

June 2, 2025

## Q4FY25 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	BUY		BUY	
<b>Target Price</b>	174		173	
Sales (Rs. m)	14,318	16,089	14,382	15,650
% Chng.	(0.4)	2.8		
EBITDA (Rs. m)	7,341	8,400	7,451	8,206
% Chng.	(1.5)	2.4		
EPS (Rs.)	3.3	4.3	3.4	4.3
% Chng.	(3.0)	1.2		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	10,711	12,861	14,318	16,089
EBITDA (Rs. m)	5,232	6,341	7,341	8,400
Margin (%)	48.8	49.3	51.3	52.2
PAT (Rs. m)	1,485	1,966	2,631	3,412
EPS (Rs.)	1.9	2.5	3.3	4.3
Gr. (%)	29.6	32.4	33.8	29.7
DPS (Rs.)	-	-	-	0.4
Yield (%)	-	-	-	0.3
RoE (%)	16.3	18.5	20.3	21.6
RoCE (%)	15.1	17.3	20.7	24.6
EV/Sales (x)	12.0	9.8	8.5	7.2
EV/EBITDA (x)	24.5	19.8	16.5	13.9
PE (x)	74.0	55.9	41.8	32.2
P/BV (x)	11.4	9.4	7.7	6.3

### Key Data LEMO.BO | LEMONTRE IN

52-W High / Low	Rs.162 / Rs.111
Sensex / Nifty	81,374 / 24,717
Market Cap	Rs.110bn / \$ 1,288m
Shares Outstanding	792m
3M Avg. Daily Value	Rs.448.03m

### Shareholding Pattern (%)

Promoter's	22.50
Foreign	20.89
Domestic Institution	19.68
Public & Others	36.92
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	0.8	6.5	1.8
Relative	(0.3)	5.0	(7.5)

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## Deleveraging timelines key to re-rating

### Quick Pointers:

- Debt declines by Rs1,905mn in FY25
- Aurika, MIAL reported an occupancy of 80% with an EBITDA margin of 67% in 4QFY25

**LEMONTRE's operational performance was broadly in-line our estimate with EBITDA margin of 53.9% (PL 53.0%), led by 14.9% growth in RevPAR to Rs5,462 while PAT was aided by a lower tax rate of 11.5%. Aurika, MIAL's performance showed an improvement with an occupancy of 80% and EBITDA margin of 67% in 4QFY25. Led by stabilization of Aurika, MIAL and improvement in RevPAR amid the ongoing renovation exercise, we estimate revenue/EBITDA CAGR of 12%/15% over FY25-FY27E. In addition, as no major capex is lined up in near term barring the hotels in Shimla and Shillong, we expect debt reduction to gather pace from FY26E onwards (Rs1,905mn of debt was repaid in FY25) translating into a PAT CAGR of 32% over the next 2 years. We broadly maintain our estimates and retain BUY on the stock with a TP of Rs174 (24x FY27E EBITDA; no change in target multiple).**

**RevPAR increased 14.9% YoY:** Revenue increased 15.6% YoY to Rs3,785mn (PL Rs3,768mn). ARR increased 6.6% YoY to Rs7,042. RevPAR grew 14.9% YoY to Rs5,462, while occupancy stood at 77.6%.

**EBITDA margin rises to 53.9%:** EBITDA increased 19.0% YoY to Rs2,041mn (PL Rs1,996mn) with a margin of 53.9% (PL 53.0%). PAT after MI increased 26.4% YoY to Rs846mn (PL Rs637mn) with a margin of 22.4% (PL 16.9%) as against 20.5% in 4QFY24. PAT beat was driven by a lower-than-expected tax rate of 11.5% (PL of 28.8%) arising on account of recognition of DTA.

