

# Lemon Tree Hotels

India | Hotels | Result Update

**Elara Capital**

10 February 2026

## In-line operational performance

Lemon Tree Hotels (LEMONTREE IN) reported in-line operational performance, driven by 9.5% growth in RevPAR and 10% growth in consolidated management fees. Asset addition pipeline continues to swell for LEMONTRE, driven by managed hotels (up by 1,855 keys in Q3 to 9,364 keys), but new hotel openings have been sluggish, in our view. Growth in the next two years will be driven by mix improvement at Aurika Mumbai, opening of the 91-key Aurika at Shimla in FY27, higher management fee income and double-digit RevPAR growth for owned portfolio. LEMONTRE is the best stock to play on growth in the mid-market hotel segment but partial gains on profitability due to the industry upcycle are being eroded by recurring renovation expenses. **Maintain Accumulate with SoTP-TP of INR 157.**

**Front-loaded investments, GST changes weigh on margins:** EBITDA margin declined 145bps to 50.4% in Q3FY26, primarily on account of higher investments towards renovations, technology upgrades and the GST impact. Collectively, these cost heads accounted for 6.4% of revenue in Q3FY26. Management indicated that these investments are front-loaded in nature and are expected to normalize to 3.6% of revenue by FY28, which should drive expansion in EBITDA margin. GST impact accounted for 1.8% of revenue in Q3 and is expected to remain around similar levels in FY28.

**Targeted rebranding to enhance rate potential:** Management is pursuing selective rebranding alongside renovations, targeting assets with clear pricing upside, driven by location and product repositioning. The rebranding of *Red Fox Hotel, New Delhi* to Lemon Tree Hotel has already delivered a meaningful improvement in ARR, though this impact is not fully reflected in RevPAR. Similar initiatives are underway, including the planned rebranding of *Red Fox Hyderabad* to Lemon Tree Hotel by October CY26 and the conversion of select *Keys* assets, such as *Keys Whitefield* to *Keys Prima* following the completion of renovation in the next 6-8 months. Separately, Lemon Tree Alleppey, is being evaluated for a potential upgrade to the *Aurika* brand in the longer term, while *Red Fox Jaipur* (180-key) is being assessed for redevelopment into an Aurika-format hotel, supported by the high underlying land value.

**Aurika-led development pipeline:** Capex continues to be directed towards the development of the Aurika portfolio. As of 31 December 2025, capital deployed at 91-key Aurika, Shimla stood at INR 0.66bn, with the property expected to commence operations in FY27. Aurika, Shillong (165 keys) has seen a cumulative capex of INR 0.15bn out of total INR 2bn and is slated for opening in Q3FY28. Capex for *Aurika, Nehru Place, New Delhi* (~550 keys) is yet to be announced and will be finalised post receipt of requisite approvals.

**Maintain Accumulate with TP retained at INR 157:** We keep our estimates unchanged. We have not factored in the impact of LEMONTRE's restructuring in our financials due to inadequate financial data. Maintain Accumulate with SoTP-TP of INR 157.

## Key Financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	10,711	12,861	14,256	16,066	17,606
YoY (%)	16.9	21.2	8.2	18.0	13.7
EBITDA (INR mn)	5,232	6,341	6,862	8,095	9,208
EBITDA margin (%)	48.8	49.3	48.1	50.4	52.3
Adj PAT (INR mn)	1,485	1,968	2,322	3,212	4,010
YoY (%)	-	-	-	-	-
Fully DEPS (INR)	1.9	2.5	2.9	4.1	5.1
RoE (%)	10.0	11.8	11.8	13.4	13.7
RoCE (%)	12.5	14.3	15.4	17.7	18.9
P/E (x)	70.8	53.5	45.3	32.7	26.2
EV/EBITDA (x)	25.0	20.7	19.1	16.2	14.2

Note: Pricing as on 10 February 2026; Source: Company, Elara Securities Estimate

Rating: **Accumulate**

Target Price: **INR 157**

Upside/Downside: **18%**

CMP: **INR 133**

As on 10 February 2026

## Key data

Bloomberg	LEMONTRE IN
Reuters Code	LEMO.NS
Shares outstanding (mn)	792
Market cap (INR bn/USD mn)	105/1,162
EV (INR bn/USD mn)	131/1,446
ADTV 3M (INR mn/USD mn)	503/6
52 week high/low	181/111
Free float (%)	63

