

Lemon Tree Hotels (LEMONTRE IN)

**Q4FY26 Result
Update**

June 01, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	138		164	
Sales (INR mn)	15,454	16,819	15,418	16,748
% Chng.	0.2	0.4		
EBITDA (INR mn)	7,508	8,328	7,514	8,590
% Chng.	(0.1)	(3.1)		
EPS (INR)	3.5	4.4	3.6	4.4
% Chng.	(2.8)	-		

Key Data

LEMO.BO | LEMONTRE IN

BSE Code	541233
NSE Code	LEMONTREE
52-W High / Low	INR 180 / INR 99
Face Value	10
Sensex / Nifty	74,776 / 23,548
Market Cap	INR 90 bn / \$ 950 mn
Shares Outstanding	792.25 mn
3M Avg. Daily Value	INR 681.61 mn

Shareholding Pattern (%)

Promoters	22.32
FII's	21.60
Mutual Funds	14.91
Domestic Institutions	0.76
Public & Others	40.41
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(3.9)	0.2	(28.0)	(20.3)
Relative	(0.4)	9.0	(17.5)	(13.0)

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	12,861	14,445	15,454	16,819
EBITDA (INR mn)	6,341	6,912	7,508	8,328
Margin (%)	49.3	47.8	48.6	49.5
PAT (INR mn)	1,966	2,604	2,800	3,496
EV (INR mn)	112,286	110,465	107,025	105,979
Total Debt (INR mn)	16,986	15,003	12,503	11,253
C&C Eq. (INR mn)	554	581	3,062	532
EPS (INR)	2.5	3.3	3.5	4.4
Gr. (%)	32.4	32.4	7.6	24.8
DPS (INR)	-	-	-	0.4
Yield (%)	-	-	-	0.4
RoE (%)	18.5	20.4	18.3	19.1
RoCE (%)	17.3	19.2	20.9	22.5
EV/Sales (x)	8.7	7.6	6.9	6.3
EV/EBITDA (x)	17.7	16.0	14.3	12.7
PE (x)	45.9	34.7	32.2	25.8
P/BV (x)	7.8	6.5	5.4	4.5

Restructuring timeline key to re-rating

Quick Pointers

- EBITDA margin declines 220 bps YoY to 51.7% due to increased investment in technology, renovation and loss of ITC arising from reduction in GST.
- RevPAR increases 7.2% YoY to INR5,855

Despite geo-political tensions in ME, rising technology spends, ongoing renovation exercise and loss of ITC amid change in GST rates, LEMONTRE IN's operational performance was noteworthy with EBITDA margin of 51.7% (PLe 50.2%). Nonetheless, as opex on renovation, technology investments and hit from GST is likely to be at 4.8%/3.7% of revenue, we expect EBITDA margin of 48.6%/49.5% in FY27E/FY28E respectively. Further, with no big-ticket inventory addition in near term (Aurika, NCR to begin operations in FY30E), we expect 8% revenue CAGR over FY26-FY28E led by inflation indexing and renovation led repricing in same-store RevPAR. Given modest growth prospects and evident margin headwinds, we cut our target EV/EBITDA multiple for the fee income business to 22x (earlier 25x) and Fleur to 20x (earlier 22x) to arrive at SoTP based TP of INR138. Demerger of Fleur with fund infusion of INR9.6bn by Warburg Pincus can change the growth trajectory (pipeline of 2,500+ rooms under active discussion) materially and drive re-rating. Retain BUY.

RevPAR increased 7.2% YoY: Revenue increased 10.0% YoY to INR4,164mn (PLe INR4,043mn). ARR increased 5.9% YoY to INR7,457 in 4QFY26. RevPAR grew 7.2% YoY to Rs5,855 while occupancy stood at 78.5%.

