PL Capital
PRABHUDAS LILLADHER

November 14, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	174		177	
Sales (Rs. m)	15,484	16,817	15,838	16,843
% Chng.	*(2.2)*	*(0.2)*		
EBITDA (Rs. m)	8,014	8,934	8,286	8,955
% Chng.	*(3.3)*	*(0.2)*		
EPS (Rs.)	3.9	4.7	4.1	4.7
% Chng.	*(5.5)*	*(0.9)*		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	12,861	14,306	15,484	16,817
EBITDA (Rs. m)	6,341	7,145	8,014	8,934
Margin (%)	*49.3*	*49.9*	*51.8*	*53.1*
PAT (Rs. m)	1,966	2,384	3,097	3,703
EPS (Rs.)	2.5	3.0	3.9	4.7
Gr. (%)	*32.4*	*21.3*	*29.9*	*19.6*
DPS (Rs.)	-	-	0.4	0.5
Yield (%)	-	-	*0.3*	*0.3*
RoE (%)	*18.5*	*18.6*	*20.1*	*20.0*
RoCE (%)	*17.3*	*20.0*	*23.0*	*25.5*
EV/Sales (x)	10.8	9.4	8.5	7.7
EV/EBITDA (x)	21.9	18.8	16.4	14.4
PE (x)	62.5	51.5	39.7	33.2
P/BV (x)	10.6	8.8	7.3	6.1

Key Data	**LEMO.BO | LEMONTRE IN**
52-W High / Low	Rs.181 / Rs.111
Sensex / Nifty	84,479 / 25,879
Market Cap	Rs.123bn/ $ 1,387m
Shares Outstanding	792m
3M Avg. Daily Value	Rs.718.38m

Shareholding Pattern (%)

Promoter's	22.28
Foreign	21.45
Domestic Institution	19.71
Public & Others	36.56
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.3)	11.8	31.3
Relative	(8.7)	7.4	20.8

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Lemon Tree Hotels (LEMONTRE IN)

Rating: HOLD | CMP: Rs155 | TP: Rs174

Operational performance turns out to be a drag

Quick Pointers:

- Plans to open Aurika with 500-550 keys at Nehru Place, NCR.

We cut our EPS estimates by 6%/5%/1% for FY26E/FY27E/FY28E as we fine tune a) our other expense assumptions given the ongoing renovation exercise and b) raise our interest expense forecast as we tweak our deleveraging timelines (debt reduction of Rs885mn in 1HFY26). LEMONTRE IN's operational performance was disappointing with EBITDA margin of 42.7% (PLe 45.1%) due to increased investments in renovation, technology, and onetime ex-gratia payment to employees. Led by gradual stabilization of Aurika, MIAL and expected improvement in RevPAR given the ongoing renovation exercise, we estimate revenue/EBITDA CAGR of 9%/12% over FY25-FY28E. Near term growth will hinge on improvement in same-store RevPAR as 91/165 keys at Shimla/Shillong are expected to be operationalized in FY27E/FY28E while inauguration of Aurika, NCR is at-least 3-4 years away (exact timeline is not disclosed). We maintain HOLD on the stock with a TP of Rs174 (24x Sep-27E EBITDA; no change in target multiple)

RevPAR increased 8.0% YoY: Revenue increased 7.7% YoY to Rs3,063mn (PLe Rs3,082mn). ARR increased 5.8% YoY to Rs6,247. RevPAR grew 8.0% YoY to Rs4,358, while occupancy stood at 69.8%.

EBITDA remains flat YoY: EBITDA was flat on YoY basis to Rs1,307mn (PLe Rs1,390mn) with a margin of 42.7% (PLe 45.1%). PAT after MI increased 16.7% YoY to Rs346mn (PLe Rs339mn) with a margin of 11.3% (PLe 11.0%) as against 10.4% in 2QFY25.