Note: as on 10 February 2026; Source: Bloomberg

## Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	22.5	22.3	22.3	22.3
% Pledge	0.0	0.0	0.0	0.0
FII	36.0	21.3	21.5	21.5
DII	19.7	20.0	19.7	19.5
Others	21.8	36.4	36.5	36.7

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	1.4	6.5	10.9
Lemon Tree Hotels	(17.6)	(7.3)	(2.7)
NSE Mid-cap	1.1	6.9	13.2
NSE Small-cap	(3.9)	(1.2)	4.2

Source: Bloomberg

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## Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	10,711	12,861	14,256	16,066	17,606
Gross Profit	10,083	12,099	13,404	15,087	16,524
EBITDA	5,232	6,341	6,862	8,095	9,208
EBIT	4,111	4,948	5,443	6,622	7,680
Interest expense	2,085	2,112	1,807	1,545	1,315
Other income	125	129	139	150	163
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	2,151	2,965	3,776	5,227	6,528
Tax	341	529	954	1,320	1,648
Minority interest/Associates income	(325)	(468)	(500)	(695)	(870)
Reported PAT	1,485	1,968	2,322	3,212	4,010
Adjusted PAT	1,485	1,968	2,322	3,212	4,010
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	9,669	11,635	14,801	18,724	23,776
Minority Interest	5,795	6,261	6,771	7,476	8,356
Trade Payables	859	616	781	880	965
Provisions & Other Current Liabilities	608	773	855	958	1,045
Total Borrowings	18,891	16,986	14,434	12,434	10,434
Other long term liabilities	4,508	4,546	4,669	4,718	4,762
<b>Total liabilities &amp; equity</b>	<b>40,330</b>	<b>40,818</b>	<b>42,312</b>	<b>45,190</b>	<b>49,338</b>
Net Fixed Assets	35,298	34,731	35,408	35,934	36,207
Goodwill	951	951	951	951	951
Intangible assets	400	449	165	165	165
Business Investments / other NC assets	1,628	1,753	3,025	3,815	4,515
Cash, Bank Balances & treasury investments	618	1,192	788	2,104	4,658
Inventories	138	138	195	220	241
Sundry Debtors	715	786	898	1,012	1,109
Other Current Assets	582	817	881	989	1,492
<b>Total Assets</b>	<b>40,330</b>	<b>40,818</b>	<b>42,312</b>	<b>45,190</b>	<b>49,338</b>
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Cashflow from Operations</b>	<b>4,650</b>	<b>5,416</b>	<b>5,852</b>	<b>6,710</b>	<b>7,506</b>
Capital expenditure	(3,305)	(932)	(2,046)	(2,000)	(1,800)
Acquisitions / divestitures	-	(58)	-	-	-
Other Business cashflow	(660)	(285)	139	150	163
<b>Free Cash Flow</b>	<b>685</b>	<b>4,141</b>	<b>3,945</b>	<b>4,860</b>	<b>5,869</b>
Cashflow from Financing	(351)	(3,567)	(4,349)	(3,545)	(3,315)
Net Change in Cash / treasury investments	334	574	(404)	1,315	2,554
Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	-	-	-	-	-
Book value per share (INR)	12.2	14.7	18.7	23.7	30.0
RoCE (Pre-tax) (%)	12.5	14.3	15.4	17.7	18.9
ROIC (Pre-tax) (%)	12.6	14.7	15.8	18.5	20.6
ROE (%)	10.0	11.8	11.8	13.4	13.7
Asset Turnover (x)	0.3	0.4	0.4	0.5	0.5
Net Debt to Equity (x)	1.9	1.4	0.9	0.6	0.2
Net Debt to EBITDA (x)	3.5	2.5	2.0	1.3	0.6
Interest cover (x) (EBITDA/ int exp)	2.5	3.0	3.8	5.2	7.0
Total Working capital days (WC/rev)	22.0	47.9	30.3	59.9	119.0
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	70.8	53.5	45.3	32.7	26.2
P/Sales (x)	9.8	8.2	7.4	6.6	6.0
EV/ EBITDA (x)	25.0	20.7	19.1	16.2	14.2
EV/ OCF (x)	28.2	24.2	22.4	19.5	17.4
FCF Yield	0.5	3.2	3.0	3.7	4.5
Price to BV (x)	10.9	9.0	7.1	5.6	4.4
Dividend yield (%)	-	-	-	-	-

