PL Capital
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Travel & Tourism

Jul-Sep'25 Earnings Preview

October 7, 2025

Monsoon blues hit travel sector

2QFY26E is expected to reflect the impact of monsoon-led demand weakness - most notably in hospitality and aviation sectors. Pan India hotel RevPAR's were adversely affected rising only ~2% in Jul&Aug'25 due to extended monsoons. The aviation sector also witnessed a notable slowdown in traffic growth with two months of back-to-back decline in domestic passenger traffic to 12.6mn/12.9mn in Jul'25/Aug'25 respectively. As for the luggage sector, demand remained muted in offline channel while the e-commerce channel performed relatively better aided by pre-festive stocking during the quarter. Within our hospitality coverage universe, we expect RevPAR growth of 5%/8%/10% for CHALET IN, LEMONTRE IN and SAMHI IN respectively. As for INDIGO IN, we expect yields to remain flat on YoY basis with a top-line of Rs182bn and EBITDAR margin of 17.6% (excluding FX loss/gain).

Top pick: SAMHI IN is our top pick in the travel & tourism space. Following fund infusion by GIC and sale of Caspia, Delhi, net debt has reduced to Rs13.7bn (net debt to EBITDA is set to decline from 5.1x in FY25 to 1.8x in FY27E). SAMHI IN trades at EV/EBITDA multiple of 14.1x/11.6x our FY26E/FY27E estimates (after adjusting for the minority interest factor in JV platform formed with GIC) and now has valuation as well as BS comfort. Retain BUY with a TP of Rs313 (14x Sep-27E).

Luggage – Weak demand environment: We expect VIP IN/SII IN to report revenue of Rs4.9bn (down 10% YoY)/Rs5.1bn (up 12.0% YoY) respectively amid weak offline demand. VIP is expected to report GM of 46.0% while Safari's GM is expected to be at 45.7% supported by higher capacity utilization at Jaipur.

For VIP IN, we cut our adjusted PAT estimates for FY26E/FY27E by 53%/10% as we fine-tune our to-line growth assumptions. We retain HOLD on the stock with a TP of Rs474 (earlier Rs455) as we roll forward our valuation to Sep-27E (P/E of 40x; no change in target multiple). For SII IN, we retain our estimates and maintain 'BUY' on the stock with a revised TP of Rs2,583 (earlier Rs2,434) but cut our target multiple to 45x (earlier 47x) as we roll forward our valuation to Sep-27E.

Hotels – Occupancies take a hit, but pricing shows resilience: For CHALET IN, we expect ARR's to increase 15.5% YoY to Rs12,164 with an occupancy of 67.0%. A 700-bps YoY dip in occupancy is anticipated due to slow uptick at hotels in Bangalore (extended new inventory) and Rishikesh coupled with some monsoon-led demand weakness. Overall, we expect CHALET IN to report 21.7% YoY growth in revenue with an EBITDA margin of 40.8%. Revenue recognition from real estate project at Koramangala is expected in this quarter. We maintain 'BUY' with an SOTP-based TP of Rs1,188 as we roll-forward to Sep-27E (hotel business valued at 24x Sep-27E EBITDA; no change in target multiple).

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Chalet Hotels	BUY	966	1,188
InterGlobe Aviation	BUY	5,666	6,644
IRCTC	BUY	717	850
Lemon Tree Hotels	HOLD	167	177
Safari Industries (India)	BUY	2,191	2,583
Samhi Hotels	BUY	197	313
V.I.P. Industries	HOLD	430	474

Source: PL

Top Picks

Samhi Hotels

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For LEMONTRE IN, we expect ARR's to increase 7.5% YoY to Rs6,345 with an occupancy of 69%. We expect revenue growth of 8.4% YoY with an EBITDA margin of 45.1% in 2QFY26E. We expect Aurika, NCR with 500 keys to debut in FY30E and have re-aligned our capex and debt assumptions accordingly over the next 3 years. Given sharp appreciation in stock price; we downgrade LEMONTRE IN to 'HOLD' with a SOTP-based TP of Rs177 valuing the stock at an EV/EBITDA multiple of 24x over Sep-27E (no change in target multiple).