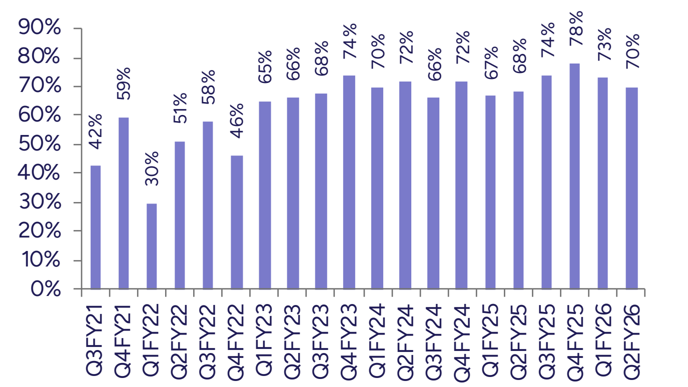
Con-call highlights: **1)** Aurika, Nehru Place is likely to generate an IRR north of 15%. **2)** Once operational, Aurika, Nehru Place is expected to generate ~Rs1.5bn of EBITDA, with one-sixth payable to the DDA. **3)** During the quarter, Gurgaon's RevPAR declined 9.0% YoY, as several rooms were temporarily closed due to renovations. **4)** October'25 witnessed a 4% drop in occupancy, mainly impacted by festive season. Despite a weak October, revenue growth is expected to be in mid-teens for 3QFY26E. **5)** EBITDA margins in FY26E are expected to remain in line with FY25 levels. **6)** Aurika, MIAL's negotiated room nights rose from 256 in 2QFY25 to 320 in 2QFY26. Retail/MICE room nights also increased from 80/19 to 180/41 over the same period. **7)** In the first 45 days of 3QFY26E, Aurika, MIAL's revenue was up ~30% YoY. **8)** 1,600 rooms are slated for renovation by next year at an average cost of ~Rs1mn per room. **9)** LEMONTRE IN has signed two new properties with RJ Corp Ltd, namely Lemon Tree Premier, Ayodhya and Lemon Tree Premier, Guwahati. Both hotels will be developed by RJ Corp, with LEMONTRE IN providing technical expertise. For this LEMONTRE IN would charge a fee of ~Rs150mn per property, along with a management fee of ~9% on revenue. **10)** RJ Corp will also hold a 50% stake in Aurika, Shillong. **11)** Aurika, Shillong is expected to open by mid-2027E. **12)** The construction timelines for Aurika, Shimla has been deliberately delayed. Renovation of existing rooms was given priority over Aurika, Shimla.

Exhibit 1: 2QFY26 Result Overview – Consolidated (Rs mn)

