

August 12, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>170</b>		<b>175</b>	
Sales (Rs. m)	14,347	15,838	14,466	16,127
% Chng.	(0.8)	(1.8)		
EBITDA (Rs. m)	7,310	8,286	7,476	8,458
% Chng.	(2.2)	(2.0)		
EPS (Rs.)	3.2	4.2	3.4	4.3
% Chng.	(5.2)	(3.3)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	10,711	12,861	14,347	15,838
EBITDA (Rs. m)	5,232	6,341	7,310	8,286
Margin (%)	48.8	49.3	50.9	52.3
PAT (Rs. m)	1,485	1,966	2,552	3,324
EPS (Rs.)	1.9	2.5	3.2	4.2
Gr. (%)	29.6	32.4	29.8	30.2
DPS (Rs.)	-	-	-	0.4
Yield (%)	-	-	-	0.3
RoE (%)	16.3	18.5	19.8	21.2
RoCE (%)	15.1	17.3	20.6	24.3
EV/Sales (x)	12.2	10.0	8.6	7.5
EV/EBITDA (x)	25.0	20.2	16.9	14.4
PE (x)	75.7	57.2	44.1	33.8
P/BV (x)	11.6	9.7	7.9	6.5

### Key Data LEMO.BO | LEMONTRE IN

52-W High / Low	Rs.162 / Rs.111
Sensex / Nifty	80,604 / 24,585
Market Cap	Rs.112bn / \$ 1,283m
Shares Outstanding	792m
3M Avg. Daily Value	Rs.429.05m

### Shareholding Pattern (%)

Promoter's	22.28
Foreign	21.33
Domestic Institution	19.98
Public & Others	36.41
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(7.4)	10.0	18.6
Relative	(5.2)	4.1	17.2

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## Margin uptick hinges on culmination of renovation

### Quick Pointers:

- Mr Neelendra Singh will take over as MD of Lemon Tree Hotels while Mr Saurabh Shatdal will be roped in as MD & CEO of Fleur Hotels from 01st Oct 2025
- RevPAR increases 19.4% YoY to Rs4,523 in 1QFY26

**We cut our EBITDA estimates by ~2% over FY25-FY27E as we fine tune our fee income assumptions amid delays in opening timelines of managed & franchised hotels. LEMONTRE IN's operational performance was marginally better than our estimate with EBITDA margin of 44.5% (PLe 43.2%) led by 19.4% growth in RevPAR to Rs4,523 and 6.3% YoY fall in power & fuel cost amid investments made in renewable energy. Led by gradual stabilization of Aurika, MIAL (occupancy of 76.6% in 1QFY26 amid increase in negotiated business) and expected improvement in RevPAR given the ongoing renovation exercise, we estimate revenue /EBITDA CAGR of 11%/14% over FY25-FY27E. In addition, as no major capex is lined up in near term barring the hotels in Shimla and Shillong, we expect debt reduction to gather pace from FY26E onwards translating into a PAT CAGR of 30% over the next 2 years. Retain BUY on the stock with a TP of Rs170 (24x FY27E EBITDA; no change in target multiple).**

**RevPAR increased 17.8% YoY:** Revenue increased 17.8% YoY to Rs3,158mn (PLe Rs3,124mn). ARR increased 9.7% YoY to Rs6,236. RevPAR grew 19.4% YoY to Rs4,523, while occupancy stood at 72.5%.

**EBITDA margin improves 160bps YoY:** EBITDA increased 22.1% YoY to Rs1,405mn (PLe Rs1,350mn) with a margin of 44.5% (PLe 43.2%). PAT after MI increased 93.5% YoY to Rs383mn (PLe Rs210mn) with a margin of 12.1% (PLe 6.7%) as against 7.4% in 1QFY25.

