Leela Palaces Hotels & Resorts Ltd.

Hotels & Resorts | Initiating Coverage

BUY

CMP: Rs419 | Target Price (TP): Rs529 | Upside: 26%

January 06, 2026

Turning Luxury Experiences into Earnings

Key Points

- Leela is structurally advantaged as luxury travel shifts toward 'experiential luxury' given its marquee city palaces and experience-led leisure assets commanding 30–40% ARR/RevPAR premium; it is capturing a higher wallet share from F&B, banquets, and wellness segments. Considering these, we expect Leela to deliver ***like-to-like ARR/RevPAR CAGR of 9%/11% over FY25–FY28E, which would aid overall growth and profitability***.
- ***As Leela has reduced gross debt from Rs39bn in FY25 to ~Rs15bn by H1FY26, we expect net debt/EBITDA to improve from 6x to <2x by FY26E,*** strengthening balance sheet support for its **'scarcity-led luxury'** expansion. The pipeline targets destination-defining assets by FY28E where premium demand is outpacing quality supply, thus supporting faster ramp-ups and ***sustained pricing power across marquee wallet-share markets (Udaipur-weddings/MICE), iconic high-ADR destinations (Agra, Ayodhya), supply-constrained leisure (Ranthambore/Bandhavgarh), and Srinagar (J&K tourism revival).***
- We expect Leela to deliver a strong growth runway with owned keys rising to ***1,567 by FY28E (ex-Srinagar JV) and managed keys reaching 2,214 by FY27E (ex-Palm Jumeirah), thereby supporting FY25–FY28E RevPAR/ARR CAGR of ~11%/~10% and revenue/EBITDA CAGR of 16%/18%, as the mix upgrades and F&B/banquet monetization adds to the operating leverage. We initiate coverage on Leela with a BUY rating and a target price of Rs529, implying 26% upside, based on a valuation of 20x Mar-28E EV/EBITDA, broadly in line with EIH at 19x, reflecting Leela's faster EBITDA CAGR of 18% versus 12% for EIH over FY25–FY28E, with ROCE expected to improve to early double digits by FY28E..***However, we recognize that Leela's ROCE is lower than peers, which could act as a constraint on multiple re-rating if ROCE expansion remains limited. We have highlighted in the outlook and valuation segments the reasons behind Leela's low ROCE driven by pre-IPO fund infusion. In addition, while ROE is expected to dip in FY26E due to the IPO-related fundraise, we expect it to recover to a high single-digit level by FY28E as earnings come in at a faster rate by FY28E. We also like Chalet, EIH and IHCL in the sector.
- **Experiences choose the destination - Why Leela is structurally advantaged:** Indian and global travel are undergoing a paradigm shift - from '***destinations dictating the itinerary***' to '***experiences dictating the destination***'. *Luxury travelers are increasingly planning trips around experiences such as celebrations, wellness, culinary immersion, culture, and adventure, and then choosing the location accordingly.* Leela is well placed for this shift: its marquee city palaces such as New Delhi, Bengaluru, Chennai, Udaipur, and Jaipur enable high-spend stays through signature dining, spa-led wellness, and destination-scale banqueting (wedding/MICE). On the leisure side, the properties are designed for ***purpose-led travel where the experience becomes the core attraction. This blend should deepen engagement, expand wallet share beyond rooms, and reinforce Leela's rate dominance in the years ahead.*** Leela is a pure-play luxury platform with visible pricing power **(core portfolio strength)**: Leela's five owned marquee assets consistently command a premium vs the luxury set. FY25 owned portfolio delivered ***1.4x ARR and 1.4x RevPAR*** vs luxury-segment average, while the managed portfolio also outperformed at ***1.3x ARR/1.2x RevPAR*** vs micro-market peers.

Est Change	-
TP Change	-
Rating Change	-

Company Data and Valuation Summary

Reuters:	SCHL.BO
Bloomberg:	THELEELA IN
Mkt Cap (Rsbn/US$bn):	144.7 / 1.6
52 Wk H / L (Rs):	474 / 383
ADTV-3M (mn) (Rs/US$):	204.8 / 2.3
Stock performance (%) 1M/6M/1yr:	8.9 / 7.9 / 0.0
Nifty 50 performance(%)1M/6M/1yr:	0.8 / 4.5 / 7.0

Shareholding	4QFY25	1QFY26	2QFY26
Promoters	-	75.9	75.9
DIIs	-	9.9	11.1
FIIs	-	8.7	8.5
Others	-	5.5	4.5
Pro pledge	-	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY25	FY26E	FY27E	FY28E
Net Sales	13,006	14,637	16,683	20,228
Growth YoY (%)	*11%*	*13%*	*14%*	*21%*
EBITDA	*5,944*	*6,900*	*8,076*	*9,864*
EBITDA margin (%)	*46%*	*47%*	*48%*	*49%*
PAT	*477*	*3,486*	*4,215*	*5,593*
Growth YoY (%)	*NA*	*269%*	*21%*	*33%*
EPS (Rs)	*1.43*	*10.44*	*12.62*	*16.75*
RoCE (pre-tax) (%)	*10.2%*	*7.3%*	*8.1%*	*9.4%*
RoE (%)	*12.2%*	*7.0%*	*6.5%*	*8.0%*
RoIc (%)	*4.9%*	*5.5%*	*6.2%*	*7.2%*
P/E	*294*	*40*	*33*	*25*
EV/EBITDA	30	23	20	16
P/BV	4	2	2	2

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

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

Dipak Saha
Research Analyst
dipak.saha@nirmalbang.com
+91-22-6273-8092

- **Non-room upside + D2C shift to drive strong L2L growth (FY25–FY28E):** Leela is improving its like-to-like growth by shifting to a higher-quality mix - repurposing underutilized spaces into premium F&B/banquet/event venues and scaling ARQ (club) by Leela as a high-margin, capex-light revenue layer. It is also deepening wallet share through staycation programming, luxury retail (34,000sqft wing at Bengaluru launched in Sep-25; Sabyasachi/Zoya; >Rs100mn annual EBITDA target), and experience-led additions in Jaipur/Udaipur. Product premiumization and a stronger D2C channel are lifting net realization - suite upgrades delivered 38% higher RevPAR in FY25 for specific properties vs FY23, and the revamped website has driven 80% higher booking volume and 72% higher website revenue in Q1FY26, with direct bookings at 65% of room revenue. ***Overall, we expect the above-mentioned value drivers to clock L2L (Like to Like) 9% ARR CAGR, 11% RevPAR CAGR, and 10% revenue CAGR over FY25–FY28E.***

- **Scarcity-led luxury expansion:** Leela has meaningfully brought down the gross debt from ***Rs39bn in FY25 to Rs15bn as of H1FY26,*** marking the capital mix prudent for future growth and expansion. Leela's pipeline reflects a ***'scarcity-led luxury'*** play-adding destination-defining assets where premium demand is rising faster than quality supply, thus supporting faster ramp-ups and sustained pricing power. It combines: ***(i)*** *deeper wallet share in marquee markets like Udaipur (38 keys + 10,000sqft ballroom to scale weddings/MICE),* ***(ii)*** *iconic, high-ADR products in Agra (99-key Taj-view palace) and Ayodhya (100 keys near the temple corridor-first-mover premium spiritual), and* ***(iii)*** *a high-yield heritage property in Ranthambore (76 keys) and luxurious wildlife experience at Bandhavgarh (30 keys), where luxury supply remains structurally limited. The 170-key Srinagar palace further positions Leela to lead luxury tourism revival in J&K*. Overall, this mix across heritage, spiritual, wildlife, and hill-station destinations strengthens the brand moat and compounds returns via the ***'delta of scarcity'.***

- **Outlook and valuation:** We expect ***Leela to scale its owned portfolio to 1,567 keys by FY28E*** (excluding the 170-key Srinagar property, which is a 50:50 JV) from the current 1,224 keys, while the managed portfolio is projected to reach 2,214 keys by FY27E (ex-Palm Jumeirah). At the current pace of additions, we model an 11% RevPAR CAGR over FY25–FY28E, primarily driven by 10% ARR CAGR. We build in a moderation in occupancy in FY28E, as the owned key ramp-up is back-ended-owned keys rise 28% in FY28E with commissioning of *Leela Palace, Agra; Leela Ayodhya, Leela Ranthambore; Leela Bandhavgarh; and the Udaipur expansion.* ***On the managed side, we factor in 283 incremental keys under pure management through Leela Sikkim; Leela Luxury Residences & Club, Mumbai; and Leela Jaisalmer***. Beyond new inventory, mix upgrades, stronger F&B/banquet monetization, and operating levers across existing assets should further support earnings. **Overall, we estimate 16% revenue CAGR and 18% EBITDA CAGR over FY25–FY28E, with ROCE improving to early double-digit levels by FY28E as operating leverage and ramp-ups flow through. We value the company at 20x EV/EBITDA on Mar-28E, almost similar to the multiple we have assigned for EIH (19x FY28E) given the similar portfolio positioning of Leela, but Leela is expected deliver 18% EBITDA CAGR much faster growth CAGR vs 12% EBITDA CAGR for EIH (FY25-FY28E) arriving at a target price of Rs529, implying a 26% upside from the current levels.** Leela's ROCE is lower than peers, primarily due to an inflated capital base stemming from a Rs12,749 mn fair value gain and Rs11,930mn of pre-IPO promoter infusion. These funds are being deployed into the expansion pipeline and have not yet generated commensurate returns given the long-gestation nature of hotel capex. Adjusting for these items, underlying ROCE is higher than the reported level.

- **Risks to our thesis:** **(1) Delay in FY28E-heavy pipeline could defer revenue/EBITDA/PAT growth. (2) Severe downcycle may weaken cash flows and increase borrowing. (3) High reliance on five properties can impact the business in the case of any disruption.**

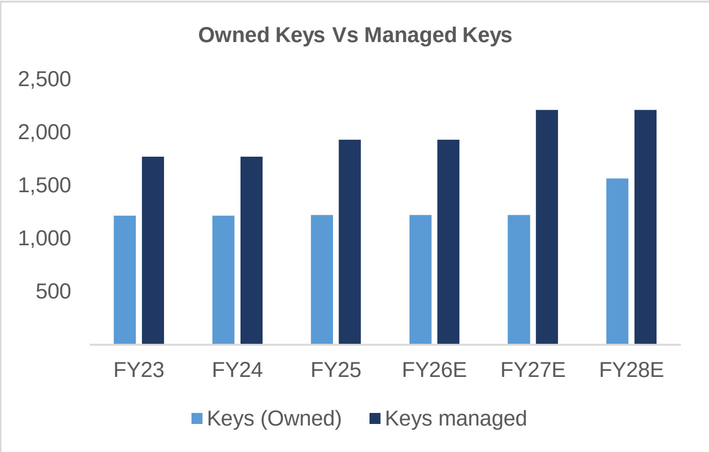
Exhibit 1: Valuation table

Particulars	Multiple	Value
Leela's EV/EBITDA (Rsmn)	**20x**	**197,278**
Debt (Rsmn)		20,201
Cash (Rsmn)		2,901
Equity Value (Rsmn)		**1,83,923**
TP (Rs)		529
CMP (Rs)		**419**
Return		**26%**

Source: Nirmal Bang Institutional Equities Research

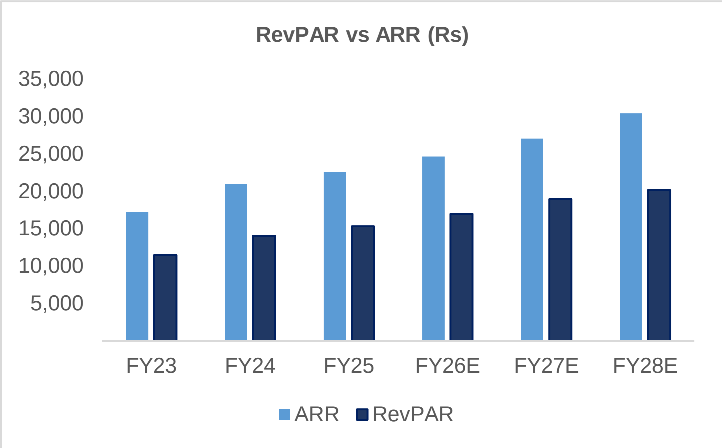
Story in charts

Exhibit 2: 283 addition in Managed keys in FY27E and 343 in owned keys in FY28



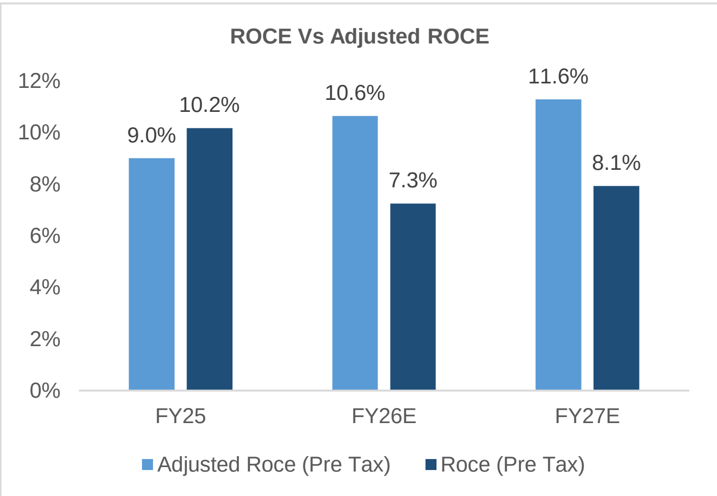
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: 11% ARR and 10% RevPAR CAGR FY25-FY28



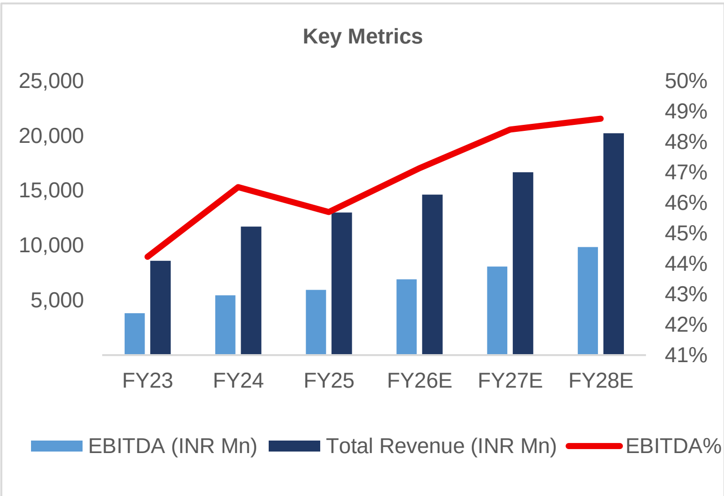
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Adjusted ROCE reflects



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: 16%/18% Revenue/EBITDA CAGR FY25-FY28E



