

# Brigade Hotel Ventures

## BUY

Poised for exponential growth in earnings

### Summary

We initiate coverage on Brigade Hotel Ventures Ltd. (BHVL) with a BUY rating and TP of Rs86, valuing it at 14x EV/EBITDA on FY28E. BHVL has a portfolio of 9 operating hotels with 1,604 keys at the end of FY26. We like BHVL considering 1) its strong foothold in key Southern markets; 2) active asset management, which will drive operational efficiencies; 3) strong parentage of Brigade Group; 4) aggressive expansion plan in high growth markets; and 5) lucrative valuation at current level. We forecast net sales/EBITDA CAGR of 22.8%/28.3% over FY26-28E and we believe the long-term growth is more promising given majority of the new assets (commanding higher ADR and operating margin) would be operational by end of FY30E.

### Key Highlights and Investment Rationale

- Strong parentage and foothold in southern markets to drive growth:** BHVL is a subsidiary of BEL, which is one of the leading real estate developers in India. This allows the company to benefit from BEL's brand reputation and leverage its network, relationships, businesses and credibility that helps it to be a trusted provider of hospitality services. Further, with 9 existing hotels, it is the second largest owner of chain affiliated hotels in South India and the company's hotels are operated by global marquee hospitality companies such as Marriott, Accor and InterContinental Hotels Group.
- Active asset management and well-planned inventory addition to boost earnings:** BHVL engages global hospitality companies to operate, maintain and market its hotel assets under management contracts. This approach helps the company to attract a global clientele, efficiently manage day-to-day operations, and optimize sweating of assets. Further, the company plans to double the inventory to 18 hotels ~3,300keys over FY26-FY30E. Majority of the addition is in high-growth markets such as Hyderabad, Bengaluru and Chennai in the premium segment with higher ADR and better margin profile. We believe this bodes well for net sales growth as well as margin improvement over mid-long term horizon.

TP	Rs86
CMP	Rs61
Potential upside/downside	41%

### Price Performance (%)

	-1m	-3m	-12m
Absolute	(9.0)	2.3	--
Rel to Sensex	(6.1)	9.2	--

### V/s Consensus

EV/EBITDA	FY27E	FY28E
IDBI Capital	12.3	9.7
Consensus	11.1	8.8
% difference	10.9	10.5

### Key Stock Data

Bloomberg/Reuters	BRIGHOTE IN / BRIA.BO
Sector	Hotel
Shares o/s (mn)	380
Market cap. (Rs mn)	23,224
3-m daily avg Trd value (Rs mn)	10
52-week high / low	Rs 91 / 54
Sensex / Nifty	74,650 / 23,484

### Shareholding Pattern (%)

Promoters	74.1
FII	0.7
DII	12.7
Public	12.6

### Financial snapshot

Year	FY24	FY25	FY26	FY27E	FY28E
Revenue	4,017	4,683	5,250	5,888	7,922
Change (yoy, %)	15	17	12	12	35
EBITDA	1,415	1,644	1,739	2,018	2,864
Change (yoy, %)	46	16	6	16	42
EBITDA Margin (%)	35.2	35.1	33.1	34.3	36.2
Adj.PAT	311	237	646	704	830
EPS (Rs)	1.1	0.8	1.7	1.9	2.2
Change (yoy, %)	(321.0)	(23.6)	102.3	9.1	17.9
PE(x)	55.4	72.6	35.9	32.9	27.9
Dividend Yield (%)	-	-	-	-	-
EV/EBITDA (x)	15.9	13.3	12.4	12.3	9.7
RoE (%)	57.1	30.7	12.4	7.1	7.8
RoCE (%)	14.1	15.2	11.9	8.6	10.3

Source: Company, IDBI Capital Research

### Archana Gude

archana.gude@idbicapital.com  
+91-22-4069 1938

### Parth Mandavgane

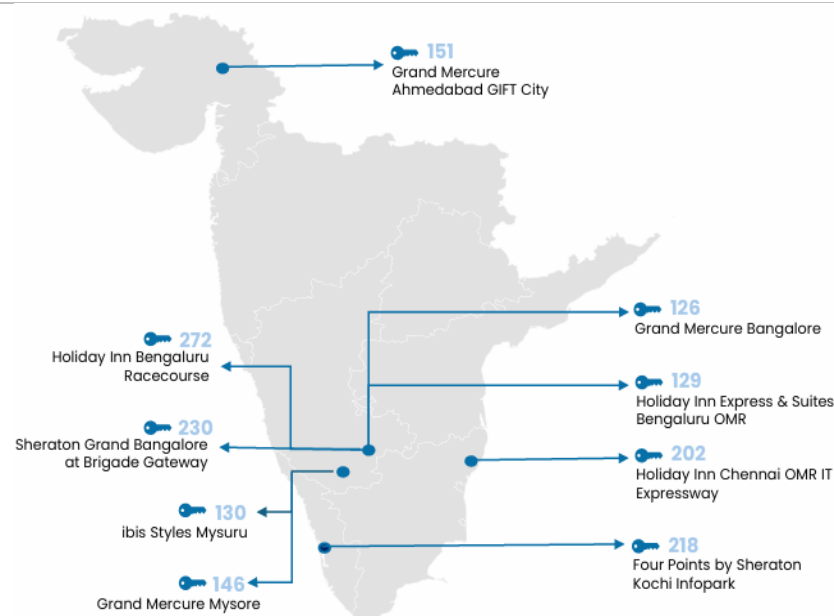
parth.mandavgane@idbicapital.com  
+91-22-4069 1792

## Investment Rationale

### Strong foothold in key Southern markets

BHVL, an owner and developer of hotels, has a portfolio of 9 operating hotels across Bengaluru (Karnataka), Chennai (Tamil Nadu), Kochi (Kerala), Mysuru (Karnataka) and the GIFT City (Gujarat) with 1,604 keys at the end of FY26. It is the second largest owner of chain affiliated hotels in South India and the company's hotels are operated by global marquee hospitality companies such as Marriott, Accor and InterContinental Hotels Group in the upper upscale, upscale, upper-midscale and midscale segments. BHVL's existing hotels portfolio is in high growth potential Southern cities, majorly catering to business segment. Apart from luxurious stay, the company also offers the best-in-class dining experiences in its restaurants. Further, BHVL boasts of expertise of managing large events (MICE, Weddings etc) across its hotels. We believe BHVL's hotel operations, focusing on high growth potential micro markets paves the way for sustainable earnings growth.

### Exhibit 1: BHVL's current hotel portfolio



Source: Company data, IDBI Capital Research

## Existing Portfolio of Hotels



**Sheraton Grand Bangalore  
at Brigade Gateway**

**Keys: 230    Event Rooms: 9    Restaurants: 8**

Sheraton Grand Bangalore Hotel at Brigade Gateway is a 5-star Deluxe property in Bengaluru located within the Brigade Gateway complex, with proximity to key demand drivers such as BIEC and Manyata Tech Park. Its location near retail and leisure hubs such as Orion Mall and ISKCON Temple supports both business and leisure demand.



**Grand Mercure Bangalore**

**Keys: 126    Event Rooms: 8    Restaurants: 2**

Located in Koramangala, it includes F&B outlets, a gym, spa, and outdoor pool, and benefits from proximity to key IT hubs and commercial areas. Its positioning supports a mix of long-stay corporate, relocation, and family travel segments.



**Holiday Inn Express & Suites  
Bengaluru OMR**

**Keys: 129    Event Rooms: 1    Restaurants: 2**

This hotel is located on Old Madras Road with connectivity to key industrial and IT hubs including Whitefield, Narsapura, and KIADB Aerospace Park. It primarily caters to corporate demand from nearby industrial corridors, with some transit and limited leisure demand.



