

Lemon Tree Hotels Ltd

More Hotels, Less Capital – The Asset Light Growth Engine

AURIKA
HOTELS & RESORTS


lemon tree
HOTELS

keys
HOTELS



September 20, 2026

RecoBUY

Industry	Hotels
LTP (Sep 18, 2026)	106.5
Entry Range	105-109
Add on Dips	93-97
Base Case Target	118
Bull Case Target	130
Time Horizon	4 Quarters

Stock Info

BSE Code	541233
NSE Code	LEMONTREE
Bloomberg	LEMONTRE:IN
Equity Capital (Rs Cr)	791.8
Face Value (Rs)	10.0
Equity Share O/S (Cr)	79.2
Market Cap (Rs Cr)	8,435
Book Value (Rs)	17.6
Avg. 52 Wk Volumes	37,48,509
52 Week High	177.8
52 Week Low	99.6

Share Holding Pattern (%) (Jun'26)

Promoters	22.3
Institutions	33.8
Non-Institutions	43.9
Total	100.0

One Year Price Chart



Fundamental Research Analyst

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Building an Asset Light Portfolio; Domestic Travel Demand Holding the Fort

Lemon Tree Hotels Ltd (LTHL) holds a leading position in India's mid-market hospitality space, operating across the upper-midscale, midscale, and economy segments, with ~6% of the total branded inventory in India. LTHL's diversified portfolio of owned, leased, managed and franchised hotels spans across 11,946 rooms and 135 operational hotels (June 30, 2026), uniquely positioning it to cater to a broad spectrum of travelers, from value-conscious travelers to premium business and leisure seekers.

LTHL has developed a portfolio of brands from economy (Red Fox, Keys Lite) through midscale (Lemon Tree Hotels, Keys Select) and upper midscale (Lemon Tree Premier, Keys Prima) to upper upscale (Aurika) — a full-spectrum architecture that allows it to address demand across price points and geographies, distinguishing itself in India's mid-market hotel landscape.

LTHL has a clear focus on shifting away from owned/leased model towards an asset-light managed/franchise model. Between FY23-26, LTHL added 3,429 rooms to its portfolios, ~80% (2,760 rooms) of which were under the managed/franchised model. Total room inventory under the managed/franchised model stood at 6,187 (~52%) out of its 11,946 operational rooms as on June 30, 2026. Going forward, the company continues to focus increasing the share of managed/franchised rooms enabling improved profitability at lower capex.

LTHL's development pipelines remains strong with the company aiming to grow its portfolio at 20.7% CAGR between FY26-30E. LTHL has already has plans for adding 11,435 rooms to its existing portfolio by FY30E and has a pipeline of additional 2,500 rooms under active discussion. LTHL aims to increase its share of managed/franchised rooms from ~51% in FY26 to ~64% by FY30E, adding nearly ~10,000 rooms under the model, during this period. On the other end, it aims to add ~3,342 rooms under the owned/leased model.

Overall, we remain constructive on the company's operating outlook, supported by healthy development pipeline, increased focus towards capturing market share across Tier 2, 3 and 4 cities, improved leverage position with a shift towards the asset-light model and increased margin of safety from the recent correction in the stock price.

We believe investors can buy the stock in the Rs 105-109 band (10.5x FY28E EV/EBITDA) and add on dips in Rs 93-97 band (9.5x FY28E EV/EBITDA) for a base case fair value of Rs 118 (11.5x FY28E EV/EBITDA) and bull case fair value of Rs 130 (12.5x FY28E EV/EBITDA) over the next 4 quarters.

Our Take

A Multi-Brand Portfolio with Strong Presence in the Mid-Market Segment

LTHL has operationalised ~12,000 rooms, operating 135 hotels across 80+ cities in India and in 3 International markets. The company has curated a strong presence across different price points with its portfolio that spans across multiple brand and price points, catering to a wide range of customers in the country. LTHL owns ~6% of the total branded inventory in India and has a compelling asset-light growth opportunity to tap India's ~2.3 Mn unbranded hospitality rooms.

Nearly 73% of its 11,946 operational inventory is in the upper mid-scale and upscale segment, operated through Lemon Tree Premier, Lemon Tree Hotels and Keys Prima brands. This positions the company well to capture the rapid domestic travel growth in the upper mid and upscale segment.

Rapidly Growing through the Highly Efficient Fee-Based Model

In recent years, LTHL has delivered a robust 37.7% CAGR topline, though a conscious shift towards the fee-based, asset-light model, which has enabled it to expand its presence across markets with relatively lower capital investment and reduced balance-sheet intensity. By partnering with property owners and focusing on brand, distribution and operational capabilities, the company has been able to scale its portfolio faster and at the same time improve its return ratios through capital efficiency. LTHL has been able to improve its ROCE from 11.8% in FY23 to 16.7% in FY26.

In Q1FY27 alone, the company signed 13 new management contracts adding 1,020 rooms while opening six hotels adding 334 rooms, rapidly accelerating its portfolio development under the fee-based model. This represents a structural, capital efficient growth opportunity for the company while sustaining structurally higher margins.

Domestic Travel Demand Continues to be the Anchor

International travel to India has remained disrupted over recent quarters due to geopolitical tensions, security concerns and air-route disruptions, with higher airfares and cancelled or postponed discretionary trips weighing on foreign tourist arrivals; FTAs declined 7.9% in 2025 and fell a further 9.1% year-on-year during March–April 2026. However, strong domestic travel—supported by weddings, MICE, corporate trips, staycations and rising leisure mobility—continues to anchor Indian hospitality demand, cushioning the impact of softer inbound tourism and supporting healthy occupancy and room-rate growth. During this phase LTHL has consciously focused on improving its occupancy even at the cost of a short term ARR impact. LTHL’s 75.7% occupancy in Q1FY27 is a result of its strong position in the mid-segment where the demand has remained anchored with impact in the luxury segments.

Fleur Demerger to Unlock Value for Share Holders and Provide Management Flexibility

The proposed demerger and subsequent listing of Fleur Hotels Limited (LTHL’s material subsidiary) is expected to help LTHL transition into a pure-play, high-margin, asset-light brand and management company. Moreover, Fleur will be established as a dedicated, large-scale hotel ownership and development company, backed by a primary capital infusion from Warburg Pincus. By separating the 2 companies, LTHL aims to optimise capital allocation, sharpen operational focus and unlock clear, long-term intrinsic value for stakeholders. Post the de-merger, LTHL’s Public Share holders’ (including APG’s stake of 4.9% in LTHL) effective ownership in Fleur will increase from 45.8% to 57.5%, resulting in 8% increase in total attributable EBITDA to LTHL’s public share-holders from Rs 402 cr to Rs 434 cr.