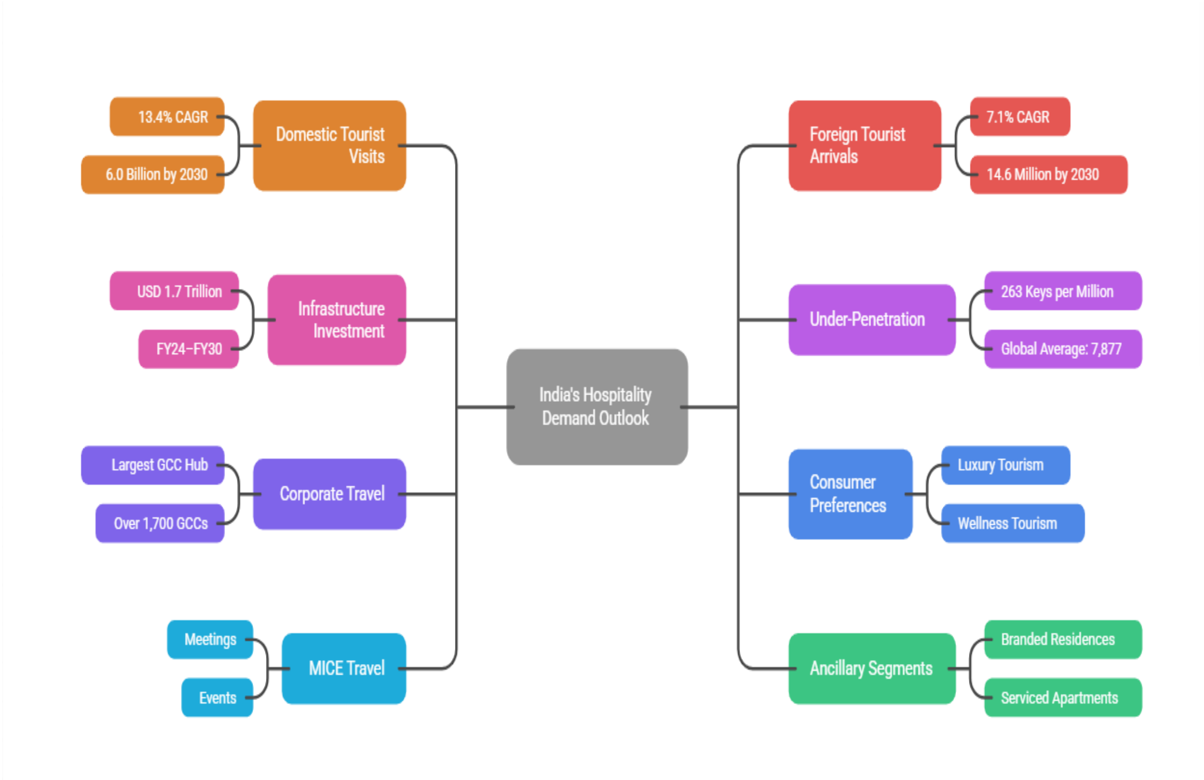
Source: Company, Nirmal Bang Institutional Equities Research

Note: a) It is adjusted for Sep-24 Pre-IPO capital infusion of Rs11,930mn for future expansion purpose, and b) Rs12,749mn fair value gain (Ind-AS implementation)

As per WTTC, India's travel and tourism sector contributed Rs19.13 trillion to the economy in CY23 and is estimated at Rs21.1 trillion in CY24, with contribution projected to more than double to Rs43.25 trillion by CY34, implying a 7.4% CAGR over CY24–34, significantly higher than the global sector CAGR of 3.7%. The Hotel Association of India estimates the hotel sector's GDP contribution at US$40bn in CY22, rising to US$68bn by CY27 and US$1 trillion by CY47, supported by strong multiplier effects, with foreign tourist arrivals expected to cross 30mn by CY37 and 100mn by CY47, alongside 15bn domestic visits by CY47.

The demand-supply gap in luxury hospitality segment drove differential RevPAR growth as compared to the hospitality industry. In FY24, the RevPAR for the luxury hospitality segment was Rs10,122, over 2 times that of the hospitality industry, which stood at Rs4,739. The demand-supply outlook for luxury hospitality segment continues to be favorable in India, with total demand for luxury rooms estimated at a CAGR of 10.6% over FY24-FY28, against supply growth of only 5.9% over the same period. Supply in the luxury hospitality segment remains limited given high barriers to entry. Against this favorable demand-supply dynamic, by FY28, India's luxury hospitality segment RevPAR is expected to become nearly 1.4 times that of FY25.

Exhibit 6: India`s hospitality demand outlook



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Snapshot of hospitality segments in India

Segment	Luxury	Premium (Upper Upscale and Upscale)	Economy and Midscale
Segment Description	Typically includes iconic and marquee hotels, positioned in the topmost tier. They usually offer larger room sizes, multiple and differentiated fine dining options, spas, recreational facilities, large and opulent public areas with personalized services.	Upper upscale hotels are typically well positioned, full-service hotels. Typically, priced lower than luxury and offer smaller public areas and facilities.	Economy and midscale hotels offer functional accommodations and limited services, while being focused on price consciousness.
Select Brand Names	The Leela, Raffles, Fairmont, Waldorf Astoria, Six Senses, Mandarin Oriental, St. Regis, Oberoi, Four Seasons, Taj	Vivanta, Hyatt Regency, Crowne Plaza, Marriott, Westin Hotels & Resorts, Trident Hotels	Novotel, Hilton Garden Inn, Ginger, Ibis, FabHotel, Keys by Lemontree
# of Keys in India as of December 31, 2024	29,727	78,778	84,533
% of Branded Keys (India) as of December 31, 2024	15.40%	40.80%	43.80%

Source: HVS ANAROCK Research

Hotel supply in India

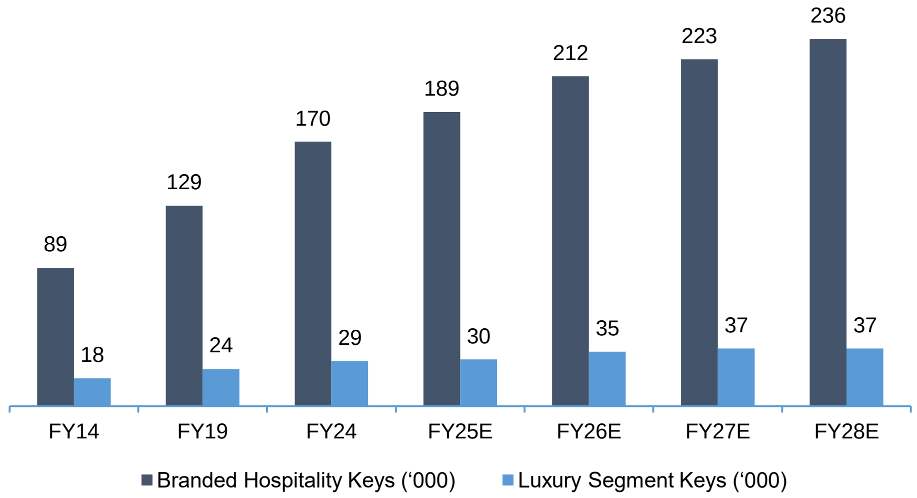
As on 30-Jun-25, India has approximately 209,000 chain-affiliated hotel rooms across segments. In addition, the industry has a visible supply pipeline of 117,000 rooms indicated to open by FY30, although project slippages remain a structural risk. Independent hotel supply remains highly fragmented and largely concentrated in midscale and lower categories, and is therefore, excluded from this analysis.

Hotel supply is now better **balanced across segments:**

Luxury & Upper Upscale: 34% of rooms, Upscale & Upper Midscale: 38%, Midscale & Economy: 28%. This shows that higher-quality hotels now form a meaningful share of total supply, not just budget hotels.

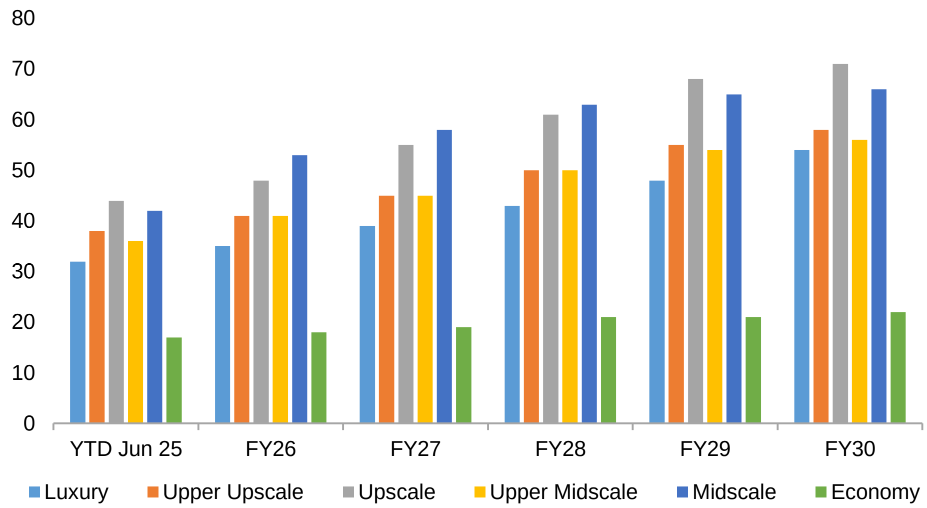
Geographically, hotel supply is becoming progressively more dispersed. The share of supply in key markets (i.e. major cities) including Mumbai, Delhi, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa, and Jaipur have declined from 69% in FY15 to 57% as of YTD Jun-25, and is projected to reduce further to roughly 49% by FY30. Only Udaipur and Lucknow (and a few others) are expected to have more than 5,000 hotel rooms by FY30. This means hotel supply is spreading across many smaller cities, rather than piling up in a few metros.

Exhibit 8: Supply of luxury keys in India for the overall hospitality industry



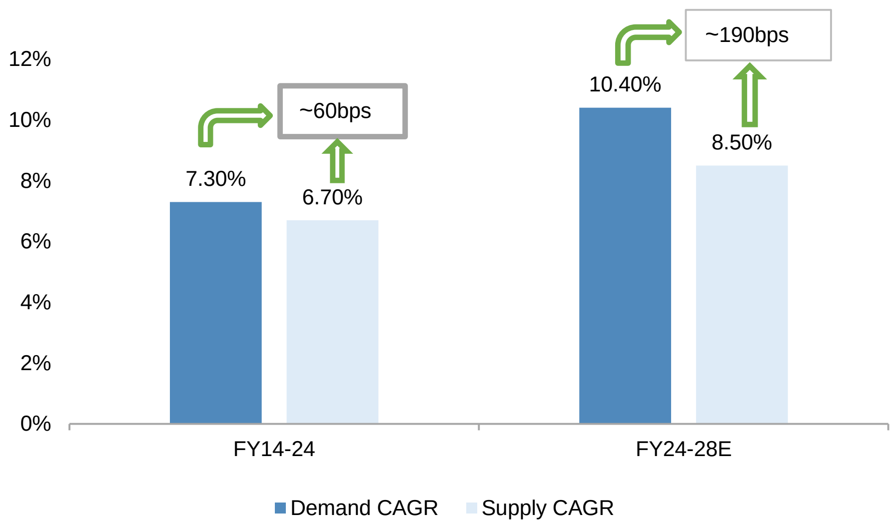
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Expected India supply (inventory in 000's)



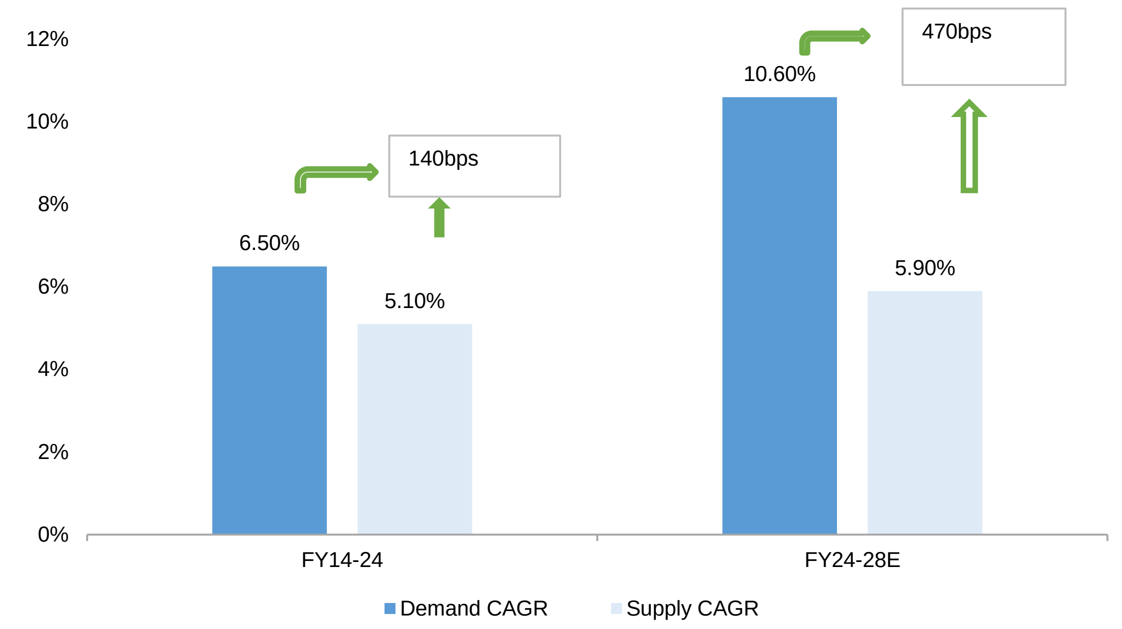
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Demand growth to outpace supply in Indian hospitality industry



Source: HVS ANAROCK Research, Nirmal Bang Institutional Equities Research

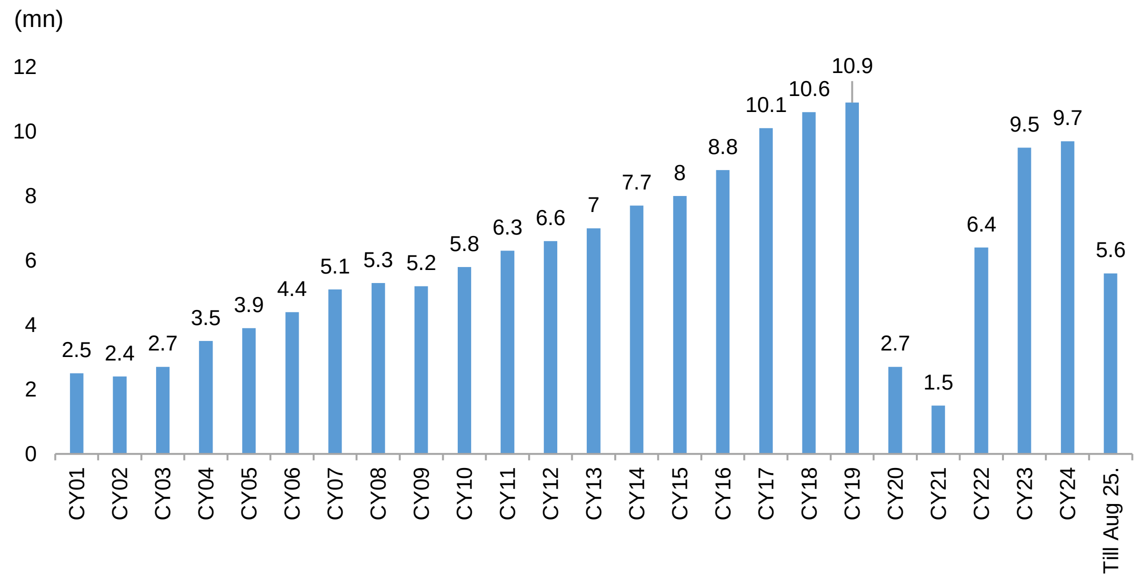
Exhibit 11: Widening demand-supply gap in the luxury hospitality industry



Source: Company, Nirmal Bang Institutional Equities Research

The hospitality industry in India is expected to witness a healthy upcycle, with supply projected at an 8.5% CAGR over FY24–FY28, while demand is anticipated to expand at a faster pace of 10.4% CAGR, implying a ~190bps demand-supply gap during this period. Growth is being driven by rising disposable incomes, a shift in consumer preference toward premium experiences, and a limited inventory of luxury hotels. Over FY14–FY24, these factors have already supported strong growth in Average Room Rates (ARRs) and occupancies within the luxury segment. Looking ahead, the luxury hotel segment is expected to remain supply-constrained, given high-entry barriers such as limited land availability, stringent regulations, restrictive zoning norms, elevated capital costs, and long project gestation timelines. Consequently, the demand-supply dynamics remain highly favorable for the luxury segment, with demand projected at a CAGR of 10.6% over FY24–FY28, outpacing supply growth of 5.9% CAGR over the same period.

