

Lemon Tree Hotels (LT)

Hospitality | 4QFY25 Result Update

HOLD

CMP: Rs139 | Target Price (TP): Rs153 | Upside: 10%

31 May 2025

Q4 Margins Expand, but ARR Growth Lags

Key Points

- Lemon Tree Hotels reported Q4FY25 revenue and EBITDA broadly in line with NBIE estimates, registering YoY growth of 16% and 19%, respectively. The EBITDA margin expanded by 154 bps YoY, primarily driven by operating cost efficiencies. While PAT exceeded NBIE expectations, the outperformance was largely attributable to lower tax expenses recorded during the quarter rather than operational outperformance.
- Revenue growth during Q4FY25 was driven by a 15% increase in RevPAR to Rs 5,462, largely due to a 555 bps improvement in occupancy, which rose to 77.6% compared to the same quarter last year. However, ARR growth remained modest at 7% YoY, in contrast to the strong double-digit ARR growth reported by other companies in our coverage universe. This divergence highlights the constraints associated with Lemon Tree's market positioning. Additionally, the total number of operational keys saw a low single-digit increase of 4% YoY, reaching 10,269 rooms.
- We forecast 14%/16%/30% CAGR in Revenue/EBITDA/ PAT over FY25–FY27E, with PAT growth aided by lower interest costs as Lemon Tree continues to deleverage. The addition of 4,500+ managed/franchised keys should support steady growth in management fees. However, the upcoming Navi Mumbai Airport may temporarily impact performance of existing airport-adjacent assets. Moreover, its upper midscale positioning may constrain ARR growth due to higher price sensitivity. We maintain our HOLD rating, valuing the stock at 16x FY27E EV/EBITDA vs its 3-year average of 18x at INR 153.

Margin Expansion: The EBITDA margin expansion by 154 bps from 52.4% in Q3FY25 to 53.9% during Q4FY25 was driven by 20 bps expansion in gross margin, 70 bps reduction in power & fuel cost, 16bps moderation in staff cost and 48 bps reduction in other expenses.

Modest ARR Uptick in a Seasonally Strong Quarter: In Q4FY25, Lemon Tree Hotels' 15% YoY RevPAR growth was primarily driven by a 557 bps increase in occupancy, rather than strong pricing momentum. Across brands, Aurika posted the highest RevPAR growth at 25%, entirely led by a sharp occupancy jump, while ARR remained flat. Lemon Tree Premier and Lemon Tree Hotels saw moderate ARR growth (8% and 2%, respectively), where RevPAR gain was mainly occupancy-led. Regionally, Mumbai and Bengaluru reported robust RevPAR growth (20%+), supported by double-digit occupancy gains, whereas ARR growth remained subdued at 3–7%. Despite Q4 being a seasonally strong quarter, ARR grew just 7% overall, indicating that pricing power remains constrained by the brand's upper midscale positioning.

Pipeline: As of March 31, 2025, Lemon Tree Hotels has an operational inventory of 10,269 rooms with a pipeline of 6,847 rooms, largely under managed and franchised contracts. Over FY26 & FY27, the company plans to add 4,787 rooms, led by the Lemon Tree Hotels brand (2,748 rooms) and Keys (1,431 rooms), highlighting its continued focus on mid-market and economy segments.

Est Change	Upward
TP Change	Upward
Rating Change	No change

Company Data and Valuation Summary

Reuters	LEMO.BO
Bloomberg	LEMONTRE IN
Market Cap (Rsbn / US\$bn)	110.4 / 1.3
52 Wk H / L (Rs)	162 / 112
ADTV-3M (mn) (Rs / US\$)	445.1 / 5.2
Stock performance (%) 1M/6M/1yr	1.8 / 6.7 / 1.1
Nifty 50 performance (%) 1M/6M/1yr	1.7 / 9.8 / 9.9

Shareholding	2QFY25	3QFY25	4QFY25
Promoters	22.8	22.8	22.5
DII's	18.9	20.8	19.7
FII's	21.8	20.0	20.9
Others	36.6	36.4	36.9
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26E	FY27E
Net Sales	10,711	12,861	14,586	16,856
Growth YoY%	22.4	20.1	13.4	15.6
EBITDA	5,232	6,341	7,300	8,473
EBITDA margin %	48.8	49.3	50.0	50.3
PAT	1,485	1,966	2,584	3,517
Adj EPS	1.9	2.5	3.3	4.4
RoCE	12.7	14.2	14.9	17.5
RoE	16.3	18.5	20.0	22.0
RoIC	12.5	13.2	15.3	18.7
P/E	74.1	56.0	42.6	31.3
EV/EBITDA	25.6	20.8	17.8	15.1
P/BV	7.1	6.1	5.2	4.4

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links – [4QFY25 Presentation](#)

Please refer to the disclaimer towards the end of the document.