**Con-call highlights:** **1)** In 1QFY26, Aurika, MIAL's occupancy increased to 76.6% (45.8% in 1QFY25) led by increase in share of negotiated business (corporates and airlines). **2)** Lemon Tree's loyalty program has 2.1mn members with a strong repeat rate of ~43-44%. The membership base is expected to grow to 3mn within the next year. **3)** Post-renovation, the keys portfolio is expected to generate an EBITDA in the range of ~Rs600-800mn. **4)** Renovation time-line of select hotels are as follows: i) Lemon tree Premier, Delhi, is expected to be renovated by July-Aug'26. ii) Red Fox, Delhi, is 60% renovated and is expected to be ready by next year. It can be upgraded to a Lemon Tree Hotel. iii) Lemon Tree, Electronics City, will take ~1.5-2 years for complete renovation and by next year ~75% of renovation will be complete. It will be rebranded to Lemon tree Premier. iv) Lemon Tree Premier, Whitefield's public areas/rooms are renovated ~80%/60-70%. Complete renovation should be over by next year. v) Lemon tree, Gachibowli, is expected to be renovated within next 18 months. vi) Keys, Hosur's renovation is likely to be stretched to early 2028. **5)** During the quarter, one-offs in other expenses pertain to technological expenses and reimbursement of pay cuts taken by top-leaders during covid. **6)** Guidance on renovation capex stands at ~Rs1.3bn for FY26E. For

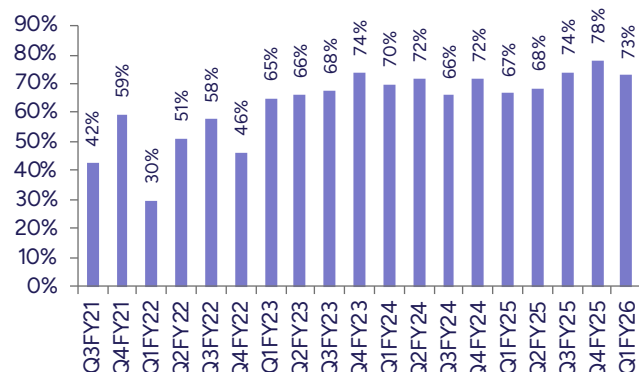
FY27E, renovation capex is expected at ~Rs910mn. From thereon it is expected to drop to ~Rs200mn per year. **7)** In 1QFY26, Aurika, MIAL's EBITDAR margin was around 60%. **8)** In 1QFY26, ARR under the negotiated business grew by 9%, while ARR for non-negotiated business grew by 10%. **9)** Debt is projected to decline by ~Rs500mn each quarter henceforth.