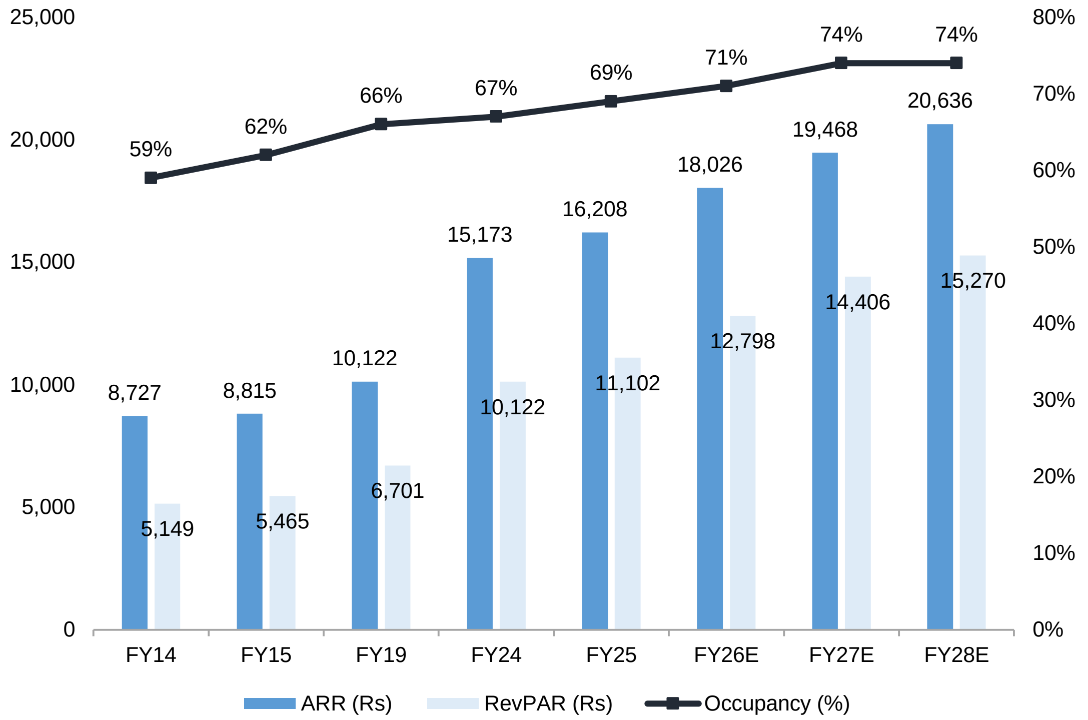
Exhibit 12: Foreign tourist arrival in India



Source: Company, Nirmal Bang Institutional Equities Research

India's FTA crossed the 10 million mark in CY17, reaching 10.1mn, 10.6mn, and 10.9mn during CY17–CY19. After the COVID-led dip, arrivals rebounded to 6.2mn in CY22 (partly affected by the Omicron wave) and further to 9.2mn in CY23, representing 84% of CY19 levels. In CY24, FTA stood at 9.7mn, up 1.4% YoY from 9.5mn in CY23, with H1CY24 recording 9.1% YoY growth before moderating in H2 due to lower arrivals from Bangladesh. As of Aug-25, India recorded ~5.6mn FTAs and ~3.04bn domestic tourist visits. Medical tourism accounted for ~0.13mn arrivals (4.1% of total FTAs) up to Apr-25.

Exhibit 13: Luxury segment's RevPAR expected to rise ~1.4x by FY28E vs FY25



Source: HVS ANAROCK Research; CoStar - Industry data – FY19, FY24, FY25; Nirmal Bang Institutional Equities Research

Supply growth in India's luxury hospitality segment remains structurally constrained due to significant barriers to entry. These include the limited availability of suitably located land parcels in prime urban and destination markets, coupled with stringent land-use regulations, zoning norms, and end-use restrictions. Developers also face a complex and time-intensive regulatory approval process, spanning multiple licenses and statutory clearances. In addition, the luxury segment requires substantial upfront capital investment and long gestation periods to develop large-format properties that meet international luxury standards. Beyond physical development, establishing a credible and differentiated luxury brand entails sustained investment in service quality, talent, and brand-building over several years, further raising entry thresholds. Collectively, these factors limit new supply additions, supporting pricing discipline and RevPAR sustainability for established luxury operators.

Company overview

Leela Palaces Hotels & Resorts Ltd, part of the Brookfield group, owns and operates The Leela- one of India's leading luxury hospitality brands. The company has a diversified portfolio of premium hotels and resorts located across key business and leisure destinations, including Delhi, Bengaluru, Udaipur, Chennai, Jaipur, Gurugram, Hyderabad, Gandhinagar, and Kerala. As of Mar-25, SBL (Schloss Bangalore Limited) operates a portfolio of 13 hotels comprising 3,553 keys, including five owned properties, seven managed hotels, and one franchised asset.

The portfolio is supported by a strong development pipeline with approximately 763 additional keys expected to be commissioned across projects in Mumbai, Agra, Ayodhya, Ranthambore, Bandhavgarh, and Srinagar over the next five fiscal years, alongside the landmark 546-key Leela Palace, Palm Jumeirah in Dubai, which comprises of 361 hotel rooms, 182 branded residences, and 3 ultra-luxury villas. On the managed side, incremental additions are expected from Leela Jaisalmer (80 rooms), Leela Sikkim (140 rooms), and Leela Luxury Residences & Club, Mumbai (63 rooms). In parallel, the company continues to undertake capex-led refurbishments and upgrades across its existing flagship properties to strengthen brand positioning, enhance guest experience, and sustain premium pricing power.

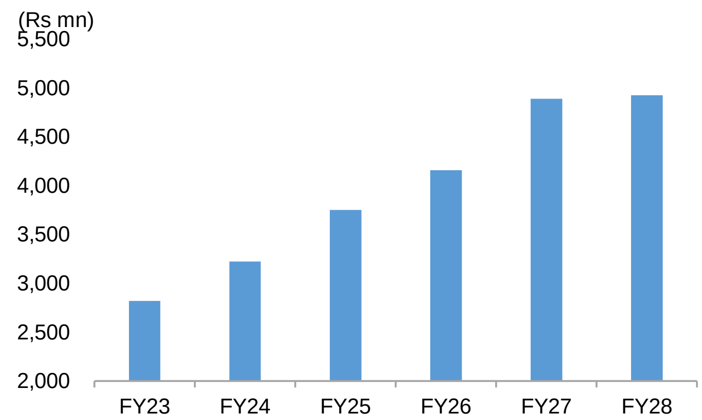
Exhibit 14: Overview of upcoming hotels

Name and Location of the Property	Type	Segment	Expected No. of Keys	Expected Capital Expenditure (Rs mn)	Acquisition / New Development	Ownership (%)	Expected FY of Commencement	ARR for Luxury Properties in FY25 (Rs)
The Leela Palace Agra, Uttar Pradesh	Palace	Heritage & Grandeur	99	4,419	New development	100.00%	2028	46,000 – 51,000
The Leela Palace Srinagar, Jammu & Kashmir	Palace	Hill Station	170	1,899	Development pursuant to concession agreement	50.00%	2028	28,000 – 33,000
The Leela Ayodhya, Uttar Pradesh	Hotel	Spiritual	100	2,997	Acquisition and subsequent development	76.00%	2028	18,000 – 23,000
The Leela Ranthambore, Rajasthan	Resort	Heritage & Grandeur	76	1,280	Acquisition and subsequent development	51.00%	2028	49,000 – 54,000
The Leela Bandhavgarh, Madhya Pradesh	Resort	Wildlife	30	720	Acquisition and subsequent development	74.00%	2028	48,000 – 53,000
Total			**475**	**11,315**				

Source: Company, Nirmal Bang Institutional Equities Research

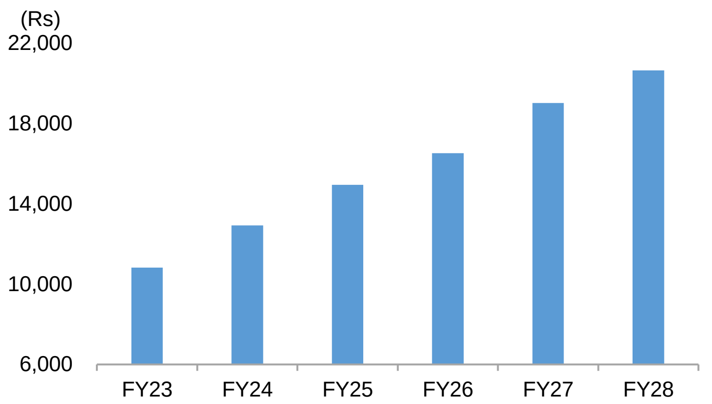
The Leela Palace Bengaluru

Exhibit 15: Revenue is projected to grow at a CAGR of 10% over FY25–FY28



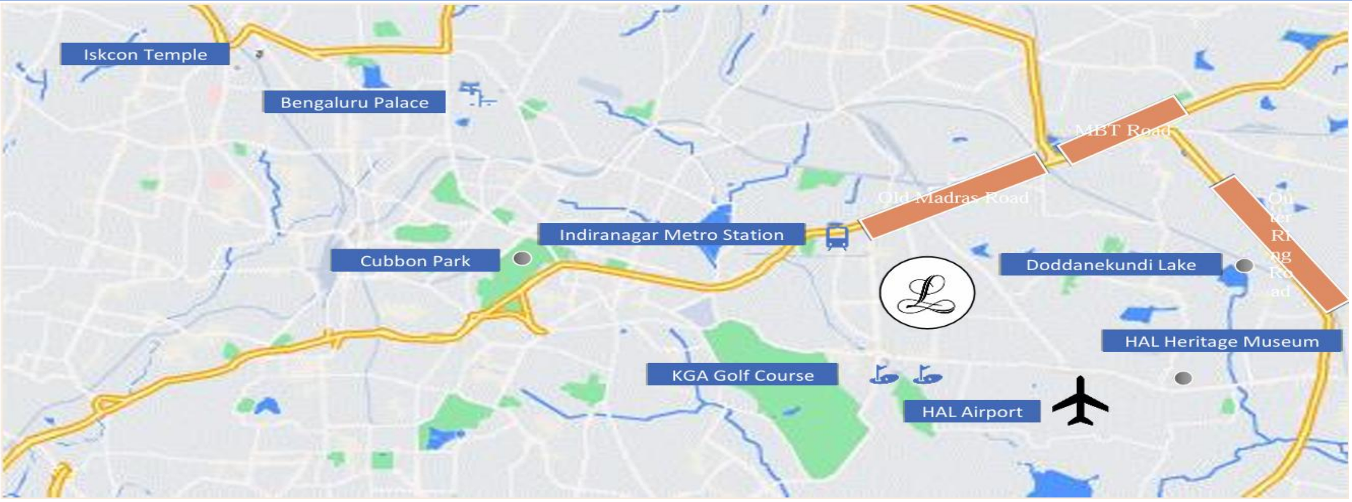
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: RevPAR is expected to register an 11% CAGR over the FY25–FY28 period



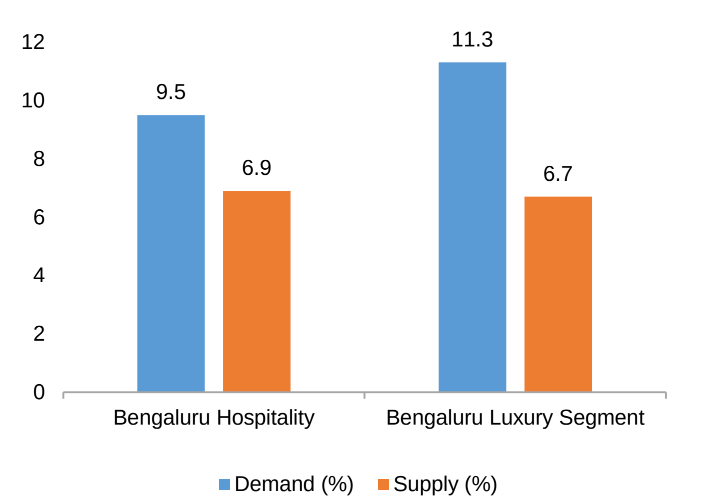
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Leela hotel's proximity to key Bengaluru landmarks



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: Bengaluru demand-supply (FY24-27E)



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Leela Palace Bengaluru

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: Share of luxury keys as on 31-Mar-24 in Bengaluru

Company	Luxury Keys	Share
IHCL	763	21.40%
The Leela	638	17.90%
Marriott	556	15.60%
ITC	532	14.90%
Shangri-La	397	11.10%
Accor	285	8.00%
Four Seasons	230	6.50%
EIH	160	4.50%
Total	**3,561**	**100.00%**

Source: Company, Nirmal Bang Institutional Equities Research

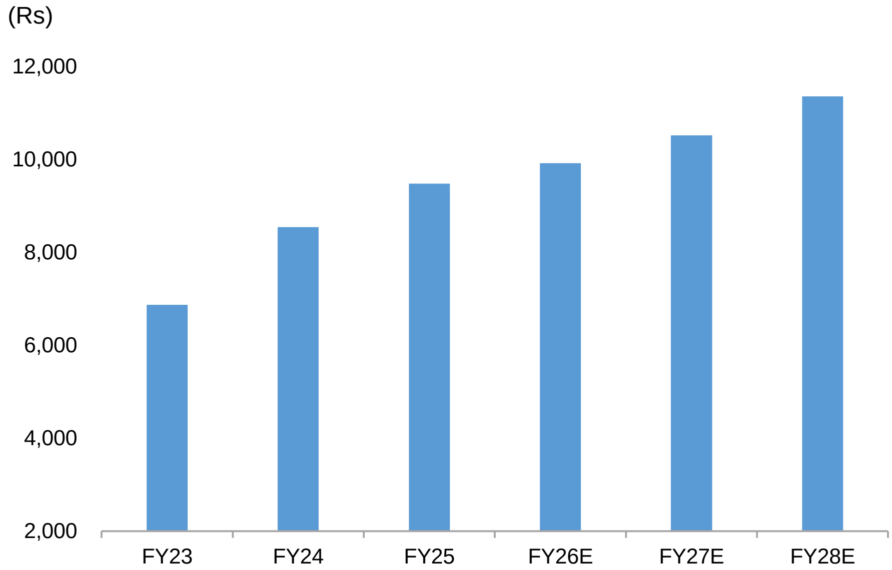
The Leela Palace Bengaluru comprises 357 keys, including 312 rooms (of which 75 are Royal Club rooms) and 45 suites. The hotel offers an average room size of approximately 61.6sqm, around 32% larger than comparable luxury hotels. It features extensive MICE infrastructure with three ballrooms, spacious pre-function areas, a courtyard, and 12 meeting rooms, aggregating 27,601sqft of indoor event space. The property houses four restaurants-Jamavar, Le Cirque Signature, Zen, and Citrus-along with three bars (including the award-winning ZLB 23), and also offers spa, fitness, and retail facilities. By FY28, the average room rate (ARR) is expected to reach Rs28,270, with occupancy improving to 73% from 70% in FY25, driving total revenue to an estimated Rs4,925mn.