Exhibit 1: 4QFY25 Consolidated performance

Particulars (Rsmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	FY24	FY25	4QFY25E	var
Net Sales	2,223	2,272	2,902	3,273	2,680	2,844	3,552	3,785	10,711	12,861	3,881	-2.5%
YoY Change (%)	15.7	15.5	24.3	29.5	20.6	25.2	22.4	15.6	22.4	20.1	-	-
Gross Profit	2,098	2,140	2,735	3,068	2,516	2,672	3,355	3,555	10,083	12,099	3,680	-3.4%
Margin (%)	94.4	94.2	94.3	93.7	93.9	94.0	94.5	93.9	94.1	94.1	-	-
EBITDA	1,045	1,019	1,412	1,715	1,151	1,307	1,842	2,041	5,232	6,341	2,038	0.2%
YoY Change (%)	19.3	8.8	11.7	22.6	10.1	28.3	30.4	19.0	16.9	21.2	-	-
Margin (%)	47.0	44.8	48.7	52.4	42.9	46.0	51.9	53.9	48.8	49.3	-	-
Depreciation	228	226	333	334	346	348	351	349	1,121	1,393	-	-
Interest	481	473	534	528	518	513	503	472	2,016	2,007	-	-
Other income	24	29	7	39	4	5	6	9	56	23	-	-
PBT (bei)	359	348	552	892	291	451	994	1,229	2,158	2,962	-	-
PBT	359	348	552	892	291	451	994	1,229	2,158	2,962	1,186	-3.4%
Tax	87	86	118	50	91	102	197	141	341	531	-	-
ETR (%)	24.2	24.8	21.3	5.6	31.2	22.7	19.8	11.5	15.8	17.9	-	-
PAT	235	226	354	670	198	296	625	846	1,485	1,966	732	15.6%
YoY Change (%)	69.4	35.1	-11.4	52.3	-15.6	30.9	76.5	26.4	29.6	32.4	-	-
EPS	0.3	0.3	0.4	0.8	0.3	0.4	0.8	1.1	1.9	2.5	-	-

Source: Company, Nirmal Bang Institutional Equities Research

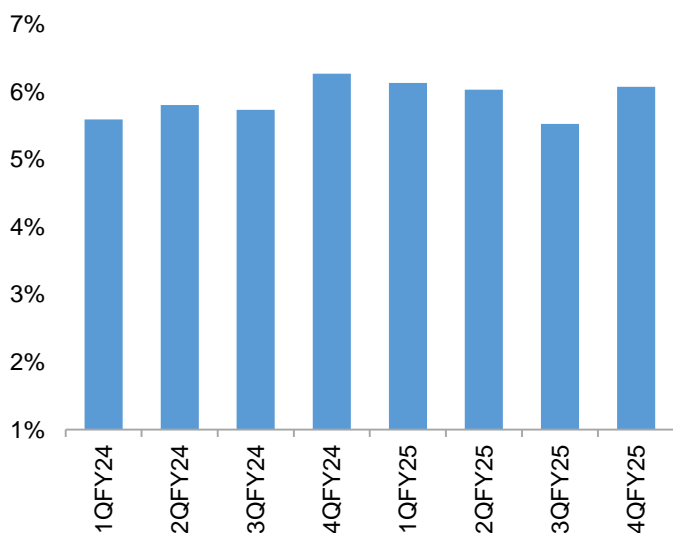
Exhibit 2: 4QFY25 consolidated growth numbers

Particulars (Rs mn)	4QFY24	3QFY25	4QFY25	YoY%	QoQ%	FY24	FY25	YoY%
Net Sales	3,273	3,552	3,785	15.6%	6.6%	10,669	12,861	20.5%
Foods, Beverages Consumed	205	196	230	12.0%	17.1%	628	762	21.4%
Gross Profit	3,068	3,355	3,555	15.9%	6.0%	10,042	12,099	20.5%
Power & Fuel Cost	197	215	202	2.3%	-6.0%	780	878	12.5%
Staff costs	499	564	570	14.4%	1.1%	1,878	2,185	16.4%
Other expenses	657	734	742	12.9%	1.0%	2,193	2,695	22.9%
Total expenses	1,558	1,710	1,744	11.9%	2.0%	5,479	6,520	19.0%
EBITDA	1,715	1,842	2,041	19.0%	10.8%	5,191	6,341	22.2%
Depreciation	334	351	349	4.4%	-0.6%	1,121	1,393	24.2%
EBIT	1,381	1,491	1,692	22.6%	13.5%	4,069	4,948	21.6%
Interest	528	503	472	-10.4%	-6.1%	2,016	2,007	-0.5%
Other income	39	6	9	-77.2%	41.0%	98	23	-76.2%
PBT (bei)	892	994	1,229	37.8%	23.6%	2,151	2,965	37.8%
PBT	892	994	1,229	37.8%	23.6%	2,151	2,965	37.8%
Tax	50	197	141	180.3%	-28.3%	341	531	55.5%
PAT	670	625	846	26.4%	35.4%	1,485	1,966	32.4%
EPS	0.8	0.8	1.1	26.4%	35.4%	1.9	2.5	32.4%

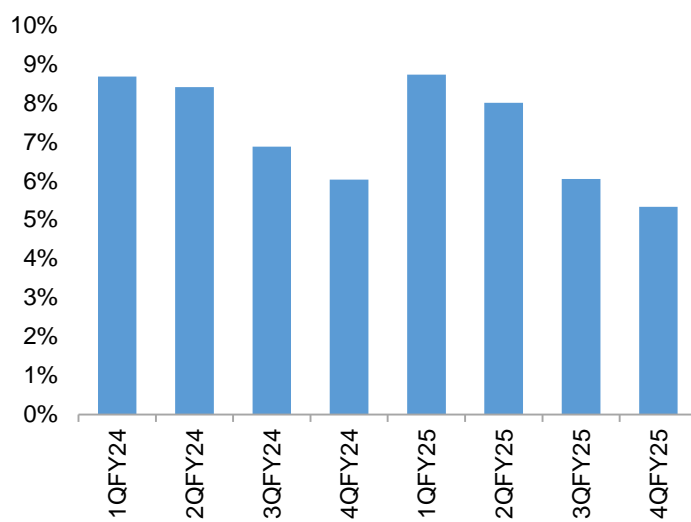
Source: Company, Nirmal Bang Institutional Equities Research