Note: Pricing as on 10 February 2026; Source: Company, Elara Securities Estimate

## Exhibit 1: Quarterly Financials

Consolidated financials (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Variance (%)	9MFY26	9MFY25	YoY (%)
<b>Cons net sales</b>	4,061	3,552	14.3	3,063	32.6	3,153	28.8	10,281	9,076	13.3
Raw material	230	196	17.2	200	14.9	195	17.8	629	532	18.1
% of Net Sales	5.7	5.5	14bp	6.5	-87.4	6.2	-53bp	6.1	5.9	25bp
Employee Cost	594	564	5.3	585	1.5	504	17.8	1,759	1,614	9.0
Other Expenses	985	734	34.1	744	32.3	781	26.2	2,485	1,953	27.3
Power & Fuel	205	215	(4.7)	226	(9.3)	189	8.2	649	676	(4.0)
Total Expenditure	2,014	1,710	17.8	1,756	14.7	1,670	20.6	5,522	4,776	15.6
<b>EBITDA</b>	<b>2,047</b>	<b>1,842</b>	<b>11.1</b>	<b>1,307</b>	<b>56.6</b>	<b>1,483</b>	<b>38.0</b>	<b>4,759</b>	<b>4,300</b>	<b>10.7</b>
Margin (%)	50.4	51.9	-145bp	42.7	773bp	47.0	337bp	46.3	47.4	-109bp
Depreciation	348	351	(0.8)	343	1.4	355	(2.0)	1,033	1,044	(1.1)
<b>EBIT</b>	<b>1,699</b>	<b>1,491</b>	<b>13.9</b>	<b>964</b>	<b>76.2</b>	<b>1,128</b>	<b>50.6</b>	<b>3,726</b>	<b>3,256</b>	<b>14.4</b>
Interest	444	526	(15.6)	451	(1.4)	500	(11.2)	1,374	1,606	(14.4)
Other Income	47	29	60.0	45	4.6	40	16.9	141	87	62.5
Exceptional Items	(313)	-	NA	-	NA	-	NA	(313)	-	NA
<b>PBT</b>	<b>988</b>	<b>994</b>	<b>(0.6)</b>	<b>558</b>	<b>77.0</b>	<b>668</b>	<b>47.9</b>	<b>2,179</b>	<b>1,736</b>	<b>25.5</b>
Tax	170	197	(13.4)	139	22.5	167	1.7	457	390	17.2
Tax Rate (%)	17.2	19.8	-256bp	24.9	-767bp	25.0	-782bp	21.0	22.4	-149bp
<b>RPAT</b>	<b>627</b>	<b>625</b>	<b>0.3</b>	<b>346</b>	<b>81.3</b>	<b>502</b>	<b>24.9</b>	<b>1,356</b>	<b>1,119</b>	<b>21.1</b>
<b>APAT</b>	<b>940</b>	<b>625</b>	<b>50.4</b>	<b>346</b>	<b>172.0</b>	<b>386</b>	<b>143.2</b>	<b>1,669</b>	<b>1,119</b>	<b>49.1</b>
Adj EPS (INR)	1.19	0.79	50bp	0.4	172bp	0.49	143bp	2.1	1.4	49bp

Source: Company, Elara Securities Estimate

**Healthy pipeline additions; premium brand expansion:** In Q3FY26, LEMONTRE signed 17 new management and franchise contracts, adding 1,855 rooms to its pipeline, underscoring sustained momentum in its asset-light expansion strategy. It continues to strengthen its premium *Aurika* brand, which currently comprises seven hotels (four managed and three owned/PPP). Management plans to operationalize two of the three blocks at the 91-key *Aurika*, Shimla by Q2FY27, enabling the property to capture peak summer demand. Additionally, effective 1 October 2025, *Red Fox Hotel – Aerocity*, New Delhi was rebranded as *Lemon Tree Hotel – Aerocity*, New Delhi, in line with the group's strategy of brand consolidation and portfolio upgradation.

**Management fees grew at 10% YoY:** Management fee grew by 10% YoY to INR 482mn (from an elevated base of INR 437mn), driven by a 25% YoY growth in fees from third parties to INR 229mn. Management fees from *Fleur Hotels* to LEMONTRE was flat at INR 253mn, impacted by GST changes and accelerated renovation in the portfolio. Enterprise revenue grew by 16% YoY to INR 6.4bn, driven by 10% growth in owned and 24% growth in managed portfolios.