The Leela Palace Chennai

Exhibit 21: Revenue on a steady upward trajectory

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 22: Stable RevPAR growth trajectory



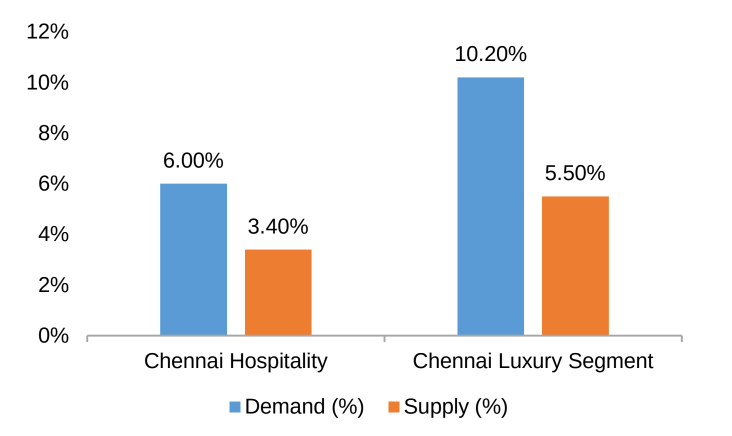
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 23: Share of luxury keys as on 31-Mar-24 in Chennai

Company	Keys	Share
IHCL	840	40.6%
ITC	600	29.0%
The Leela	325	15.7%
Hyatt	200	9.7%
InterContinental	106	5.1%
Total	2,071	100.0%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 24: Chennai demand-supply (FY24-27E)



Source: Company, Nirmal Bang Institutional Equities Research

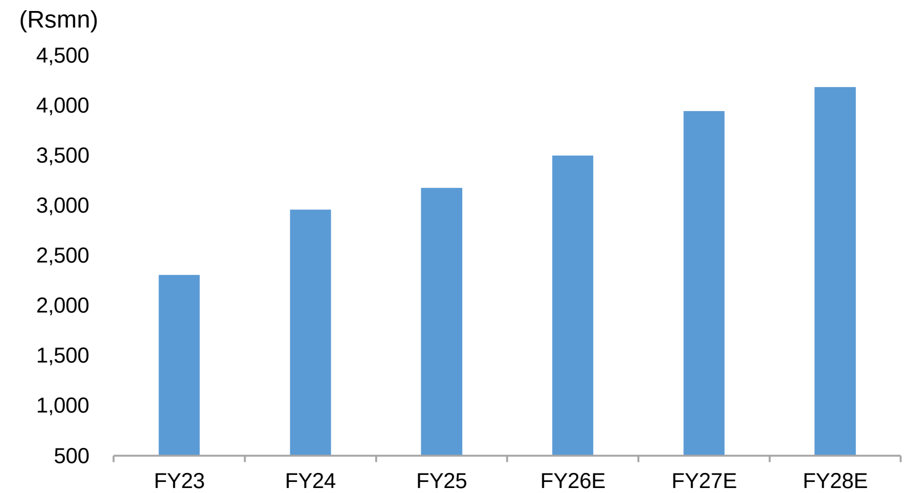
Exhibit 25: Leela Palace Chennai

Source: Company, Nirmal Bang Institutional Equities Research

The Leela Palace Chennai comprises 325 keys, including 295 rooms and 30 suites (9.23% of total inventory) as on 31-Mar-25. The hotel offers an average room size of 57.96sqm, which is ~21% larger than other comparable luxury hotels in the micro-market (as per HVS). Located along the seafront, the property features panoramic views of the Bay of Bengal and extensive MICE infrastructure, including two ballrooms, multiple meeting spaces, and a total indoor event area of 29,906sqft. The hotel houses three signature restaurants-Jamavar, China XO, and Spectra-along with a bar, lounge, wellness facilities, and a retail arcade. By FY28, ARR is expected to increase to Rs15,150 from Rs12,725 in FY25, supported by an improvement in occupancy to ~75%.

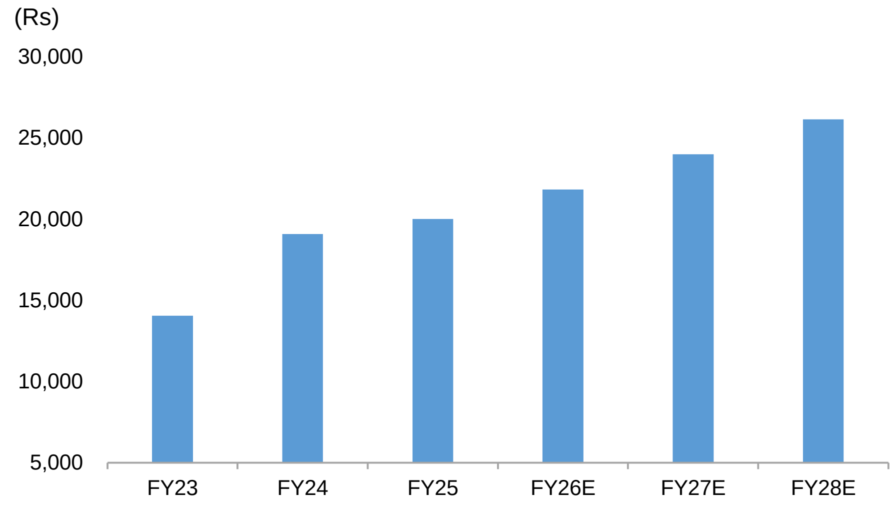
The Leela Palace New Delhi (Leela Chanakya)

Exhibit 26: Revenue is projected at a CAGR of 10% over FY25–FY28E



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 27: RevPAR is projected at a CAGR of 9% during FY25–FY28E



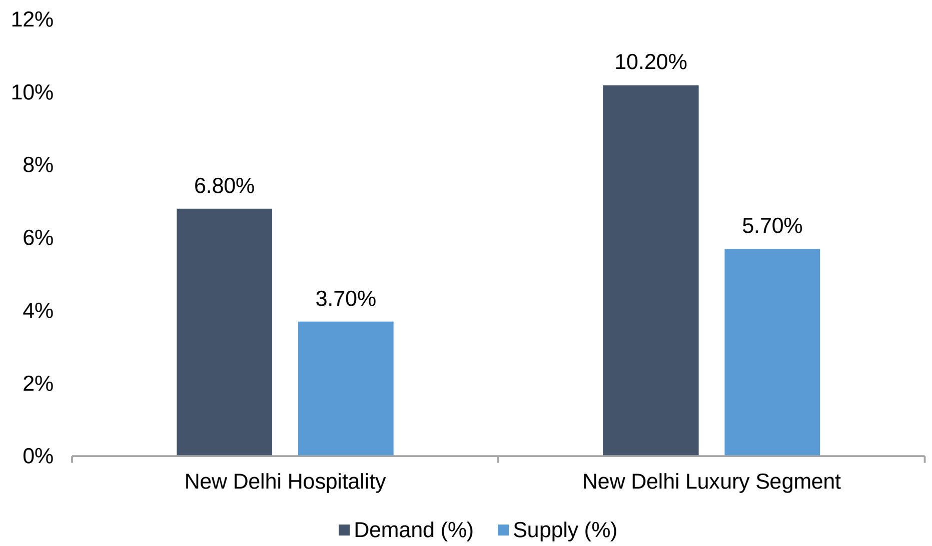
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 28: Share of luxury keys as on 31-Mar-24 in New Delhi

Company	Keys	Share
The Leela	734	22.7%
IHCL	616	19.0%
Marriott	509	15.7%
ITC	437	13.5%
Hyatt	401	12.4%
Shangri La	320	9.9%
EIH	220	6.8%
Total	**3,237**	**100.0%**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 29: New Delhi demand-supply (FY24-27E)



Source: Company, Nirmal Bang Institutional Equities Research

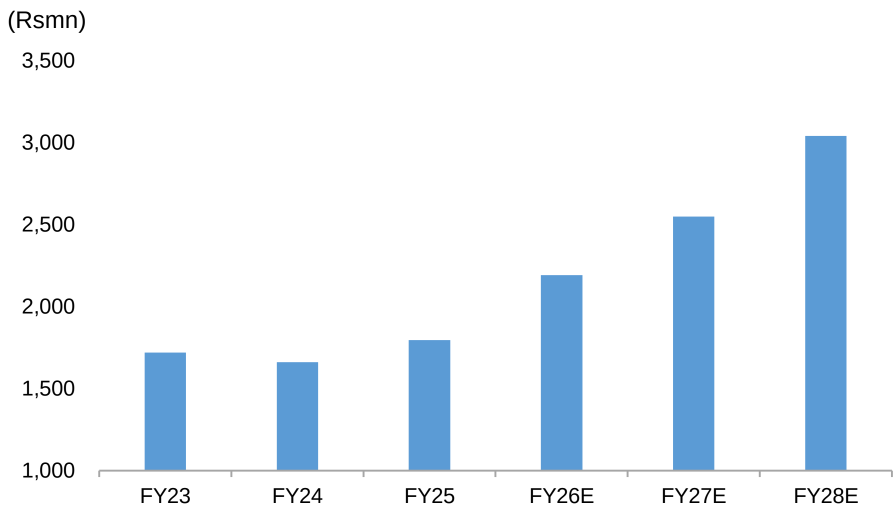
Exhibit 30: Leela Palace New Delhi

Source: Company, Nirmal Bang Institutional Equities Research

The Leela Palace New Delhi comprises 254 keys, including 236 rooms and 18 suites (7.09% of total inventory), with an average room size of 57.24sqm, around 41% larger than comparable luxury hotels in the micro-market (source: HVS). The hotel features two adjoining ballrooms with a pre-function area and terrace, eight meeting rooms, and a total indoor MICE area of 12,258sqft, along with four signature restaurants-Jamavar, Megu, Le Cirque, and The Qube-besides a bar, lounge, spa, steam and sauna, and fitness facilities. By FY28, the ADR is expected to reach Rs34,874 with occupancy stabilizing at ~75%, while in FY25 the hotel delivered a strong RevPAR performance, achieving a 1.5x premium over other comparable luxury hotels in New Delhi.

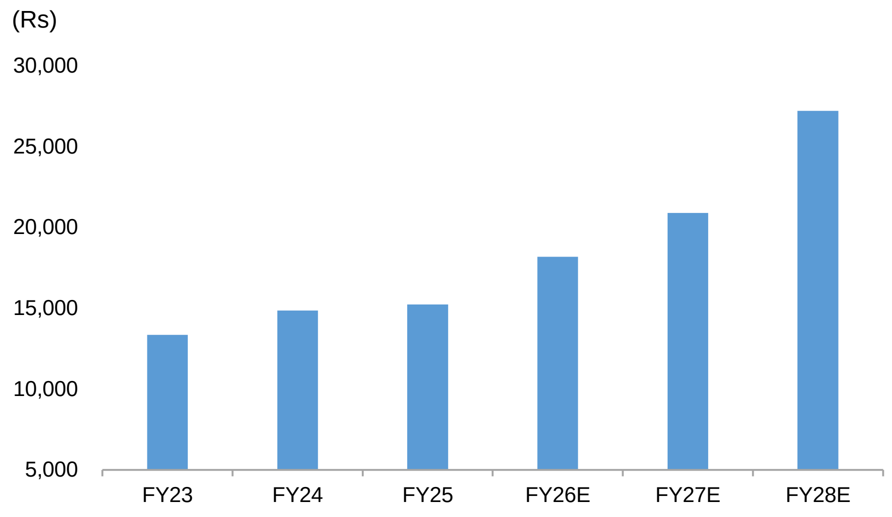
The Leela Palace Jaipur

Exhibit 31: Revenue is projected at a CAGR of 19% over FY25–FY28E



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 32: RevPAR is expected at 21% CAGR over FY25-FY28E on the back of strong ADR and occupancy growth



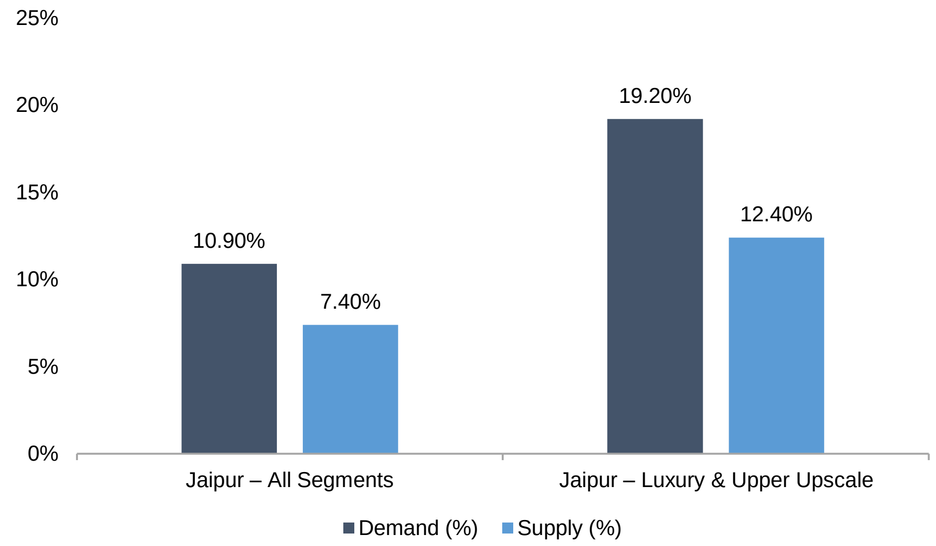
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 33: Share of luxury keys as on 31-Mar-24 in Jaipur

Company	Keys	Share
IHCL	474	34.3%
Accor	295	21.4%
ITC	282	20.4%
The Leela	200	14.5%
EIH	71	5.1%
Hyatt	59	4.3%
Total	**1,381**	**100.0%**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 34: Jaipur demand-supply (FY24-27E)



Source: Company, Nirmal Bang Institutional Equities Research

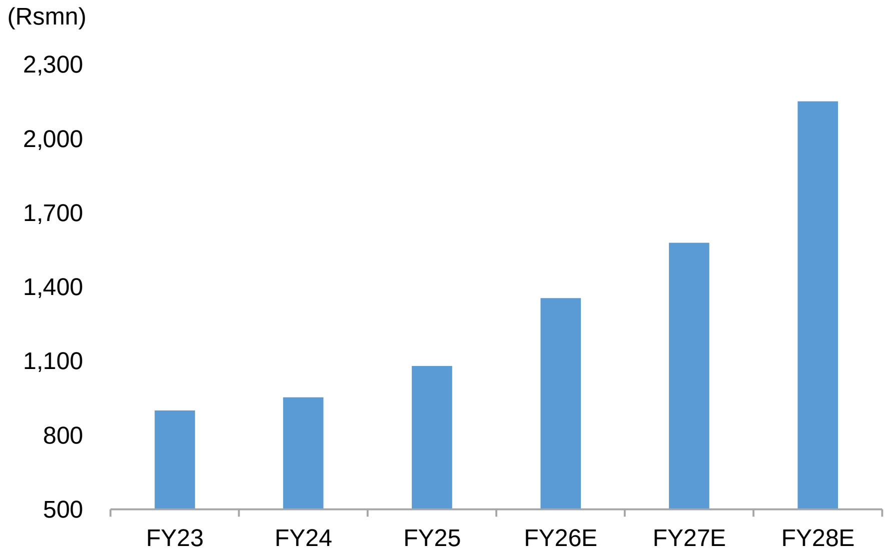
Exhibit 35: Leela Palace Jaipur

Source: Company, Nirmal Bang Institutional Equities Research

The Leela Palace Jaipur comprises 200 keys, including 108 villas (64 royal and 44 grand), 74 rooms, and 18 suites, with suites accounting for 9.0% of total inventory as on 31-Mar-25. The hotel offers an average room size of 71.8sqm, around 87% larger than comparable luxury hotels in the micro-market (source: HVS). Its facilities include a grand ballroom with a pre-function area, two meeting rooms, and expansive outdoor lawns and courtyards, together providing 15,536sqft of indoor MICE space. The property features three signature dining venues-Mohan Mahal, Preet Mahal, and Sukh Mahal-along with curated open-air dining experiences, a bar, and comprehensive spa and fitness facilities. In FY25, the hotel achieved a strong 1.6x RevPAR premium over other luxury and upper-upscale hotels in Jaipur, with occupancy expected to improve from 53% in FY25 to 68% by FY28, and ADR is projected to increase from Rs28,756 to Rs40,036 over the same period.