EBITDA margin stood at 51.7%: EBITDA increased 5.5% YoY to INR2,152mn (PLe INR2,028mn) with a margin of 51.7% (PLe 50.2%) as compared to 53.9% in 4QFY25. EBITDA margin compressed by 220 bps on YoY basis due to increased investment in technology, renovation and loss of ITC arising from reduction in GST. PAT after MI increased 8.1% YoY to INR915mn. After adjusting for exceptional items pertaining to restructuring expenses worth INR19mn, adjusted PAT after MI increased 10.4% YoY to INR934mn (PLe INR666mn) with a margin of 22.4% (PLe 16.5%) as compared to a margin of 22.4% in 4QFY25. Beat at the PAT level was due to better operating performance and lower-than-expected tax rate of 17.8% (PLe 26.4%).

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	4,043	4,164	3.0	3,785	10.0
EBITDA (INR mn)	2,028	2,152	6.0	2,041	5.0
Margin (%)	50.2	51.7	150 bps	53.9	-220 bps
PAT (INR mn)	666	934	40.0	846	10.0

Source: Company, PL

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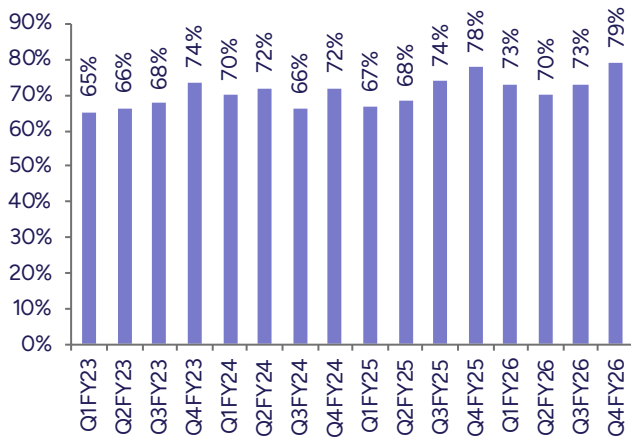
Con-call highlights: 1) The combined impact of renovation, technology investments and GST-related costs is expected to decline from 5.8% of revenue in FY26 to 4.8%/3.7% in FY27E/FY28E respectively. 2) Aurika/Keys portfolio delivered a 19.0%/20.0% RevPAR growth in FY26, respectively. 3) ~85% of the heavy renovation programme across the targeted owned hotel portfolio has been completed, with remaining work expected to conclude during FY27E. 4) Renovation expenditure is expected to decline materially from FY28E onwards, reverting towards the historical range of 1.0–1.3% of revenue. 5) One-off costs of INR250–300mn incurred in FY26 towards ex-gratia payments, property tax adjustments and labour code implementation are not expected to recur from FY27E onwards. 6) Aurika, Shimla is expected to open 2 of its 3 blocks by 2QFY27E to capitalize on peak summer demand. 7) Fleur has signed a 47-room heritage hotel in Varanasi, which is expected to have strong pricing potential due to its prime location on the Ganges riverfront. 8) Fleur is planning to deploy up to INR30,000mn over the next 12-18 months for 2,500 new rooms, including ~INR7,000mn for the 572-room Aurika, Nehru Place. 9) LEMONTRE IN's asset-light business is expected to achieve steady-state EBITDA margins above 70%. 10) The demerger process has received CCI approval and is currently awaiting SEBI, shareholder, and NCLT approvals, which is expected to take ~12-15 months. 11) Long-term management agreements between Lemon Tree Hotels and Fleur are expected to ensure recurring fee income for Lemon Tree while allowing Fleur the flexibility to remain brand agnostic wherever commercially beneficial. 12) Management fee income from third-party hotels grew 23% YoY in FY26, supported by both same-store growth and new hotel additions, while fee income growth for Fleur remained subdued at 8% YoY due to renovation-led disruptions and GST-related pressure on hotel-level profitability. 13) The decline in negotiated room-night mix during 4QFY26 was primarily driven by a temporary slowdown in corporate travel demand during March, which was partially offset by stronger retail demand. 14) Target is to increase the share of direct retail business to ~65% of bookings over the long term to reduce dependence on concentrated corporate demand.