**Holiday Inn Bengaluru Racecourse**

**Keys: 272    Event Rooms: 1    Restaurants: 4**

Holiday Inn Bengaluru Racecourse is a business hotel located in central Bengaluru near key transport hubs, including the city railway station and bus terminal. It offers F&B and standard business hotel amenities, catering primarily to corporate and transit demand, with some long-stay occupancy supported by its central location.



**Grand Mercure Mysore**

**Keys: 146    Event Rooms: 3    Restaurants: 4**

This premium hotel in Mysore is located on the Dasara Procession route in the city centre, with proximity to key tourist attractions such as Mysore Palace and Mysore Zoo. It caters to a mix of leisure, family, and business demand, supported by its central location and strong tourist inflows.



**ibis Styles Mysuru**

**Keys: 130    Event Rooms: 9    Restaurants: 3**

This midscale hotel in Mysuru is located near key tourist attractions and the Ranganathittu Bird Sanctuary. It features meeting and event spaces, catering to a mix of leisure, social, and limited business demand driven by the city's tourism profile.



**Holiday Inn Chennai OMR IT**

**Keys: 202    Event Rooms: 5    Restaurants: 3**

Holiday Inn Chennai OMR IT Expressway is a business hotel located along Chennai's IT corridor, with proximity to major tech parks and the airport and catering primarily to corporate demand from the surrounding office micro-market, with limited ancillary leisure demand.



**Courtyard by Marriott Kochi  
Infopark**

**Keys: 218    Event Rooms: 5    Restaurants: 4**

Courtyard by Marriott Kochi Infopark is a business hotel located in Kakkanad, within Kochi's primary IT hub. The property caters to corporate demand driven by Infopark and limited leisure demand within the micro-market.



**Grand Mercure Ahmedabad  
GIFT City**

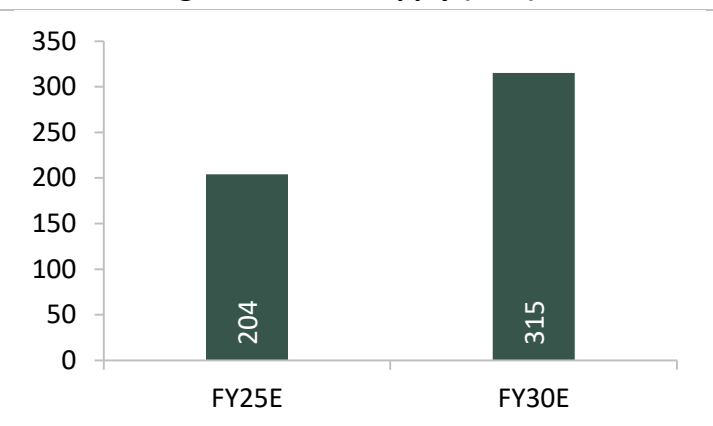
**Keys: 151    Event Rooms: 5    Restaurants: 2**

Grand Mercure Ahmedabad GIFT City is an upscale business hotel located within GIFT City, with proximity to Ahmedabad airport. It primarily caters to corporate and MICE demand driven by the GIFT City ecosystem, with some ancillary leisure demand from city attractions.

### Well positioned to leverage industry tailwinds

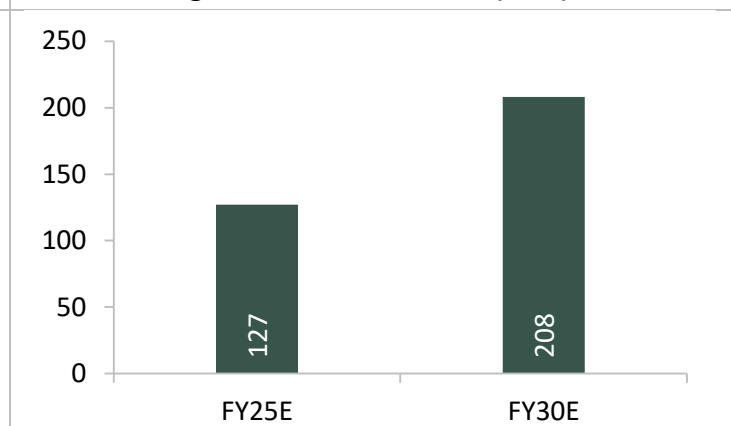
We believe post Covid-19, the domestic hospitality witnessed rebound in travel, which delivered the best of performances on operational level. The new inventory addition lagged overall demand, driving healthy growth on RevPAR. Further, as per Horwath HTL Report, future demand will be driven by diverse domestic and inbound travel needs - business, leisure, MICE, weddings, social events, pilgrimages and other personal travels, political and business delegations and airline crew. The demand for organized rooms is expected to outpace supply in the domestic market. As per the industry report, the demand is expected to grow at CAGR of 10% over FY25-30E, while supply is expected to increase at CAGR 9.1% over the same period. The demand is primarily driven by robust increase in influx of domestic and foreign tourists. The Hotel Association of India estimates foreign tourist arrivals to cross 30mn in India by 2037 and McKinsey estimates 5bn domestic visits by 2030.

**Exhibit 2: Organized room supply ('000)**



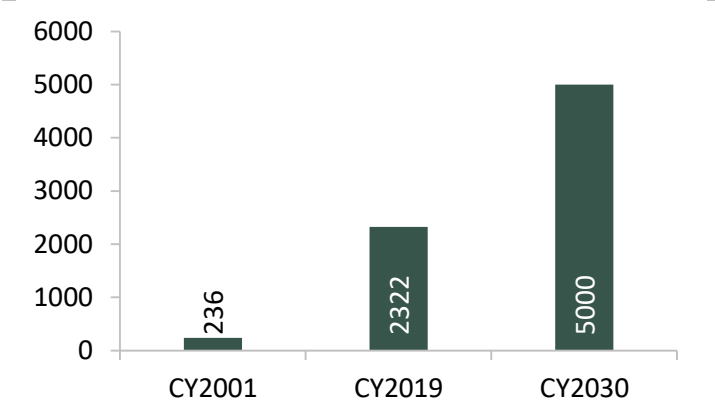
Source: Horwath HTL report, IDBI Capital Research

**Exhibit 3: Organized room demand ('000)**



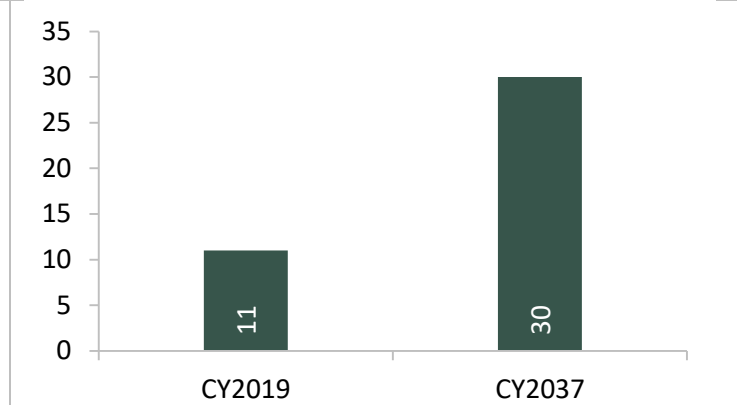
Source: Horwath HTL report, IDBI Capital Research