**Con-call highlights: 1)** The negotiable (corporate) and non-negotiable (retail) business mix for FY25 stood at 55%:45%. **2)** Aurika, MIAL's occupancy stood at 80% for 4QFY25. During the quarter, Aurika, MIAL clocked an EBITDA of Rs420mn with an EBITDA margin of 67%. **3)** LEMONTRE's loyalty program accounts for ~25-30% of its total business, backed by a rising base of 1.5mn members. **4)** Renovation capex was Rs1,000mn in FY25, with an estimated Rs1,300mn planned for FY26E. **5)** During the quarter, ~18-20% of inventory in Hyderabad was shut for renovation, resulting in an ~8-10% drop in gross ARR and a 20% decline in revenue. Despite this, Hyderabad achieved a 9% RevPAR growth, with ARR at Rs7,700. **6)** Of the ~6,000 owned keys, 1,000 require minor refurbishments and 1,500 need upgrades to meet brand standards. The remaining 3,500 keys will undergo full renovation. With 70% of the portfolio already renovated, the remaining 30% is expected to be completed in FY26E. **7)** Revenue grew 21% YoY in April'25, while May'25 saw a moderate growth of 14% YoY due to geopolitical tensions. **8)** Post-renovation, the keys portfolio is expected to generate EBITDA of over Rs600mn. **9)** ~25-27% of Aurika, MIAL's revenue is driven by the crew business.

Exhibit 1: 4QFY25 Result Overview – Consolidated (Rs mn)

Y/e March	4QFY25	4QFY24	YoY gr.	3QFY25	QoQ gr.	4QFY25E	% Var.	FY25	FY24	YoY gr.
<b>Net sales</b>	<b>3,785</b>	<b>3,273</b>	<b>15.6%</b>	<b>3,552</b>	<b>6.6%</b>	<b>3,768</b>	<b>0.5%</b>	<b>12,861</b>	<b>10,711</b>	<b>20.1%</b>
Cost of F&B consumed	230	205	12.0%	196	17.1%	210	9.6%	762	628	21.4%
<i>As a % of sales</i>	<i>6.1%</i>	<i>6.3%</i>		<i>5.5%</i>		<i>5.6%</i>		<i>5.9%</i>	<i>5.9%</i>	
Employee Cost	570	499	14.4%	564	1.1%	561	1.6%	2,185	1,878	16.4%
<i>As a % of sales</i>	<i>15.1%</i>	<i>15.2%</i>		<i>15.9%</i>		<i>14.9%</i>		<i>17.0%</i>	<i>17.5%</i>	
Power Oil and Fuel	202	197	2.3%	215	-6.0%	216	-6.6%	878	780	12.5%
<i>As a % of sales</i>	<i>5.3%</i>	<i>6.0%</i>		<i>6.0%</i>		<i>5.7%</i>		<i>6.8%</i>	<i>7.3%</i>	