Exhibit 1 : Q4FY26 Result Overview (INR mn)

Y/e March	4QFY26	4QFY25	YoY gr.	4QFY26E	% Var.	3QFY26	QoQ gr.	FY26	FY25	YoY gr.
Net sales	4,164	3,785	10.0%	4,043	3.0%	4,061	2.5%	14,445	12,861	12.3%
Cost of F&B consumed	219	230	-4.6%	219	0.1%	230	-4.7%	848	762	11.3%
As a % of sales	5.3%	6.1%		5.4%		5.7%		5.9%	5.9%	
Employee Cost	633	570	11.0%	593	6.9%	594	6.6%	2,393	2,185	9.5%
As a % of sales	15.2%	15.1%		14.7%		14.6%		16.6%	17.0%	
Power Oil and Fuel	202	202	0.0%	210	-4.0%	205	-1.3%	851	878	-3.1%
As a % of sales	4.8%	5.3%		5.2%		5.0%		5.9%	6.8%	
Other Expenses	957	742	29.0%	993	-3.7%	985	-2.8%	3,442	2,695	27.7%
As a % of sales	23.0%	19.6%		24.6%		24.3%		23.8%	21.0%	
EBITDA	2,152	2,041	5.5%	2,028	6.1%	2,047	5.2%	6,912	6,341	9.0%
EBITDA margin	51.7%	53.9%		50.2%		50.4%		47.8%	49.3%	
Depreciation	355	349	1.8%	385	-7.7%	348	2.0%	1,388	1,393	-0.4%
EBIT	1,798	1,692	6.2%	1,643	9.4%	1,699	5.8%	5,524	4,948	11.6%
EBIT margin	43.2%	44.7%		40.6%		41.8%		38.2%	38.5%	
Interest cost	388	472	-17.9%	400	-3.1%	414	-6.4%	1,672	2,007	-16.7%
Other income	31	9	252.3%	21	47.7%	17	82.5%	82	23	249.7%
PBT	1,441	1,229	17.3%	1,265	14.0%	1,302	10.7%	3,933	2,965	32.7%
Exceptional items	19	-	NM	-	NM	313	-93.8%	333	-	NM
Share of JVs	(6)	(6)	NM	-	NM	0	NM	(9)	(3)	NM
PBT (ater exceptional items/ Share of JVs)	1,416	1,223	15.8%	1,265	12.0%	988	43.2%	3,591	2,962	21.2%
Tax expenses	251	141	78.2%	334	-24.8%	170	47.7%	708	531	33.4%
Tax rate	17.8%	11.5%		26.4%		17.2%		19.7%	17.9%	
PAT	1,165	1,081	7.7%	930	25.2%	818	42.3%	2,883	2,431	18.6%
PAT margin	28.0%	28.6%		23.0%		20.2%		20.0%	18.9%	
Noncontrolling interest	250	235	6.2%	264	-5.6%	192	30.3%	612	466	31.5%
Other comprehensive income (OCI)	1	1	-41.9%	3	-80.0%	(5)	NM	(2)	0	NM
PAT inclusive of OCI	1,165	1,082	7.6%	933	24.9%	814	43.2%	2,881	2,432	18.5%
EPS (Rs)	1.2	1.1	8.4%	0.8	37.8%	0.8	46.8%	2.9	2.5	16.0%