**Corporate restructuring to streamline platform focus:** Recently, LEMONTRE announced a composite reorganization to separate its asset-light hotel management and fee-based platform (Lemon Tree Hotels) from the asset-heavy ownership platform (*Fleur Hotels*). As part of the transaction, Warburg Pincus has acquired APG's entire 41% stake in *Fleur* and committed up to INR 9.6bn of primary equity to support *Fleur*'s growth, with *Fleur* expected to be listed over the next 12-15 months.

Post-implementation, LTH will operate as a pure-play, debt-free, asset-light hotel management and brand platform, retaining its brand, management, loyalty program and distribution. The fee-based model will deliver ~70%+ EBITDA margin, with third-party pipeline exceeding ~9,400 rooms, positioning LTH as a high-growth, high-RoCE platform.

**Exhibit 2: Valuation**

Particulars (INR mn)	FY26E	FY27E	FY28E
Topline from owned hotels in standalone entity	580	609	639
Management fees from 3rd party (A)	803	1,083	1,279
Management fees from Fleur (B)	1,177	1,236	1,319
Total management fees (C= A+B)	1,980	2,318	2,597
Implied EBITDA From Owned hotels	319	335	352
Implied EBITDA from Managed hotels	1,584	1,855	2,078
Implied PAT from owned hotels	128	134	141
Implied PAT from management fee business	1,188	1,391	1,558
Indicative M. Cap from Owned Hotels (D)	3,827	4,018	4,219
Indicative M. Cap from management fee business (E)	59,403	69,547	77,924
Fleur Hotels EBITDA	5,440	5,801	6,330
Fleur Hotels EV @ 18x multiple (F)	97,917	104,420	113,942
Fleur Hotels Debt (G)	16,000	16,000	16,000
Indicative M. Cap of Fleur Hotels (H=I-J)	81,917	88,420	97,942
Direct Value of LEMONTRE in Fleur @41.03%	33,611	36,279	40,186
Value after adjusting 20% holding company discount on above (K)	26,889	29,023	32,149
Indirect Value of LEMONTRE in Fleur @25.62% (L)	8,611	9,295	10,296
SoTP of LEMONTREE (D+E+K+L)	98,729	111,883	124,587
O/S Shares of LEMONTREE	791.6	791.6	791.6
<b>Target price</b>			<b>157</b>

Source: Elara Securities Estimate

**Exhibit 3: Nine managed hotels (816 keys) operationalized in Q3FY26**

Portfolio break-down operational (no.)	Owned	Leased	Managed/franchised	Total
<b>Aurika</b>				
Rooms	808	-	-	808
Hotels	2	-	-	2
<b>Lemon Tree Premier</b>				
Rooms	1,442	161	1,364	2,967
Hotels	7	2	14	23
<b>Lemon Tree</b>				
Rooms	1,448	321	3,437	5,206
Hotels	14	4	55	73
<b>Red Fox</b>				
Rooms	552	91	360	1,003
Hotels	4	1	4	9
<b>Keys Prima</b>				
Rooms	-	-	130	130
Hotels	-	-	3	3
<b>Keys Select</b>				
Rooms	936	-	354	1,290
Hotels	7	-	5	12
<b>Keys Lite</b>				
Rooms	-	-	368	368
Hotels	-	-	8	8
<b>Total</b>				
Rooms	5,186	573	6,013	11,772
Hotels	34	7	89	130

Source: Company, Elara Securities Research

**Exhibit 4: Nine hotels (906 keys) of Lemon Tree brand signed in Q3FY26**

Portfolio break-down pipeline (no.)	Owned	Leased	Public-private partnership	Managed/franchised	Total
<b>Aurika</b>					
Rooms	641	0	165	499	1305
Hotels	2	0	1	4	7
<b>Lemon Tree Premier</b>					
Rooms	0	0	0	1,136	1136
Hotels	0	0	0	11	11
<b>Lemon Tree</b>					
Rooms	0	0	0	5,481	5481
Hotels	0	0	0	69	69
<b>Red Fox</b>					
Rooms	0	0	0	50	50
Hotels	0	0	0	1	1
<b>Keys Prima</b>					
Rooms	0	0	0	435	435
Hotels	0	0	0	6	6
<b>Keys Select</b>					
Rooms	0	0	0	1,230	1230
Hotels	0	0	0	22	22
<b>Keys Lite</b>					
Rooms	0	0	0	533	533
Hotels	0	0	0	13	13
<b>Total</b>					
Rooms	641	0	165	9364	10170
Hotels	2	0	1	126	129