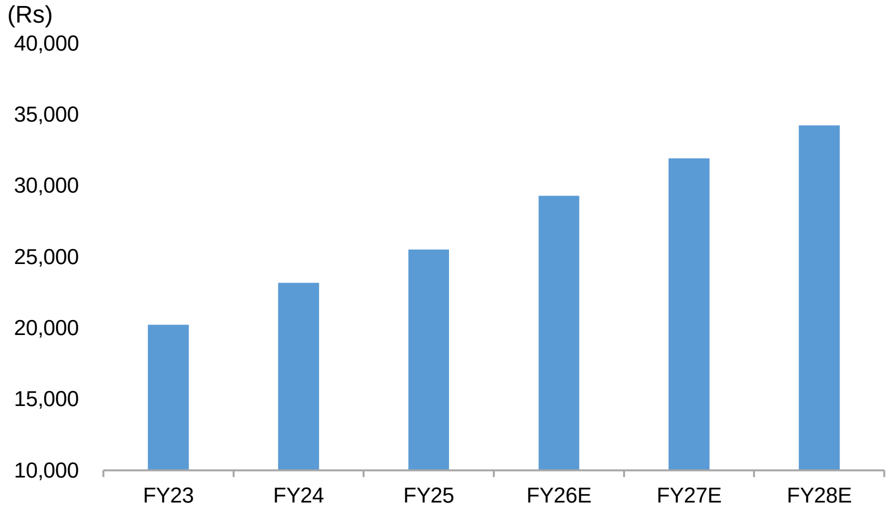
The Leela Palace Udaipur

Exhibit 36: Revenue is projected at a CAGR of 26% over FY25–FY28E on the back of room addition



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 37: RevPAR is expected at 10% CAGR over FY25-FY28E on the back of strong ADR growth



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 38: Share of luxury keys as on 31-Mar-24 in Udaipur

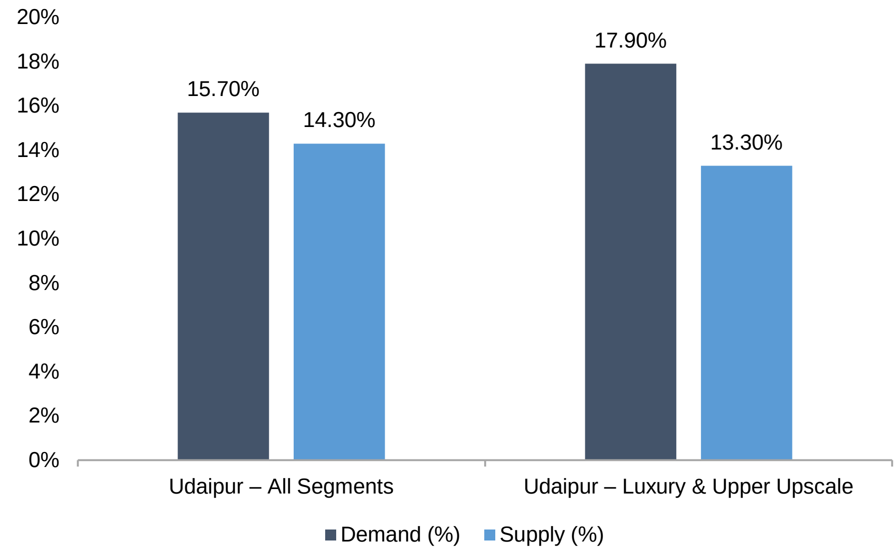
Company	Keys	Share
IHCL	324	38.1%
Lemon Tree	139	16.3%
ITC	117	13.7%
Accor	101	11.9%
EIH	87	10.2%
The Leela	83	9.8%
Total	**851**	**100.0%**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 39: Leela Palace Udaipur

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 40: Udaipur demand-supply (FY24-27E)

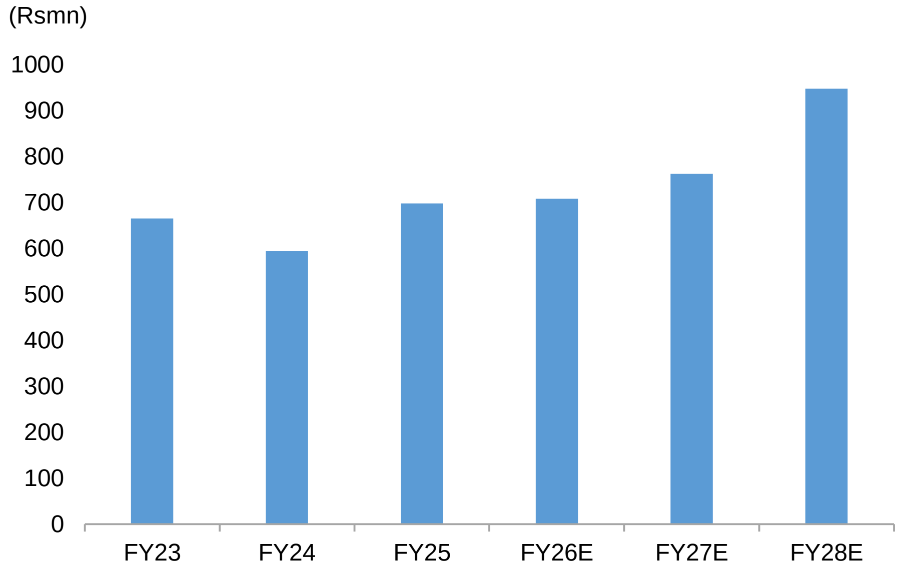


Source: Company, Nirmal Bang Institutional Equities Research

The Leela Palace Udaipur comprises 88 keys, including 76 rooms and 12 suites and villas (13.64% of total inventory) as on 31-Mar-25, with total keys expected to increase to 126 by FY28. The hotel offers an average room size of 57.0sqm, approximately 5% higher than other comparable luxury hotels in the market. Its facilities include a ballroom with a pre-function area; a conference hall with an adjoining open terrace; and an outdoor garden, lawn, and courtyard venues; together providing 2,995sqft of indoor MICE space. The property operates two signature restaurants, including the lakeside fine-dining Sheesh Mahal. In FY25, the hotel achieved a strong 1.7x RevPAR premium over comparable luxury and upper-upscale hotels in Udaipur. By FY28, ARR is expected to increase to Rs62,493 from Rs47,138 in FY25, while occupancy is expected to remain stable at around 55% despite the addition of new rooms.

Management fees

Exhibit 41: Expect the management fees CAGR at 11% through FY25-28E



Source: Company, Nirmal Bang Institutional Equities Research

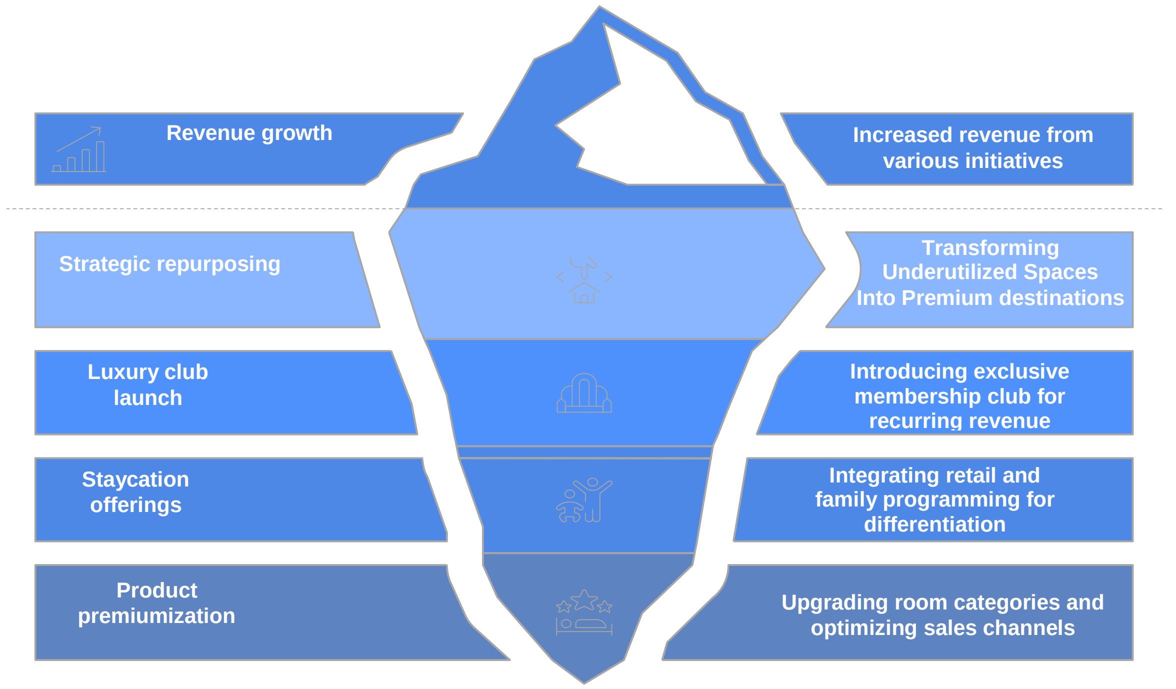
As of H1FY26, The Leela operates a managed portfolio of 2,329 rooms, generating management fee income of approximately Rs305mn. With the addition of three properties under management - Leela Jaisalmer (80 rooms); Leela Sikkim (140 rooms); and Leela Luxury Residences & Club, Mumbai (63 rooms) - the total managed inventory is expected to expand meaningfully by FY27. On the back of this expansion, we estimate the management fee income at a CAGR of ~11% over FY25–28E.

The Leela's strong brand equity and proven operational capabilities position it as a preferred partner for luxury hotel owners. Its ability to consistently deliver superior RevPAR-typically 30–40% higher than competing hotels within the same micro-markets-strengthens its value proposition and supports continued asset-light expansion. This strategy enables The Leela to scale its brand presence while maintaining limited capital intensity.

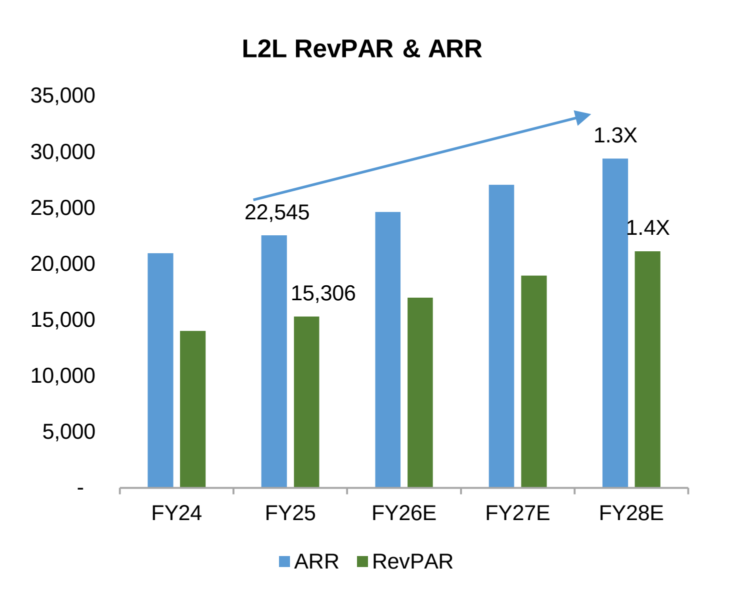
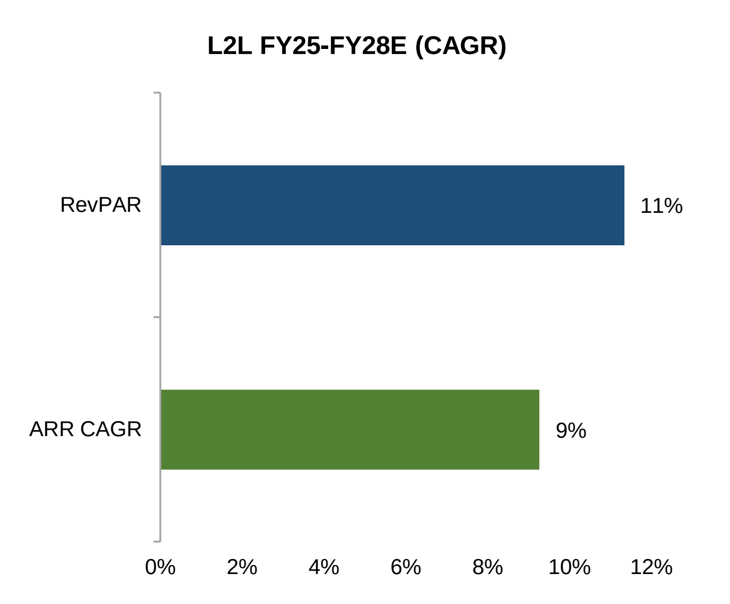
Existing portfolio to deliver strong double digit RevPAR growth

Leela's differentiated positioning as a pure-play luxury platform-anchored by five owned marquee assets-continues to translate into a clear pricing premium and superior revenue intensity versus the broader luxury set. In FY25, ***the owned portfolio delivered 1.4x ARR and 1.4x RevPAR versus the luxury-segment average, while the managed portfolio sustained the outperformance with 1.3x ARR and 1.2x RevPAR versus comparable luxury/upscale hotels across their respective micro-markets, underscoring the brand's ability to command rate across geographies. The owned portfolio also benefits from a balanced demand mix, with retail & leisure contributing 57% of room revenue, corporate 17%, and group 25% as of FY25, spread across The Leela Palace Bengaluru (357 keys; 29% of keys), Chennai (325 keys; 27%), New Delhi (254 keys; 21%), Jaipur (200 keys; 16%), and Udaipur (7%),*** **providing resilience across seasonality and demand cycles**. Further, the existing **managed footprint** across **Gandhinagar, Gurugram, Bengaluru, Kerala (Ashtamudi & Kovalam), Hyderabad, and North Delhi strengthen** brand presence and distribution, positioning the portfolio to deliver ***<u>11% RevPAR growth on L2L basis from FY25-FY28E, led by near double-digit ARR growth alongside occupancy improvement.</u>*** Against this backdrop, the following are the key value drivers for the existing properties.