For SAMHI IN, we expect ARR's to increase 13.0% YoY to Rs6,658 with an occupancy of 73%, and an overall revenue growth of 9.4% for the quarter. We expect EBITDA margin of 34.7% in 2QFY26E. We expect SAMHI IN's mid-scale hotel in Hyderabad to debut in FY30E and have re-aligned our capex and debt assumptions accordingly over the next 3 years. We maintain 'BUY' on the stock with a revised TP of Rs313 (earlier 300) valuing the stock at an EV/EBITDA multiple of 14.0x over Sep-27E (earlier 15.5x). We have revised our multiple downwards as we roll forward our valuation to Sep-27E.

Aviation – Yields to remain flat on YoY basis: We expect INDIGO IN to report a load factor of 83.2% as domestic pax growth has declined for two consecutive months in this quarter, reflecting an unfavourable demand environment, further marred by heavy monsoons. We expect PRASK of Rs3.78 and consequently a yield of Rs4.54 (flat on YoY basis). We expect ASKM/RPKM to increase by 8.0%/8.6% YoY to 41.3bn/34.3bn respectively. We expect RASK of Rs4.41 and gross spread (RASK less fuel CASK) of Rs2.93.

INDIGO IN is expected to report revenues of Rs182bn (up 7.2% YoY) with an EBITDAR margin of 17.6% (excluding FX adjustments). However, given sharp rupee depreciation we expect the quarter to be marred by FX losses. While we do not project FX gain or loss explicitly; for every 1% movement in INR versus USD the MTM FX impact for Indigo is to the tune of ~Rs7,000-8,000mn. We retain 'BUY' with a revised TP of Rs6,644 (EV/EBITDA multiple of 11x) as we roll forward our valuation to FY27E.

IRCTC – Ticketing volumes to be ~139mn: We expect online ticketing volumes of ~139mn resulting in convenience fee revenue of Rs2.6bn in 2QFY26E. Catering revenue is expected to increase 10.0% YoY to Rs5.3bn as new Amrit Bharat trains have been launched while tourism business is expected to grow by 15.0% YoY to Rs1.4bn. Overall, we expect IRCTC IN's revenue to increase by 9.4% YoY to Rs11.6bn with an EBITDA margin of 36.4%. We maintain BUY with a TP of Rs850 (44x FY27E; no change in target multiple).

Exhibit 2: Q2FY26 Result Preview (Rs mn)

