>Net Worth</b>                    | <b>9,889</b>  | <b>9,176</b>  | <b>8,312</b>  | <b>8,537</b>  | <b>9,669</b>  | <b>11,635</b> | <b>13,951</b> | <b>17,124</b> | <b>21,053</b> |
| Minority Interest                   | 5,559         | 6,174         | 5,676         | 5,597         | 5,795         | 6,261         | 6,874         | 7,796         | 9,005         |
| Total Loans                         | 15,775        | 16,850        | 16,986        | 17,457        | 18,891        | 16,986        | 13,986        | 9,986         | 5,986         |
| Lease Liability                     | 4,619         | 4,671         | 4,247         | 4,253         | 4,423         | 4,431         | 4,431         | 4,431         | 4,431         |
| Deferred Tax Liabilities            | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Capital Employed</b>             | <b>35,841</b> | <b>36,870</b> | <b>35,223</b> | <b>35,844</b> | <b>38,779</b> | <b>39,313</b> | <b>39,242</b> | <b>39,338</b> | <b>40,475</b> |
| Gross Block                         | 35,073        | 35,016        | 34,637        | 34,666        | 42,627        | 43,170        | 43,983        | 44,325        | 46,325        |
| Less: Accum. Deprn.                 | 2,977         | 4,052         | 5,096         | 6,062         | 7,183         | 8,576         | 9,964         | 11,398        | 12,848        |
| <b>Net Fixed Assets</b>             | <b>32,097</b> | <b>30,964</b> | <b>29,542</b> | <b>28,605</b> | <b>35,444</b> | <b>34,594</b> | <b>34,019</b> | <b>32,927</b> | <b>33,477</b> |
| Goodwill on Consolidation           | 951           | 951           | 951           | 951           | 951           | 951           | 951           | 951           | 951           |
| Capital WIP                         | 1,896         | 2,418         | 2,968         | 4,822         | 254           | 454           | 1,141         | 2,191         | 2,191         |
| <b>Total Investments</b>            | <b>164</b>    | <b>79</b>     | <b>114</b>    | <b>73</b>     | <b>151</b>    | <b>446</b>    | <b>446</b>    | <b>446</b>    | <b>446</b>    |
| Current Investment                  | 44            | 91            | 59            | 10            | 81            | 386           | 0             | 0             | 0             |
| <b>Curr. Assets, Loans&amp;Adv.</b> | <b>2,521</b>  | <b>3,737</b>  | <b>2,776</b>  | <b>2,873</b>  | <b>3,531</b>  | <b>4,373</b>  | <b>4,478</b>  | <b>4,880</b>  | <b>5,575</b>  |
| Inventory                           | 82            | 72            | 81            | 105           | 138           | 138           | 165           | 188           | 192           |
| Account Receivables                 | 503           | 308           | 291           | 560           | 715           | 786           | 869           | 1,003         | 1,077         |
| Cash and Bank Balance               | 408           | 1,411         | 543           | 275           | 537           | 807           | 487           | 279           | 642           |
| Loans and Advances                  | 1,528         | 1,945         | 1,861         | 1,933         | 2,140         | 2,642         | 2,957         | 3,410         | 3,663         |
| <b>Curr. Liability &amp; Prov.</b>  | <b>1,786</b>  | <b>1,278</b>  | <b>1,128</b>  | <b>1,479</b>  | <b>1,552</b>  | <b>1,505</b>  | <b>1,793</b>  | <b>2,056</b>  | <b>2,164</b>  |
| Account Payables                    | 842           | 788           | 585           | 668           | 859           | 616           | 783           | 892           | 913           |
| Other Current Liabilities           | 877           | 412           | 319           | 730           | 601           | 790           | 865           | 998           | 1,072         |
| Provisions                          | 67            | 78            | 224           | 81            | 92            | 99            | 144           | 166           | 179           |
| <b>Net Current Assets</b>           | <b>734</b>    | <b>2,459</b>  | <b>1,648</b>  | <b>1,394</b>  | <b>1,979</b>  | <b>2,868</b>  | <b>2,686</b>  | <b>2,823</b>  | <b>3,411</b>  |
| Misc Expenditure                    | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Appl. of Funds</b>               | <b>35,841</b> | <b>36,870</b> | <b>35,223</b> | <b>35,844</b> | <b>38,779</b> | <b>39,313</b> | <b>39,242</b> | <b>39,338</b> | <b>40,475</b> |