**Exhibit 1: 1QFY26 Result Overview – Consolidated (Rs mn)**

Y/e March	1QFY26	1QFY25	YoY gr.	1QFY26E	% Var.	4QFY25	QoQ gr.	FY26E	FY25	YoY gr.
<b>Net sales</b>	<b>3,158</b>	<b>2,680</b>	<b>17.8%</b>	<b>3,124</b>	<b>1.1%</b>	<b>3,785</b>	<b>-16.6%</b>	<b>14,347</b>	<b>12,861</b>	<b>11.6%</b>
Cost of F&B consumed	198	164	20.5%	187	5.6%	230	-13.9%	795	762	4.3%
<i>As a % of sales</i>	<i>6.3%</i>	<i>6.1%</i>		<i>6.0%</i>		<i>6.1%</i>		<i>5.5%</i>	<i>5.9%</i>	
Employee Cost	580	507	14.3%	587	-1.3%	570	1.6%	2,328	2,185	6.6%
<i>As a % of sales</i>	<i>18.4%</i>	<i>18.9%</i>		<i>18.8%</i>		<i>15.1%</i>		<i>16.2%</i>	<i>17.0%</i>	
Power Oil and Fuel	219	234	-6.3%	250	-12.4%	202	8.5%	888	878	1.2%
<i>As a % of sales</i>	<i>6.9%</i>	<i>8.7%</i>		<i>8.0%</i>		<i>5.3%</i>		<i>6.2%</i>	<i>6.8%</i>	
Other Expenses	756	624	21.1%	750	0.8%	742	1.9%	3,027	2,695	12.3%
<i>As a % of sales</i>	<i>23.9%</i>	<i>23.3%</i>		<i>24.0%</i>		<i>19.6%</i>		<i>21.1%</i>	<i>21.0%</i>	
<b>EBITDA</b>	<b>1,405</b>	<b>1,151</b>	<b>22.1%</b>	<b>1,350</b>	<b>4.1%</b>	<b>2,041</b>	<b>-31.2%</b>	<b>7,310</b>	<b>6,341</b>	<b>15.3%</b>
<i>EBITDA margin</i>	<i>44.5%</i>	<i>42.9%</i>		<i>43.2%</i>		<i>53.9%</i>		<i>50.9%</i>	<i>49.3%</i>	
Depreciation	342	346	-1.0%	359	-4.8%	349	-1.9%	1,444	1,393	3.7%
<b>EBIT</b>	<b>1,063</b>	<b>805</b>	<b>32.1%</b>	<b>990</b>	<b>7.3%</b>	<b>1,692</b>	<b>-37.2%</b>	<b>5,865</b>	<b>4,948</b>	<b>18.5%</b>
<i>EBIT margin</i>	<i>33.7%</i>	<i>30.0%</i>		<i>31.7%</i>		<i>44.7%</i>		<i>40.9%</i>	<i>38.5%</i>	
Interest cost	447	518	-13.7%	444	0.7%	472	-5.4%	1,502	2,007	-25.2%
Other income	16	4	362.2%	25	-34.4%	9	86.4%	143	23	514.7%
<b>PBT</b>	<b>633</b>	<b>291</b>	<b>117.5%</b>	<b>572</b>	<b>10.7%</b>	<b>1,229</b>	<b>-48.5%</b>	<b>4,507</b>	<b>2,965</b>	<b>52.0%</b>
Exceptional items/Share of JVs	(4)	1	NM	2	NM	-6	NM	-	-3	NM
<b>PBT (ater exceptional items/ Share of JVs)</b>	<b>629</b>	<b>292</b>	<b>115.2%</b>	<b>574</b>	<b>9.6%</b>	<b>1,223</b>	<b>-48.6%</b>	<b>4,507</b>	<b>2,962</b>	<b>52.1%</b>
Tax expenses	148	91	62.5%	143	2.9%	141	4.7%	1,127	531	112.3%
<i>Tax rate</i>	<i>23.5%</i>	<i>31.1%</i>		<i>25.0%</i>		<i>11.5%</i>		<i>25.0%</i>	<i>17.9%</i>	
<b>PAT</b>	<b>481</b>	<b>201</b>	<b>139.1%</b>	<b>430</b>	<b>11.8%</b>	<b>1,081</b>	<b>-55.5%</b>	<b>3,380</b>	<b>2,431</b>	<b>39.0%</b>
<i>PAT margin</i>	<i>15.2%</i>	<i>7.5%</i>		<i>13.8%</i>		<i>28.6%</i>		<i>23.6%</i>	<i>18.9%</i>	
Noncontrolling interest	98	3	3065.5%	220	-55.6%	235	-58.4%	828	466	77.8%
Other comprehensive income (OCI)	0	(0)	NM	-	NM	1	-79.6%	-	0	NM
<b>PAT inclusive of OCI</b>	<b>481</b>	<b>201</b>	<b>139.5%</b>	<b>430</b>	<b>11.8%</b>	<b>1,082</b>	<b>-55.5%</b>	<b>3,380</b>	<b>2,432</b>	<b>39.0%</b>
<b>EPS (Rs)</b>	<b>0.5</b>	<b>0.3</b>	<b>92.0%</b>	<b>0.3</b>	<b>80.7%</b>	<b>1.1</b>	<b>-55.1%</b>	<b>3.2</b>	<b>2.5</b>	<b>29.9%</b>