4QFY25 earnings call highlights

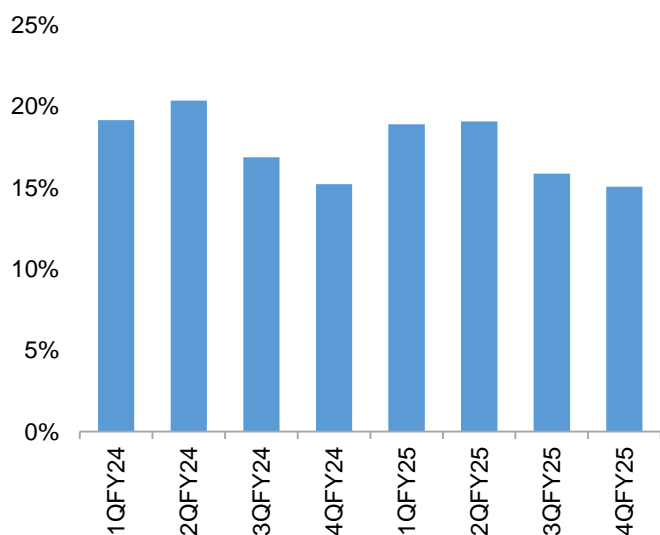
- **Operating Performance** - For FY25, the company reported a Gross Average Room Rate of Rs 6,381, up from Rs 5,876 in FY24, reflecting a 9% year-on-year growth. Occupancy also improved to 71.7% from 69.9% in FY24. The management has also given guidance of 55% of EBITDA margin in FY28 from 49.3% in FY25
- **Management Fees** - In Q4 FY25, Lemon Tree earned Rs 444 Mn in total management fees, marking a 16% YoY growth. This included Rs.160 Mn from third-party-owned hotels, up 11%, and Rs. 284 Mn from Fleur Hotels, up 19% YoY. For FY 25, total management fees reached Rs. 1.49 Billion, reflecting a strong 22% growth over FY24.
- **Aurika Mumbai Performance** - Aurika Mumbai, has seen strong traction with occupancy rising to over 80% in Q4 FY25 from 65% last year and full-year occupancy improving to 63% from 53% in FY 24. With this ramp-up, the company is now in a position to implement price hikes, targeting an ARR of Rs 11,000–12,000 in H2 FY26 .In Q4 alone, Aurika delivered an EBITDA of RS 420 Mn with a healthy 67% margin, while the management refrained from giving any guidance of impact on its portfolio due renovation of Mumbai T1 Airport.
- **Keys Portfolio Performance** - Keys Hotels continued its turnaround in Q4 FY25, with occupancy improving to 61.5% and average room rates rising 12% year-on-year to Rs 4,068. This led to a 24% jump in RevPAR, which stood at Rs 2,500. Revenue from operations grew 14% YoY to Rs 246 Mn. EBITDA came in at Rs 70 Mn with a margin of 28.1%, slightly impacted by ongoing renovations. The company is targeting EBITDA of RS 600 Mn from the Keys portfolio by FY28.
- **Debt Repayment** - Lemon Tree Hotels reduced its debt by ₹1.9 billion in FY25, bringing it down to Rs16.99 billion from Rs18.89 billion in FY24. The company plans to accelerate repayments, targeting Rs 3.0 billion in FY26 and Rs 4.0 billion in FY27. Most of this debt is linked to older hotels under the standalone entity, structured with balloon repayments that increase over time.
- **Fleur Listing Plan** - Lemon Tree is considering listing Fleur Hotels to shift toward an asset-light model focused on brand, technology, and management and Fleur would handle asset development, IPO proceeds could help make Lemon Tree debt-free, enable dividends, and support growth in marketing and distribution.
- **Infinity 2.0** - Lemon Tree recently relaunched its loyalty program, Infinity 2.0, along with website upgrades to enhance the customer experience. These initiatives aim to boost the retail demand share, which stood at 45% in FY25, with a target of reaching 66% by CY28. The strategy is backed by rising demand from individual travelers as India enters an economic inflection point.

Exhibit 3: F&B cost as % of sales fall by 20bps


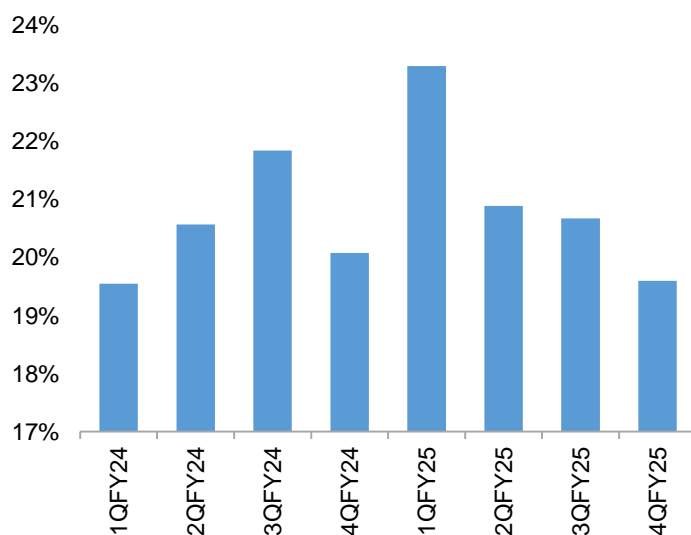
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Power & Fuel cost as % of sales fall by 70 bps