Exhibit 42: Leela's key value drivers - revealing the depth



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 43: L2L ARR to surpass Rs38,000 by FY28E	Exhibit 44: Double-digit RevPar/ARR CAGR in FY25-FY28E
	
Source: Company, Nirmal Bang Institutional Equities Research	*Source: Company, Nirmal Bang Institutional Equities Research*

1. Strategic repurposing of high-ROI venues

Leela is aggressively transforming underutilized spaces into world-class culinary and event destinations that command premium pricing:

- **The Leela Palace New Delhi:** The company completed a record-breaking **21-day renovation of 'The Qube'** and a total reimagining of the signature restaurant **'Le Cirque',** which was converted from an underutilized business center. Additionally, a new banquet space, **'The Conservatory',** is slated for launch in Q3FY26 to capture more high-end MICE demand.
- **The Leela Palace Bengaluru and The Leela Palace Udaipur:** The redevelopment of the **Maharaja Ballroom** (8,080sqft) is designed to attract premium celebrations and corporate events. The company is adding a **10,000sqft ballroom** on the recently acquired adjacent land to secure a dominant share of the luxury wedding market.

2. Launch of the 'ARQ' invite-only luxury club

A primary driver for high-margin, recurring revenue is the introduction of **ARQ by The Leela**, an ultra-luxury private members' club. The club leverages existing hotel infrastructure at a marginal cost to deliver capital-light returns through membership fees. The first ARQ club was launched at **The Leela Palace Bengaluru** in Q2FY26, with launches in **New Delhi and Chennai** scheduled for H2FY26. The company targets over **2,000 paying members by 2030** across five locations.

3. Specialized 'staycation' offerings: Retail and multi-generational play

Leela is differentiating its properties by integrating high-end retail and specialized family programming:

- **Luxury retail (Bengaluru):** A **34,000sqft retail wing** was launched in Sep-25, housing flagship brands like **Sabyasachi and Zoya.** This transformation is expected to generate over **Rs100mn in annual EBITDA**.
- **Children's play and family focus (Jaipur and Udaipur):** To capture the growing multi-generational travel segment, **The Leela Palace Jaipur** is upgrading its villas and adding a dedicated **kids' club**, royal club lounge, and specialized wellness center (expected Q4FY26). A similar kids' club is being added in **Udaipur** to increase guest engagement and length of stay.

4. Product premiumization and digital efficiency

Upgrading room categories and optimizing sales channels allows the company to drive significant ADR premiums:

- **Suite conversions:** In Bengaluru, deluxe rooms were converted into **terrace suites**, which achieved a **38.35% higher RevPAR**. In Udaipur, the company added **new plunge pool villas** and the ultra-exclusive **Arq at Pichola** product to drive higher revenue.
- **Direct-to-Consumer (D2C) focus:** The relaunch of the company website led to an **80% increase in booking volume** and a **72% rise in revenue** from the website channel. By shifting the mix toward direct bookings (now 65.4% of room revenue), the company improved its net realizations.

Delta of scarcity: Leela's expansion across heritage, spiritual, and wildlife luxury destinations

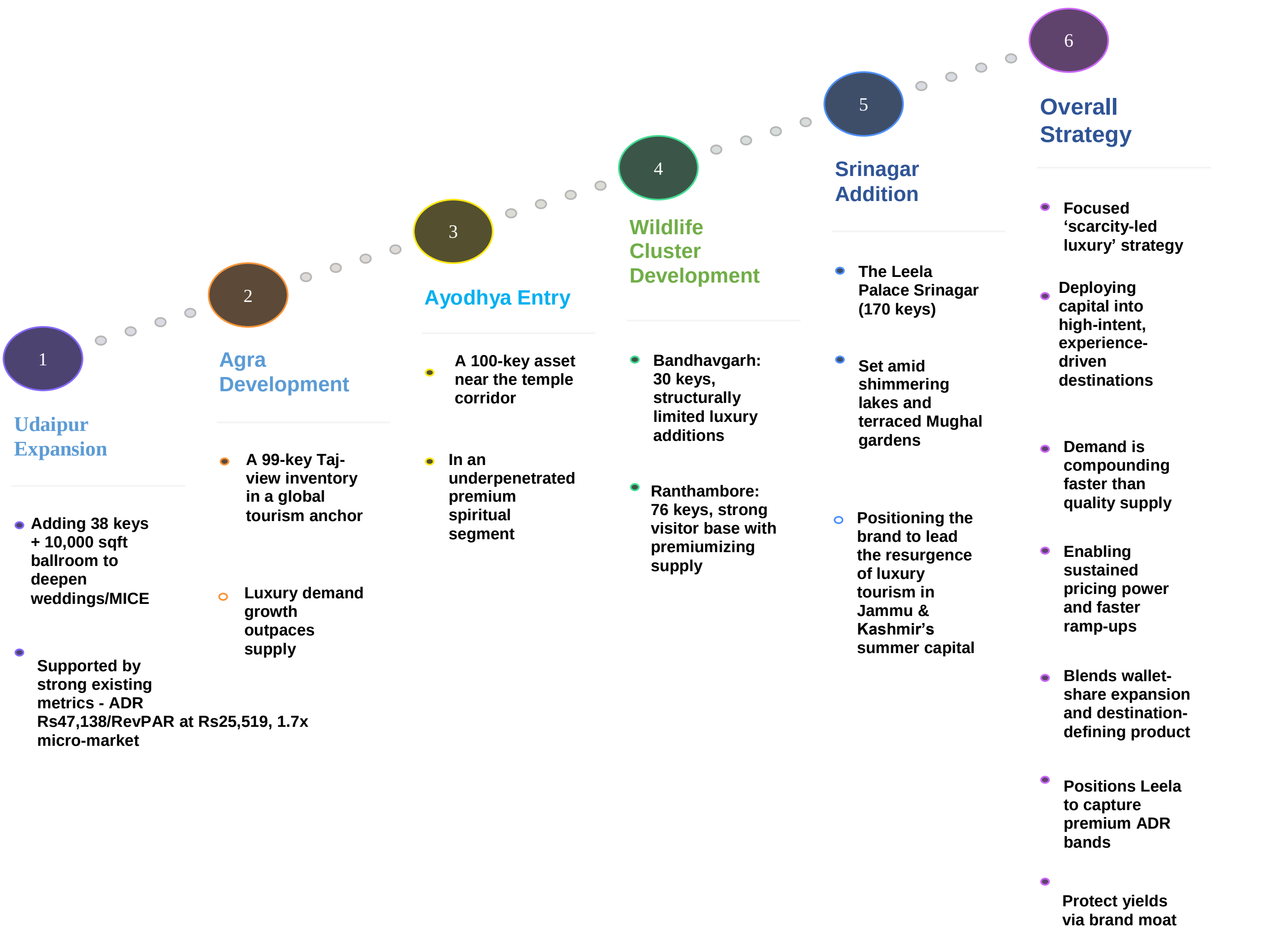
Leela's expansion across **Udaipur** (incremental keys + large ballroom), **Agra** (Taj-view palace), **Ayodhya** (premium spiritual), **Bandhavgarh** (ultra-exclusive wildlife), **Ranthambore** (scaled safari luxury), and **Srinagar** (hill-station luxury) is a focused **'scarcity-led luxury'** strategy-deploying capital into high-intent, experience-driven destinations where **demand is compounding faster than quality supply**, thus enabling **sustained pricing power** and **faster ramp-ups.** The strategy blends: (i) **wallet-share expansion** in proven marquee markets like **Udaipur** (adding **38 keys + 10,000sqft ballroom** to deepen weddings/MICE, supported by strong existing metrics - **ADR Rs47,138/RevPAR at Rs25,519, 1.7x micro-market**), with (ii) **destination-defining product** in **Agra** (a **99-key** Taj-view inventory in a global tourism anchor where luxury demand growth outpaces supply), and **first-mover luxury whitespace** in **Ayodhya** (a **100-key** asset near the temple corridor in an underpenetrated premium spiritual segment), (iii) while building a **high-yield wildlife cluster** in **Bandhavgarh** (**30 keys**, structurally limited luxury additions) and **Ranthambore** (**76 keys**, strong visitor base with premiumizing supply). Importantly, the addition of **The Leela Palace Srinagar (170 keys)** establishes a strategic **Himalayan sanctuary**-set amid **shimmering lakes and terraced Mughal gardens**-positioning the brand to lead the **resurgence of luxury tourism** in Jammu & Kashmir's summer capital. Collectively, this pipeline positions Leela to capture **premium ADR bands**, protect yields via **brand moat**, and compound returns through the **'delta of scarcity'** across heritage, spiritual, wildlife, and hill-station luxury travel.

Exhibit 45: Expansion and capex details

Name and Location of the Property	Owned/Managed	Expected number of keys	Leela's Share of Expected Capital Expenditure (Rsmn)	ARR for luxury properties during FY25 (Rs)
The Leela Palace Srinagar, Jammu and Kashmir	Owned and Managed	170	1,899	28,000 – 33,000
The Leela Ayodhya, Uttar Pradesh	Owned and Managed	100	2,997	18,000 – 23,000
The Leela Palace Agra, Uttar Pradesh	Owned and Managed	99	4,419	46,000 – 51,000
The Leela Ranthambore, Rajasthan	Owned and Managed	76	1,280	48,000 – 53,000
The Leela Bandhavgarh, Madhya Pradesh	Owned and Managed	30	720	49,000 – 54,000
The Leela Luxury Residences and Club, Mumbai, Maharashtra	Managed	63	0	15,000 – 20,000
The Leela Sikkim, Gangtok, Sikkim	Managed	140	0	22,000 – 27,000
Total		**678**	**11,315**	

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 46: Leela's expansion strategy



Source: Company, Nirmal Bang Institutional Equities Research

1) Udaipur: Reinforcing an icon + expanding the wedding/MICE wallet share

What is happening? Leela is adding 38 keys and a 10,000sqft ballroom on 1.8 acres adjacent to the existing palace.

Why it matters? Udaipur is a marquee luxury wedding market (market size expanding from Rs6bn to Rs10bn in one year), and the added keys + ballroom meaningfully increase Leela's ability to capture high-yield social/event demand, not just transient leisure.

Scarcity setup: Demand is projected at 14.7% CAGR (FY25–28E) vs supply at 9.3%, with no expected new supply within 5km of the property for the next three years-supportive of sustained pricing power.

Proof of brand pricing: Existing hotel performance (FY25) at ADR Rs47,138 and RevPAR at Rs25,519 (1.7x micro-market average) highlights Leela's ability to monetize the location premium.

2) Agra: 'Heritage with a view' in a global tourism anchor

What is happening? A new-build, palace-style property with 99 keys, designed so that every room offers Taj Mahal views.

Why it matters? Agra's relevance in the Golden Triangle creates enduring, repeatable demand; a differentiated product (view-led inventory) allows Leela to capture the highest-paying segment within a large tourism base.

Scarcity setup: Luxury demand is expected to surge at 25.5% CAGR through FY27, exceeding supply growth of 21.1%-implying tightening premium inventory over time.

Market yield: Current luxury ADRs are estimated at Rs46,000–Rs51,000, consistent with a high-value positioning opportunity for a true luxury 'palace' product.

3) Ayodhya: First-mover advantage in premium spiritual tourism

What is happening? Acquisition/development of a 100-key hotel on a 5-acre expanse along the Sarayu River with proximity to Shri Ram Janmabhoomi Temple.

Why it matters? Ayodhya is emerging as a 'must-visit' spiritual destination, and the lack of luxury supply creates a clear whitespace for a trusted brand to define and lead the premium segment. Spiritual tourism in India is projected at 16% CAGR (FY24–30), providing a multi-year demand tailwind.

Scarcity setup: As of late 2024, the market had no existing luxury supply (predominantly economy/midscale), leaving premium demand structurally underserved.

Market yield: Estimated luxury ADRs for FY25 are **Rs18,000–Rs23,000**, with potential upside as premium supply remains limited and destination maturity improves.

4) Bandhavgarh: Ultra-exclusive wildlife luxury in a supply-constrained market

What is happening? A highly exclusive 30-key wilderness resort on a 42-acre estate. **Why it matters?** The wildlife category is growing (segment CAGR **7.4%**), and Bandhavgarh's positioning (notably high tiger density) supports premium experiential travel-where guests pay for exclusivity, curated experiences, and brand assurance.

Scarcity setup: The market is characterized by extreme supply constraints; only 16 luxury keys are expected to be added to the broader destination through FY 2027 outside of The Leela's development. This limited inventory, combined with the Group's 42-acre land basis, creates a significant competitive moat for a branded player capable of delivering consistent service in remote, pristine locations.

Market Yield: Bandhavgarh offers compelling luxury economics, with FY25E ADRs expected at Rs48,000–Rs53,000. This pricing supports the project's Rs720 million capex, enabling high-margin returns driven by affluent domestic and international leisure demand.

5) Ranthambore: Scaled safari luxury with brand moat

What is happening? A 76-key resort near Ranthambore National Park, positioned as 'Modern Palace' luxury with safari experiences.

Why it matters? Ranthambore is a high-intent destination (over 0.5mn visitors in FY23) and the evolving supply mix is increasingly premium-where Leela's brand moat (service consistency, luxury credentials) can protect yields.

Scarcity setup: Luxury demand is estimated at 19.2% CAGR with upcoming supply tilting toward luxury-making branded differentiation more valuable, not less.

Market yield: Anticipated FY25 ADRs are Rs49,000–Rs54,000, supporting attractive unit economics for a well-run luxury resort.