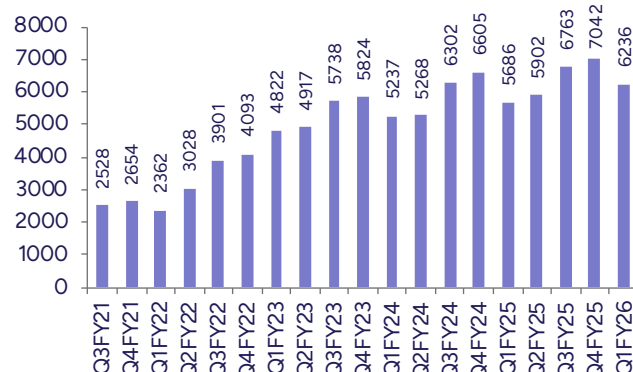
Source: Company, PL

**Exhibit 2: Occupancy levels at 73% for 1QFY26**



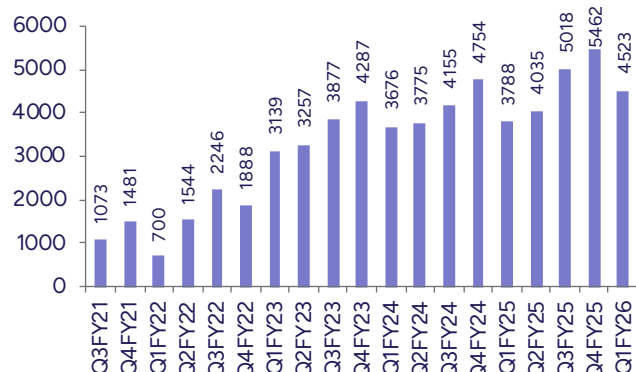
Source: Company, PL

**Exhibit 3: ARR stood at Rs6,236 in 1QFY26 (Rs)**



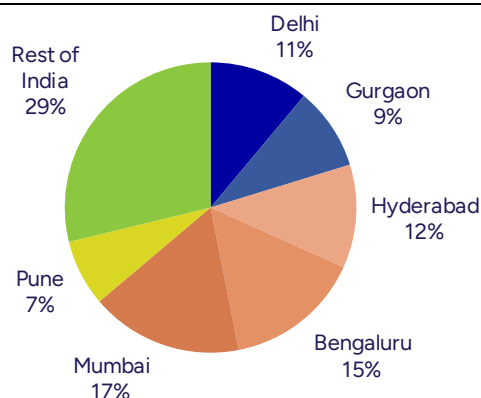
Source: Company, PL

**Exhibit 4: RevPAR for 1QFY26 was at Rs4,523 (Rs)**



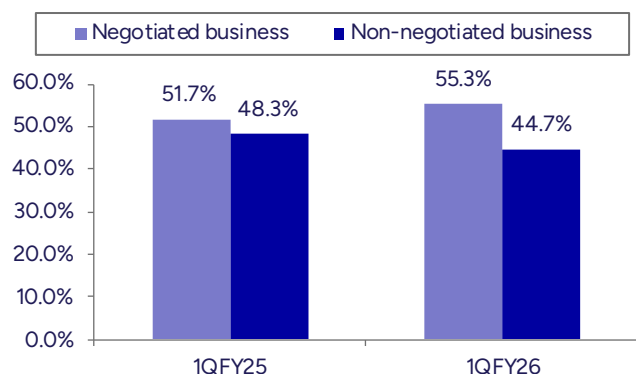
Source: Company, PL

**Exhibit 5: Mumbai forms 17% of LTHL's room portfolio**



Source: Company, PL

**Exhibit 6: Negotiated business formed 55% of sales in 1QFY26**



Source: Company, PL

**Exhibit 7: Operational & pipeline portfolios breakup as of 1QFY26**

Particulars	Operational rooms	Pipeline rooms
Aurika Hotels & Resorts	808	755
Lemon Tree Premier	2,709	882
Lemon Tree Hotels	4,343	4,283
Red Fox by Lemon Tree Hotels	1,210	96
Keys Prima by Lemon Tree Hotels	130	167
Keys Select by Lemon Tree Hotels	1,241	1,025
Keys Lite by Lemon Tree Hotels	220	562
<b>Total</b>	<b>10,661</b>	<b>7,770</b>