Source: Company, Nirmal Bang Institutional Equities Research

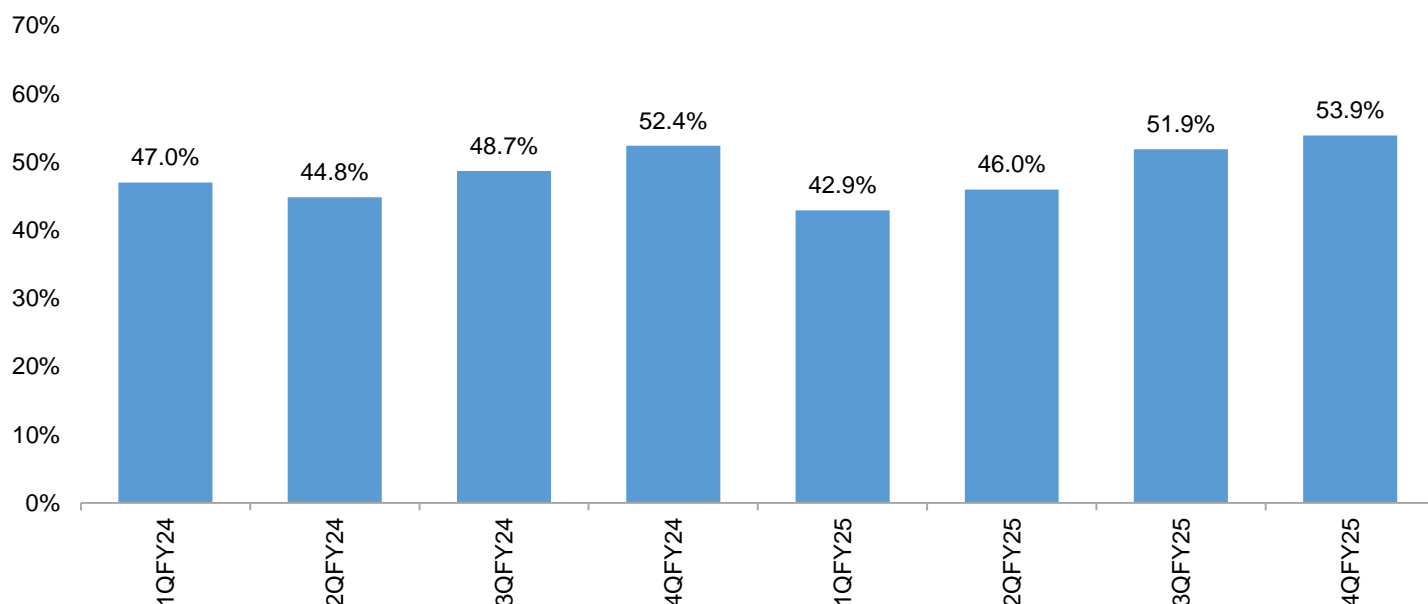
Exhibit 5: Staff cost as % of sales is stable YoY


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6 : Other expenses as % of sales fall by 50 bps


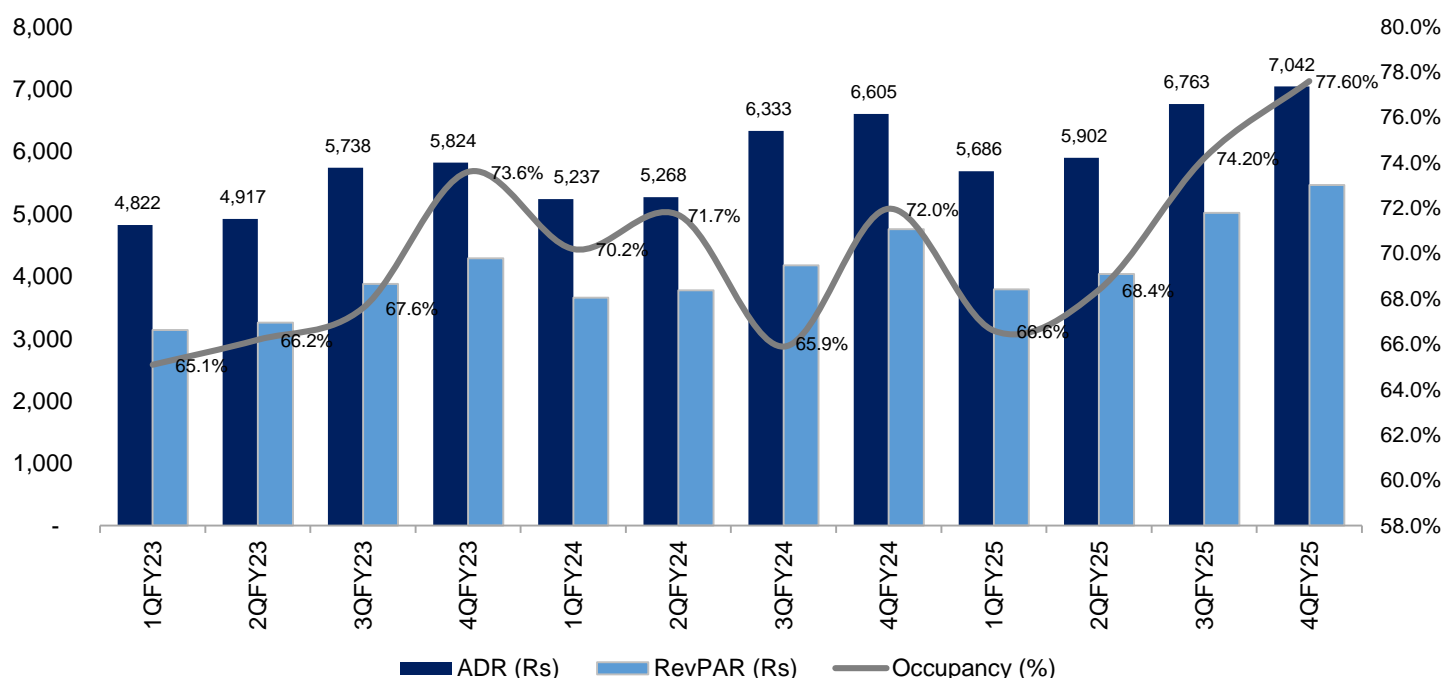
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: EBITDA Margin rises by 154 bps YoY