Leveraging tie-up with Brookfield for Palm Jumeirah and BKC

Palm Jumeirah is a high-quality international earnings bridge for Leela where earnings can compound without over-stretching capital, because the platform is structured with Brookfield as the majority capital partner (Brookfield 75%Leela 25%) and Leela's upfront commitment tightly ring-fenced. At the deal level, the asset is being acquired at EV of ~US$503mn (~US$0.92mn/key; ~12.8x CY25E EBITDA), while Leela's total purchase consideration is ~Rs11,185mn (equity Rs4,370mn + debt c. Rs6,815mn) for exposure to a 546-key/units portfolio (361 hotel keys + 182 residences + 3 villas). Importantly, the embedded residential inventory provides a clear capital-recycling lever-sales over the next 3–4 years can potentially be equivalent to (and thus broadly offset) Leela's 25% equity deployment, materially de-risking equity payback while Brookfield funds the bulk of the asset ownership. Earnings then stack up through two channels: (i) Leela's 25% share of a high-margin Dubai luxury EBITDA pool (CY25E EBITDA Rs3,490mn, projected to reach Rs4,358mn by FY30E as ARR rises from Rs33,440 to Rs58,487 and RevPAR increases from Rs23,408 to ~Rs42,110, and (ii) a capital-light management-fee annuity (potential fee revenue ~Rs554mn; EBITDA ~Rs443mn by FY30E). Together, attributable EBITDA to Leela scales from ~Rs872mn (FY26E) to ~Rs1,533mn (FY30E; ~15% CAGR), making Palm Jumeirah a high-visibility earnings engine that also validates how the Brookfield relationship can repeatedly unlock global marquee assets-Brookfield bringing scale capital and repeat-deal access, and Leela monetizing its luxury operating platform-while preserving Leela's core focus on disciplined hotel development and operations.

Exhibit 47: Palm Jumeirah deal details

Palm Jumeirah deal structure as on 14-Oct-25			
Holding structure	**100%**	**Total number of keys**	**546**
Leela Palace and Hotels	25%	Hotel keys	361
Brook Field	75%	Residences	182
Financial Summary		Villas	3
Total EV (Purchase consideration) for 100% (US$mn)	**503**		
Total equity consideration (US$mn)	196	**EV/Key(US$mn)**	**0.92**
Debt amount (US$mn)	307	**CY25E EBITDA (c. Rsmn)**	**3,490**
Total EV (purchase consideration) for 100% (c. Rsmn)	**44,666**	**CY25E EBITDA (c. US$mn)**	**39**
Leela's equity consideration	**25%**	**EV/EBITDA CY25E**	**12.8**
Total equity consideration by Leela (c. US$mn)	49.00		
Leela's equity consideration (c. Rsmn)	**4,370**		
Total debt consideration for Leela	77		
Leela's debt consideration (c. Rsmn)	**6,815**		
Total purchase consideration for Leela(c. Rsmn)	**11,185**		

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 48: Financial projection of Palm Jumeirah

Financial Projection of Palm Jumeirah (FY30E)			
Particulars	**FY26E**	**FY30E**	**CAGR**
ARR	**33,440**	58,487	**15%**
Occupancy	70%	72%	
RevPAR	**23,408**	**42,110**	**16%**
Keys	546	364	
Room rentals	4,665	5,595	
F&B and other revenue	4,198	5,035	
Total revenue	8,863	10,630	
EBITDA (Rsmn)	3,490	4,358	
Leela's potential revenue for management fees	**NA**	554	
EBITDA from management fees (Rsmn)	NA	443	
Total attributable EBITDA for Leela (Rsmn)	**872**	**1,533**	**15%**
EV/EBITDA	13	7	

Source: Company, Nirmal Bang Institutional Equities Research

The Leela Palace Mumbai, BKC

For the **BKC mixed-use development**, the **revised structure,** materially improves the quality of Leela's participation and sharpens the Brookfield–Leela synergy. Under the earlier combined structure, Leela's 50% stake in **Leela BKC Holdings (LBKCH)** implied indirect exposure to **both** the hotel (250 keys) **and** the ~0.7msf office capital cycle-creating potential capital competition and a diluted management focus. Post restructuring, the **office is carved out into a new office SPV owned 100% by Brookfield**, while the **hotel remains in LBKCH at 50:50 (Brookfield 50% + The Leela 50%)**-meaning **Leela now has clean, hotel-only exposure** with no office-linked capital/monetization constraints. This is strategically important: Brookfield can independently drive office execution and monetization within its core playbook, while Leela and Brookfield jointly concentrate on building a **brand-defining luxury hotel in India's most premium corporate micro-market**, combining Brookfield's institutional development capabilities and network with Leela's luxury positioning and operating strengths.

From an earnings lens, BKC is a meaningful value accretive hotel engine for Leela: by **FY31E**, the hotel is expected to generate Rs4,612mn revenue with ~40% EBITDA margin (~Rs1,845mn EBITDA), supported by ARR at ~Rs35,000, ~76% occupancy, and RevPAR at ~Rs26,600. **However, these estimates assume a stabilized, near-optimal occupancy profile by FY31E-while in reality, ramp-up could take longer, and achieving optimal occupancy may slip by a few quarters**, pushing out the EBITDA/fee accrual curve correspondingly. Even with this timing risk, the earnings construct remains attractive for Leela, translating into ~Rs461mn of management fees plus ~Rs1,384mn share of EBITDA by FY31E, against ~Rs8,000mn (50%) of hotel capex (total project capex ~Rs16,000mn; Rs64mn/key), **implying ~17% return on capex. Net, the demerged structure makes BKC a more focused, capital-efficient hospitality partnership with clearer accountability, sharper capital allocation, and greater flexibility for Leela to compound growth without being structurally tied to office capex decisions.**

Exhibit 49: BKC project earlier vs new structure

Earlier Structure (mixed-use combined)	Revised Structure (demerger: office separated)
Single entity holds both hotel + office under *Leela BKC Holdings*	**Two clear verticals**: *Office* moved to a **new office SPV**, *hotel* remains in **Leela BKC Holdings**
Ownership: **Brookfield 50% + The Leela 50%** in the entity LBKCH (Leela BKC Holdings) that owns the *mixed-use development*	Ownership: **Brookfield 100%** in **office SPV**; **hotel in LBKCH with 50:50** (Brookfield 50% + The Leela 50%)
Asset exposure for The Leela = **50% indirect exposure to both hotel (250+ keys) + office economics/capital needs (0.7msf office space)**	Asset exposure for The Leela = **50% exposure only to hotel economics** (clean hotel-only participation)
Capital allocation can get **mixed** (hotel capex + office capex competing within the same structure)	Capital allocation becomes **sharper**: hotel capital can be prioritized for **hotel development + operations**
Management focus diluted across **two different business models** (hospitality vs commercial office)	Management focus **concentrated on core hospitality** (development, ramp-up, service excellence, pricing power)
Flexibility limited because mixed-use structure can constrain monetization/partnership options	**Higher flexibility** to pursue **broader, accretive investment opportunities** in hospitality without office-linked constraints
Strategic implication: structure is less ‘pure-play luxury hotel’	Strategic implication: The Leela becomes **more hotel-focused**, enabling **optimal capital allocation** across **accretive growth opportunities**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 50: Leela's earning potential from the BKC property

Earning potential for BKC property (hotel business)	FY31E	Leela's earning potential from the BKC property	FY31E
Keys	250	Leela's management fees (Rsmn)	461
Total capex for the BKC project (Rsmn)	16,000	Leela's share of EBITDA (Rsmn)	1,384
Capex/key (Rsmn)	64	Leela's 50% share of capex (Rsmn)	8,000
ARR (Rs)	35,000	Return on capex	*17%*
Occupancy	*76%*		
RevPAR (Rs)	26,600		
Room Income (Rsmn)	2,427		
F&B Others (Rsmn)	2,185		
Total revenue (Rsmn)	4,612		
EBITDA (Rsmn)	1,845		
EBITDA	*40%*		

Source: Company, Nirmal Bang Institutional Equities Research

Financial analysis, outlook, and valuation: Pricing power + expansion cycle (11% ARR CAGR | 10% RevPAR CAGR | 16% revenue CCAGR | 18% EBITDA CCAGR)

We expect The Leela to scale its owned key portfolio to 1,567 keys by FY28E (excluding 170 keys of Srinagar, which is a 50:50 JV) from the current 1,224 owned keys, while the managed portfolio is projected to rise meaningfully to 2,214 keys by FY27E. At the current pace of additions, we model RevPAR CAGR of 11% during FY25–FY28E, primarily led by ARR CAGR of 10% over the same period. We also build in a moderation in occupancies in FY28E, as the owned key ramp-up is back-ended, with owned keys increasing 28% in FY28E driven by the commissioning of The Leela Palace Agra, The Leela Ayodhya, The Leela Ranthambore, The Leela Bandhavgarh, and expansion of the Leela Palace Udaipur. On the managed side, we factor in ~283 incremental keys under pure management through Leela Sikkim, Leela Luxury Residences & Club Mumbai, and The Leela Jaisalmer (ex-Palm Jumeriah). Beyond new inventory, we expect value drivers at existing properties (mix upgrade, F&B/banquets, operating levers) to further support the earnings trajectory. Overall, we estimate the company to deliver 16%/18% revenue/EBITDA CAGR during FY25–FY28E, with ROCE improving toward early double-digit levels by FY28E as the operating leverage and ramp-up benefits flow through. At the same time, we are factoring in prudent mix of capital by Leela as it moves toward heavy capex. We are factoring in gross debt to remain below Rs20bn by FY28E from the Rs39bn recorded during FY25. Consequently, we are factoring in net debt-to-EBITDA to moderate at 1.7x by FY28E from high 6x reported in FY25.

Considering the above, we assign 20x EV/EBITDA on Mar-28E, (similar to EIH 19x FY28E) arriving at a target price of Rs529, implying 26% upside from the current levels. Leela's reported ROCE trails peers largely because the denominator is elevated by a Rs12,749mn fair value uplift and a Rs11,930mn pre-IPO promoter infusion. Since this incremental capital is being deployed into the growth pipeline and is yet to yield returns, given the long gestation of hotel development capex, near-term ROCE appears suppressed. On an adjusted basis, Leela's underlying ROCE is materially better than the headline figure as shown earlier in Exhibit 4.

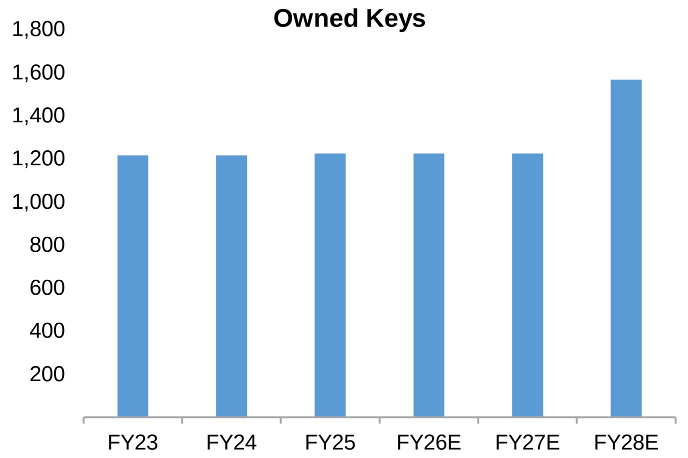
Exhibit 51: Key operating metrics for Leela at the consolidated level

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Keys (Owned)*	**1,216**	**1,216**	**1,224**	**1,224**	**1,224**	**1,567**
ARR (Rs) **(Owned)**	17,248	20,966	22,545	24,640	27,053	30,443
Occupancy (%) **(Owned)**	67%	67%	68%	69%	70%	66%
RevPAR (Rs)* (Owned)	**11,475**	**14,030**	**15,306**	**16,993**	**18,957**	**20,154**
Keys managed	1,772	1,772	1,931	1,931	2,214	2,214
Total Revenue (Rsmn)	**8,601**	**11,714**	**13,006**	**14,637**	**16,683**	**20,228**
EBITDA (Rsmn)	**3,804**	**5,450**	**5,944**	**6,900**	**8,076**	**9,864**
EBITDA Margin	**44.2%**	**46.5%**	**45.7%**	**47.1%**	**48.4%**	**48.8%**
PBT (Rsmn)	**-606**	**194**	**1,021**	**4,629**	**5,593**	**7,429**
PAT (Rsmn)	**-617**	**-21**	**477**	**3,486**	**4,215**	**5,593**

*Owned keys, excluding the 50:50 JV of Srinagar, and managed keys does not include Mumbai franchised keys

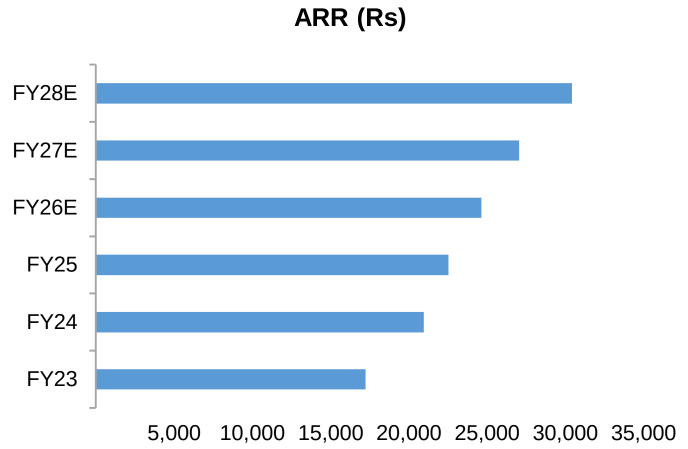
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 52: Significant addition of keys in FY28



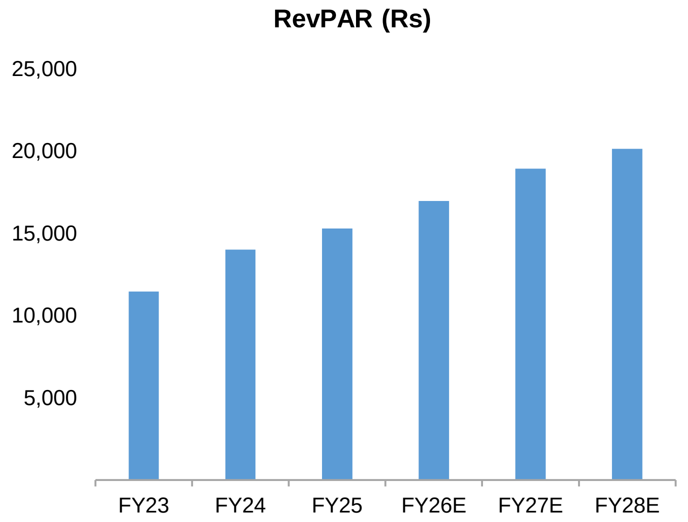
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 53: We expect ARR at 11% CAGR over FY25-FY28E



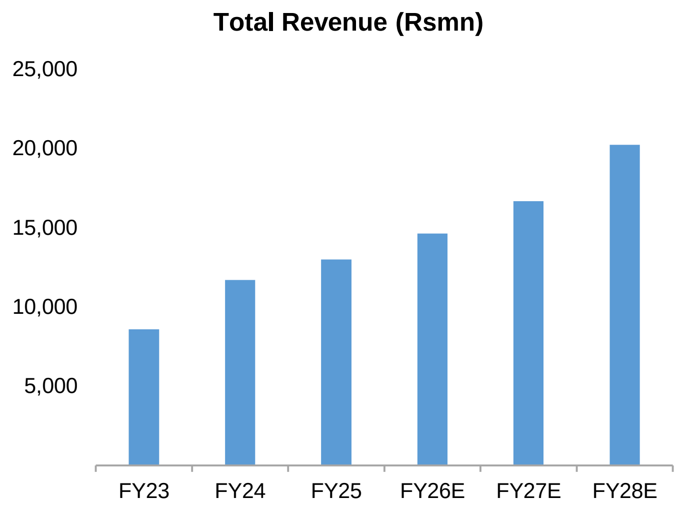
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 54: We expect RevPAR at 10% CAGR over FY25-FY28E



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 55: We expect revenue at 16% CAGR over FY25-FY28E