Source: Company, PL

**Exhibit 8: SOTP Valuation**

(Rs mn)	FY27E
LT standalone EV	60,151
Fleur's stake adjusted EV	81,842
Total EV	1,41,994
Less: Debt	10,536
Add: Cash	3,371
Equity value	1,34,829
No of shares	792
<b>SOTP per share (Rs)</b>	<b>170</b>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>10,711</b>	<b>12,861</b>	<b>14,347</b>	<b>15,838</b>
YoY gr. (%)	22.4	20.1	11.6	10.4
Cost of Goods Sold	628	762	795	855
Gross Profit	10,083	12,099	13,553	14,984
Margin (%)	94.1	94.1	94.5	94.6
Employee Cost	1,878	2,185	2,328	2,482
Other Expenses	2,973	3,573	3,915	4,215
<b>EBITDA</b>	<b>5,232</b>	<b>6,341</b>	<b>7,310</b>	<b>8,286</b>
YoY gr. (%)	16.9	21.2	15.3	13.4
Margin (%)	48.8	49.3	50.9	52.3
Depreciation and Amortization	1,121	1,393	1,444	1,495
<b>EBIT</b>	<b>4,111</b>	<b>4,948</b>	<b>5,865</b>	<b>6,792</b>
Margin (%)	38.4	38.5	40.9	42.9
Net Interest	2,016	2,007	1,502	1,096
Other Income	56	23	143	238
<b>Profit Before Tax</b>	<b>2,151</b>	<b>2,965</b>	<b>4,507</b>	<b>5,933</b>
Margin (%)	20.1	23.1	31.4	37.5
Total Tax	341	531	1,127	1,483
Effective tax rate (%)	15.9	17.9	25.0	25.0
<b>Profit after tax</b>	<b>1,810</b>	<b>2,434</b>	<b>3,380</b>	<b>4,450</b>
Minority interest	332	466	828	1,126
Share Profit from Associate	7	(3)	-	-
<b>Adjusted PAT</b>	<b>1,485</b>	<b>1,966</b>	<b>2,552</b>	<b>3,324</b>
YoY gr. (%)	29.6	32.4	29.8	30.2
Margin (%)	13.9	15.3	17.8	21.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,485</b>	<b>1,966</b>	<b>2,552</b>	<b>3,324</b>
YoY gr. (%)	29.6	32.4	29.8	30.2
Margin (%)	13.9	15.3	17.8	21.0
Other Comprehensive Income	(4)	0	-	-
Total Comprehensive Income	1,481	1,966	2,552	3,324
<b>Equity Shares O/s (m)</b>	<b>792</b>	<b>792</b>	<b>792</b>	<b>792</b>
<b>EPS (Rs)</b>	<b>1.9</b>	<b>2.5</b>	<b>3.2</b>	<b>4.2</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>44,184</b>	<b>44,727</b>	<b>45,867</b>	<b>47,017</b>
Tangibles	43,528	44,023	45,093	46,173
Intangibles	656	704	774	844
<b>Acc: Dep / Amortization</b>	<b>8,723</b>	<b>10,116</b>	<b>11,560</b>	<b>13,055</b>
Tangibles	8,461	9,729	11,043	12,403
Intangibles	262	387	517	652
<b>Net fixed assets</b>	<b>35,461</b>	<b>34,611</b>	<b>34,307</b>	<b>33,962</b>