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: ADR/RevPar/Occupancy -Quarterly trend



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Quaterly Segment-wise Performance

Segment-wise Performance	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Occupancy Rate (%)												
Aurika (808)	37.0	39.0	53.0	69.0	46.0	49.0	42.0	66.0	46.0	50.0	71.0	83.0
Lemon Tree Premier (1603)	71.0	76.0	75.0	81.0	78.0	80.0	77.0	81.0	79.0	79.0	81.0	83.0
Lemon Tree Hotels (1562)	68.0	66.0	68.0	74.0	73.0	74.0	71.0	74.0	72.0	73.0	75.0	78.0
RedFox Hotels (952)	64.0	68.0	73.0	78.0	68.0	69.0	73.0	76.0	64.0	70.0	78.0	80.0
Keys (936)	56.0	53.0	51.0	56.0	57.0	59.0	53.0	55.0	56.0	56.0	59.0	61.0
ADR (Rs)												
Aurika	11,207	11,896	17,102	16,152	9,989	11,487	10,743	10,553	9,061	9,491	10,457	10,566
Lemon Tree Premier	5,896	5,887	6,863	7,143	6,380	6,334	7,437	7,565	6,558	6,802	7,852	8,156
Lemon Tree Hotels	4,751	4,823	5,500	5,501	5,129	5,178	5,935	6,036	5,299	5,425	6,083	6,171
RedFox Hotels	3,712	3,697	4,315	4,310	4,044	4,059	4,746	4,796	4,214	4,458	5,144	5,457
Keys	3,211	3,355	3,512	3,264	3,305	3,524	3,585	3,637	3,542	3,677	3,733	4,068
RevPAR (Rs)												
Aurika	4,093	4,682	8,982	11,189	4,640	5,576	4,492	6,984	4,170	4,726	7,442	8,756
Lemon Tree Premier	4,184	4,496	5,167	5,816	4,991	5,044	5,700	6,126	5,177	5,366	6,388	6,775
Lemon Tree Hotels	3,238	3,163	3,760	4,079	3,754	3,854	4,207	4,448	3,838	3,985	4,589	4,789
RedFox Hotels	2,361	2,496	3,132	3,378	2,745	2,803	3,452	3,623	2,709	3,126	4,031	4,351
Keys	1,784	1,771	1,778	1,815	1,891	2,085	1,907	2,018	1,975	2,071	2,191	2,500
Hotel level EBITDAR/room (Rs Mn)												
Aurika	2.6	2.9	7.9	10.3	4.0	4.5	3.1	5.6	2.7	3.2	6.34	7.76
Lemon Tree Premier	2.7	2.9	3.8	3.9	3.2	3.3	3.7	4.2	3.2	3.5	4.37	4.82
Lemon Tree Hotels	1.9	1.8	2.5	2.4	2.2	2.2	2.7	2.6	2.0	2.4	2.76	2.72
RedFox Hotels	1.1	1.3	2.0	2.0	1.4	1.5	2.1	2.1	1.3	1.7	2.48	2.56
Keys	0.6	0.9	0.3	0.9	0.6	0.8	0.8	0.8	0.4	0.9	0.9	1.06
Hotel level EBITDAR Margin (%)												
Aurika	48%	49%	69%	72%	56%	56%	57%	65%	49%	53%	64%	68%
Lemon Tree Premier	56%	56%	65%	61%	56%	57%	58%	62%	53%	56%	60%	62%
Lemon Tree Hotels	49%	47%	57%	51%	49%	49%	53%	50%	43%	50%	52%	50%
RedFox Hotels	47%	49%	60%	59%	50%	50%	59%	57%	46%	51%	60%	59%
Keys	32%	50%	18%	48%	31%	38%	38%	38%	18%	40%	38%	40%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Quaterly region-wise Performance