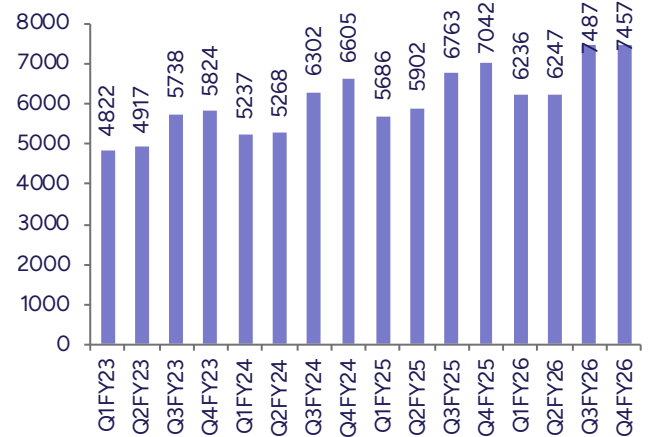
Source: Company, PL

Exhibit 2 : Occupancy levels at 79% for 4QFY26



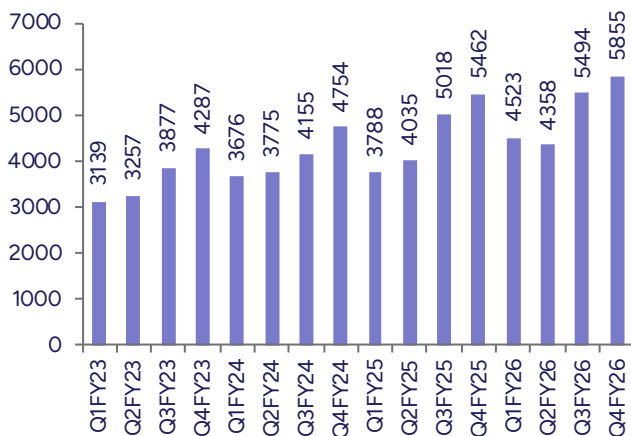
Source: Company, PL

Exhibit 3 : ARR stood at Rs7,457 in 4QFY26 (INR)



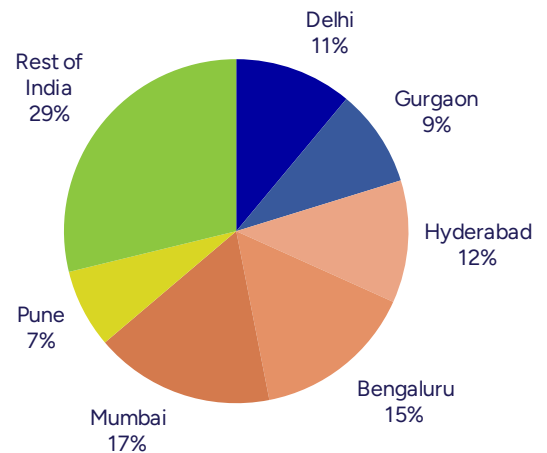
Source: Company, PL

Exhibit 4 : RevPAR for 4QFY26 was at Rs5,855 (INR)



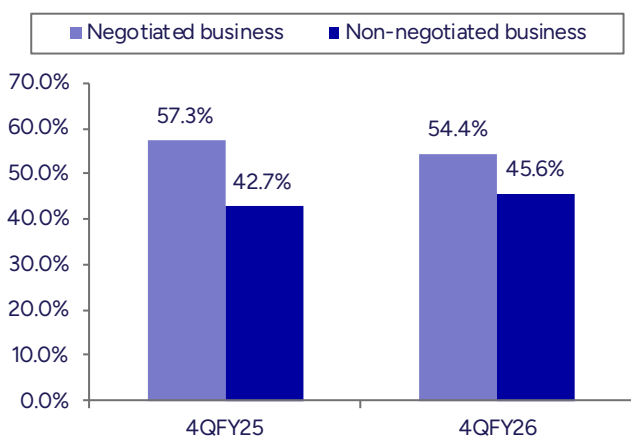
Source: Company, PL

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



Source: Company, PL

Exhibit 6 : Negotiated business formed 54% of sales in 4QFY26



Source: Company, PL

Exhibit 7 : Operational & pipeline portfolios breakup as of 4QFY26

Particulars	Operational rooms	Pipeline rooms
Aurika Hotels & Resorts	808	1,374
Lemon Tree Premier	2,984	1,651
Lemon Tree Hotels	5,192	5,316
Red Fox by Lemon Tree Hotels	1,003	50
Keys by Lemon Tree Hotels	1,824	2,379
Total	11,811	10,770

Source: Company, PL

Exhibit 8 : SOTP Valuation (INR mn)

	FY28E
Lemon Tree standalone EV	39,861
EV of LemonTree's stake in Fleur	42,745
EV of Lemon Tree's shareholders' stake in Fleur	33,362
Total EV	1,15,968
Less:Debt	7,494
Add:Cash	1,060
Equity value	1,09,534
Outstanding shares	792
SoTP (INR)	138