Tangibles	35,067	34,295	34,050	33,770
Intangibles	394	317	257	192
Capital Work In Progress	254	586	482	382
Goodwill	951	951	951	951
Non-Current Investments	936	1,021	1,151	1,264
Net Deferred tax assets	306	138	158	174
Other Non-Current Assets	317	505	545	634
<b>Current Assets</b>				
Investments	81	386	386	386
Inventories	138	138	154	170
Trade receivables	715	786	904	998
Cash & Bank Balance	537	807	2,469	3,530
Other Current Assets	550	807	617	665
<b>Total Assets</b>	<b>40,330</b>	<b>40,818</b>	<b>42,253</b>	<b>43,259</b>
<b>Equity</b>				
Equity Share Capital	7,918	7,918	7,918	7,918
Other Equity	1,750	3,717	6,269	9,261
<b>Total Network</b>	<b>9,669</b>	<b>11,635</b>	<b>14,188</b>	<b>17,179</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	16,767	14,934	12,434	9,434
Provisions	32	34	43	48
Other non current liabilities	-	3	3	3
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	2,125	2,052	1,602	1,102
Trade payables	646	616	668	738
Other current liabilities	820	773	765	842
<b>Total Equity &amp; Liabilities</b>	<b>40,330</b>	<b>40,818</b>	<b>42,253</b>	<b>43,259</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,158	2,962	4,507	5,933
Add. Depreciation	1,121	1,393	1,444	1,495
Add. Interest	2,025	2,041	1,502	1,096
Less Financial Other Income	56	23	143	238
Add. Other	(77)	(63)	-	-
Op. profit before WC changes	5,228	6,333	7,453	8,524
Net Changes-WC	(218)	(416)	126	(94)
Direct tax	(360)	(502)	(1,127)	(1,483)
<b>Net cash from Op. activities</b>	<b>4,650</b>	<b>5,416</b>	<b>5,624</b>	<b>5,821</b>
Capital expenditures	(3,305)	(932)	(796)	(800)
Interest / Dividend Income	71	14	-	-
Others	(242)	(467)	(449)	(386)
<b>Net Cash from Invt. activities</b>	<b>(3,965)</b>	<b>(1,274)</b>	<b>(1,307)</b>	<b>(1,193)</b>
Issue of share cap. / premium	5	0	-	-
Debt changes	1,418	(1,927)	(2,950)	(3,500)
Dividend paid	-	-	-	(332)
Interest paid	(1,616)	(1,593)	(1,502)	(1,096)
Others	(392)	(403)	1,905	1,347
<b>Net cash from Fin. activities</b>	<b>(585)</b>	<b>(3,923)</b>	<b>(2,546)</b>	<b>(3,581)</b>
<b>Net change in cash</b>	<b>100</b>	<b>218</b>	<b>1,771</b>	<b>1,046</b>
Free Cash Flow	1,338	4,458	4,828	5,021