Valuation & Recommendation

LTHL’s delivered a solid FY26 across key operating and financial parameters, delivering revenue/EBITDA/APAT growth of 12.3%/9.0%/32.4%. Occupancy at 73.5% was highest ever, improving by 180 bps YoY, Average Room Rate (ARR) grew 7.7% YoY to Rs 6,875 whereas Revenue Per Available Room (RevPAR) grew by 10.5% YoY to Rs 5,055. In Q1FY27 however, LTHL reported subdued ARR growth of ~2% as it prioritized occupancy, which improved to 75.7% (+314 bps YoY) amid a challenging travel environment, following the Middle East crisis. The quarterly profitability was further impacted by GST input credit loss and stock appreciation rights provisioning, temporary blips in an otherwise strong growth trajectory.

LTHL’s underlying operating metrics remain robust with long term focus on increasing presence in Tier 2, 3 and 4 markets and shift towards capital efficient managed/franchise based model. We believe LTHL’ strong development pipeline provides a long runway for growth in a strong underlying demand environment, with margins expected to sustain above 50% mark on account of increased share of fee-based revenue. We expect Revenue/EBITDA/PAT CAGR of 9.4%/14.9%/24.8% between FY26-28E with the recent correction in the stock price (~33% decline YTD CY2026) providing valuation comfort.

We believe investors can buy the stock in the Rs 105-109 band (10.5x FY28E EV/EBITDA) and add on dips in Rs 93-97 band (9.5x FY28E EV/EBITDA) for a base case fair value of Rs 118 (11.5x FY28E EV/EBITDA) and bull case fair value of Rs 130 (12.5x FY28E EV/EBITDA) over the next 4 quarters.

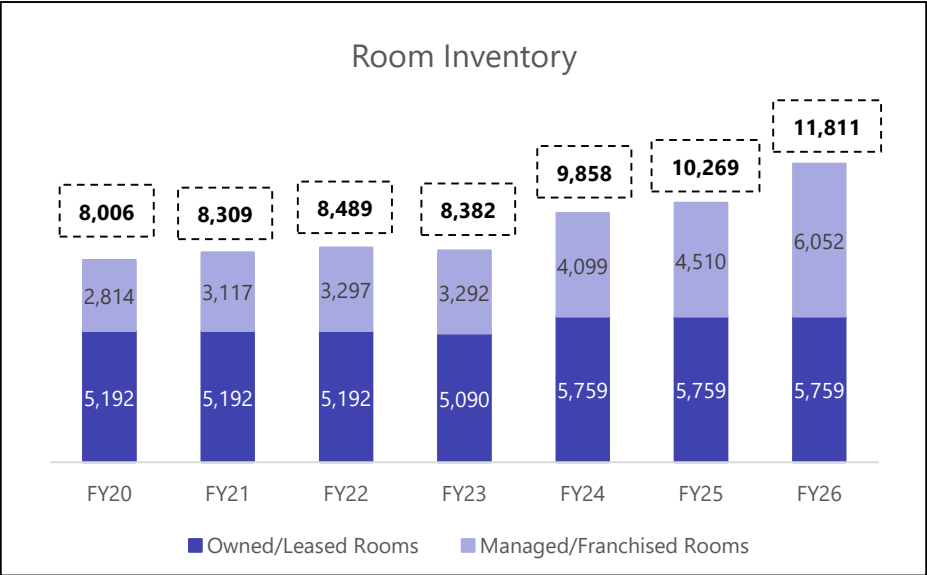
Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Operating Income	345	316	9%	416	-17%	1,071	1,286	1,445	1,517	1,727
EBITDA	150	141	7%	215	-30%	523	634	691	794	912
APAT	46	38	20%	91	-50%	148	197	260	318	405
Diluted EPS (Rs)	0.6	0.5	21%	1.2	-50%	1.9	2.5	3.3	4.0	5.1
RoE-%						16.3	18.5	20.4	20.5	21.2
P/E (x)						56.8	42.9	32.4	26.5	20.8
EV/EBITDA (x)						20.5	16.5	14.9	12.6	10.4

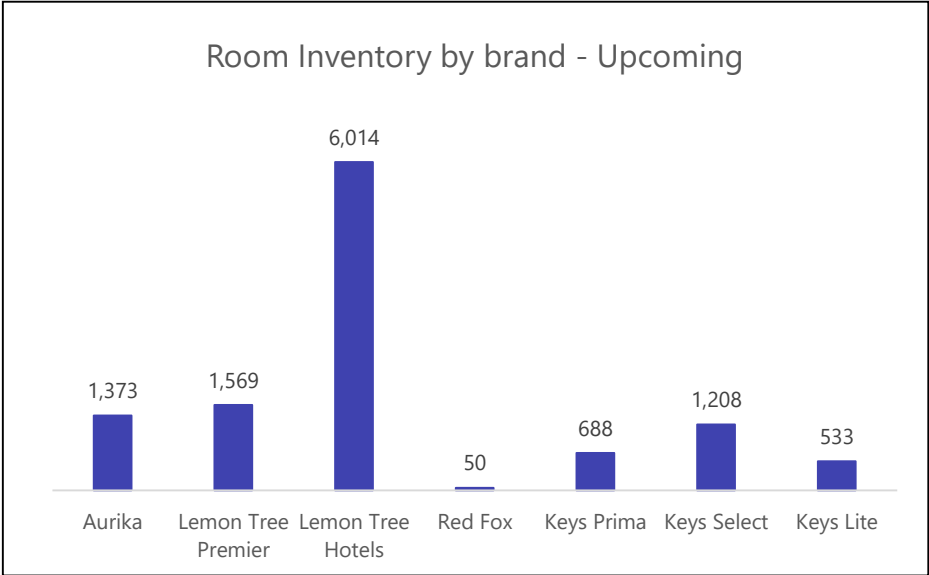
(Source: Company, HDFC sec)