**Exhibit 4: Domestic tourists growth (in mn)**



Source: Horwath HTL report, IDBI Capital Research

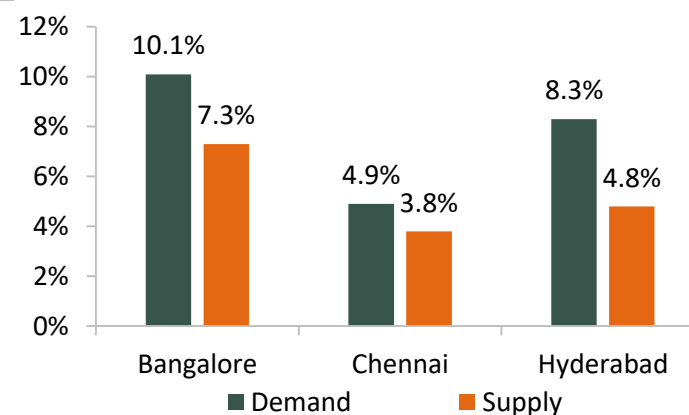
**Exhibit 5: Foreign tourists arrival (in mn)**



Source: Horwath HTL report, IDBI Capital Research

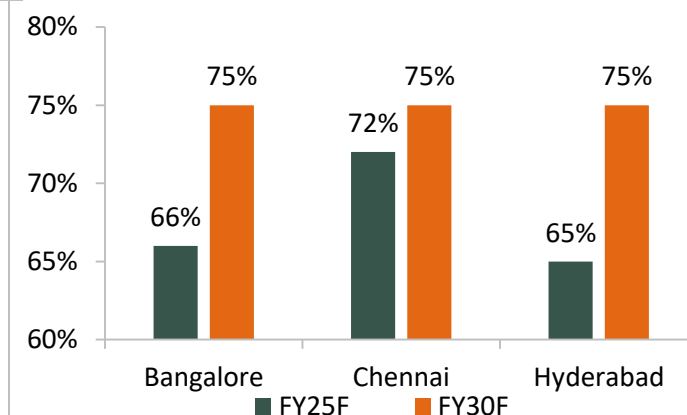
Further dissecting demand-supply of organized hotel industry at market places where BHVL has strong footing suggests that demand-supply gap has widened in Bangalore, Chennai and Hyderabad. Even on occupancy front, the industry report indicates that these markets will show significant improvement over FY25-30E. This will benefit BHVL considering its scale of operations of existing hotels and healthy future pipeline of inventory to be opened in near future.

**Exhibit 6: Supply and Demand CAGR (FY25-FY30E)**



Source: Horwath HTL report, IDBI Capital Research

**Exhibit 7: Occupancy expansion over FY25-FY30E**



Source: Horwath HTL report, IDBI Capital Research

**Active asset management to drive operational efficiencies**

BHVL being an asset developer and owner, it engages global hospitality companies to operate, maintain and market its hotel assets under management contracts. This approach helps the company to attract a global clientele, efficiently manage day-to-day operations, and attract top talent. Further, such engagement with global hospitality companies also provides the company with access to their management expertise, best industry practices, marketing strategies, operational expertise, and human resources. The company also monitors and engages with each hotel’s operator management team to discuss and agree upon budgeting, cost management, and operational and financial targets. It also reviews performance reports, conducts meetings with the operator’s management teams, and participates in the recruitment of key personnel for hotels. BHVL focuses on shared services across its hotels by consolidating certain operations and resources to enhance cost-effectiveness.

**Exhibit 8: BHVL's association with global hospitality players**

Marriott International	Accor	IHG- Hotels and Resorts
Sheraton Grand Bangalore at Brigade Gateway	Grand Mercure Bangalore	Holiday Inn Chennai OMR IT Expressway
Courtyard by Marriott Kochi Infopark	Grand Mercure Ahmedabad GIFT City	Holiday Inn Bengaluru Racecourse
	Grand Mercure Mysore	Holiday Inn Express and Suites Bengaluru OMR
	ibis Styles Mysuru	

*Source: Company data, IDBI Capital Research*

**Strong parentage of Brigade Group**

BHVL is a subsidiary of BEL, which is one of the leading real estate developers in India. BEL is a multi-asset class real estate developer with projects across real estate, leasing and hospitality businesses. Being a wholly owned subsidiary of BEL allows the company to benefit from BEL's brand reputation and leverage its network, relationships, businesses and credibility that helps it to be a trusted provider of hospitality services. With extensive experience in real estate and commercial projects, BEL has a deep understanding of market trends and location opportunities, which enables BHVL to locate strategic land parcels for hotels. Further, BEL's involvement in developing large mixed-use developmental projects provides the company with an opportunity to develop hotels as part of these projects, allowing an integrated experience to customers by combining hospitality with other amenities and services.

### Strengthening presence in high growth market

In order to ride on the current positive demand dynamics and strengthen the presence in existing markets and foray into high growth Southern market, BHVL is focused on new hotel addition over near term. Further, the management is prudent on increasing share of high-end hotels in key markets to aid RevPAR expansion as new inventory stabilizes.

As per current pipeline, the company plans to double the inventory from 9 hotels and 1,604 keys to 18 hotels ~3,300 keys over FY26-FY30. Majority of the new hotel addition is in high-growth markets such as Hyderabad, Bengaluru and Chennai. In terms of positioning, the focus is clearly on premium segment with higher ADR and better margin profile. We believe the management's well-planned strategy of strengthening presence in high growth market bodes well for net sales growth as well as margin improvement as the new hotels' operations stabilize.

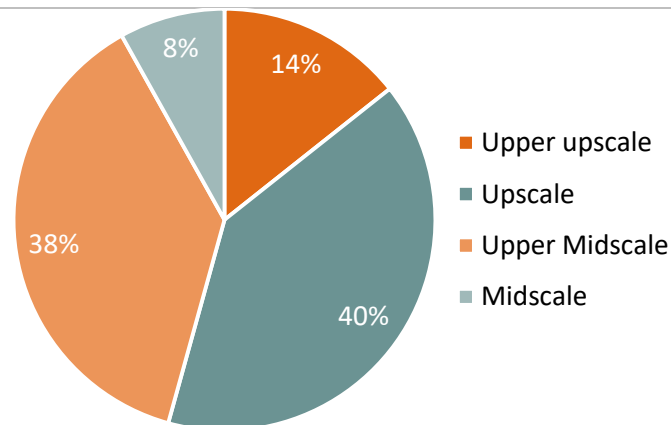
### Exhibit 9: Pipeline of new hotel addition

Project	Keys	Segment	Timeline of completion
Courtyard by Marriott, Chennai	45	Upscale	FY27
Fairfield by Marriott, Bengaluru Airport	224	Upper Midscale	FY28
Fairfield by Marriott, Bengaluru, Brigade Valencia	151	Upper Midscale	FY28
Grand Hyatt, Chennai	211	Luxury	FY29
InterContinental, Hyderabad	300	Luxury	FY29
The Ritz-Carlton, Vaikom Island Kerala	70	Luxury	FY29
JW Marriott, Chennai	250	Luxury	Under Planning Phase
Marriott, Thiruvananthapuram	200	Upper Upscale	Under Planning Phase
Tumkur Road, Bengaluru #	250	Upper Midscale	FY30

Source: Company data, IDBI Capital, (Timelines are tentative and subject to change), #-Brand yet to be decided

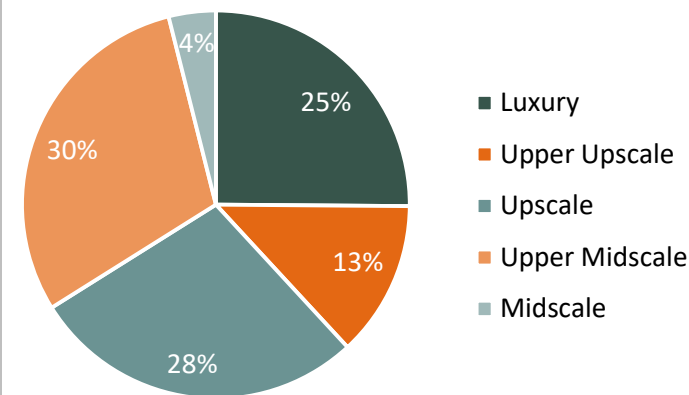
BHVL’s current inventory is more skewed towards mid-priced hotels and only 3 hotels (Grand Mercure Bangalore, Sheraton Grand Bangalore at Brigade Gateway and Holiday Inn Chennai OMR IT Expressway) have ADR higher than Rs7,500. The management reiterated focus to remain on RevPAR improvement through various initiatives on value addition to customers and upgradation of the assets. Further, to cater to high-end segment, the company plans to add new inventory in luxury/upper upscale segment. As the new inventory gets operational, overall inventory pie will command high ADR inventory, giving impetus to earnings growth.