Source: PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	12,861	14,445	15,454	16,819
YoY gr. (%)	20.1	12.3	7.0	8.8
Cost of Goods Sold	762	848	889	968
Gross Profit	12,099	13,597	14,565	15,851
Margin (%)	94.1	94.1	94.2	94.2
Employee Cost	2,185	2,393	2,563	2,812
Other Expenses	3,573	4,293	4,494	4,711
EBITDA	6,341	6,912	7,508	8,328
YoY gr. (%)	21.2	9.0	8.6	10.9
Margin (%)	49.3	47.8	48.6	49.5
Depreciation and Amortization	1,393	1,388	1,426	1,545
EBIT	4,948	5,524	6,082	6,783
Margin (%)	38.5	38.2	39.4	40.3
Net Interest	2,007	1,672	1,375	1,238
Other Income	23	82	108	118
Profit Before Tax	2,965	3,601	4,815	5,663
Margin (%)	23.1	24.9	31.2	33.7
Total Tax	531	708	1,204	1,416
Effective Tax Rate (%)	17.9	19.7	25.0	25.0
Profit After Tax	2,434	2,893	3,611	4,247
Minority Interest	466	612	811	751
Share Profit from Associate	(3)	(9)	-	-
Adjusted PAT	1,966	2,604	2,800	3,496
YoY gr. (%)	32.4	32.4	7.6	24.8
Margin (%)	15.3	18.0	18.1	20.8
Extra Ord. Income / (Exp)	-	333	-	-
Reported PAT	1,966	2,271	2,800	3,496
YoY gr. (%)	32.4	15.5	23.3	24.8
Margin (%)	15.3	15.7	18.1	20.8
Other Comprehensive Income	-	(2)	-	-
Total Comprehensive Income	2,432	2,881	3,611	4,247
Equity Shares O/s (mn)	792	792	792	792
EPS (INR)	2.5	3.3	3.5	4.4

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	44,612	46,071	47,531	51,501
Tangibles	43,951	45,181	46,481	50,281
Intangibles	662	891	1,051	1,221
Acc: Dep / Amortization	10,001	11,389	12,815	14,360
Tangibles	9,656	10,919	12,217	13,623
Intangibles	345	470	598	737
Net Fixed Assets	34,611	34,682	34,716	37,142
Tangibles	34,295	34,261	34,264	36,658
Intangibles	317	421	453	483
Capital Work In Progress	586	1,081	784	852
Goodwill	951	951	951	951
Non-Current Investments	1,021	1,072	1,129	1,223
Net Deferred Tax Assets	138	(101)	-	50
Other Non-Current Assets	505	567	618	673
Current Assets				
Investments	386	663	663	663
Inventories	138	138	148	161
Trade Receivables	786	1,163	1,059	1,106
Cash & Bank Balance	807	978	3,460	929
Other Current Assets	807	1,344	1,082	841
Total Assets	40,818	42,847	44,857	44,809
Equity				
Equity Share Capital	7,918	7,918	7,918	7,918
Other Equity	3,717	6,001	8,801	11,948
Total Network	11,635	13,919	16,720	19,866
Non-Current Liabilities				
Long Term Borrowings	14,934	13,109	11,109	10,109
Provisions	34	137	108	118
Other Non Current Liabilities	3	7	7	7
Current Liabilities				
ST Debt / Current of LT Debt	2,052	1,894	1,394	1,144
Trade Payables	616	671	720	783
Other Current Liabilities	773	973	941	1,020
Total Equity & Liabilities	40,818	42,847	44,857	44,809

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	2,962	3,591	4,815	5,663
Add. Depreciation	1,393	1,388	1,426	1,545
Add. Interest	2,041	1,719	1,375	1,238
Less Financial Other Income	23	82	108	118
Add. Other	(63)	38	-	-
Op. Profit before WC Changes	6,333	6,737	7,616	8,446
Net Changes-WC	(416)	(855)	235	244
Direct Tax	(502)	(466)	(1,204)	(1,416)
Net Cash from Op. Activities	5,416	5,416	5,837	6,523
Capital Expenditures	(932)	(1,358)	(703)	(3,468)
Interest / Dividend Income	14	28	-	-
Others	(467)	(2,684)	(564)	(684)
Net Cash from Inv. Activities	(1,274)	(1,689)	(1,274)	(4,153)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	(1,927)	(1,999)	(2,500)	(1,250)
Dividend Paid	-	-	-	(350)
Interest Paid	(1,593)	(1,277)	(1,375)	(1,238)
Others	(403)	(425)	1,794	(2,063)
Net Cash from Fin. Activities	(3,923)	(3,700)	(2,081)	(4,901)
Net Change in Cash	218	27	2,481	(2,531)
Free Cash Flow	4,458	4,033	5,134	3,055