Story in Charts

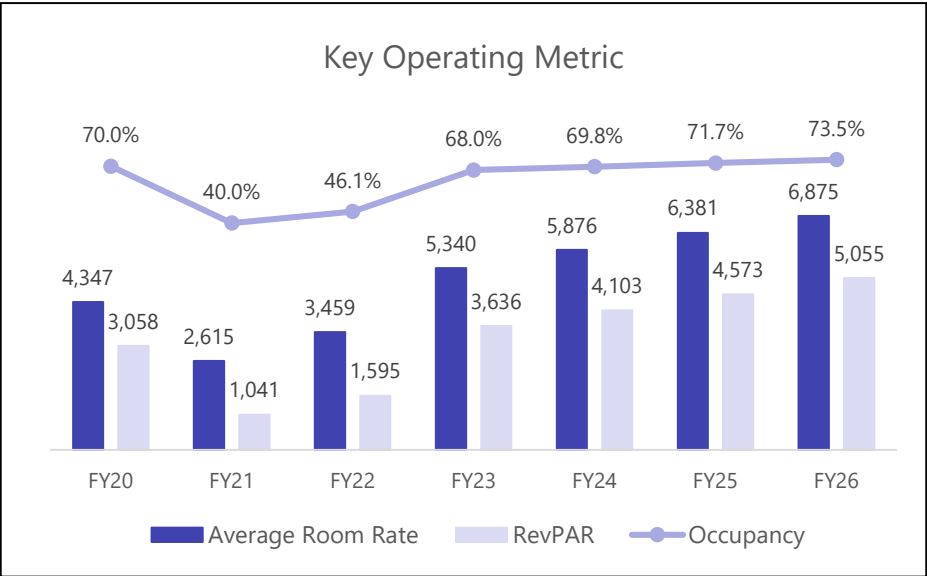
Robust room inventory with increasing share of managed hotels



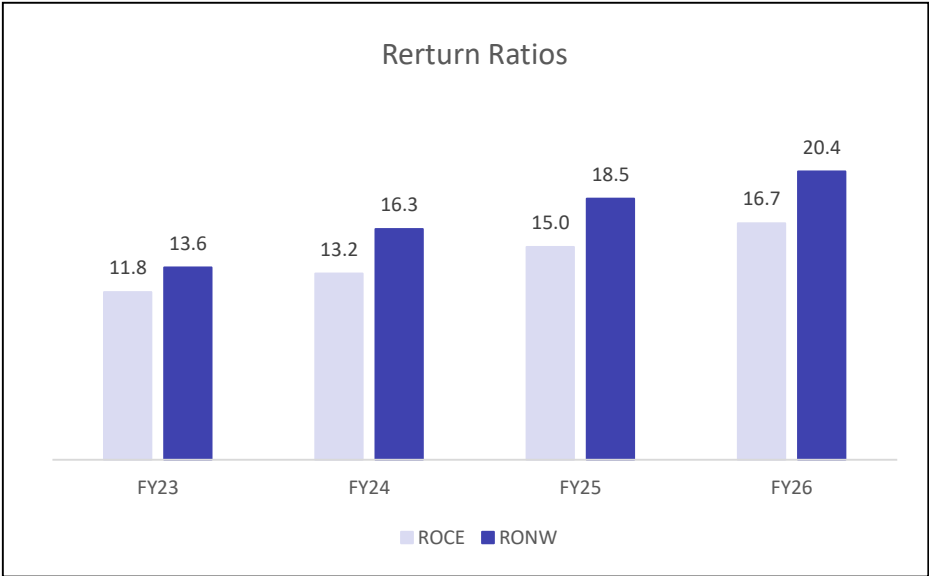
Strong development pipeline of 11,435 rooms by FY30E



Improving Operating Metrics with focus on increasing Occupancy



Capital efficiency through asset-light model leading to improved returns



(Source: Company, HDFC sec)

Q1FY27 Result Review

LTHL reported a mixed bag of numbers in Q1FY27 as revenue grew by 9.1% YoY to Rs 345 cr, whereas ARR growth was subdued at 2% YoY, as the company pivoted to retail channels for increasing occupancy to combat impact on corporate demand from the ongoing geopolitical tensions. Resultantly, higher commission impacted ARR growth during the quarter whereas occupancy increased sharply by 314 bps to 75.7%. However, management indicated that this was a temporary shift in focus and the company has taken a more balanced approach in the occupancy vs ARR focus Q2FY27 onwards.

Total network revenue grew by 16% YoY to Rs 576 cr as compared to Rs 498 cr in Q1FY26. Within this, managed and franchised hotels revenue reported a strong growth of 29% YoY to Rs 256 cr, whereas Owned Hotels’ growth came in at 6% YoY to Rs 320 cr.

Margins were impacted on account of Stock Appreciation Rights (SAR) Provisioning and unfavorable GST impact, leading to 105 bps YoY decline in EBITDA margin to 43.4% as against 44.5% in Q1FY26. In absolute terms, EBITDA grew by 6.5% YoY to Rs 150 cr. Adjusting for GST and SAR impact, EBITDA stood at Rs 160 cr. Reported PAT grew by 20.1% YoY to Rs 46 cr.

Under the asset-light model, LTHL signed 13 new hotels in Q1FY27 with 1,020 rooms and opened 6 managed and franchised hotels with 334 rooms which it had signed on an average 30 months before. The new signings were 3x of the inventory opened during the quarter.

At its owned hotel –Aurika Shimla (90 rooms), LTHL has deployed ~Rs 108 cr of capital as of June 30, 2026 and it expects to open the hotel shortly with finishing work and operational licenses in final stages. At its leased hotel – Aurika Shillong (165 rooms), LTHL has deployed ~Rs 33 cr in capital and it is expected to open in H2FY28. Another leased hotel – Aurika Varanasi (47 rooms) is expected to open in FY29. Moreover,

LTHL renovated ~300 rooms in Q1FY27 spends ~Rs 10 cr and expects similar renovation spends in Q2FY27 as well. Across the Keys portfolio, LTHL has completed ~2/3rd renovation as of June 30, 2026 and the portfolio is showing significantly improved performance with a double-digit growth across all locations — Keys portfolio RevPAR in Q1 FY27 was up 19% YoY.