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	1.9	2.5	3.2	4.2
CEPS	3.3	4.2	5.0	6.1
BVPS	12.2	14.7	17.9	21.7
FCF	1.7	5.6	6.1	6.3
DPS	-	-	-	0.4
<b>Return Ratio(%)</b>				
RoCE	15.1	17.3	20.6	24.3
ROIC	13.0	15.5	17.3	19.2
RoE	16.3	18.5	19.8	21.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	1.9	1.4	0.8	0.4
Net Working Capital (Days)	7	9	10	10
<b>Valuation(x)</b>				
PER	75.7	57.2	44.1	33.8
P/B	11.6	9.7	7.9	6.5
P/CEPS	43.1	33.5	28.1	23.3
EV/EBITDA	25.0	20.2	16.9	14.4
EV/Sales	12.2	10.0	8.6	7.5
Dividend Yield (%)	-	-	-	0.3

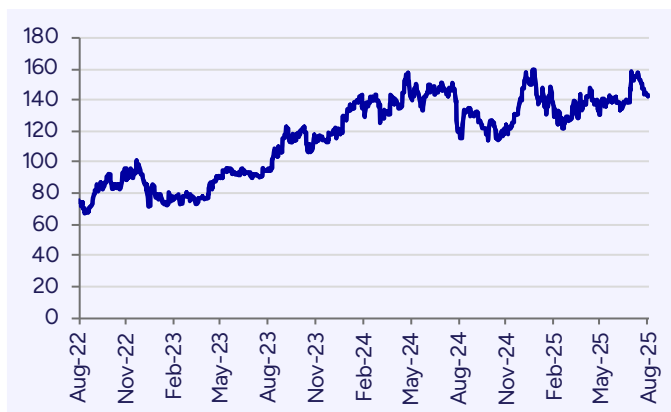
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>2,844</b>	<b>3,552</b>	<b>3,785</b>	<b>3,158</b>
YoY gr. (%)	24.0	22.4	15.6	17.8
Raw Material Expenses	399	411	432	417
Gross Profit	2,445	3,141	3,353	2,741
Margin (%)	86.0	88.4	88.6	86.8
<b>EBITDA</b>	<b>1,307</b>	<b>1,842</b>	<b>2,041</b>	<b>1,405</b>
YoY gr. (%)	25.6	30.4	19.0	22.1
Margin (%)	46.0	51.9	53.9	44.5
Depreciation / Depletion	348	351	349	342
<b>EBIT</b>	<b>960</b>	<b>1,491</b>	<b>1,692</b>	<b>1,063</b>
Margin (%)	33.7	42.0	44.7	33.7
Net Interest	513	503	472	447
Other Income	5	6	9	16
<b>Profit before Tax</b>	<b>451</b>	<b>994</b>	<b>1,229</b>	<b>633</b>
Margin (%)	15.9	28.0	32.5	20.0
Total Tax	102	197	141	148
Effective tax rate (%)	22.7	19.8	11.5	23.3
<b>Profit after Tax</b>	<b>349</b>	<b>798</b>	<b>1,088</b>	<b>485</b>
Minority interest	54	174	235	98
Share Profit from Associates	2	1	(6)	(4)
<b>Adjusted PAT</b>	<b>296</b>	<b>625</b>	<b>846</b>	<b>383</b>
YoY gr. (%)	30.9	76.5	26.4	93.5
Margin (%)	10.4	17.6	22.4	12.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>296</b>	<b>625</b>	<b>846</b>	<b>383</b>
YoY gr. (%)	30.9	76.5	26.4	93.5
Margin (%)	10.4	17.6	22.4	12.1
Other Comprehensive Income	-	-	1	-
<b>Total Comprehensive Income</b>	<b>296</b>	<b>625</b>	<b>847</b>	<b>384</b>
Avg. Shares O/s (m)	792	792	792	792
<b>EPS (Rs)</b>	<b>0.4</b>	<b>0.8</b>	<b>1.1</b>	<b>0.5</b>

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	BUY	175	147
2	02-Jun-25	BUY	174	139
3	09-Apr-25	BUY	173	139
4	06-Feb-25	BUY	175	145
5	09-Jan-25	BUY	179	147
6	18-Nov-24	BUY	158	122
7	09-Oct-24	BUY	159	121

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,071	882
2	Delhivery	Accumulate	466	430
3	DOMS Industries	BUY	3,087	2,456
4	Imagicaaworld Entertainment	BUY	93	66
5	Indian Railway Catering and Tourism Corporation	BUY	864	785
6	InterGlobe Aviation	BUY	6,517	5,740
7	Lemon Tree Hotels	BUY	175	147
8	Mahindra Logistics	Hold	383	408
9	Navneet Education	Hold	136	140
10	Nazara Technologies	Hold	1,241	1,357
11	PVR Inox	Hold	1,052	1,036
12	S Chand and Company	BUY	286	229
13	Safari Industries (India)	BUY	2,434	2,101
14	Samhi Hotels	BUY	308	221
15	TCI Express	Hold	778	744
16	V.I.P. Industries	Hold	455	450
17	Zee Entertainment Enterprises	BUY	177	134

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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