## Financials and valuations

### Ratios

| Y/E March                     | FY20        | FY21        | FY22        | FY23       | FY24       | FY25       | FY26E      | FY27E      | FY28E      |
|-------------------------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| <b>Basic (INR)</b>            |             |             |             |            |            |            |            |            |            |
| <b>EPS</b>                    | <b>-0.1</b> | <b>-1.6</b> | <b>-1.0</b> | <b>1.5</b> | <b>1.9</b> | <b>2.5</b> | <b>3.2</b> | <b>4.0</b> | <b>5.0</b> |
| Cash EPS                      | 1.0         | -0.2        | 0.4         | 2.7        | 3.3        | 4.2        | 5.0        | 5.8        | 6.8        |
| BV/Share                      | 12.5        | 11.6        | 10.5        | 10.8       | 12.2       | 14.7       | 17.6       | 21.6       | 26.6       |
| DPS                           | 0.0         | 0.0         | 0.0         | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Payout (%)                    | 0.0         | 0.0         | 0.0         | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| <b>Valuation (x)</b>          |             |             |             |            |            |            |            |            |            |
| P/E                           | -934        | -70         | -117        | 75         | 60         | 45         | 35         | 28         | 23         |
| Cash P/E                      | 107.7       | -456.5      | 314.2       | 41.5       | 34.2       | 26.5       | 22.6       | 19.3       | 16.6       |
| P/BV                          | 9.0         | 9.7         | 10.7        | 10.4       | 9.2        | 7.7        | 6.4        | 5.2        | 4.2        |
| EV/Sales                      | 16.4        | 43.9        | 27.6        | 12.8       | 10.6       | 8.6        | 7.6        | 6.4        | 5.8        |
| EV/EBITDA                     | 45.2        | 180.5       | 83.0        | 24.7       | 21.9       | 17.5       | 15.9       | 13.2       | 11.4       |
| EV/Room (INRm)                | 25.8        | 26.0        | 26.1        | 23.2       | 23.5       | 23.0       | 22.7       | 22.1       | 21.0       |
| Dividend Yield (%)            | 0.0         | 0.0         | 0.0         | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| FCF per share                 | -9.4        | -1.5        | 0.9         | 2.8        | 1.6        | 5.7        | 6.2        | 7.6        | 8.3        |
| <b>Return Ratios (%)</b>      |             |             |             |            |            |            |            |            |            |
| RoE                           | -1.0        | -13.3       | -8.7        | 14.0       | 16.3       | 18.5       | 19.9       | 20.4       | 20.6       |
| RoCE                          | 4.5         | -0.9        | 1.1         | 9.4        | 10.2       | 11.7       | 13.2       | 16.3       | 19.1       |
| RoIC                          | 4.4         | -1.0        | 0.7         | 8.6        | 10.0       | 10.8       | 12.0       | 13.9       | 16.0       |
| <b>Working Capital Ratios</b> |             |             |             |            |            |            |            |            |            |
| Fixed Asset Turnover (x)      | 0.2         | 0.1         | 0.1         | 0.3        | 0.2        | 0.3        | 0.3        | 0.4        | 0.4        |
| Asset Turnover (x)            | 0.2         | 0.1         | 0.1         | 0.2        | 0.3        | 0.3        | 0.4        | 0.4        | 0.4        |
| Inventory (Days)              | 4           | 10          | 7           | 4          | 5          | 4          | 4          | 4          | 4          |
| Debtor (Days)                 | 27          | 45          | 26          | 23         | 24         | 22         | 22         | 22         | 22         |
| Creditor (Days)               | 46          | 114         | 53          | 28         | 29         | 17         | 20         | 20         | 19         |
| <b>Leverage Ratio (x)</b>     |             |             |             |            |            |            |            |            |            |
| Current Ratio                 | 1.4         | 2.9         | 2.5         | 1.9        | 2.3        | 2.9        | 2.5        | 2.4        | 2.6        |
| Interest Cover Ratio          | 1.0         | -0.3        | 0.2         | 2.0        | 2.0        | 2.5        | 3.3        | 4.8        | 7.3        |
| Net Debt/Equity               | 1.5         | 1.7         | 2.0         | 2.0        | 1.9        | 1.4        | 0.9        | 0.5        | 0.2        |