Y/e March	2QFY26	2QFY25	YoY gr.	2QFY26E	% Var.	1QFY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Net sales	**3,063**	**2,844**	***7.7***	**3,082**	***-0.6***	**3,158**	***-3.0***	**6,220**	**5,524**	***12.6***
Cost of F&B consumed	200	172	*16.8*	185	*8.4*	198	*1.3*	398	336	*18.6*
As a % of sales	*6.5*	*6.0*		*6.0*		*6.3*		*6.4*	*6.1*	
Employee Cost	585	543	*7.8*	586	*0.0*	580	*0.9*	1,165	1,050	*10.9*
As a % of sales	*19.1*	*19.1*		*19.0*		*18.4*		*18.7*	*19.0*	
Power Oil and Fuel	226	228	*-0.9*	213	*6.1*	219	*3.0*	444	461	*-3.7*
As a % of sales	*7.4*	*8.0*		*6.9*		*6.9*		*7.1*	*8.4*	
Other Expenses	744	594	*25.3*	709	*5.0*	756	*-1.5*	1,500	1,218	*23.1*
As a % of sales	24.3	20.9		23.0		23.9		24.1	22.1	
EBITDA	**1,307**	**1,307**	***0.0***	**1,390**	***-5.9***	**1,405**	***-7.0***	**2,712**	**2,458**	***10.3***
EBITDA margin	*42.7*	*46.0*		*45.1*		*44.5*		*43.6*	*44.5*	
Depreciation	343	348	*-1.3*	351	*-2.3*	342	*0.3*	685	693	*-1.2*
EBIT	**964**	**960**	***0.5***	**1,039**	***-7.2***	**1,063**	***-9.3***	**2,027**	**1,765**	***14.9***
EBIT margin	*31.5*	*33.7*		*33.7*		*33.7*		*32.6*	*31.9*	
Interest cost	423	513	*-17.6*	416	*1.7*	447	*-5.3*	870	1,031	*-15.6*
Other income	17	5	*262.9*	30	*-42.6*	16	*5.0*	34	8	*305.4*
PBT	**558**	**451**	***23.7***	**653**	***-14.4***	**633**	***-11.8***	**1,191**	**742**	***60.5***
Exceptional items/Share of JVs	0	2	*NM*	-	*NM*	(4)	*NM*	(4)	3	*NM*
PBT (ater exceptional items/ Share of JVs)	**558**	**453**	***23.3***	**653**	***-14.4***	**629**	***-11.2***	**1,187**	**745**	***59.4***
Tax expenses	139	102	*35.9*	163	*-14.8*	148	*-5.9*	287	193	*48.4*
Tax rate	*24.9*	*22.6*		*25.0*		*23.5*		*24.1*	*25.9*	
PAT	**419**	**350**	***19.7***	**489**	***-14.3***	**481**	***-12.8***	**900**	**552**	***63.2***
PAT margin	13.7	12.3		15.9		15.2		14.5	10.0	
Noncontrolling interest	73	54	*35.8*	150	*-51.1*	98	*-24.9*	171	57	*199.7*
Other comprehensive income (OCI)	1	(0)	*NM*	-	*NM*	0	*567.6*	2	(1)	*NM*
PAT inclusive of OCI	**421**	**350**	***20.2***	**489**	***-14.0***	**481**	***-12.6***	**902**	**551**	***63.7***
EPS (Rs)	**0.4**	**0.4**	***18.9***	**0.4**	***2.6***	**0.5**	***-8.3***	**0.9**	**0.6**	***48.4***

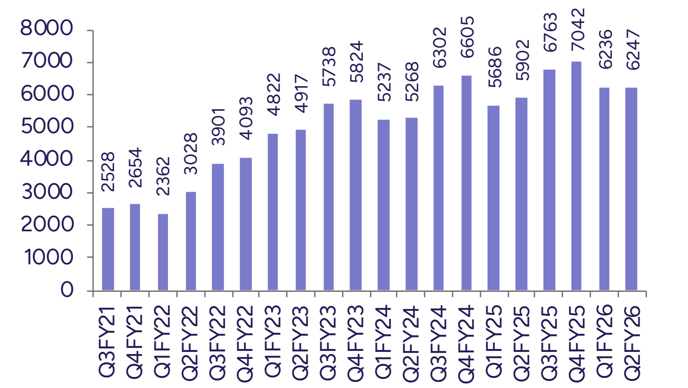
Source: Company, PL

Exhibit 2: Occupancy levels at 70% for 2QFY26



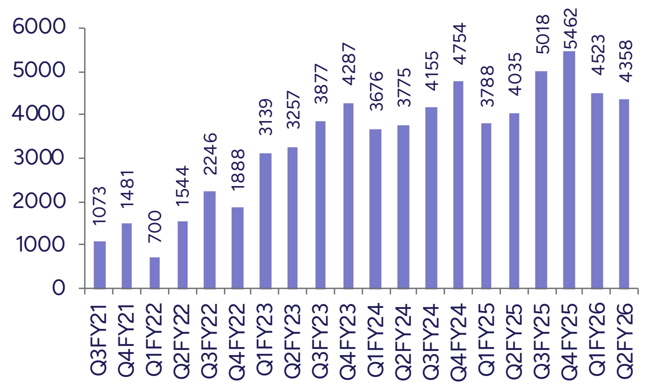
Source: Company, PL

Exhibit 3: ARR stood at Rs6,247 in 2QFY26 (Rs)