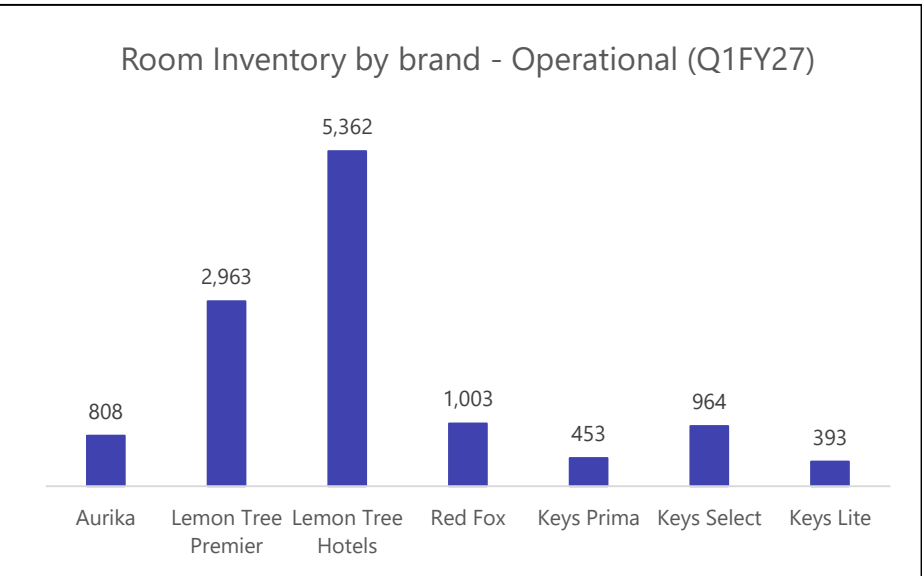
Key Rationale

A Multi-Brand Network Catering to a Wide Range of Customers in Indian Hospitality

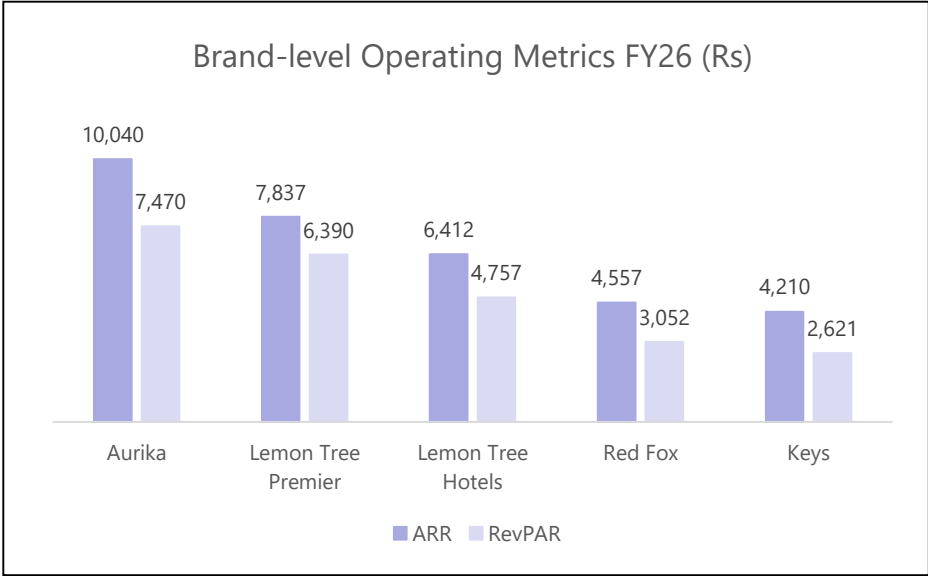
- LTHL has operationalised ~12,000 rooms, operating 135 hotels across 80+ cities in India and in 3 International markets over the past 20+ years, becoming one of the leading players in the Indian mid-market segment and serving a wide spectrum of travel needs in the Indian hospitality segment
- LTHL operates through 7 brands – Aurika, Lemon Tree Premier, Lemon Tree Hotels, Red Fox, Keys Prima, Keys Select and Keys Lite, with each brand catering to a specific consumer cohort across economy, mid-scale, upper-midscale and upper-scale hotels.
- As of June 30, 2026, LTHL operated 11,946 rooms across 135 hotels and had a pipeline of opening another 11,435 rooms across 144 hotels over the next few years. LTHL’s key differentiating factor lies in its mix of owned and managed/franchised hotels across different segments, allowing it to efficiently deployed capital while maintaining a robust growth momentum.
- Over the years LTHL has emerged as a disruptor in the mid-market segment, with nearly 73% of its of its 11,946 operational inventory is in the upper mid-scale and upscale segment, operated through Lemon Tree Premier, Lemon Tree Hotels and Keys Prima brands. This has allowed the company to capture the robust growth in domestic travel demand backed by increasing disposable incomes and increased new demand through religious and cultural as well as event-led tourism in the country.
- Given the significant room for growth in branded room inventory in India and a steady domestic travel demand, LTHL with its diverse portfolio and presence across different price points is well positioned to capture this growth.
- Since opening the first Aurika Hotel in 2019, the brand has emerged as a strong contributor to revenue and EBITDA as the demand of upper scale hotels continued to improve over the last few years, leading to significant improvement in profitability for the company.

Presence across categories and price points through 7 brands

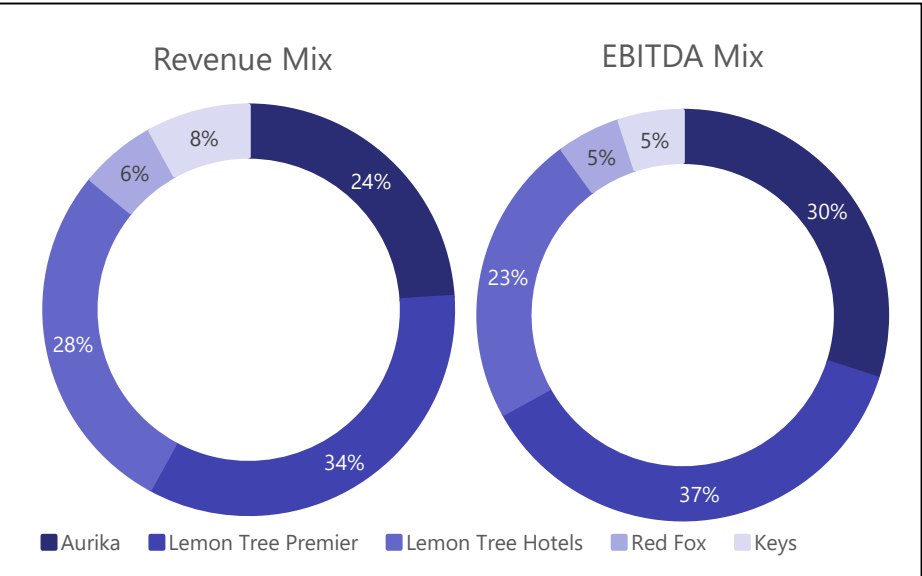
Diversified portfolio of 7 operational brands