### Consolidated - Cash Flow

#### Statement

| Y/E March                        | FY20          | FY21          | FY22          | FY23          | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OP/(Loss) before Tax             | 5             | -2,147        | -1,446        | 1,782         | 2,151         | 2,962         | 3,910         | 5,322         | 6,674         |
| Depreciation                     | 922           | 1,076         | 1,043         | 966           | 1,121         | 1,393         | 1,388         | 1,434         | 1,450         |
| Interest & Finance Charges       | 1,507         | 1,685         | 1,786         | 1,773         | 1,903         | 2,041         | 1,606         | 1,312         | 972           |
| Direct Taxes Paid                | -109          | 322           | -17           | -207          | -341          | -502          | -664          | -1,224        | -1,535        |
| (Inc)/Dec in WC                  | -754          | -1,009        | 27            | -403          | -523          | -416          | -137          | -346          | -224          |
| <b>CF from Operations</b>        | <b>1,572</b>  | <b>-74</b>    | <b>1,394</b>  | <b>3,912</b>  | <b>4,312</b>  | <b>5,478</b>  | <b>6,102</b>  | <b>6,498</b>  | <b>7,337</b>  |
| Others                           | -62           | -635          | -41           | -63           | 339           | -63           | 296           | 921           | 1,206         |
| <b>CF from Operating incl EO</b> | <b>1,510</b>  | <b>-709</b>   | <b>1,353</b>  | <b>3,849</b>  | <b>4,651</b>  | <b>5,416</b>  | <b>6,399</b>  | <b>7,419</b>  | <b>8,543</b>  |
| (Inc)/Dec in FA                  | -8,969        | -465          | -668          | -1,618        | -3,393        | -932          | -1,500        | -1,392        | -2,000        |
| <b>Free Cash Flow</b>            | <b>-7,459</b> | <b>-1,174</b> | <b>685</b>    | <b>2,231</b>  | <b>1,258</b>  | <b>4,484</b>  | <b>4,899</b>  | <b>6,027</b>  | <b>6,543</b>  |
| (Pur)/Sale of Investments        | 210           | 85            | 132           | 8             | -78           | -357          | 0             | 0             | 0             |
| Others                           | 2,677         | -276          | -56           | -1,222        | -495          | 14            | 69            | 67            | 71            |
| <b>CF from Investments</b>       | <b>-6,082</b> | <b>-656</b>   | <b>-591</b>   | <b>-2,832</b> | <b>-3,965</b> | <b>-1,274</b> | <b>-1,431</b> | <b>-1,326</b> | <b>-1,929</b> |
| Issue of Shares                  | 10            | 1,750         | 8             | 17            | 2             | 0             | 0             | 0             | 0             |
| Inc/(Dec) in Debt                | 3,733         | 1,075         | 134           | 471           | 1,434         | -1,927        | -3,000        | -4,000        | -4,000        |
| Interest Paid                    | -1,565        | -1,817        | -1,400        | -1,432        | -2,016        | -1,593        | -1,674        | -1,379        | -1,043        |
| Dividend Paid                    | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Others                           | 2,488         | 1,361         | -372          | -379          | 157           | -352          | -613          | -923          | -1,208        |
| <b>CF from Fin. Activity</b>     | <b>4,667</b>  | <b>2,368</b>  | <b>-1,630</b> | <b>-1,323</b> | <b>-423</b>   | <b>-3,872</b> | <b>-5,287</b> | <b>-6,302</b> | <b>-6,251</b> |
| <b>Inc/Dec of Cash</b>           | <b>94</b>     | <b>1,003</b>  | <b>-869</b>   | <b>-306</b>   | <b>263</b>    | <b>269</b>    | <b>-319</b>   | <b>-209</b>   | <b>364</b>    |
| Opening Balance                  | 314           | 408           | 1,411         | 543           | 275           | 537           | 807           | 487           | 279           |
| <b>Closing Balance</b>           | <b>408</b>    | <b>1,411</b>  | <b>543</b>    | <b>275</b>    | <b>537</b>    | <b>807</b>    | <b>487</b>    | <b>279</b>    | <b>642</b>    |

(INRm)

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| Explanation of Investment Rating |  |
|----------------------------------|--|
| Investment Rating                | Expected return (over 12-month)  |
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| SELL                             | < - 10%  |
| NEUTRAL                          | < - 10 % to 15%  |
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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

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Grievance Redressal Cell:

| Contact Person        | Contact No.                 | Email ID                     |
|-----------------------|-----------------------------|------------------------------|
| Ms. Hemangi Date      | 022 40548000 / 022 67490600 | query@motilaloswal.com       |
| Ms. Kumud Upadhyay    | 022 40548082                | servicehead@motilaloswal.com |
| Mr. Ajay Menon        | 022 40548083                | am@motilaloswal.com          |
| Mr. Neeraj Agarwal    | 022 40548085                | na@motilaloswal.com          |
| Mr. Siddhartha Khemka | 022 50362452                | po.research@motilaloswal.com |

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