Source: Company, Elara Securities Research

**Exhibit 5: Occupancy down 80bps YoY in Q3FY26**

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
<b>ARR (INR)</b>	6,333	6,605	5,686	5,902	6,763	7,042	6,236	6,247	7,487
% YoY	10.4	13.4	8.6	12.0	6.8	6.6	9.7	5.8	10.7
<b>Occupancy (%)</b>	66	72	67	68	74	78	73	70	73
<i>Increase/ (Decrease) in bps</i>	-170.0	-160.0	-360.0	-330.0	830.0	560.0	590.0	140.0	-80.0
<b>RevPAR (INR)</b>	4,176	4,756	3,788	4,035	5,018	5,462	4,523	4,358	5,494
% YoY	7.7	10.9	3.0	6.9	20.2	14.9	19.4	8.0	9.5

Source: Company, Elara Securities Research

**Exhibit 6: Total room count at 21,942**

Room count (no.)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Owned/leased rooms	5,759	5,759	5,759	5,759	5,759	5,759	5,759	5,759	5,759
Managed/ franchised rooms	3,928	4,104	4,366	4,559	4,558	4,510	4,902	5,197	6,013
Total operational rooms	9,687	9,863	10,125	10,318	10,317	10,269	10,661	10,956	11,772
Pipeline rooms	3,746	4,156	3,967	5,220	5,879	6,847	7,770	9,118	10,170
<b>Total operational + pipeline rooms</b>	<b>13,433</b>	<b>14,019</b>	<b>14,092</b>	<b>15,538</b>	<b>16,196</b>	<b>17,116</b>	<b>18,431</b>	<b>20,074</b>	<b>21,942</b>

Source: Company, Elara Securities Research

**Exhibit 7: Management fee from Fleur flat and from third party grew 24% YoY in Q3**

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
<b>Total management fees (INR mn)</b>	323	383	291	318	437	444	374	343	482
From third party to Lemon Tree	149	144	125	134	184	160	161	143	229
From Fleur to Lemon Tree	174	239	166	184	253	283	213	199	253

Source: Company, Elara Securities Research

**Exhibit 8: Enterprise revenue from managed hotels grew 24% YoY**

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
<b>Enterprise revenue (INR mn)</b>	<b>4,333</b>	<b>4,941</b>	<b>4,235</b>	<b>4,234</b>	<b>5,496</b>	<b>5,810</b>	<b>4,980</b>	<b>4,670</b>	<b>6,360</b>
From owned hotels	2,713	3,103	2,555	2,718	3,374	3,630	3,000	2,930	3,720
From managed and franchised hotels	1,620	1,838	1,680	1,516	2,122	2,180	1,980	1,740	2,640

Source: Company, Elara Securities Research

**Exhibit 9: Proforma management fees for standalone LEMONTREE**

Particulars (INR mn)	FY26E	FY27E	FY28E
Total management fees	1,980	2,318	2,597
Management fees from third party	803	1,083	1,279
Management fees from Fleur	1,177	1,236	1,319

Source: Elara Securities Estimate

**Exhibit 10: Fleur Hotels – Indicative proforma**

Particulars (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	8,100	9,910	11,890	13,077	13,730	14,653
YoY (%)		22.3	20.0	10.0	5.0	6.7
EBITDA	3,590	4,230	5,090	5,440	5,801	6,330
YoY (%)		17.8	20.3	6.9	6.6	9.1
EBITDA margins (%)	44.3	42.7	42.8	41.6	42.3	43.2

Source: Company, Elara Securities Estimate

## Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
08-Aug-2023	Buy	114	95
13-Nov-2023	Accumulate	121	114
08-Feb-2024	Accumulate	154	138
03-Jun-2024	Accumulate	160	140
08-Aug-2024	Buy	160	126
18-Nov-2024	Buy	152	122
11-Feb-2025	Buy	185	146
14-Jan-2026	Accumulate	157	149

## Guide to Research Rating

**BUY (B)** Absolute Return >+20%

**ACCUMULATE (A)** Absolute Return +5% to +20%

**REDUCE (R)** Absolute Return -5% to +5%

**SELL (S)** Absolute Return < -5%

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