Other Expenses	742	657	12.9%	734	1.0%	784	-5.4%	2,695	2,193	22.9%
<i>As a % of sales</i>	<i>19.6%</i>	<i>20.1%</i>		<i>20.7%</i>		<i>20.8%</i>		<i>21.0%</i>	<i>20.5%</i>	
<b>EBITDA</b>	<b>2,041</b>	<b>1,715</b>	<b>19.0%</b>	<b>1,842</b>	<b>10.8%</b>	<b>1,996</b>	<b>2.2%</b>	<b>6,341</b>	<b>5,232</b>	<b>21.2%</b>
<i>EBITDA margin</i>	<i>53.9%</i>	<i>52.4%</i>		<i>51.9%</i>		<i>53.0%</i>		<i>49.3%</i>	<i>48.8%</i>	
Depreciation	349	334	4.4%	351	-0.6%	363	-4.0%	1,393	1,121	24.2%
<b>EBIT</b>	<b>1,692</b>	<b>1,381</b>	<b>22.6%</b>	<b>1,491</b>	<b>13.5%</b>	<b>1,633</b>	<b>3.6%</b>	<b>4,948</b>	<b>4,111</b>	<b>20.4%</b>
<i>EBIT margin</i>	<i>44.7%</i>	<i>42.2%</i>		<i>42.0%</i>		<i>43.3%</i>		<i>38.5%</i>	<i>38.4%</i>	
Interest cost	472	528	-10.4%	503	-6.1%	501	-5.6%	2,007	2,016	-0.5%
Other income	9	39	-77.2%	6	41.0%	37	-76.1%	23	56	-58.6%
<b>PBT</b>	<b>1,229</b>	<b>892</b>	<b>37.8%</b>	<b>994</b>	<b>23.6%</b>	<b>1,169</b>	<b>5.1%</b>	<b>2,965</b>	<b>2,151</b>	<b>37.8%</b>
Exceptional items/Share of JVs	-6	-2	309.4%	1	NM	-	NM	-3	7	NM
<b>PBT (ater exceptional items/ Share of JVs)</b>	<b>1,223</b>	<b>890</b>	<b>37.3%</b>	<b>995</b>	<b>22.9%</b>	<b>1,169</b>	<b>4.6%</b>	<b>2,962</b>	<b>2,158</b>	<b>37.2%</b>
Tax expenses	141	50	180.3%	197	-28.3%	337	-58.1%	531	341	55.5%
<i>Tax rate</i>	<i>11.5%</i>	<i>5.7%</i>		<i>19.8%</i>		<i>28.8%</i>		<i>17.9%</i>	<i>15.8%</i>	
<b>PAT</b>	<b>1,081</b>	<b>840</b>	<b>28.7%</b>	<b>798</b>	<b>35.4%</b>	<b>833</b>	<b>29.9%</b>	<b>2,431</b>	<b>1,817</b>	<b>33.8%</b>
<i>PAT margin</i>	<i>28.6%</i>	<i>25.7%</i>		<i>22.5%</i>		<i>22.1%</i>		<i>18.9%</i>	<i>17.0%</i>	
Noncontrolling interest	235	170	38.1%	174	35.4%	196	20.1%	466	332	40.2%
Other comprehensive income (OCI)	1	(5)	NM	(0)	NM	1	29.0%	0	(4)	NM
<b>PAT inclusive of OCI</b>	<b>1,082</b>	<b>835</b>	<b>29.6%</b>	<b>798</b>	<b>35.6%</b>	<b>833</b>	<b>29.9%</b>	<b>2,432</b>	<b>1,813</b>	<b>34.1%</b>
<b>EPS (Rs)</b>	<b>1.1</b>	<b>0.9</b>	<b>25.9%</b>	<b>0.8</b>	<b>35.4%</b>	<b>0.8</b>	<b>33.0%</b>	<b>2.5</b>	<b>1.9</b>	<b>31.9%</b>