**Exhibit 10: Hotel segment breakup – FY26**



Source: Company data, IDBI Capital Research

**Exhibit 11: Hotel segment breakup post expansion**



Source: Company data, IDBI Capital Research

BHVL has been prudent about aligning assets with hotel demand. The company is targeting business hubs viz IT corridors and Industrial parks, airports, leisure and cultural heritage sites as well as mixed use development to optimize the asset utilization. We believe the company has well planned strategy to be present across high demand zone micro markets will support healthy RevPAR growth in future.

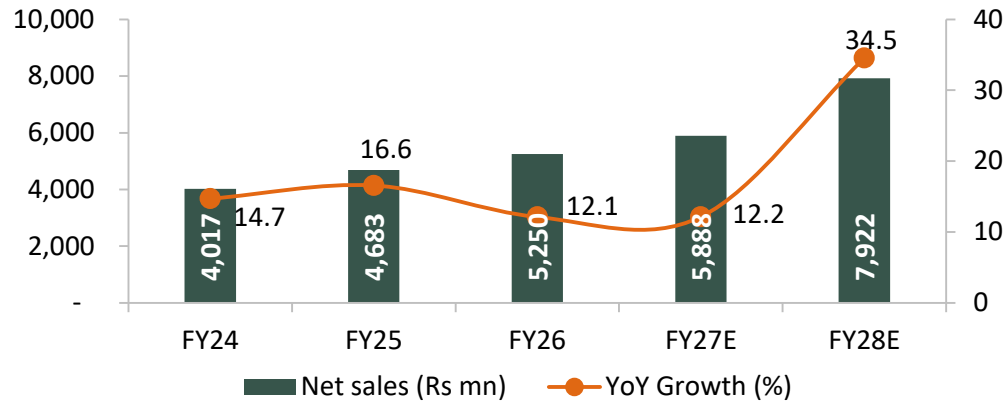
**Exhibit 12: Asset alignment of hotel portfolio**

Location	Existing	Upcoming
Central Business Districts (CBD)/Commercial Centres	Holiday Inn Bengaluru Racecourse	Courtyard by Marriott WTC Chennai
	Grand Mercure Ahmedabad GIFT City	Marriott Thiruvananthapuram
	Grand Mercure Bangalore	
Mixed Use Development	Sheraton Grand Bangalore at Brigade Gateway	InterContinental Hyderabad Brigade Gateway
	Holiday Inn Express and Suites, Bengaluru OMR	Fairfield by Marriott Bengaluru Brigade Valencia
IT Hubs	Holiday Inn Chennai	JW Marriott OMR Chennai
	Courtyard by Marriott Kochi Infopark	
Leisure and Cultural Heritage Site	Grand Mercure Mysore	Grand Hyatt ECR Chennai
	ibis Styles Mysuru	The Ritz Carlton by Marriott Vaikom
Airports		Fairfield by Marriott Bengaluru International Airport

Source: Company data, IDBI Capital Research

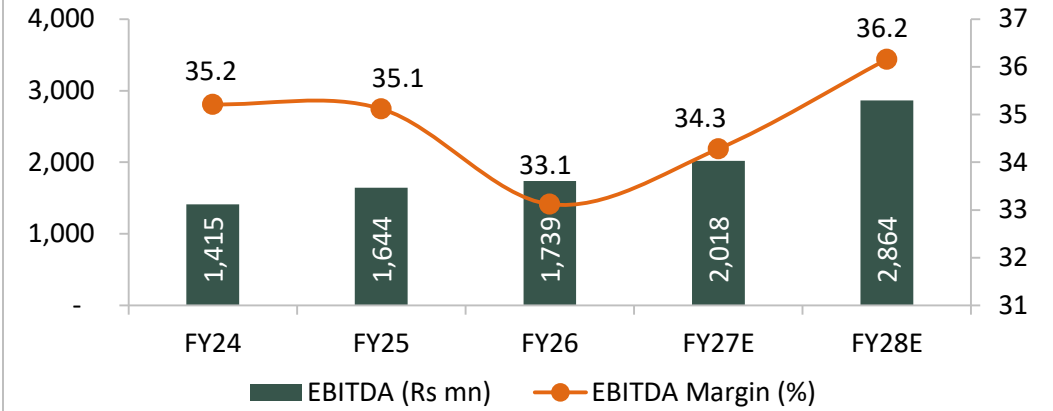
## Financial Analysis

**Exhibit 13: Net sales growth analysis**



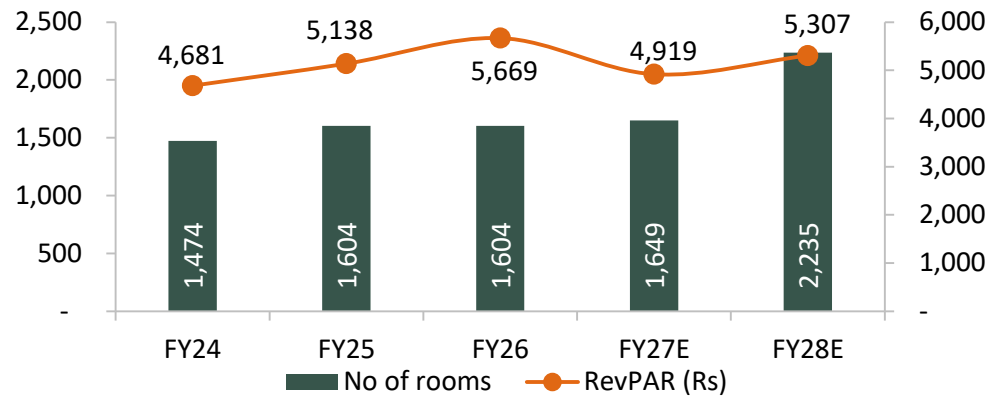
Source: Company data, IDBI Capital Research

**Exhibit 14: EBITDA/EBITDA Margin analysis**



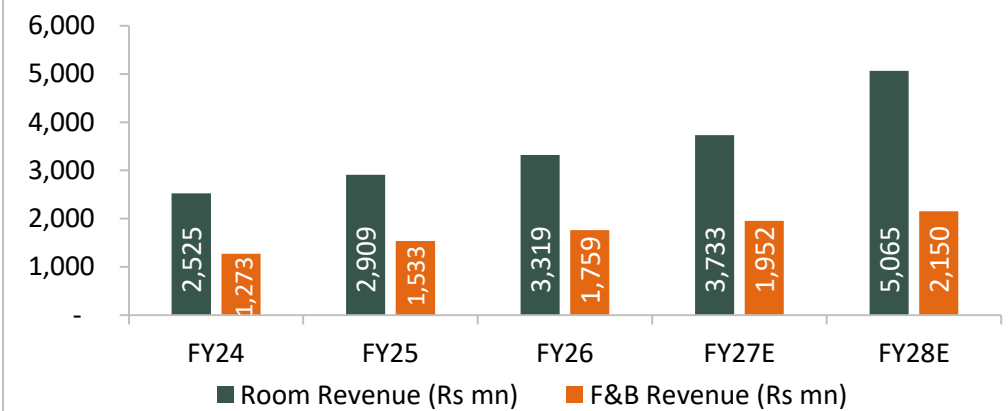
Source: Company data, IDBI Capital Research