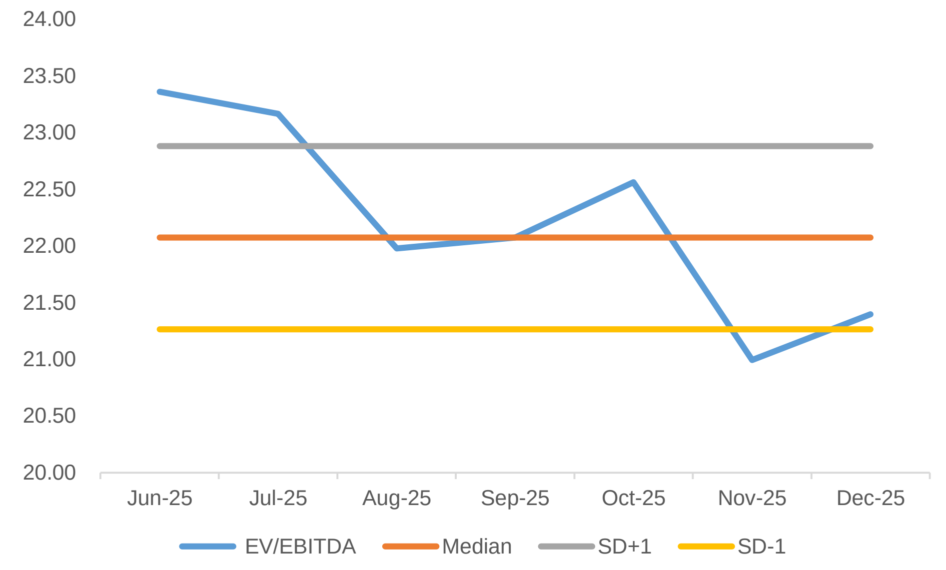
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 56: Valuation methodology

Particulars	Multiple	Value
Leela's EV/EBITDA (Rsmn)	**20x**	**197,278**
Debt (Rsmn)		20,201
Cash (Rsmn)		2,901
Equity Value (Rsmn)		**1,83,923**
TP (Rs)		529
CMP (Rs)		**419**
Return		**26%**

Source: Nirmal Bang Institutional Equities Research

Exhibit 57: One-year forward EV/EBITDA



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 58: Peer comparison

Companies/(Rs mn)	Metrics	FY23	FY24	FY25	FY26E	FY27E
IHCL	Revenue	58,099	67,688	83,345	98,936	114,362
	YoY %	90	17	23	19	16
	EBITDA	18,046	21,571	27,693	32,760	40,225
	YoY %	346	20	28	18	23
	Adj PAT	10,001	12,591	16,736	20,661	26,459
	YoY %	NA	26	33	23	28
	EV/EBITDA	57	48	37	31	24
	ROCE (Pre-tax) %	16	18	21	22	23

Companies/(Rs mn)	Metrics	FY23	FY24	FY25	FY26E	FY27E
Chalet Hotels	Revenue	11,285	14,173	17,178	28,034	28,330
	YoY %	122	26	21	63	1
	EBITDA	4,528	5,846	7,359	11,915	13,283
	YoY %	360	29	26	62	11
	Adj PAT	1,549	2,782	3,257	6,232	7,032
	YoY %	-313	80	17	91	13
	EV/EBITDA	50.47	38.24	31.61	27.08	21.31
	ROCE (Pre-tax) %	8	10	11	16	15

Companies/(Rs mn)	Metrics	FY23	FY24	FY25	FY26E	FY27E
EIH	Revenue	20,188	25,113	27,432	29,830	33,492
	YoY %	105	24	9	9	12
	EBITDA	5,974	9,269	10,170	10,970	12,681
	YoY %	NA	55	10	8	16
	Adj PAT	3,751	6,445	7,678	8,190	9,303
	YoY %	NA	72	19	7	14
	EV/EBITDA	38	24	22	20	17
	ROCE (Pre-tax) %	14	22	21	19	18

Companies/(Rs mn)	Metrics	FY23	FY24	FY25	FY26E	FY27E
Lemon Tree	Revenue	8,750	10,711	12,861	14,469	17,080
	YoY %	118	22	20	13	18
	EBITDA	4,476	5,232	6,341	7,216	8,653
	YoY %	277	17	21	14	20
	Adj PAT	1,146	1,485	1,966	2,656	3,718
	YoY %	NA	30	32	35	40
	EV/EBITDA	34	29	24	20	17
	ROCE (Pre-tax) %	14	15	17	20	25

Companies/(Rs mn)	Metrics	FY23	FY24	FY25	FY26E	FY27E
Leela Hotels	Revenue	8,601	11,714	13,006	14,637	16,683
	YoY %	-	36	11	13	14
	EBITDA	3,804	5,450	5,944	6,900	8,076
	YoY %	-	43	9	16	17
	Adj PAT	-617	-21	477	3,486	4,215
	YoY %	NA	NA	NA	269	21
	EV/EBITDA	47	34	30	23	20
	ROCE (Pre-tax) %	22	31	10	7	8

Source: Company, Nirmal Bang Institutional Equities Research

Risks

Delay in execution of expansion: The company's planned expansion through new properties such as The Leela Ayodhya, The Leela Palace Agra, The Leela Ranthambore, The Leela Palace Srinagar, and The Leela Bandhavgarh exposes it to execution and operational risks that could impact projected future revenues as majority of the keys are expected to be operational by FY28E. These projects involve risks related to construction delays, cost overruns, dependency on third-party contractors, and challenges associated with entering new geographies. Any delay in project completion or inability to achieve targeted occupancy levels may defer revenue generation and impact expected returns. Additionally, unforeseen operational or logistical challenges could increase capital expenditure and adversely affect the company's financial performance and cash flows.

Weak hospitality cycle might lead to higher borrowing: A slowdown in the hospitality industry could adversely impact Leela's operating performance, leading to lower occupancy levels, reduced room rates, and weaker cash flows. In such a scenario, internal accruals may be insufficient to fund the planned expansion pipeline, increasing reliance on external borrowings. Higher leverage would elevate interest costs and weaken balance sheet metrics, thereby constraining profitability. Additionally, delayed recovery in demand could elongate the payback period of new projects, further pressuring returns. Collectively, these factors may restrict incremental PAT growth and reduce financial flexibility.

Revenue sensitivity to travel and tourism trends: The luxury hospitality sector is exposed to fluctuations in travel demand driven by changes in discretionary spending, business travel activity, and seasonal patterns. Revenue performance, particularly in premium hotels, may be affected by variations in occupancy and pricing, while operating costs remain relatively fixed. The sector also faces risks from reduced foreign tourist arrivals, which form a significant share of demand, as well as increasing competition from new hotel developments and alternative accommodation platforms. These factors may adversely impact occupancy levels, revenue growth, and overall profitability.

Revenue concentration risk: A substantial portion of the company's income is derived from five owned hotels, contributing over 90% of total revenues across FY23–FY25. This high dependence exposes the business to risks arising from adverse developments at these properties or in their respective regions. Factors such as increased competition, supply additions, demand slowdown, regulatory changes, political events, or adverse weather conditions could negatively impact occupancy and pricing. Any disruption at these key assets may materially affect operating performance and cash flows. However, this concentration risk is expected to gradually reduce with the commissioning of new hotels over the medium term, leading to better geographical and revenue diversification.

Management overview

Mr. Anuraag Bhatnagar - Whole-Time Director & Chief Executive Officer

Mr. Anuraag Bhatnagar is the Whole-Time Director and CEO of The Leela Palaces, Hotels and Resorts, with 35+ years of experience in luxury hospitality. He holds a commerce degree from the University of Delhi, a diploma in hotel management, and has completed executive programs at IIM Bangalore and UNC Kenan-Flagler. Prior to The Leela, he held senior leadership roles at Starwood Hotels & Resorts (now Marriott) and EIH Limited. Since assuming leadership in 2020, he has driven portfolio expansion, brand repositioning, and strong RevPAR-led performance, reinforcing The Leela's position as a leading Indian luxury brand.

Mr. Ravi Shankar - Head of Asset Management & Chief Financial Officer

Mr. Ravi Shankar serves as the Head of Asset Management and CFO of The Leela, overseeing financial strategy, asset performance, and capital allocation. He is a chartered accountant, holds degrees in commerce and law, and has 20+ years of experience across hospitality finance and asset management. His prior roles include senior positions at Marriott/Starwood and as the CFO of MH Lifestyle Hotels LLC (Dubai). At The Leela, he has been instrumental in strengthening financial discipline, improving asset returns, and supporting strategic growth and capital market readiness.

Ms. Jyoti Maheshwari - Company Secretary and Compliance Officer

Ms. Jyoti Maheshwari has been with The Leela Group since Oct-21 and leads the company's secretarial, governance, and regulatory compliance functions. She holds a Bachelor's degree in Commerce from the University of Delhi and is a qualified chartered accountant and company secretary. Her professional background includes senior roles across listed and private companies such as Noveltech Feeds, Seamec Limited, and Vikas Global One, with experience spanning compliance, finance, and treasury. She has also previously worked with Promod (India) Private Limited and SSIPL Retail Limited, adding depth to the group's governance framework.

Financials

Exhibit 59: Income statement

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	**11,714**	**13,006**	**14,637**	**16,683**	**20,228**
Growth YoY %	*36%*	*11%*	*13%*	*14%*	*21%*
F&B Consumed	850	947	1,062	1,211	1,539
% of sales	*7%*	*7%*	*7%*	*7%*	*8%*
Staff costs	2,343	2,732	3,010	3,418	4,235
% of sales	20%	21%	21%	20%	21%
Other expenses	3,072	3,382	3,665	3,978	4,591
% of sales	*26%*	*26%*	*25%*	*24%*	*23%*
EBITDA	**5,450**	**5,944**	**6,900**	**8,076**	**9,864**
Growth YoY %	*43%*	*9%*	*16%*	*17%*	*22%*
EBITDA margin %	*47%*	*46%*	*47%*	*48%*	*49%*
Depreciation	1,480	1,399	1,272	1,328	1,474
EBIT	3,970	4,544	5,628	6,748	8,390
Interest	4,326	4,582	2,035	2,137	2,019
Other income	550	1,060	1,035	981	1,058
PBT	194	1,021	4,629	5,593	7,429
ETR	*111%*	*53%*	*25%*	*25%*	*25%*
PAT	-21	477	3,486	4,215	5,593
Adj PAT	**-21**	**477**	**3,486**	**4,215**	**5,593**
Growth YoY %	*NA*	*NA*	*269%*	*21%*	*33%*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 60: Balance sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	202	2,765	2,765	2,765	2,765
Reserves	-28,459	33,285	60,357	64,491	70,000
Net worth	-28,257	35,569	62,641	66,775	72,284
Long term debt	39,035	35,857	14,343	16,250	16,850
Short term debt	3,387	3,230	2,551	2,551	2,551
Total debt	42,422	39,087	16,894	18,801	19,401
Net Debt	38,672	36,208	14,361	16,086	16,537
Other non-current liabilities	4,803	5,499	5,499	5,499	5,499
Total Equity & Liabilities	70,619	82,662	87,697	93,954	100,239
Gross block	54,964	56,777	62,002	67,706	74,117
Accumulated depreciation	2,391	3,424	4,696	6,024	7,498
Net Block	52,573	53,352	57,306	61,682	66,620
CWIP	392	1,309	1,778	2,222	1,825
Intangible and others	5,347	5,116	5,116	5,116	5,116
Other non-current assets	6,975	17,471	18,527	19,689	20,967
Trade receivables	729	887	799	868	1,122
Inventories	310	272	265	289	352
Cash & Cash equivalents	3,749	2,880	2,533	2,715	2,864
Other current assets	543	1,374	1,374	1,374	1,374
Total current assets	5,332	5,412	4,971	5,245	5,711
Trade payables	599	607	764	979	1,155
Other current liabilities	51,052	1,419	1,419	1,419	1,419
Total current liabilities	55,038	5,255	4,734	4,949	5,125
Total Assets	70,619	82,662	87,697	93,954	100,239

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 61: Cash flow

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	194	1,021	4,570	5,513	7,345
Depreciation	1,480	1,399	1,272	1,328	1,474
Interest	4,326	4,582	2,035	2,137	2,019
Other adjustments	-153	-802	-1,035	-981	-1,058
Change in Working capital	-158	-561	252	123	-141
Tax paid	-293	-105	-1,142	-1,378	-1,836
Operating cash flow	5,396	5,534	5,951	6,740	7,802
Capex	-1,209	-2,077	-5,225	-5,704	-6,412
Free cash flow	4,188	3,457	726	1,037	1,390
Other investing activities	-6,651	-55,220	-489	-625	177
Investing cash flow	-7,860	-57,297	-5,714	-6,328	-6,234
Issuance of share capital	-	73	23,644	-	-
Movement of Debt	-1,126	-3,176	-11,232	-93	-100
Dividend paid (incl DDT)	-	-	-	-	-
Other financing activities	2,596	55,461	-12,997	-137	-1,319
Financing cash flow	1,470	52,359	-584	-230	-1,419
Net change in cash flow	-994	595	-347	182	149
Opening C&CE	1,712	710	1,300	953	1,135
Closing C&CE	718	1,305	953	1,135	1,284

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 62: Key ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Per share (Rs)					
Adj EPS	0	1	10	13	17
Book value	-85	108	189	201	218
Valuation (x)					
P/Sales	16	14	11	9	8
EV/EBITDA	33	30	23	20	16
P/E	NA	294	40	33	25
P/BV	NA	4	2	2	2
EV/Room	149	146	128	129	101
Return ratios (%)					
RoCE (pre-tax)	*NA*	*4.8%*	*5.5%*	*6.1%*	*7.1%*
RoCE	*30.5%*	*10.2%*	*7.3%*	*8.1%*	*9.4%*
RoIC	*NA*	*4.9%*	*5.5%*	*6.2%*	*7.2%*
RoE	*NA*	*12.2%*	*7.0%*	*6.5%*	*8.0%*
Profitability ratios (%)					
Gross margin	*47%*	*46%*	*47%*	*48%*	*49%*
EBITDA margin	*34%*	*35%*	*38%*	*40%*	*41%*
PAT margin	*0%*	*4%*	*24%*	*25%*	*28%*
Liquidity ratios (%)					
Current ratio	*0.10*	*1.03*	*1.05*	*1.06*	*1.11*
Quick ratio	*0.09*	*0.98*	*0.99*	*1.00*	*1.05*
Solvency ratio (x)					
Debt-to-Equity ratio	-1.50	1.08	0.27	0.28	0.27
Turnover ratios					
Fixed asset turnover ratio (x)	0.22	0.24	0.25	0.26	0.30
Debtor days	22	23	21	18	18
Inventory days	16	17	17	19	19
Creditor days	9	8	7	6	6
Net Working capital days	30	31	31	31	31

Source: Company, Nirmal Bang Institutional Equities Research

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Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to14%

SELL < -5%

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Team Details:			
Name		**Email Id**	**Direct Line**
Krishnan Sambamoorthy	Head of Research	krishnan.s@nirmalbang.com	+91 22 6273 8210
Seshagiri Ranganathan	Head of Sales	seshagiri.r@nirmalbang.com	+91 22 6273 8228
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,

Nr. Peninsula Corporate Park,

Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010