Company Name		Q2FY26E	Q2FY25	YoY gr. (%)	Q1FY26	QoQ gr. (%)	Remark
Chalet Hotels	Sales	4,587	3,771	21.7	8,946	(48.7)	For Chalet, we expect ARR's to increase 15.5% YoY to Rs12,164 with an occupancy of 67.0%. Hotel revenue is likely to be at Rs3.9bn with an EBITDA margin of 41.0% while annuity income is expected to rise 74.3% YoY to Rs730mn with an EBITDA margin of 83.0%. Overall, we expect Chalet to report 21.7% YoY growth in revenue with an EBITDA margin of 40.8%.
	EBITDA	1,872	1,495	25.2	3,573	(47.6)	
	Margin (%)	*40.8*	*39.7*	*116 bps*	*39.9*	*88 bps*	
	PBT	973	794	22.5	2,686	(63.8)	
	Adj. PAT	730	(1,385)	NA	2,032	(64.1)	
InterGlobe Aviation	Sales	1,81,879	1,69,696	7.2	2,04,963	(11.3)	We expect Indigo to report revenues of Rs182bn (up 7.2% YoY) with a load factor of 83.2% and yield of Rs4.54. We expect RASK of Rs4.41 and gross spread (RASK less fuel CASK) of Rs2.93 with EBITDAR margin of 17.6% for the quarter. Foreign currency fluctuations have not been taken into consideration while making our projections.
	EBITDAR	32,000	23,947	33.6	57,190	(44.0)	
	Margin (%)	*17.6*	*14.1*	*348 bps*	*27.9*	*-1031 bps*	
	PBT	(1,647)	(9,071)	NA	23,107	NA	
	Adj. PAT	(1,697)	(7,461)	NA	23,236	NA	
Indian Railway Catering and Tourism Corporation	Sales	11,641	10,640	9.4	11,597	0.4	We expect 9.4% YoY growth in top-line to Rs11.6bn. We expect ticketing volumes of ~139mn for the quarter with internet ticketing revenues of Rs3.9bn. Catering revenue is expected to increase 10.0% YoY to Rs5.3bn. Overall, we expect an EBITDA margin of 36.4%.
	EBITDA	4,239	3,728	13.7	3,973	6.7	
	Margin (%)	*36.4*	*35.0*	*138 bps*	*34.3*	*216 bps*	
	PBT	4,617	4,166	10.8	4,421	4.4	
	Adj. PAT	3,440	3,079	11.7	3,307	4.0	
Lemon Tree Hotels	Sales	3,082	2,844	8.4	3,158	(2.4)	For Lemon Tree,,we expect ARR's to increase 7.5% YoY to Rs6,345 with an occupancy of 69%. We expect revenue growth of 8.4% YoY with an EBITDA margin of 45.1%.
	EBITDA	1,390	1,307	6.3	1,405	(1.1)	
	Margin (%)	*45.1*	*46.0*	*-88 bps*	*44.5*	*60 bps*	
	PBT	653	451	44.6	633	3.1	
	Adj. PAT	339	296	14.5	383	(11.5)	
Safari Industries (India)	Sales	5,127	4,578	12.0	5,278	(2.9)	For Safari, we expect revenues to increase by 12.0% YoY to Rs5.1bn in 2QFY26E. We expect GM of 45.7% supported by higher capacity utilization at Jaipur and an EBITDA margin of 12.5% for the quarter.
	EBITDA	641	479	33.8	793	(19.2)	
	Margin (%)	*12.5*	*10.5*	*204 bps*	*15.0*	*-252 bps*	
	PBT	526	378	38.9	654	(19.7)	
	Adj. PAT	405	297	36.4	505	(19.9)	
Samhi Hotels	Sales	2,906	2,655	9.4	2,722	6.7	For Samhi, we expect ARR to increase 13.0% YoY to Rs6,658 with an occupancy of 73%. We expect Samhi to report 9.4% YoY growth in revenue with an EBITDA margin of 34.7%.
	EBITDA	1,008	922	9.4	905	11.4	
	Margin (%)	*34.7*	*34.7*	*-1 bps*	*33.2*	*145 bps*	
	PBT	381	122	212.1	259	46.9	
	Adj. PAT	281	126	122.5	152	84.6	
V.I.P. Industries	Sales	4,898	5,443	-10.0	5,614	(12.8)	We expect revenue to be lower by 10.0% YoY to Rs4.9bn in 2QFY26E. We expect GM of 46.0%, and an EBITDA margin of 1.8% for the quarter.
	EBITDA	88	(22)	NA	247	(64.2)	
	Margin (%)	*1.8*	*-0.4*	*220 bps*	*4.4*	*-259 bps*	
	PBT	(331)	(492)	NA	(190)	NA	
	Adj. PAT	(258)	(366)	NA	110	NA	

Source: Company, PL

Exhibit 3: Valuation Summary

Company Names	S/C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs mn)				EBITDA (Rs mn)				PAT (Rs mn)				EPS (Rs)				RoE (%)				PE (x)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Chalet Hotels	C	BUY	966	1,188	211.0	17,178	21,449	23,434	27,729	7,359	9,738	10,767	12,987	3,450	4,618	5,362	7,072	15.8	21.1	24.5	32.4	14.1	14.1	14.3	16.4	61.2	45.7	39.4	29.8
InterGlobe Aviation*	S	BUY	5,666	6,644	2,189.1	808.0	871.3	1,016.4	1,136.3	210.7	242.2	267.2	295.1	88.8	100.9	96.7	103.8	229.7	261.2	250.3	268.7	156.2	71.3	41.0	31.3	24.7	21.7	22.6	21.1
IRCTC	S	BUY	717	850	573.5	46,748	51,173	54,726	58,076	15,498	17,686	19,063	20,208	12,670	14,390	15,450	16,333	15.8	18.0	19.3	20.4	36.8	35.4	31.7	28.3	45.3	39.9	37.1	35.1
Lemon Tree Hotels	C	HOLD	167	177	132.4	12,861	14,347	15,838	16,843	6,341	7,310	8,286	8,955	1,966	2,535	3,277	3,735	2.5	3.2	4.1	4.7	18.5	19.6	20.9	19.9	67.4	52.2	40.4	35.5
Safari Industries (India)	C	BUY	2,191	2,583	107.1	17,716	20,612	24,141	28,125	2,250	3,051	3,790	4,584	1,428	2,000	2,508	3,106	29.2	40.9	51.3	63.5	16.1	19.1	20.0	20.4	75.0	53.6	42.7	34.5
Samhi Hotels	C	BUY	197	313	43.5	11,205	12,803	14,251	16,615	4,071	4,798	5,528	6,859	872	1,769	2,442	3,089	3.9	8.0	11.0	14.0	8.0	11.6	11.7	12.6	49.9	24.6	17.8	14.1
V.I.P. Industries	C	HOLD	430	474	61.0	21,784	21,129	22,880	25,033	823	1,373	3,386	3,880	-766	107	1,462	1,902	-5.4	0.8	10.3	20.1	-11.8	1.8	21.7	22.9	-79.7	571.9	41.8	21.4