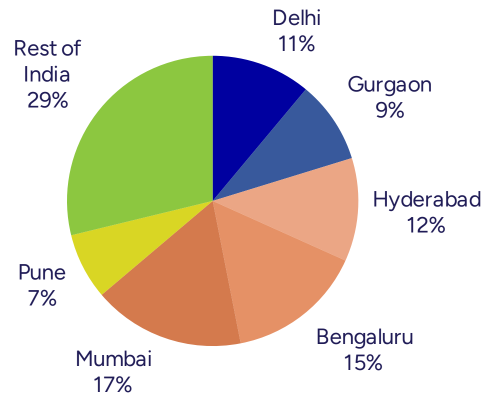
Source: Company, PL

Exhibit 4: RevPAR for 2QFY26 was at Rs4,358 (Rs)



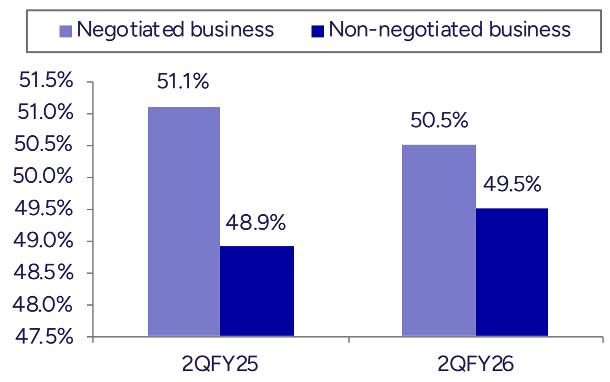
Source: Company, PL

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



Source: Company, PL

Exhibit 6: Negotiated business formed 51% of sales in 2QFY26



Source: Company, PL

Exhibit 7: Operational & pipeline portfolios breakup as of 2QFY26

Particulars	Operational rooms	Pipeline rooms
Aurika Hotels & Resorts	808	1,255
Lemon Tree Premier	2,709	1,114
Lemon Tree Hotels	4,491	4,707
Red Fox by Lemon Tree Hotels	1,210	96
Keys Prima by Lemon Tree Hotels	130	375
Keys Select by Lemon Tree Hotels	1,290	1,076
Keys Lite by Lemon Tree Hotels	318	495
Total	**10,956**	**9,118**

Source: Company, PL

Exhibit 8: SOTP Valuation

(Rs mn)	Sep-27E
LT standalone EV	62,221
Fleur's stake adjusted EV	83,278
Total EV	1,45,499
Less: Debt	10,036
Add: Cash	2,212
Equity value	1,37,674
No of shares	792
SOTP per share (Rs)	**174**