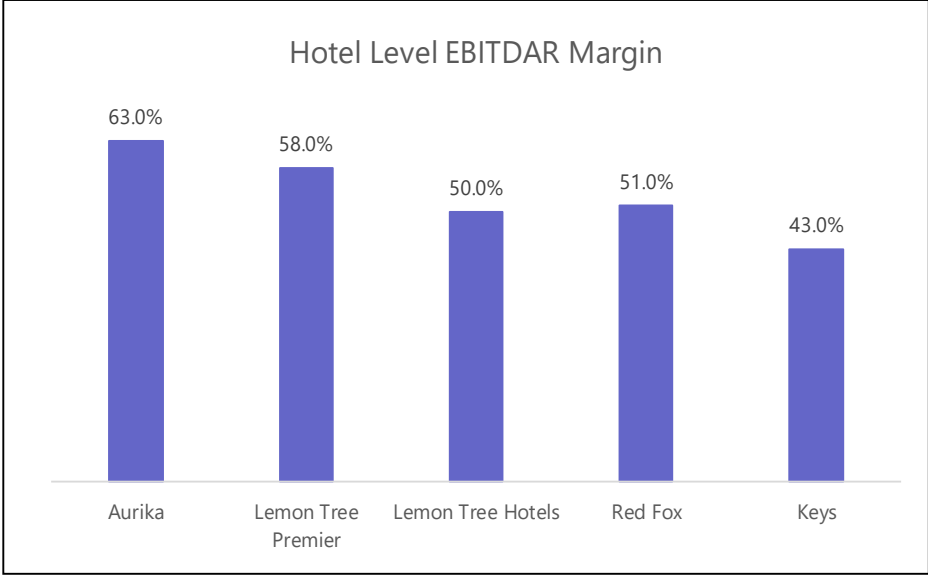
Presence across different price points



Aurika has emerged as a key contributor since the first hotel in 2019



Maintaining robust margins across diverse price points



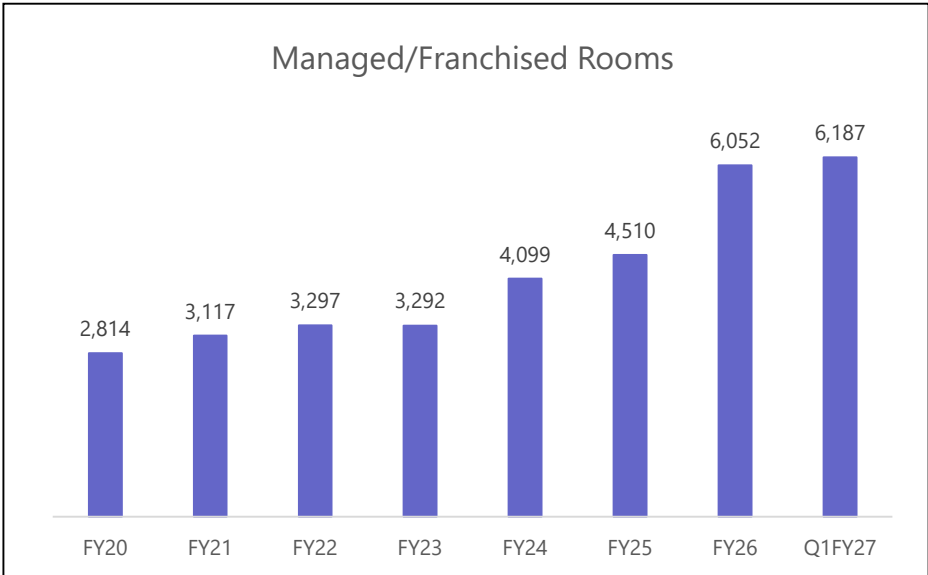
(Source: Company, HDFC sec.)

Transition to the fee-based asset-light model helps improve return on capital

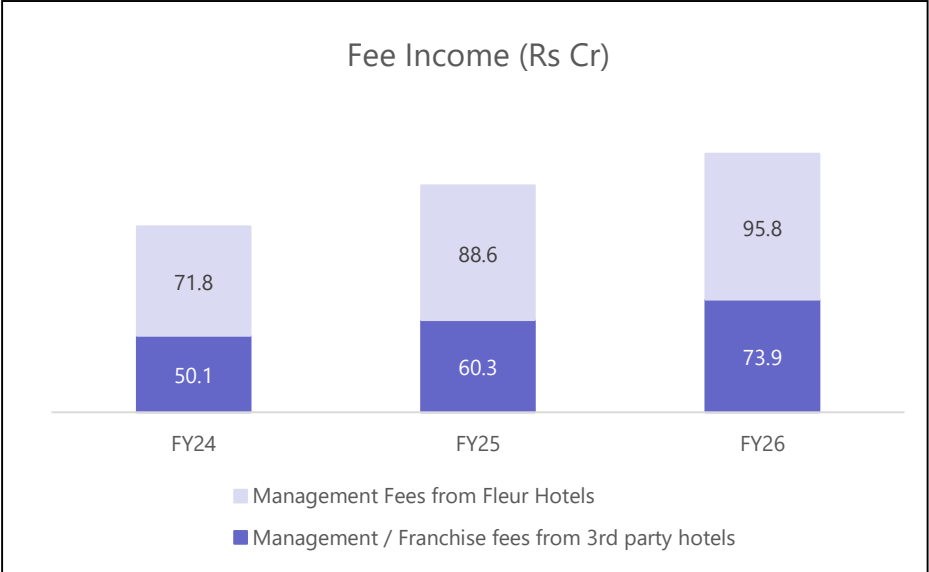
Transition to an Asset-Light Model resulting in Improved Capital Efficiency