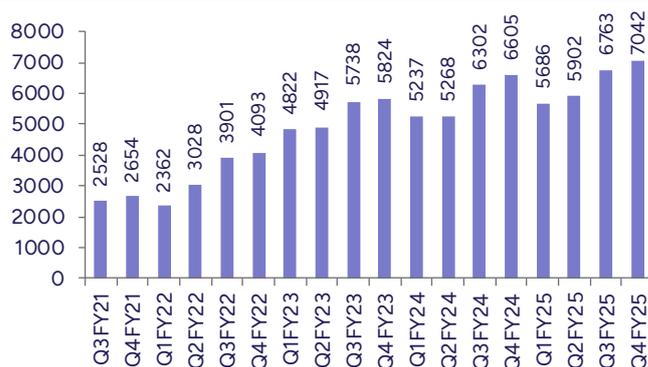
Source: Company, PL

Exhibit 2: Occupancy levels at 78% for 4QFY25



Source: Company, PL

Exhibit 3: ARR stood at Rs7,042 in 4QFY25 (Rs)



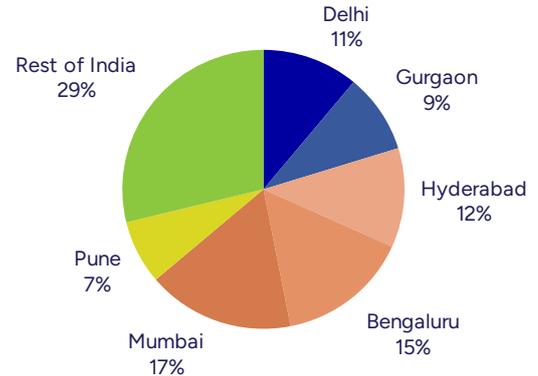
Source: Company, PL

**Exhibit 4: RevPAR for 4QFY25 was at Rs5,462 (Rs)**



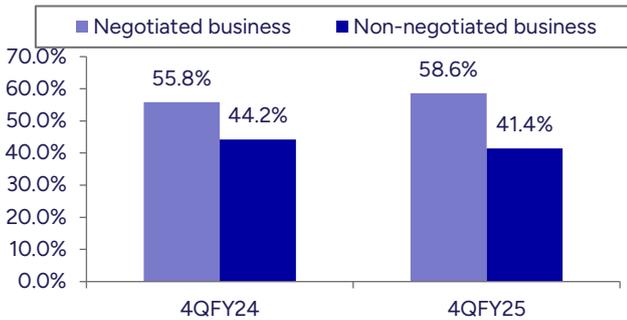
Source: Company, PL

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



Source: Company, PL

**Exhibit 6: Negotiated business formed 59% of sales in 4QFY25**



Source: Company, PL

**Exhibit 7: Operational & pipeline portfolios breakup as of 4QFY25**

Particulars	Operational rooms	Pipeline rooms
Aurika Hotels & Resorts	863	688
Lemon Tree Premier	2,724	362
Lemon Tree Hotels	3,970	3,753
Red Fox by Lemon Tree Hotels	1,290	50
Keys Prima by Lemon Tree Hotels	42	160
Keys Select by Lemon Tree Hotels	1,271	635
Keys Lite by Lemon Tree Hotels	157	420
<b>Total</b>	<b>10,317</b>	<b>6,068</b>

Source: Company, PL

**Exhibit 8: SOTP Valuation**

(Rs mn)	FY27E
LT standalone EV	62,410
Fleur's stake adjusted EV	82,116
Total EV	1,44,526
Less: Debt	10,536
Add: Cash	3,500
Equity value	1,37,490
No of shares	792
SOTP per share (Rs)	174