**Exhibit 15: No of rooms and RevPAR analysis**



Source: Company data, IDBI Capital Research

**Exhibit 16: Room revenue and F&B Revenue analysis**



Source: Company data, IDBI Capital Research

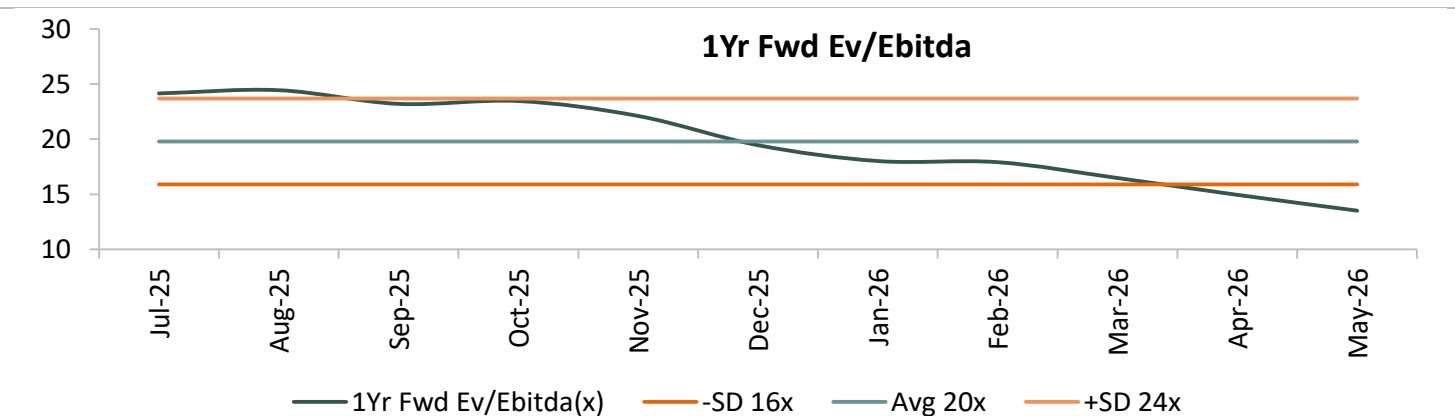
### Valuation Outlook

We like BHVL given its strong positioning in chain affiliated hotels in South India. The company boasts of strong parentage of Brigade Enterprises Ltd, whose expertise in identifying the location, land parcel and developing the assets are key growth drivers of BHVL. With a healthy pipeline of hotels over FY26-30, focus on high-end segment hotels in key business areas, while keeping balance sheet health in check, we believe the company is poised to deliver impressive earnings growth in mid-long term horizon.

We forecast net sales/EBITDA CAGR of 22.8%/28.3% over FY26-28E and we believe the long-term growth is more promising given majority of the new assets (commanding higher ADR and operating margin) would be operational by end of FY30E.

We recommend BUY on Brigade Hotel Ventures Ltd. (BHVL) with a TP of Rs86, valuing it at 14x EV/EBITDA on FY28E.

**Exhibit 17: EV/EBITDA Chart**



Source: Bloomberg, IDBI Capital Research

**Exhibit 18: Peer analysis**

Company	CMP	TP	Upside	Rating	EV/EBITDA	
					FY2027E	FY2028E
IHCL	648	869	34%	<b>BUY</b>	23.7	20.7
Chalet	773	937	21%	<b>BUY</b>	15.4	14.3
Lemon Tree Hotels	112	165	47%	<b>BUY</b>	12.3	10.6
Apeejay Surrendra Park Hotels	116	154	33%	<b>BUY</b>	9.7	8.1

Source: Company data, IDBI Capital Research

## About the company

---

Brigade Hotel Ventures Limited (BHVL) is the listed hospitality subsidiary of Brigade Enterprises Limited (BEL), carved out via a Scheme of Arrangement to enable focused capital allocation and operational management. The second-largest owner of chain-affiliated hotels in South India, BHVL operates 9 hotels aggregating 1,604 keys across Bengaluru, Chennai, Kochi, Mysuru, and GIFT City under management agreements with marquee global operators Marriott, Accor, and IHG. 2 hotels from the existing portfolio are embedded within Brigade Group mixed-use developments, providing structural occupancy support from co-located corporate and retail catchments. BEL's entrenched capabilities in site identification and township-integrated development serve as BHVL's primary competitive moat, with all future group hospitality opportunities contractually channeled to BHVL. With a contracted pipeline of approximately 1,700 keys including luxury additions under Grand Hyatt, Ritz-Carlton, and InterContinental, the company targets a near doubling of inventory by FY30E.

**Exhibit 19: Key Milestones**

Calendar Year	Milestone
2016	Commencement of operations at 'Grand Mercure Mysore' in Mysuru, Karnataka, the Company's first leisure hotel with 146 rooms.
2017	Commencement of operations at 'Holiday Inn Bengaluru Racecourse' with 272 rooms in Bengaluru, Karnataka.
2017	Commencement of operations at 'Holiday Inn Chennai OMR IT Expressway' with 202 rooms in Chennai, Tamil Nadu, the Company's first hotel outside of Karnataka.
2018	Commencement of operations at 'Courtyard by Marriott Kochi Infopark' in Kochi, Kerala with 218 rooms, the Company's second hotel outside Karnataka.
2019	Commencement of operations at the first hotel outside South India, 'Grand Mercure Ahmedabad GIFT City' with 151 rooms in GIFT City, Gujarat.
2020	Commencement of operations at 'Holiday Inn Express & Suites Bengaluru OMR' with 129 rooms in Bengaluru, Karnataka.
2024	Commencement of operations at 'ibis Styles Mysuru' with 130 rooms at Mysuru, Karnataka

*Source: Company data, IDBI Capital Research*

**Exhibit 20: Key Managerial Personnel**

KMP	Designation	Description
Ms. Nirupa Shankar	Managing Director	She brings over 17 years of hospitality sector experience and is associated with Brigade Group since 2009, and oversees the Group's hospitality, office and retail ventures, human resources, public relations, and innovation functions.
Mr. Ananda Natarajan	CFO	He joined Brigade Group in 2008 and has served as CFO of the Company since March 2019, overseeing financial operations across hospitality and facility management.
Ms. Akanksha Bijawat	Company Secretary and Compliance Officer	She has been associated with the Brigade group for over 5 years and was appointed as the Company Secretary on October 1, 2024 and Compliance Officer of the Company on October 19, 2024.
Mr. Arindam Mukherjee	President-Engineering	Associated with Brigade Group since 2009 and is responsible for budgeting, design management, construction delivery, and consultant appointments across hotel projects.
Mr. Manoj Agarwal	COO	He joined the Company in November, 2024. Prior to joining, he held senior roles at Deloitte Haskins & Sells, InterGlobe Hotels Private Limited (Vice President – Asset Management), and Bridge Capital Advisors Private Limited (Vice President).