- Over the last few years LTHL has transitioned from an asset owner and operator to an operator of choice for hotel owners by pivoting to the asset-light, fee-based managed/franchised hotels business model, enabling it to sustain rapid growth as low capital deployment.
- Number of rooms under the managed/franchised model has grown at a staggering 13.6% CAGR from 2,814 rooms in FY20 to 6,052 rooms in FY26 and further to 6,187 rooms as of June 30, 2026. This compares to just 1.7% CAGR room addition under the owned/leased model between FY20-26. Managed/leased rooms now accounted for ~52% of LTHL’s total room inventory as of June 30, 2026.
- Under this model, LTHL provides its brand, technology, procurement network, and management expertise to third-party hotel owners, earning management fees with zero capital deployed on the hotel asset.
- The transition to the asset-light model has enabled LTHL to expand its presence across markets with relatively lower capital investment and reduced balance-sheet intensity. By partnering with property owners and focusing on brand, distribution and operational capabilities, the company has been able to scale its portfolio faster and at the same time improve its return ratios through capital efficiency.
- In Q1FY27, LTHL further signed 13 new hotels under this model and opened 6 new. New signings grew at 3x the pace of rooms becoming operational. Going forward, LTHL plans to increase managed/franchised rooms to ~16,000 by FY30E taking the share of managed/franchised in total rooms to ~80% from current ~50%.
- The AI-driven revenue management system under development through Totally Fox Solutions — designed to reprice every room every two hours using deep-learning algorithms — is a technology investment that will give LTHL a data-driven pricing advantage over smaller managed competitors who cannot afford comparable systems. This is a meaningful competitive differentiator for hotel owners choosing between LTHL management and independent operation.
- We believe the transition towards the asset-light model enables LTHL to grow at a rapid pace by scaling up room inventories without necessary capital requirement and capture an increased market share, especially in Tier 2, 3 and 4 cities where ARR’s are relatively lower and share of unbranded inventory remains high.

Rapid addition in managed/franchised hotel portfolio



Stellar growth in fee-income over the last few years



(Source: Company, HDFC sec.)

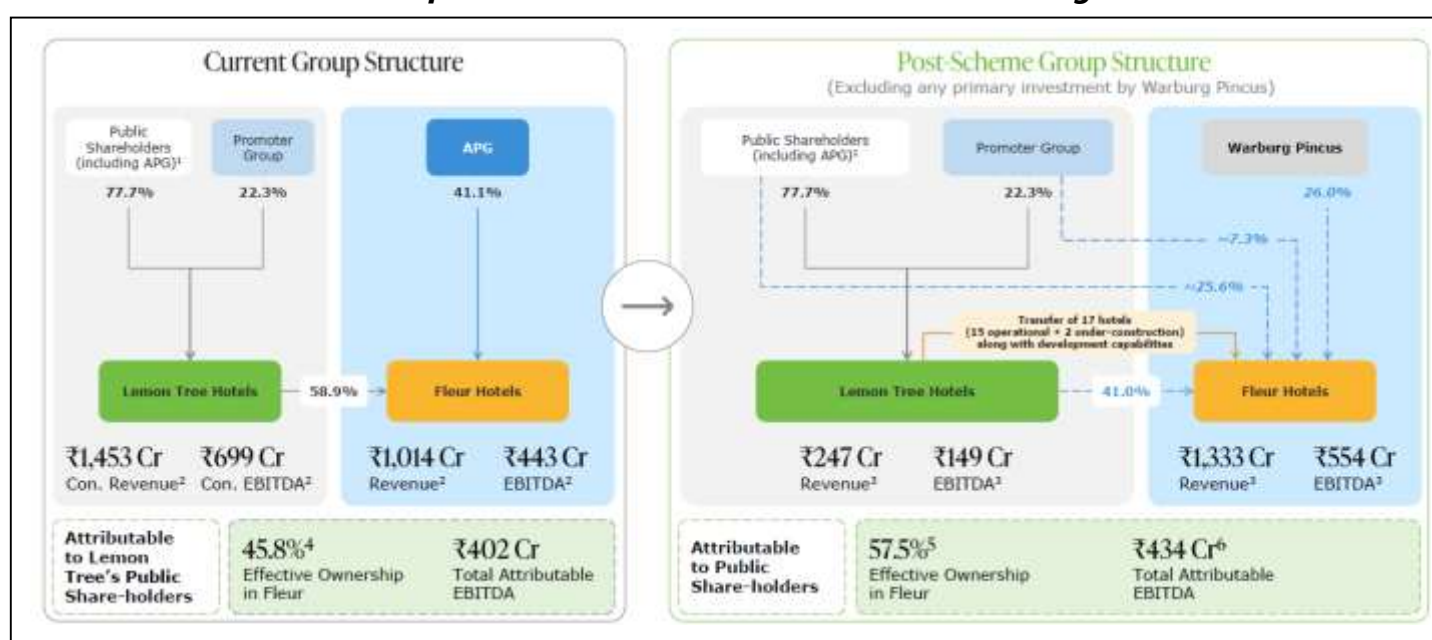
Increasing share of online channel resulting in improved return ratios

Lemon Tree 2.0 — The Demerger as a Value Unlocking Mechanism

- In FY26, LTHL’s Board announced a Composite Scheme of Arrangement, creating two focused entities from the current consolidated structure, resulting in value unlocking for current shareholders, once regulatory approvals are received.
- The scheme separates: (a) Lemon Tree Hotels Ltd — the asset-light management, brand, and technology company that receives management fees from all hotels operating under the Lemon Tree, Aurika, Red Fox, and Keys brands; and (b) Fleur Hotels Pvt Ltd — the hotel ownership and development company that holds the owned and leased hotel assets.
- Post the demerger, LTHL will transition into a pure-play, high-margin, asset-light brand and management company. Concurrently, Fleur Hotels Limited (material subsidiary of the company) will be established as a dedicated, large-scale hotel ownership and development company, backed by a primary capital infusion from Warburg Pincus and positioned for an independent public listing.

- By separating the two companies, the management aims to optimise capital allocation, sharpen operational focus and unlock clear, long-term intrinsic value for all stakeholders.
- The proposed restructuring involves three steps:
 - (1) Warburg Pincus to acquire APG's entire 41.09% stake in Fleur Hotels Limited. Subsequent to year ended 31 March 2026, on 22 May 2026, Warburg has acquired APG's entire stake of 41.09% in Fleur Hotels Limited
 - (2) LTHL will transfer 17 hotels (15 operational and 2 under construction), along with its development capabilities, to Fleur Hotels Limited post 31 March 2026. In consideration, Fleur will issue new equity shares to LTHL and its shareholders
 - (3) Upon completion of the Scheme and the receipt of the necessary approvals, Fleur Hotels Limited is proposed to be listed as an independent company
- Post the de-merger, LTHL's Public Share holders' (including APG's stake of 4.9% in LTHL) effective ownership in Fleur will increase from 45.8% to 57.5%, resulting in 8% increase in total attributable EBITDA to LTHL's public share-holders from Rs 402 cr to Rs 434 cr.