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>10,711</b>	<b>12,861</b>	<b>14,318</b>	<b>16,089</b>
YoY gr. (%)	22.4	20.1	11.3	12.4
Cost of Goods Sold	628	762	778	861
Gross Profit	10,083	12,099	13,540	15,227
Margin (%)	94.1	94.1	94.6	94.6
Employee Cost	1,878	2,185	2,284	2,436
Other Expenses	2,973	3,573	3,914	4,392
<b>EBITDA</b>	<b>5,232</b>	<b>6,341</b>	<b>7,341</b>	<b>8,400</b>
YoY gr. (%)	16.9	21.2	15.8	14.4
Margin (%)	48.8	49.3	51.3	52.2
Depreciation and Amortization	1,121	1,393	1,444	1,495
<b>EBIT</b>	<b>4,111</b>	<b>4,948</b>	<b>5,897</b>	<b>6,905</b>
Margin (%)	38.4	38.5	41.2	42.9
Net Interest	2,016	2,007	1,502	1,096
Other Income	56	23	215	257
<b>Profit Before Tax</b>	<b>2,151</b>	<b>2,965</b>	<b>4,610</b>	<b>6,067</b>
Margin (%)	20.1	23.1	32.2	37.7
Total Tax	341	531	1,152	1,517
Effective tax rate (%)	15.9	17.9	25.0	25.0
<b>Profit after tax</b>	<b>1,810</b>	<b>2,434</b>	<b>3,457</b>	<b>4,550</b>
Minority interest	332	466	827	1,138
Share Profit from Associate	7	(3)	-	-
<b>Adjusted PAT</b>	<b>1,485</b>	<b>1,966</b>	<b>2,631</b>	<b>3,412</b>
YoY gr. (%)	29.6	32.4	33.8	29.7
Margin (%)	13.9	15.3	18.4	21.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,485</b>	<b>1,966</b>	<b>2,631</b>	<b>3,412</b>
YoY gr. (%)	29.6	32.4	33.8	29.7
Margin (%)	13.9	15.3	18.4	21.2
Other Comprehensive Income	(4)	0	-	-
Total Comprehensive Income	1,481	1,966	2,631	3,412
<b>Equity Shares O/s (m)</b>	<b>792</b>	<b>792</b>	<b>792</b>	<b>792</b>
<b>EPS (Rs)</b>	<b>1.9</b>	<b>2.5</b>	<b>3.3</b>	<b>4.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>44,184</b>	<b>44,727</b>	<b>45,867</b>	<b>47,017</b>
Tangibles	43,528	44,023	45,093	46,173
Intangibles	656	704	774	844
<b>Acc: Dep / Amortization</b>	<b>8,723</b>	<b>10,116</b>	<b>11,560</b>	<b>13,055</b>
Tangibles	8,461	9,729	11,043	12,403
Intangibles	262	387	517	652
<b>Net fixed assets</b>	<b>35,461</b>	<b>34,611</b>	<b>34,307</b>	<b>33,962</b>
Tangibles	35,067	34,295	34,050	33,770
Intangibles	394	317	257	192
Capital Work In Progress	254	586	482	382
Goodwill	951	951	951	951
Non-Current Investments	936	1,021	1,148	1,283
Net Deferred tax assets	306	138	157	177
Other Non-Current Assets	317	505	544	644
<b>Current Assets</b>				
Investments	81	386	386	386
Inventories	138	138	154	173
Trade receivables	715	786	902	1,014
Cash & Bank Balance	537	807	2,550	3,661
Other Current Assets	550	807	616	676
<b>Total Assets</b>	<b>40,330</b>	<b>40,818</b>	<b>42,327</b>	<b>43,453</b>
<b>Equity</b>				
Equity Share Capital	7,918	7,918	7,918	7,918
Other Equity	1,750	3,717	6,347	9,418
<b>Total Networkth</b>	<b>9,669</b>	<b>11,635</b>	<b>14,266</b>	<b>17,336</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	16,767	14,934	12,434	9,434
Provisions	32	34	43	48
Other non current liabilities	-	3	3	3
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	2,125	2,052	1,602	1,102
Trade payables	646	616	667	749
Other current liabilities	820	773	764	854
<b>Total Equity &amp; Liabilities</b>	<b>40,330</b>	<b>40,818</b>	<b>42,327</b>	<b>43,453</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,158	2,962	4,610	6,067
Add. Depreciation	1,121	1,393	1,444	1,495
Add. Interest	2,025	2,041	1,502	1,096
Less Financial Other Income	56	23	215	257
Add. Other	(77)	(63)	-	-
Op. profit before WC changes	5,228	6,333	7,556	8,657
Net Changes-WC	(218)	(416)	127	(109)
Direct tax	(360)	(502)	(1,152)	(1,517)
<b>Net cash from Op. activities</b>	<b>4,650</b>	<b>5,416</b>	<b>5,704</b>	<b>5,894</b>
Capital expenditures	(3,305)	(932)	(796)	(800)
Interest / Dividend Income	71	14	-	-
Others	(242)	(467)	(446)	(411)
<b>Net Cash from Invt. activities</b>	<b>(3,965)</b>	<b>(1,274)</b>	<b>(1,304)</b>	<b>(1,220)</b>
Issue of share cap. / premium	5	0	-	-
Debt changes	1,418	(1,927)	(2,950)	(3,500)
Dividend paid	-	-	-	(341)
Interest paid	(1,616)	(1,593)	(1,502)	(1,096)
Others	(392)	(403)	1,905	1,356
<b>Net cash from Fin. activities</b>	<b>(585)</b>	<b>(3,923)</b>	<b>(2,547)</b>	<b>(3,581)</b>
<b>Net change in cash</b>	<b>100</b>	<b>218</b>	<b>1,853</b>	<b>1,093</b>
Free Cash Flow	1,338	4,458	4,908	5,094

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	1.9	2.5	3.3	4.3
CEPS	3.3	4.2	5.1	6.2
BVPS	12.2	14.7	18.0	21.9
FCF	1.7	5.6	6.2	6.4
DPS	-	-	-	0.4
<b>Return Ratio(%)</b>				
RoCE	15.1	17.3	20.7	24.6
ROIC	13.0	15.5	17.3	19.3
RoE	16.3	18.5	20.3	21.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	1.9	1.4	0.8	0.4
Net Working Capital (Days)	7	9	10	10
<b>Valuation(x)</b>				
PER	74.0	55.9	41.8	32.2
P/B	11.4	9.4	7.7	6.3
P/CEPS	42.2	32.7	27.0	22.4
EV/EBITDA	24.5	19.8	16.5	13.9
EV/Sales	12.0	9.8	8.5	7.2
Dividend Yield (%)	-	-	-	0.3