Performance by region	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Occupancy Rate (%)												
Delhi (636)	73%	79%	81%	88%	74%	76%	81%	87%	75%	78%	84%	88%
Gurugram (529)	57%	65%	68%	77%	68%	74%	70%	72%	76%	80%	74%	77%
Hyderabad (663)	73%	81%	74%	77%	84%	85%	78%	79%	73%	76%	80%	80%
Bengaluru (874)	76%	68%	54%	63%	71%	74%	55%	58%	65%	68%	65%	67%
Mumbai (972)	74%	77%	79%	84%	86%	87%	53%	73%	59%	62%	76%	85%
Pune (426)	71%	69%	69%	72%	72%	71%	65%	75%	76%	74%	73%	77%
Rest of India (1,659)	53%	52%	64%	70%	60%	60%	68%	69%	61%	60%	72%	74%
Total (5,759)	65%	66%	68%	74%	70%	72%	66%	72%	67%	68%	74%	78%
ARR (Rs)												
Delhi	4,895	4,941	6,090	6,352	5,744	5,757	6,803	7,055	5,971	6,318	7,949	8,126
Gurugram	4,758	4,654	5,286	5,412	5,078	4,865	5,832	5,985	5,226	5,197	6,146	6,504
Hyderabad	5,300	5,390	6,245	6,459	5,627	5,775	6,678	7,156	6,038	6,483	7,298	7,687
Bengaluru	4,352	4,661	5,205	5,050	4,740	4,878	4,773	5,218	4,890	4,897	5,023	5,579
Mumbai	7,114	7,101	8,473	9,064	7,721	7,786	8,844	9,077	8,405	8,642	9,052	9,382
Pune	4,501	4,703	4,978	4,857	4,920	4,997	5,315	5,231	5,252	5,497	5,762	5,749
Rest of India	4,431	4,374	5,317	5,341	4,488	4,546	5,822	5,813	4,614	4,780	5,862	5,919
Total	4,822	4,917	5,738	5,824	5,207	5,262	6,333	6,605	5,686	5,902	6,763	7,042
RevPAR (Rs)												
Delhi	3,549	3,928	4,941	5,559	4,248	4,377	5,520	6,144	4,457	4,903	6,660	7,187
Gurugram	2,693	3,005	3,587	4,191	3,447	3,582	4,097	4,335	3,997	4,137	4,561	4,981
Hyderabad	3,885	4,361	4,644	5,001	4,749	4,929	5,195	5,665	4,428	4,957	5,870	6,151
Bengaluru	3,299	3,178	2,805	3,178	3,346	3,617	2,605	3,029	3,187	3,340	3,263	3,712
Mumbai	5,293	5,483	6,683	7,657	6,653	6,762	4,674	6,616	4,937	5,353	6,916	7,958
Pune	3,209	3,225	3,436	3,494	3,519	3,565	3,469	3,911	3,999	4,056	4,186	4,451
Rest of India	2,348	2,282	3,419	3,718	2,712	2,721	3,930	4,026	2,799	2,891	4,220	4,396
Total	3,139	3,257	3,877	4,287	3,657	3,770	4,176	4,754	3,788	4,035	5,018	5,462
Hotel level EBITDAR/room (Rs Lacs)												
Delhi	1.9	2.3	4.1	3.7	2.3	2.5	3.3	4.2	2.4	2.8	4.4	5.11
Gurugram	1.4	1.6	2.4	2.6	2.0	2.1	2.9	2.7	2.2	2.5	3.0	3.14
Hyderabad	2.7	3.0	3.3	3.4	3.1	3.4	3.5	3.8	2.4	3.4	4.0	4.15
Bengaluru	2.0	2.0	1.5	2.0	2.1	2.2	1.4	1.4	1.6	2.0	1.8	2.03
Mumbai	3.6	3.6	4.6	4.6	4.7	4.6	2.9	4.9	3.4	3.8	5.5	6.72
Pune	1.8	1.9	1.9	1.8	1.8	2.0	1.9	2.2	1.9	2.4	2.3	2.32
Rest of India	1.1	1.1	2.1	2.5	1.4	1.4	2.6	2.6	1.2	1.5	2.7	2.68
Total	1.8	1.9	2.6	2.8	2.1	2.2	2.6	3.1	2.0	2.5	3.4	3.72
Hotel level EBITDAR Margin (%)												
Delhi	46%	51%	73%	62%	46%	50%	53%	62%	47%	50%	59%	63%
Gurugram	40%	41%	52%	50%	46%	45%	54%	51%	45%	48%	54%	53%
Hyderabad	62%	61%	64%	64%	59%	61%	61%	62%	50%	62%	62%	63%
Bengaluru	57%	58%	48%	56%	54%	56%	47%	45%	45%	53%	49%	51%
Mumbai	62%	59%	64%	57%	65%	63%	57%	62%	55%	58%	63%	68%
Pune	49%	51%	48%	47%	45%	50%	48%	49%	42%	51%	49%	47%
Rest of India	41%	42%	54%	59%	43%	43%	56%	56%	36%	44%	55%	53%
Total	50%	52%	58%	58%	51%	52%	55%	57%	46%	52%	57%	59%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Lemon Tree Consolidated P&L Statement Breakup

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Lemon Tree ex-Keys												
Inventory	4,154	4,154	4,154	4154	4,154	4,154	4,794	4823	4823	4823	4823	4,823
Gross ARR	5,119	5,186	6,094	6237	5,555	5,573	6,751	7030	6023	6246	7,210	7,482
Occupancy	67.2%	69.3%	71.4%	78%	73%	74.50%	68.40%	75.20%	68.70%	70.70%	77.20%	80.70%
RevPAR	3,440	3,594	4,349	4844	4,563	4,150	4,619	5285	4140	4417	5,566	6,036
Revenue from Operations	1,750	1,791	2,157	2345	2047	2091	2706	3058	2475	2634	3,328	3540
Expenses	862	908	916	1016	1040	1119	1328	1382	1381	1389	1566	1566
Adj. EBITDA	888	883	1,241	1,329	1,007	972	1,378	1,676	1,094	1,245	1,762	1,974
EBITDA Margin %	50.7%	49.3%	57.5%	56.7%	49.2%	46.5%	50.9%	54.8%	44.2%	47.3%	52.9%	55.8%
Other Income	1	4	1	15	4	5	3	22	4	4	6	7
Keys												
Inventory	936	936	936	936	936	936	936	936	936	936	936	936
Gross ARR	3,211	3,355	3,512	3264	3,305	3,524	3,585	3637	3542	3677	3,733	4,068
Occupancy	55.6%	52.8%	50.6%	56%	57.2%	59.10%	53.20%	55.50%	55.70%	56.30%	58.70%	61.50%
RevPAR	1,785	1,771	1,778	1815	1,591	2,085	1,907	2018	1975	2071	2,191	2500
Revenue from Operations	171	176	179	182	195	205	196	215	205	210	222	246
Expenses	135	123	154	112	138	134	162	163	149	147	144	178
EBITDA	36	53	25	70	57	71	34	52	56	63	78	68
Margin %	21.1%	30.1%	14.0%	38.5%	29.2%	34.6%	17.3%	24.2%	27.3%	30.0%	35.0%	27.6%
Other Income	2	3	5	6	1	2	4	17	0	0	1	2