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**12,861**	**14,306**	**15,484**	**16,817**
YoY gr. (%)	*20.1*	*11.2*	*8.2*	*8.6*
Cost of Goods Sold	762	790	832	903
Gross Profit	12,099	13,516	14,652	15,914
Margin (%)	*94.1*	*94.5*	*94.6*	*94.6*
Employee Cost	2,185	2,328	2,444	2,606
Other Expenses	3,573	4,043	4,194	4,374
EBITDA	**6,341**	**7,145**	**8,014**	**8,934**
YoY gr. (%)	*21.2*	*12.7*	*12.2*	*11.5*
Margin (%)	*49.3*	*49.9*	*51.8*	*53.1*
Depreciation and Amortization	1,393	1,441	1,539	1,655
EBIT	**4,948**	**5,704**	**6,475**	**7,279**
Margin (%)	*38.5*	*39.9*	*41.8*	*43.3*
Net Interest	2,007	1,599	1,148	940
Other Income	23	72	155	252
Profit Before Tax	**2,965**	**4,177**	**5,482**	**6,591**
Margin (%)	*23.1*	*29.2*	*35.4*	*39.2*
Total Tax	531	1,044	1,371	1,648
Effective tax rate (%)	*17.9*	*25.0*	*25.0*	*25.0*
Profit after tax	**2,434**	**3,133**	**4,112**	**4,944**
Minority interest	466	748	1,015	1,241
Share Profit from Associate	(3)	-	-	-
Adjusted PAT	**1,966**	**2,384**	**3,097**	**3,703**
YoY gr. (%)	*32.4*	*21.3*	*29.9*	*19.6*
Margin (%)	*15.3*	*16.7*	*20.0*	*22.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,966**	**2,384**	**3,097**	**3,703**
YoY gr. (%)	*32.4*	*21.3*	*29.9*	*19.6*
Margin (%)	*15.3*	*16.7*	*20.0*	*22.0*
Other Comprehensive Income	0	-	-	-
Total Comprehensive Income	1,966	2,384	3,097	3,703
Equity Shares O/s (m)	**792**	**792**	**792**	**792**
EPS (Rs)	**2.5**	**3.0**	**3.9**	**4.7**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**44,612**	**45,752**	**48,402**	**52,052**
Tangibles	43,951	45,021	47,601	51,181
Intangibles	662	732	802	872
Acc: Dep / Amortization	**10,001**	**11,442**	**12,980**	**14,635**
Tangibles	9,656	10,967	12,367	13,873
Intangibles	345	475	613	762
Net fixed assets	**34,611**	**34,311**	**35,422**	**37,417**
Tangibles	34,295	34,054	35,233	37,308
Intangibles	317	257	189	110
Capital Work In Progress	586	482	382	382
Goodwill	951	951	951	951
Non-Current Investments	1,021	1,147	1,237	1,338
Net Deferred tax assets	138	157	170	185
Other Non-Current Assets	505	544	619	673
Current Assets				
Investments	386	386	386	386
Inventories	138	154	167	181
Trade receivables	786	901	976	1,060
Cash & Bank Balance	807	2,724	2,060	2,686
Other Current Assets	807	615	650	706
Total Assets	**40,818**	**42,501**	**43,159**	**46,117**
Equity				
Equity Share Capital	7,918	7,918	7,918	7,918
Other Equity	3,717	6,101	8,888	12,220
Total Networth	**11,635**	**14,019**	**16,806**	**20,139**
Non-Current Liabilities				
Long Term borrowings	14,934	12,934	9,934	8,434
Provisions	34	43	46	50
Other non current liabilities	3	3	3	3
Current Liabilities				
ST Debt / Current of LT Debt	2,052	1,602	1,102	602
Trade payables	616	666	721	783
Other current liabilities	773	763	824	893
Total Equity & Liabilities	**40,818**	**42,501**	**43,159**	**46,117**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	2,962	4,177	5,482	6,591
Add. Depreciation	1,393	1,441	1,539	1,655
Add. Interest	2,041	1,599	1,148	940
Less Financial Other Income	23	72	155	252
Add. Other	(63)	-	-	-
Op. profit before WC changes	6,333	7,216	8,169	9,186
Net Changes-WC	(416)	128	(77)	(71)
Direct tax	(502)	(1,044)	(1,371)	(1,648)
Net cash from Op. activities	**5,416**	**5,552**	**5,706**	**6,226**
Capital expenditures	(932)	(796)	(2,300)	(3,400)
Interest / Dividend Income	14	-	-	-
Others	(467)	(445)	(357)	(371)
Net Cash from Invt. activities	**(1,274)**	**(1,303)**	**(2,663)**	**(3,778)**
Issue of share cap. / premium	0	-	-	-
Debt changes	(1,927)	(2,450)	(3,500)	(2,000)
Dividend paid	-	-	(310)	(370)
Interest paid	(1,593)	(1,599)	(1,148)	(940)
Others	(403)	1,827	1,239	1,475
Net cash from Fin. activities	**(3,923)**	**(2,222)**	**(3,719)**	**(1,835)**
Net change in cash	**218**	**2,026**	**(676)**	**613**
Free Cash Flow	4,458	4,755	3,406	2,826