*Source: Company data, IDBI Capital Research*

**Exhibit 21: Non-promoter shareholding more than 1%**

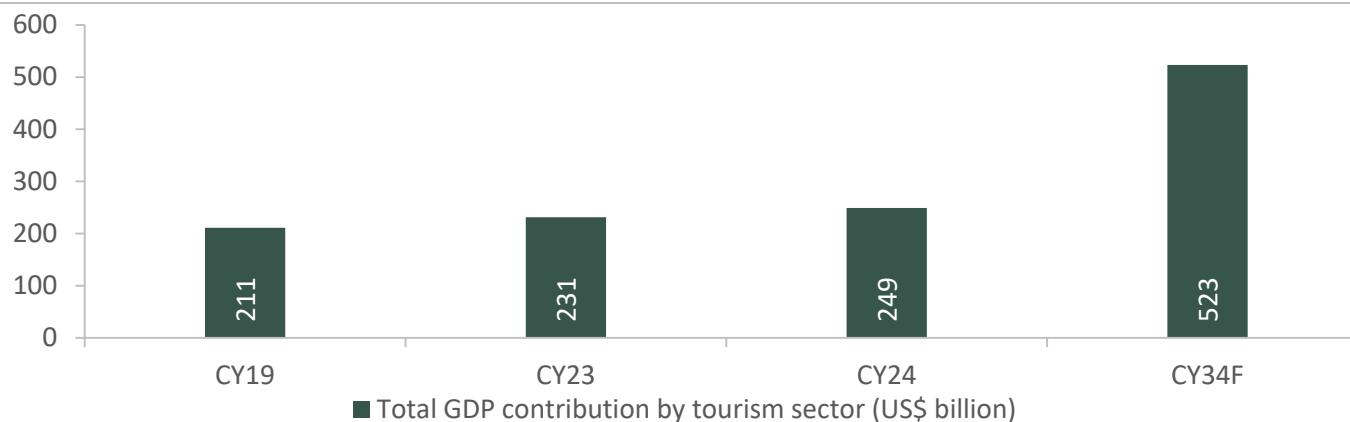
Funds	Shareholding %
SBI MF	5.5
360 ONE AIF	3.9
Franklin India MF	2.4
Motilal Oswal MF	1.7
Axis MF	1.2
Bandhan MF	1.1
Axis AIF	1.1

Source: Bloomberg, IDBI Capital Research

## Industry Overview

As per IBEF report, India’s Travel & Tourism sector contributed US\$249bn to the GDP in 2024, marking a 20% increase since 2019 and making up about 6.6% of the country’s economy. By 2035, this sector is anticipated to almost double to US\$523bn, accounting for an estimated 10.9% of the national GDP. This growth is expected to be driven by tourism-related infrastructure developments such as improved road connectivity, increasing number of airport connectivity, the government’s focus on domestic tourism development. India has seen an increase in consumer spending in the last 5 years, gaining from factors such as a larger and younger workforce, double income families, a trend towards consumerism and lesser savings, and greater credit penetration. Increased spend patterns augur well for travel and F&B spends at hotels.

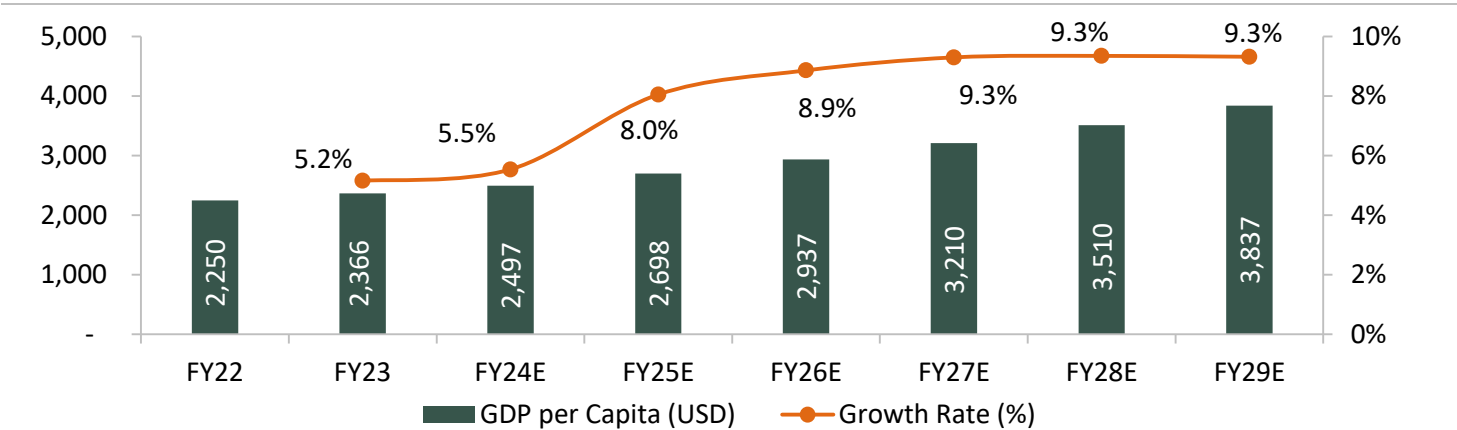
**Exhibit 22: Total GDP Contribution by tourism sector**



Source: IBEF, IDBI Capital Research

IMF’s World Economic Outlook Report (April 2024) estimated per capita GDP growth at 8.7% CAGR between FY23-FY29E. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the hospitality sector.

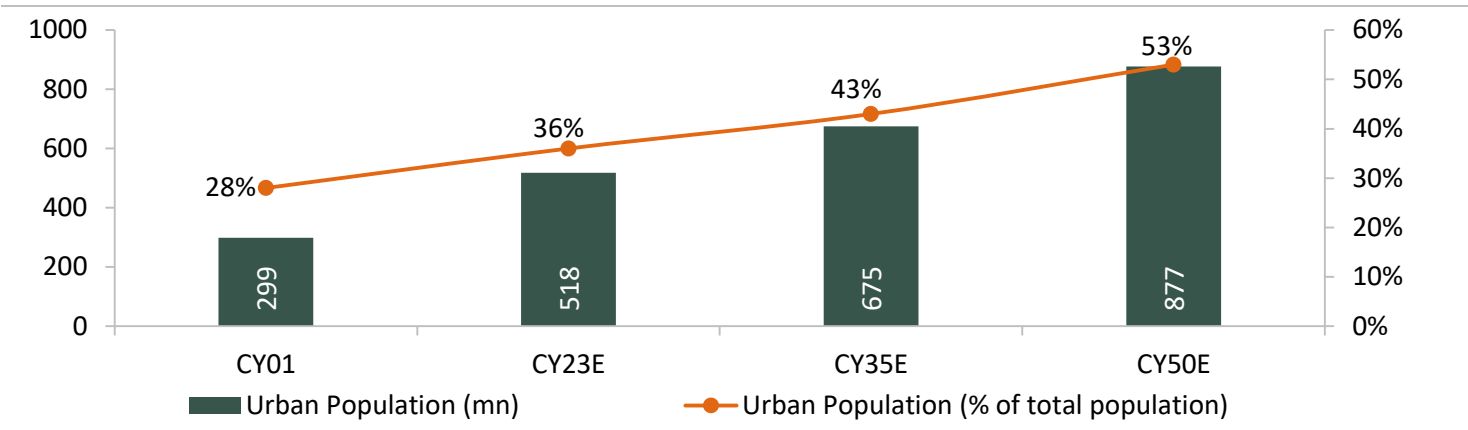
**Exhibit 23: Per capita GDP growth analysis**



Source: IMF report, IDBI Capital Research

India’s urban population share increased from 28% in CY01 and was further projected to increase to 36% in CY23. At these levels, urbanization is underpenetrated in India compared to USA (83%), UK (85%) and China (65%). Growth in business and business opportunities due to increased urban-led activity is evidenced by increase in air traffic, wider real estate activity, and growth of hotels in several existing and newer markets.