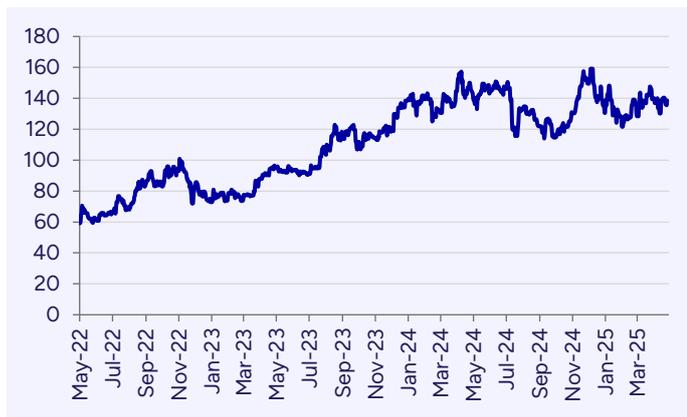
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>2,680</b>	<b>2,844</b>	<b>3,552</b>	<b>3,785</b>
YoY gr. (%)	20.6	24.0	22.4	15.6
Raw Material Expenses	398	399	411	432
Gross Profit	2,282	2,445	3,141	3,353
Margin (%)	85.1	86.0	88.4	88.6
<b>EBITDA</b>	<b>1,151</b>	<b>1,307</b>	<b>1,842</b>	<b>2,041</b>
YoY gr. (%)	10.1	25.6	30.4	19.0
Margin (%)	42.9	46.0	51.9	53.9
Depreciation / Depletion	346	348	351	349
<b>EBIT</b>	<b>805</b>	<b>960</b>	<b>1,491</b>	<b>1,692</b>
Margin (%)	30.0	33.7	42.0	44.7
Net Interest	518	513	503	472
Other Income	4	5	6	9
<b>Profit before Tax</b>	<b>291</b>	<b>451</b>	<b>994</b>	<b>1,229</b>
Margin (%)	10.9	15.9	28.0	32.5
Total Tax	91	102	197	141
Effective tax rate (%)	31.2	22.7	19.8	11.5
<b>Profit after Tax</b>	<b>200</b>	<b>349</b>	<b>798</b>	<b>1,088</b>
Minority interest	3	54	174	235
Share Profit from Associates	1	2	1	(6)
<b>Adjusted PAT</b>	<b>198</b>	<b>296</b>	<b>625</b>	<b>846</b>
YoY gr. (%)	(15.6)	30.9	76.5	26.4
Margin (%)	7.4	10.4	17.6	22.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>198</b>	<b>296</b>	<b>625</b>	<b>846</b>
YoY gr. (%)	(15.6)	30.9	76.5	26.4
Margin (%)	7.4	10.4	17.6	22.4
Other Comprehensive Income	-	-	-	1
<b>Total Comprehensive Income</b>	<b>198</b>	<b>296</b>	<b>625</b>	<b>847</b>
Avg. Shares O/s (m)	792	792	792	792
<b>EPS (Rs)</b>	<b>0.3</b>	<b>0.4</b>	<b>0.8</b>	<b>1.1</b>

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	BUY	173	139
2	06-Feb-25	BUY	175	145
3	09-Jan-25	BUY	179	147
4	18-Nov-24	BUY	158	122
5	09-Oct-24	BUY	159	121
6	08-Aug-24	BUY	159	126
7	08-Jul-24	BUY	162	148
8	03-Jun-24	BUY	155	140

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,130	875
2	Delhivery	BUY	387	321
3	DOMS Industries	BUY	3,087	2,549
4	Imagicaaworld Entertainment	BUY	93	68
5	Indian Railway Catering and Tourism Corporation	BUY	864	775
6	InterGlobe Aviation	BUY	6,084	5,462
7	Lemon Tree Hotels	BUY	173	139
8	Mahindra Logistics	Hold	287	310
9	Navneet Education	Hold	149	145
10	Nazara Technologies	Hold	1,241	1,274
11	PVR Inox	Hold	1,040	966
12	S Chand and Company	BUY	286	227
13	Safari Industries (India)	BUY	2,437	1,960
14	Samhi Hotels	BUY	313	192
15	TCI Express	Hold	816	761
16	V.I.P. Industries	BUY	404	338
17	Zee Entertainment Enterprises	BUY	137	111

**PL's Recommendation Nomenclature (Absolute Performance)**

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

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