Group Structure Pre and Post Scheme and Arrangement



(Source: Company, HDFC sec.)

Scaling up Aurika, the Upper Scale Brand

- LTHL launched **Aurika** as its upscale luxury brand to move beyond its established midscale positioning and capture a larger share of India's growing premium hospitality market. The brand combines contemporary luxury, distinctive design and personalised guest experiences.
- The launch of Aurika, Udaipur in 2023 marked a significant milestone, establishing the brand's luxury credentials with a large-format, destination-led resort offering. It provided LTHL with a platform to build brand recognition in the upscale leisure segment.
- Further it commissioned Aurika Mumbai Skycity, the 669-room flagship upper-upscale property at the Mumbai T2 airport in October 2023. The hotel has since achieved ~75%+ occupancy and operates at the highest margin level across LTHL's portfolio. Going forward, Aurika Mumbai alone is expected to contribute a significant chunk to LTHL's EBITDA as occupancy stabilises.
- Under the brand new launches include Aurika Shimla, the 90-room owned upper-upscale property with Rs 108 crore deployed as of June 30, 2026 is expected to open shortly per Q1FY27 management commentary. Aurika Shillong (165 rooms, JV with RJ Corp announced September 14, 2026, with Carnation Hotels holding 51%) targets H2FY28 commissioning. Aurika Varanasi (47 rooms) is guided for FY29. Aurika Nehru Place, Delhi, one of LTHL's most anticipated pipeline addition, targeted on or after 2030.
- Aurika is the highest ARR and GOP margin product, and the growing portfolio of Aurika should elevate overall group profile, improve financial metrics and the growing network should further strengthen the brand. LTHL continues to scale up Aurika brand under both owned and managed models and has a pipeline of adding 1,373 rooms (current 808 rooms).
- The launched of Aurika in the upper scale segment has not only boosted the overall ARR for the company but has also significantly improved profitability, with the brand now contributing ~30% to LTHL's EBITDA and operating at a significantly superior margin profile.

Focus on Tier 2, 3 and 4 Expansion through Keys brand

- The Keys portfolio — comprising Keys Prima, Keys Select, and Keys Lite — is LTHL's vehicle for reaching Tier 2, 3, and 4 cities where the organised branded hotel sector is severely underpenetrated relative to the domestic travel demand being generated.
- India has over 1,200 cities and towns with populations above 1 lakh, yet the organised branded hotel supply is concentrated in fewer than 100 cities. Keys Lite specifically targets smaller towns through franchise models that require minimal capex from LTHL and generate recurring royalty fee income.
- Keys portfolio RevPAR grew 19% YoY to Rs 2,885 in Q1FY27, the fastest among LTHL portfolio. This acceleration is partly renovation-driven (75% of the Keys portfolio has now been renovated, with Keys Pimpri's RevPAR rising 47% post-renovation) and partly demand-driven as organised branded hotels become the default choice for the expanding Indian middle class in secondary cities. The renovation cycle for Keys is now substantially complete, meaning the next 4–6 quarters will see the full earnings impact of the renovated properties without the renovation drag on margin.
- New signings in Tier 2 and 3 markets are accelerating. In December 2025, LTHL signed three new properties in Rajasthan (Lemon Tree Premier Pushkar, Lemon Tree Premier Ajmer, and Keys Lite Ajmer) via management contracts — adding leisure and pilgrimage-destination inventory without any capital deployment. Pushkar and Ajmer represent exactly the spiritual tourism and heritage destination segment, one of the fastest-growing demand pool in Indian domestic hospitality.
- LTHL renovated ~300 rooms in Q1FY27 spends ~Rs 10 cr and expects similar renovation spends in Q2FY27 as well.

Future Supply Pipeline and Demand-Supply Balance, Acting as Structural Tailwinds

- India's hotel sector is structurally supply-constrained relative to demand. Supply CAGR has been running at approximately 5–6% while demand CAGR has been 8–10%, creating a progressive tightening of occupancy across the system. As per forecasts, pan-India premium hotel occupancy to hold at 72–74% through 2026, building on the multi-year demand base.
- For mid-market hotels, LTHL's core segment, the structural demand-supply imbalance is even more pronounced, as new hotel development is disproportionately concentrated in the luxury and upper-upscale segments, leaving the midscale segment persistently undersupplied.
- LTHL is targeting of opening approximately 2,000 rooms per year in FY27 and FY28 and almost entirely through asset-light management contracts at zero incremental owned capex. This is expected to grow the managed network's fee income base without diluting owned hotel returns.
- While Indian corporate travel remains anchored in Delhi NCR, Mumbai, Bengaluru, Pune and Hyderabad, Leisure demand is the fastest-growing segment, with nearly 80% of Indian travellers now considering the accommodation experience central to their holiday, far above the global averages.
- Wedding and Social Event based travel has also witnessed a significant surge in recent years and LTHL's properties in leisure markets such as Jaipur, Goa and Udaipur are well-positioned to capitalise on this demand segment.
- India's infrastructure build-out for large-format events — Bharat Mandapam, Yashobhoomi, Jio World Convention Centre — is enabling events at a scale previously constrained by capacity. MICE demand is increasingly extending beyond the traditional top three metros, with Hyderabad, Jaipur and Kochi gaining significant convention credibility.
- India's travel demand is growing at a steady pace, even as foreign travel to India has witnessed short term disruptions on account of geopolitical tensions. Tier 2 and 3 cities are expected to grow at above-market rates as infrastructure improves (new airports, expressways) and domestic air travel is projected to double by 2030. LTHL's geographic diversification strategy, with presence in 170+ cities considering its future pipeline, positions it to capture this decentralisation of travel demand precisely as it materialises.

Risks & Concerns

- The hospitality sector is susceptible to downturns in the domestic and international economies. The global economic environment remains fragile, with growth slowing down in advanced economies. Although travel demand remains robust in India, the company may be adversely impacted in the case of an economic slowdown.
- The hotel industry and retail food and beverage industry are intensely competitive, with threats from new entrants and aggressive expansion and upgradation from existing players.
- The Fleur Hotels demerger has already been delayed from H1FY27 to H2FY27. Further delays in NCLT or SEBI approvals would postpone the value-unlocking event that is a key re-rating catalyst
- Hotels priced below Rs 7,500 per night cannot claim input credit on GST paid on supplies — a policy that creates a structural cost for LTHL's mid-market portfolio until the average ARR consistently exceeds this threshold. Management expects this headwind to reduce to 3.7% of revenue by FY28 from the current higher level, but any ARR softness that delays crossing the Rs 7,500 average threshold would extend the period of this margin drag.
- Disruptions related to project execution may lead to a delay in expansionary growth.
- Over-aggressive room additions may impact occupancy levels. The company needs to maintain a balance between the inventory of resorts and the growth of customers. While the company plans to aggressively expand its geographical footprint, any industry oversupply may affect its occupancy levels.