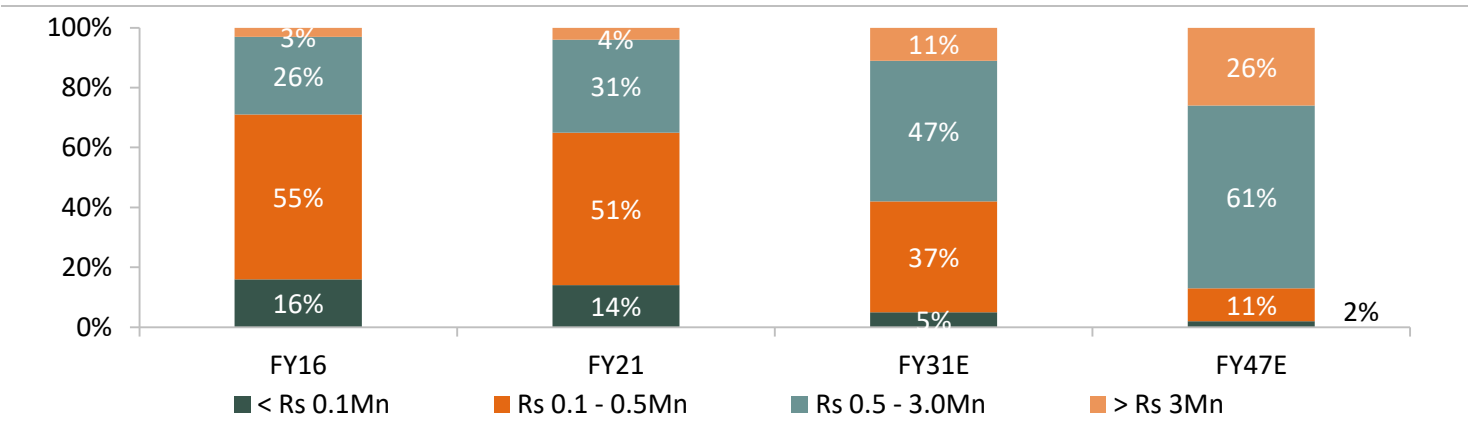
**Exhibit 24: India’s growing urban population analysis**



Source: World Urbanization Prospects 2018, IDBI Capital Research

India’s middle-class population (income of Rs0.5mn to Rs3mn per annum) grew at 4% CAGR between FY16-21, increasing its share from 26% to 31% over the period. This segment is further projected to grow and is estimated to represent approximately 47% of the population by FY31E. High-income households (income > Rs3mn) had 37mn population in FY16 and are projected to be 437mn in FY47E increasing at the CAGR of 8%. Rising middle class and high-income class population is an important demand driver for the hospitality sector, using midscale and upscale hotels and with aspirational demand for upper upscale hotels.

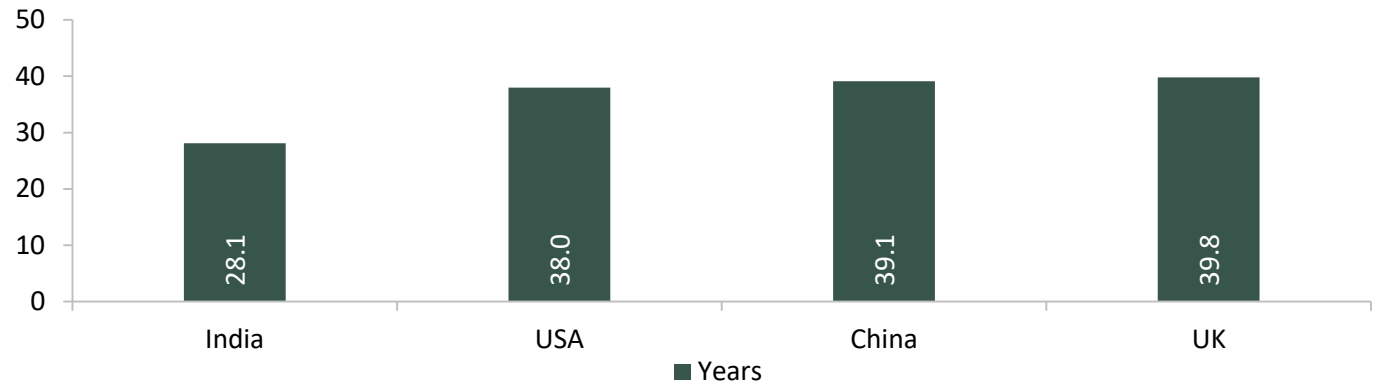
**Exhibit 25: Rising Middle Class**



Source: People Research on India’s Consumer Economy (PRICE), IDBI Capital Research

In 2023, the median age of India was estimated at 28.1 years, which was more than 10 years lower than USA's (38 years), China (39.1 years) and UK (39.8 years). As per the IBEF report, median age in India is projected to remain below 30 years, until 2030. The large working population also carries enhanced discretionary spend capacity and propensity to spend on lifestyle aspects, which could benefit the hotel sector.

#### Exhibit 26: Lowest Median Age



Source: Department of Economic and Social Affairs, Population Division (2024), IDBI Capital Research

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Net sales</b>	<b>3,502</b>	<b>4,017</b>	<b>4,683</b>	<b>5,250</b>	<b>5,888</b>	<b>7,922</b>
<i>Change (yoy, %)</i>		15	17	12	12	35
Operating expenses	(2,534)	(2,602)	(3,038)	(3,511)	(3,870)	(5,057)
<b>EBITDA</b>	<b>968</b>	<b>1,415</b>	<b>1,644</b>	<b>1,739</b>	<b>2,018</b>	<b>2,864</b>
<i>Change (yoy, %)</i>		46	16	6	16	42
<i>Margin (%)</i>	27.6	35.2	35.1	33.1	34.3	36.2
Depreciation	(494)	(436)	(498)	(544)	(848)	(1,108)
<b>EBIT</b>	<b>474</b>	<b>978</b>	<b>1,146</b>	<b>1,195</b>	<b>1,171</b>	<b>1,756</b>
Interest paid	(692)	(689)	(726)	(515)	(434)	(869)
Other income	62	32	24	184	203	223
<b>Pre-tax profit</b>	<b>(155)</b>	<b>321</b>	<b>445</b>	<b>864</b>	<b>939</b>	<b>1,110</b>
Tax	15	NA	(209)	(218)	(235)	(279)
<i>Effective tax rate (%)</i>	9.3	2.9	46.8	25.2	25.0	25.2
Minority Interest	-	-	-	-	-	-
<b>Net profit</b>	<b>(141)</b>	<b>311</b>	<b>237</b>	<b>646</b>	<b>704</b>	<b>830</b>
Exceptional items	-	-	-	-	-	-
<b>Adjusted net profit</b>	<b>(141)</b>	<b>311</b>	<b>237</b>	<b>646</b>	<b>704</b>	<b>830</b>
<i>Change (yoy, %)</i>		NA	(24)	173	9	18
EPS	(0.5)	1.1	0.8	1.7	1.9	2.2
Dividend per sh	-	-	-	-	-	-
<i>Dividend Payout %</i>	-	-	-	-	-	-

**Balance Sheet**

(Rs mn)

Year-end: March	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Shareholders' funds</b>	<b>421</b>	<b>670</b>	<b>869</b>	<b>9,591</b>	<b>10,295</b>	<b>11,126</b>
Share capital	2,829	2,829	2,814	3,798	3,798	3,798
Reserves & surplus	(2,408)	(2,159)	(1,961)	5,777	6,482	7,312
<b>Total Debt</b>	<b>5,011</b>	<b>5,491</b>	<b>4,934</b>	<b>979</b>	<b>2,448</b>	<b>5,996</b>
Other liabilities	794	1,303	1,499	1,769	1,840	1,913
<b>Curr Liab &amp; prov</b>	<b>2,124</b>	<b>1,283</b>	<b>2,020</b>	<b>1,268</b>	<b>1,994</b>	<b>3,561</b>
Current liabilities	2,114	1,269	2,001	1,244	1,969	3,535
Provisions	10	14	19	24	25	26
<b>Total liabilities</b>	<b>7,929</b>	<b>8,078</b>	<b>8,452</b>	<b>4,016</b>	<b>6,281</b>	<b>11,471</b>
<b>Total equity &amp; liabilities</b>	<b>8,407</b>	<b>8,868</b>	<b>9,476</b>	<b>13,823</b>	<b>16,792</b>	<b>22,812</b>
Net fixed assets	6,575	7,234	7,518	10,016	14,698	20,119
Investments	142	177	399	271	284	299
Other non-curr assets	791	782	680	527	562	600
<b>Current assets</b>	<b>899</b>	<b>676</b>	<b>879</b>	<b>3,009</b>	<b>1,248</b>	<b>1,794</b>
Inventories	44	59	67	74	77	80
Sundry Debtors	207	218	230	237	213	192
Cash and Bank	310	203	224	2,507	763	1,321
Loans and advances	338	196	358	191	195	201
<b>Total assets</b>	<b>8,407</b>	<b>8,868</b>	<b>9,476</b>	<b>13,823</b>	<b>16,792</b>	<b>22,812</b>