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Actual performance v/s NBIE & Consensus estimates

Consolidated (Rsmn)	4QFY25	4QFY25e (NBIE)	Variance	4QFY25e (BBG Consensus)	Variance
Revenue	3,785	3,881	-2%	3,715	2%
EBITDA	2,041	2,038	0%	1,950	5%
EBITDA margin %	53.9%	52.5%	142bps	52.5%	143bps
PAT	846	732	16%	735	15%

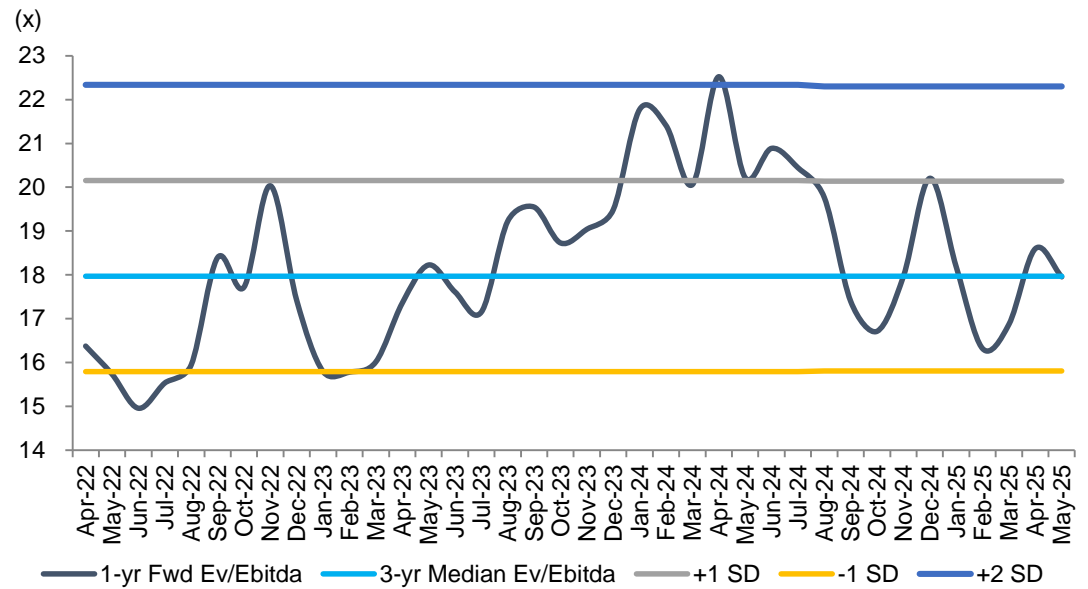
Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 13: Change in earnings estimates

Y/E March	Earlier Estimates		New Estimates		Change (%)	
(Rs mn)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Sales	14,025	16,343	14,586	16,856	4.0%	3.1%
EBITDA	6,889	8,116	7,300	8,473	6.0%	4.4%
EBITDA margin (%)	49.1%	49.7%	50.0%	50.3%	93bps	61bps
Adj PAT	2,596	3,806	3,142	4,188	21.1%	10.0%

Source: Nirmal Bang Institutional Equities Research

Exhibit 14: One Year Forward EV/EBITDA



Source: Nirmal Bang Institutional Equities Research

Financials

Exhibit 15: Income statement

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	8,750	10,711	12,861	14,586	16,856
Growth YoY%	117.5	22.4	20.1	13.4	15.6
F&B Consumed	499	628	762	791	949
% of sales	5.7	5.9	5.9	5.4	5.6
Staff costs	1,497	1,878	2,185	2,584	2,932
% of sales	17.1	17.5	17.0	17.7	17.4
Other expenses	2,278	2,973	3,573	3,911	4,502
% of sales	26.0	27.8	27.8	26.8	26.7
EBITDA	4,476	5,232	6,341	7,300	8,473
Growth YoY%	277.2	16.9	21.2	15.1	16.1
EBITDA margin %	51.2	48.8	49.3	50.0	50.3
Depreciation	966	1,121	1,393	1,565	1,607
EBIT	3,510	4,111	4,948	5,735	6,865
Interest	1,772	2,016	2,007	1,593	1,339
Other income	36	56	23	48	57
PBT (bei)	1,782	2,158	2,962	4,190	5,584
PBT	1,782	2,158	2,962	4,190	5,584
ETR	21.2	15.8	17.9	25.0	25.0
PAT	1,146	1,485	1,966	2,584	3,517
Growth YoY%	-231.0	29.6	32.4	31.4	36.1

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Balance sheet

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	7,916	7,918	7,918	7,918	7,918
Reserves & Surplus	621	1,750	3,717	6,300	9,817
Net worth	14,134	15,464	17,896	21,038	25,226
Long term debt	15,174	16,767	14,941	12,743	9,786
Short term debt	2,283	2,125	2,052	2,125	2,125
Total debt	17,457	18,891	16,993	14,867	11,911
Net debt	17,173	18,273	15,801	13,440	10,363
Other non-current liabilities	4,314	4,508	4,540	4,540	3,653
Total Equity & Liabilities	37,323	40,330	40,818	42,104	42,546
Gross block	36,203	43,769	45,269	46,769	47,769
Accumulated depreciation	7,598	8,719	10,112	11,677	13,284
Net Block	28,605	35,050	35,157	35,092	34,485
CWIP	4,691	248	454	454	454
Intangible and others	1,145	1,351	1,400	1,400	1,400
Other non-current assets	1,522	1,558	1,675	1,675	2,178
Investments	73	151	463	463	463
Trade receivables	560	715	786	973	1,125
Inventories	105	138	138	188	218
Cash & Cash equivalents	285	618	1,192	1,427	1,548
Other current assets	411	582	817	817	1,063
Total current assets	1,360	2,053	2,934	3,406	3,953
Trade payables	668	859	616	1,170	1,352
Other current liabilities	750	608	773	489	404
Total current liabilities	3,701	3,591	3,441	3,783	3,880
Total Assets	37,323	40,330	40,818	42,104	42,546