Company Description

Lemon Tree Hotels Ltd (LTHL) was incorporated in 1992 and opened its first hotel in New Delhi in May 2004 with 49 rooms. The company is headquartered in New Delhi and operates through a multi-brand architecture: Aurika (upper upscale), Lemon Tree Premier (upper midscale), Lemon Tree Hotels (midscale), Red Fox (economy), and Keys (Prima, Select, Lite — across upper midscale to economy), with international presence in Dubai, Bhutan, and Nepal.

As of June 30, 2026, LTHL operated 135 hotels across 80+ cities, having a room inventory of 11,946 rooms. The company manages hotels through two vehicles: direct ownership/leasing (Fleur Hotels Pvt Ltd, a material subsidiary) and managed/franchised contracts (via Carnation Hotels Pvt Ltd, a wholly-owned subsidiary). LTHL's through its current development pipeline envisages to operate 23,381 rooms across 279 hotels, going forward. As of FY26, Delhi contributed 15.6% to its total operating rooms, followed by Mumbai's 12.2% and Bengaluru's 8.3%.

Financial Statements

Income Statement

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E
Net Revenues	1,071	1,286	1,445	1,517	1,727
Growth (%)	22.4	20.1	12.3	5.0	13.9
Operating Expenses	548	652	753	723	815
EBITDA	523	634	691	794	912
Growth (%)	16.9	21.2	9.0	14.9	14.9
EBITDA Margin (%)	48.8	49.3	47.8	52.3	52.8
Depreciation	112	139	139	149	159
Other Income	6	2	8	5	6
EBIT	417	497	561	651	759
Interest expenses	202	201	167	193	186
PBT	215	296	360	458	573
Tax	34	53	71	0	0
PAT	181	243	289	458	573
Share of Asso./Minority Int.	-33	-47	-62	-140	-168
Adj. PAT	148	197	260	318	405
Growth (%)	29.6	32.4	32.4	22.1	27.5
EPS	1.9	2.5	3.3	4.0	5.1

Balance Sheet

Particulars (in Rs Cr) - As at March	FY24	FY25	FY26	FY27E	FY28E
SOURCE OF FUNDS					
Share Capital	792	792	792	792	792
Reserves	175	372	600	918	1,323
Shareholders' Funds	967	1,164	1,392	1,710	2,115
Minority Interest	580	626	687	827	995
Total Debt	2,336	2,148	2,004	1,804	1,654
Other Non-Curr. Liab	3	4	16	17	19
Net Deferred Taxes	5	7	30	30	30
Total Sources of Funds	3,891	3,949	4,129	4,388	4,813
APPLICATION OF FUNDS					
Net Block & Goodwill	3,639	3,555	3,563	3,664	3,655
CWIP	25	59	108	108	108
Investments	15	46	74	174	324
Other Non-Curr. Assets	156	168	177	186	211
Total Non-Current Assets	3,836	3,827	3,922	4,132	4,299
Inventories	14	14	14	19	21
Debtors	71	79	116	133	166
Cash & Equivalents	34	55	58	84	305
Other Current Assets	78	107	175	184	209
Total Current Assets	197	255	363	420	701
Creditors	65	62	67	71	80
Other Current Liab & Provisions	78	71	89	93	106
Total Current Liabilities	142	133	156	164	187
Net Current Assets	55	122	207	256	515
Total Application of Funds	3,891	3,949	4,129	4,388	4,813

Cash Flow Statement

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E
Reported PBT	216	296	359	458	573
Non-operating & EO items	-8	-6	4	-9	-25
Interest Expenses	202	204	172	193	186
Depreciation	112	139	139	149	159
Working Capital Change	-22	-42	-85	-22	-36
Tax Paid	-36	-50	-47	0	0
OPERATING CASH FLOW (a)	465	542	542	769	857
Capex	-331	-93	-136	-250	-150
Free Cash Flow	134	448	406	519	707
Investments	-24	-36	-36	-100	-150
Non-operating income	-42	1	3	0	0
INVESTING CASH FLOW (b)	-397	-127	-169	-350	-300
Debt Issuance / (Repaid)	103	-233	-242	-200	-150
Interest Expenses	-162	-159	-128	-193	-186
FCFE	9	22	3	26	221
Share Capital Issuance	1	0	0	0	0
Dividend	0	0	0	0	0
Others	0	0	0	0	0
FINANCING CASH FLOW (c)	-59	-392	-370	-393	-336
NET CASH FLOW (a+b+c)	10	22	3	26	221

Key Ratios

Particulars	FY24	FY25	FY26	FY27E	FY28E
Profitability Ratios (%)					
EBITDA Margin	48.8	49.3	47.8	52.3	52.8
EBIT Margin	38.9	38.7	38.8	42.9	44.0
APAT Margin	13.9	15.3	18.0	21.0	23.5
RoE	16.3	18.5	20.4	20.5	21.2
RoCE	13.2	15.0	16.7	18.8	20.9
Solvency Ratio (x)					
Net Debt/EBITDA	4.4	3.3	2.8	2.2	1.5
Net D/E	2.4	1.8	1.4	1.0	0.6
PER SHARE DATA (Rs)					
EPS	1.9	2.5	3.3	4.0	5.1
CEPS	3.3	4.2	5.0	5.9	7.1
BV	12.2	14.7	17.6	21.6	26.7
Dividend	0.0	0.0	0.0	0.0	0.0
Turnover Ratios (days)					
Debtor days	22	21	25	30	32
Inventory days	4	4	3	4	4
Creditors days	22	18	16	17	16
Valuation (X)					
P/E	56.8	42.9	32.4	26.5	20.8
P/BV	8.7	7.2	6.1	4.9	4.0
EV/EBITDA	20.5	16.5	14.9	12.6	10.4
EV / Revenues	10.0	8.2	7.1	6.6	5.5

(Source: Company, HDFC sec.)

HDFC Sec Prime Research Rating description

Rating Criteria

Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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