**Cash Flow Statement**

(Rs mn)

Year-end: March	FY23	FY24	FY25	FY26	FY27E	FY28E
Pre-tax profit	(155)	321	445	864	939	1,110
Depreciation	5,254	379	454	544	848	1,108
Tax paid	(768)	2	3	(84)	(265)	(312)
Chg in working capital	1,874	(867)	716	(765)	746	1,585
Other operating activities	-	-	-	-	-	-
<b>Cash flow from operations (a)</b>	<b>6,204</b>	<b>(165)</b>	<b>1,618</b>	<b>559</b>	<b>2,268</b>	<b>3,492</b>
Capital expenditure	(11,828)	(1,039)	(737)	(3,042)	(5,530)	(6,530)
Chg in investments	(142)	(34)	(222)	128	(13)	(14)
Other investing activities	-	-	-	-	-	-
<b>Cash flow from investing (b)</b>	<b>(11,971)</b>	<b>(1,073)</b>	<b>(960)</b>	<b>(2,914)</b>	<b>(5,543)</b>	<b>(6,544)</b>
Equity raised/(repaid)	2,829	-	-	984	-	-
Debt raised/(repaid)	5,011	481	(557)	(3,955)	1,469	3,549
Dividend (incl. tax)	-	-	-	-	-	-
Chg in minorities	57	63	35	61	-	-
Other financing activities	(1,820)	586	(115)	7,548	62	62
<b>Cash flow from financing (c)</b>	<b>6,077</b>	<b>1,130</b>	<b>(638)</b>	<b>4,639</b>	<b>1,531</b>	<b>3,611</b>
<b>Net chg in cash (a+b+c)</b>	<b>310</b>	<b>(108)</b>	<b>21</b>	<b>2,284</b>	<b>(1,744)</b>	<b>559</b>

### Financial Ratios

Year-end: March	FY23	FY24	FY25	FY26	FY27E	FY28E
Book Value (Rs)	1.5	2.4	3.1	25.2	27.1	29.3
Adj EPS (Rs)	-0.5	1.1	0.8	1.7	1.9	2.2
Adj EPS growth (%)		-321.0	-23.6	102.3	9.1	17.9
EBITDA margin (%)	27.6	35.2	35.1	33.1	34.3	36.2
Pre-tax margin (%)	-4.4	8.0	9.5	16.5	16.0	14.0
Net Debt/Equity (x)	11.2	7.9	5.4	-0.2	0.2	0.4
ROCE (%)	15.1	14.1	15.2	11.9	8.6	10.3
ROE (%)	-66.9	57.1	30.7	12.4	7.1	7.8

### DuPont Analysis

Asset turnover (x)	0.8	0.5	0.5	0.5	0.4	0.4
Leverage factor (x)	20.0	15.8	11.9	2.2	1.5	1.8
Net margin (%)	-4.0	7.8	5.1	12.3	12.0	10.5

### Working Capital & Liquidity ratio

Inventory days	5	5	5	5	5	4
Receivable days	22	20	18	16	13	9
Payable days	235	111	195	89	147	224

### Valuations

Year-end: March	FY23	FY24	FY25	FY26	FY27E	FY28E
PER (x)	-122.5	55.4	72.6	35.9	32.9	27.9
Price/Book value (x)	41.0	25.7	19.8	2.4	2.3	2.1
EV/Net sales (x)	6.3	5.6	4.7	4.1	4.2	3.5
EV/EBITDA (x)	22.7	15.9	13.3	12.4	12.3	9.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company; IDBI Capital Research



Dealing

(91-22) 6836 1111

dealing@idbicapital.com

**Key to Ratings Stocks:****BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.**IDBI Capital Markets & Securities Ltd.****Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 4069 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

**SEBI Registration:** BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578**Compliance Officer:** Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 1907**Disclaimer**

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as "IDBI Capital") for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for solely for the selected recipient and may not be altered in any way, transmitted, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IDBI Capital and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

## Analyst Disclosures

We, Archana Gude and Parth Mandavgane, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, we will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

## Other Disclosure

IDBI Capital Markets & Securities Ltd.(herein after referred to as “IDBI Capital”) was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India’s leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on [www.idbicapital.com](http://www.idbicapital.com) IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative’s may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at [www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com) and [www.economicstimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economicstimes.indiatimes.com/markets/stocks/stock-quotes).

### Most Important Terms and Conditions

1. These terms and conditions, and consent thereon are for the research services provided by the Research Analyst (RA) and RA cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit RA to execute any trade on their behalf.
2. The fee charged by RA to the client will be subject to the maximum of amount prescribed by SEBI/ Research Analyst Administration and Supervisory Body (RAASB) from time to time (applicable only for Individual and HUF Clients).  
Note:
  - 2.1. The current fee limit is Rs 1,51,000/- per annum per family of client for all research services of the RA.
  - 2.2. The fee limit does not include statutory charges.
  - 2.3. The fee limits do not apply to a non-individual client / accredited investor.
3. RA may charge fees in advance if agreed by the client. Such advance shall not exceed the period stipulated by SEBI; presently it is one quarter. In case of pre-mature termination of the RA services by either the client or the RA, the client shall be entitled to seek refund of proportionate fees only for unexpired period.
4. Fees to RA may be paid by the client through any of the specified modes like cheque, online bank transfer, UPI, etc. Cash payment is not allowed. Optionally the client can make payments through Centralized Fee Collection Mechanism (CeFCoM) managed by BSE Limited (i.e. currently recognized RAASB).
5. The RA is required to abide by the applicable regulations/ circulars/ directions specified by SEBI and RAASB from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. The RA will endeavor to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.
6. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. No scheme of this nature shall be offered to the client by the RA.
7. The RA cannot guarantee returns, profits, accuracy, or risk-free investments from the use of the RA's research services. All opinions, projections, estimates of the RA are based on the analysis of available data under certain assumptions as of the date of preparation/publication of research report.
8. Any investment made based on recommendations in research reports are subject to market risks, and recommendations do not provide any assurance of returns. There is no recourse to claim any losses incurred on the investments made based on the recommendations in the research report. Any reliance placed on the research report provided by the RA shall be as per the client's own judgement and assessment of the conclusions contained in the research report.
9. The SEBI registration, Enlistment with RAASB, and NISM certification do not guarantee the performance of the RA or assure any returns to the client.
10. For any grievances,  
Step 1: the client should first contact the RA using the details on its website or following contact details:  
(RA to provide details as per 'Grievance Redressal / Escalation Matrix')  
Step 2: If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at [www.scores.sebi.gov.in](http://www.scores.sebi.gov.in)  
Step 3: The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>
11. Clients are required to keep contact details, including email id and mobile number/s updated with the RA at all times.
12. The RA shall never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. Never share such information with anyone including RA.