Source: Company, PL *S=Standalone / C=Consolidated* ** Indigo figures are in bn & EBITDA is EBITDAR*

Exhibit 4: Change in Estimates

	Rating		Target Price			Sales						PAT						EPS					
						FY26E			FY27E			FY26E			FY27E			FY26E			FY27E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Chalet Hotels	BUY	BUY	1,188	1,071	10.9%	21,449	21,449	0.0%	23,434	23,434	0.0%	4,618	4,618	0.0%	5,362	5,362	0.0%	21.1	21.1	0.0%	24.5	24.5	0.0%
InterGlobe Aviation*	BUY	BUY	6,644	6,517	2.0%	8,71,296	8,71,296	0.0%	10,16,383	10,16,383	0.0%	1,00,920	88,891	13.5%	96,698	93,206	3.7%	261.2	230.0	13.5%	250.3	241.2	3.7%
IRCTC	BUY	BUY	850	850	0.0%	51,173	51,173	0.0%	54,726	54,726	0.0%	14,390	14,390	0.0%	15,450	15,450	0.0%	18.0	18.0	0.0%	19.3	19.3	0.0%
Lemon Tree Hotels	HOLD	BUY	177	170	4.1%	14,347	14,347	0.0%	15,838	15,838	0.0%	2,535	2,552	-0.7%	3,277	3,324	-1.4%	3.2	3.2	-0.7%	4.1	4.2	-1.4%
Safari Industries (India)	BUY	BUY	2,583	2,434	6.1%	20,612	20,612	0.0%	24,141	24,380	-1.0%	2,000	2,000	0.0%	2,508	2,533	-1.0%	40.9	40.9	0.0%	51.3	51.8	-1.0%
Samhi Hotels	BUY	BUY	313	300	4.5%	12,803	12,803	0.0%	14,251	14,251	0.0%	1,769	1,769	0.0%	2,442	2,442	0.0%	8.0	8.0	0.0%	11.0	11.0	0.0%
V.I.P. Industries	HOLD	HOLD	474	455	4.1%	21,129	21,495	-1.7%	22,880	23,275	-1.7%	107	226	-52.9%	1,462	1,616	-9.5%	0.8	1.6	-52.9%	10.3	11.4	-9.5%

Source: Company, PL *C=Current / P=Previous*

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,071	882
2	Delhivery	Accumulate	466	430
3	DOMS Industries	BUY	3,087	2,503
4	Imagicaaworld Entertainment	BUY	77	61
5	Indian Railway Catering and Tourism Corporation	BUY	850	725
6	InterGlobe Aviation	BUY	6,517	5,740
7	Lemon Tree Hotels	BUY	170	142
8	Mahindra Logistics	Hold	383	408
9	Navneet Education	Hold	136	140
10	Nazara Technologies	Hold	1,345	1,413
11	PVR Inox	Hold	1,052	1,036
12	S Chand and Company	BUY	286	192
13	Safari Industries (India)	BUY	2,434	2,101
14	Samhi Hotels	BUY	300	205
15	TCI Express	Hold	707	693
16	V.I.P. Industries	Hold	455	450
17	Zee Entertainment Enterprises	BUY	177	134

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Buy : > 15%
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Hold : +5% to -5%
Reduce : -5% to -15%
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