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Cash flow

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
PBT	1,782	2,158	2,962	4,190	5,584
Depreciation	966	1,121	1,393	1,565	1,607
Interest	1,773	2,025	2,041	1,593	1,339
Other adjustments	-63	-77	-63	-48	-57
Change in Working capital	-403	-218	-416	33	-329
Tax paid	-35	-144	-226	-417	-1,684
Operating cash flow	3,849	4,650	5,416	6,285	6,748
Capex	-1,620	-3,312	-958	-1,500	-1,000
Free cash flow	2,228	1,338	4,458	4,785	5,748
Other investing activities	411	270	-990	-1,865	-970
Investing cash flow	-2,832	-3,965	-1,274	-2,331	-1,445
Issuance of share capital					
Movement of Debt	471	1,418	-1,927	-2,126	-2,956
Dividend paid (incl DDT)	-	-	-	-	-
Other financing activities	-1,432	-1,616	-1,593	-1,593	-1,339
Financing cash flow	-1,323	-585	-3,923	-3,467	-5,182
Net change in cash flow	-306	100	218	487	121
Opening C&CE	543	237	336	554	1,041
Closing C&CE	237	336	554	1,041	1,162

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: Key ratios

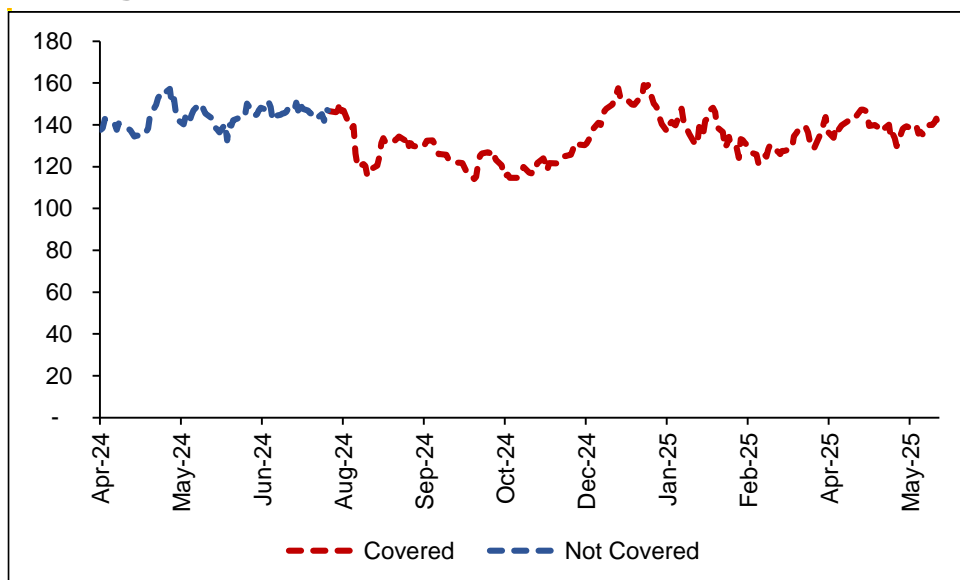
Y/E March	FY23	FY24	FY25	FY26E	FY27E
Per share (Rs)					
Adj EPS	1.4	1.9	2.5	3.3	4.4
Book value	17.9	19.5	22.6	26.6	31.9
DPS	-	-	-	-	-
Valuation (x)					
P/Sales	12.6	10.3	8.6	7.5	6.5
EV/EBITDA	29.7	25.6	20.8	17.8	15.1
P/E	96.0	74.1	56.0	42.6	31.3
P/BV	7.8	7.1	6.1	5.2	4.4
EV/Room (Rsmn)	26.1	23.3	22.9	22.2	19.4
Return ratios (%)					
RoCE	10.8	12.7	14.2	14.9	17.5
RoCE (pre-tax)	13.7	15.1	17.3	19.9	23.4
RoIC	11.6	12.5	13.2	15.3	18.7
RoE	13.6	16.3	18.5	20.0	22.0
Profitability ratios (%)					
EBITDA margin	51.2	48.8	49.3	50.0	50.3
PAT margin	13.0	13.8	15.3	17.7	20.8
Liquidity ratios (%)					
Current ratio	0.4	0.6	0.9	0.9	1.0
Quick ratio	0.3	0.5	0.8	0.9	1.0
Solvency ratio (%)					
Debt to Equity ratio	2.0	2.0	1.5	1.0	0.7
Turnover ratios					
Fixed asset turnover ratio (x)	0.2	0.3	0.3	0.3	0.4
Debtor days	23	24	24	24	24
Inventory days	4	5	5	5	5
Creditor days	28	29	29	29	29

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
29 July 2024	Hold	147	150
09 August 2024	Hold	127	140
18 November 2024	Hold	123	137
6 February 2025	Hold	145	150
30 May 2025	Hold	139	153

Rating Chart



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HOLD -5% to 14%

SELL < -5%

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