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	**3,552**	**3,785**	**3,158**	**3,063**
YoY gr. (%)	*22.4*	*15.6*	*17.8*	*7.7*
Raw Material Expenses	411	432	417	426
Gross Profit	3,141	3,353	2,741	2,637
Margin (%)	*88.4*	*88.6*	*86.8*	*86.1*
EBITDA	**1,842**	**2,041**	**1,405**	**1,307**
YoY gr. (%)	*30.4*	*19.0*	*22.1*	-
Margin (%)	*51.9*	*53.9*	*44.5*	*42.7*
Depreciation / Depletion	351	349	342	343
EBIT	**1,491**	**1,692**	**1,063**	**964**
Margin (%)	*42.0*	*44.7*	*33.7*	*31.5*
Net Interest	503	472	447	423
Other Income	6	9	16	17
Profit before Tax	**994**	**1,229**	**633**	**558**
Margin (%)	*28.0*	*32.5*	*20.0*	*18.2*
Total Tax	197	141	148	139
Effective tax rate (%)	*19.8*	*11.5*	*23.3*	*24.9*
Profit after Tax	**798**	**1,088**	**485**	**419**
Minority interest	174	235	98	73
Share Profit from Associates	1	(6)	(4)	-
Adjusted PAT	**625**	**846**	**383**	**346**
YoY gr. (%)	*76.5*	*26.4*	*93.5*	*16.7*
Margin (%)	*17.6*	*22.4*	*12.1*	*11.3*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**625**	**846**	**383**	**346**
YoY gr. (%)	*76.5*	*26.4*	*93.5*	*16.7*
Margin (%)	*17.6*	*22.4*	*12.1*	*11.3*
Other Comprehensive Income	-	1	-	1
Total Comprehensive Income	**625**	**847**	**384**	**347**
Avg. Shares O/s (m)	792	792	792	792
EPS (Rs)	**0.8**	**1.1**	**0.5**	**0.4**

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	2.5	3.0	3.9	4.7
CEPS	4.2	4.8	5.9	6.8
BVPS	14.7	17.7	21.2	25.4
FCF	5.6	6.0	4.3	3.6
DPS	-	-	0.4	0.5
Return Ratio(%)				
RoCE	17.3	20.0	23.0	25.5
ROIC	15.5	16.8	18.6	19.4
RoE	18.5	18.6	20.1	20.0
Balance Sheet				
Net Debt : Equity (x)	1.4	0.8	0.5	0.3
Net Working Capital (Days)	9	10	10	10
Valuation(x)				
PER	62.5	51.5	39.7	33.2
P/B	10.6	8.8	7.3	6.1
P/CEPS	36.6	32.1	26.5	22.9
EV/EBITDA	21.9	18.8	16.4	14.4
EV/Sales	10.8	9.4	8.5	7.7
Dividend Yield (%)	-	-	0.3	0.3

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Hold	177	167
2	12-Aug-25	BUY	170	142
3	09-Jul-25	BUY	175	147
4	02-Jun-25	BUY	174	139
5	09-Apr-25	BUY	173	139
6	06-Feb-25	BUY	175	145
7	09-Jan-25	BUY	179	147
8	18-Nov-24	BUY	158	122

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apeejay Surrendra Park Hotels	BUY	235	143
2	Chalet Hotels	BUY	1,183	960
3	Delhivery	Accumulate	489	443
4	DOMS Industries	BUY	3,085	2,566
5	Imagicaaworld Entertainment	BUY	73	51
6	Indian Railway Catering and Tourism Corporation	BUY	840	710
7	InterGlobe Aviation	BUY	6,332	5,630
8	Lemon Tree Hotels	Hold	177	167
9	Mahindra Logistics	Accumulate	386	344
10	Navneet Education	Reduce	119	148
11	Nazara Technologies	Hold	252	279
12	PVR Inox	Hold	1,211	1,087
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	BUY	2,570	2,099
15	Samhi Hotels	BUY	305	202
16	TCI Express	Hold	705	634
17	V.I.P. Industries	Hold	474	430
18	Zee Entertainment Enterprises	BUY	161	109

PL's Recommendation Nomenclature (Absolute Performance)

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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