Source: Company, PL

Quarterly Financials (INR mn)

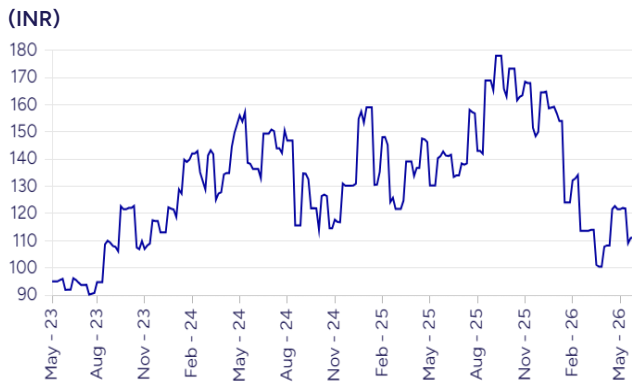
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	3,158	3,063	4,061	4,164
YoY gr. (%)	17.8	7.7	14.3	10.0
Raw Material Expenses	417	426	435	421
Gross Profit	2,741	2,637	3,626	3,743
Margin (%)	86.8	86.1	89.3	89.9
EBITDA	1,405	1,307	2,047	2,152
YoY gr. (%)	22.1	-	11.1	5.5
Margin (%)	44.5	42.7	50.4	51.7
Depreciation / Depletion	342	343	348	355
EBIT	1,063	964	1,699	1,798
Margin (%)	33.7	31.5	41.8	43.2
Net Interest	447	423	414	388
Other Income	16	17	17	31
Profit before Tax	633	558	988	1,422
Margin (%)	20.0	18.2	24.3	34.1
Total Tax	148	139	170	251
Effective Tax Rate (%)	23.3	24.9	17.2	17.7
Profit After Tax	485	419	818	1,170
Minority Interest	98	73	192	250
Share Profit from Associate	(4)	-	-	(6)
Adjusted PAT	383	346	940	934
YoY gr. (%)	93.5	16.7	50.4	10.4
Margin (%)	12.1	11.3	23.2	22.4
Extra Ord. Income / (Exp)	-	-	313	19
Reported PAT	383	346	627	915
YoY gr. (%)	93.5	16.7	0.3	8.1
Margin (%)	12.1	11.3	15.4	22.0
Other Comprehensive Income	-	1	(5)	1
Total Comprehensive Income	481	421	814	1,165
Avg. Shares O/s (mn)	792	792	792	792
EPS (INR)	0.5	0.4	0.8	1.2

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	2.5	3.3	3.5	4.4
CEPS	4.2	5.0	5.3	6.4
BVPS	14.7	17.6	21.1	25.1
FCF	5.6	5.1	6.5	3.9
DPS	-	-	-	0.4
Return Ratio (%)				
RoCE	17.3	19.2	20.9	22.5
ROIC	15.5	16.1	16.7	18.6
RoE	18.5	20.4	18.3	19.1
Balance Sheet				
Net Debt : Equity (x)	1.4	1.0	0.5	0.5
Net Working Capital (Days)	9	16	11	10
Valuation (x)				
PER	45.9	34.6	32.2	25.8
P/B	7.7	6.4	5.3	4.5
P/CEPS	26.8	22.6	21.3	17.8
EV/EBITDA	17.7	15.9	14.2	12.7
EV/Sales	8.7	7.6	6.9	6.3
Dividend Yield (%)	-	-	-	0.3
FCFF Yield (%)	4.9	4.4	5.6	3.3
PEG Ratio	1.4	1.0	4.2	1.0

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	BUY	164	113
2	11-Feb-26	BUY	165	133
3	15-Jan-26	BUY	185	149
4	09-Jan-26	Hold	174	151
5	14-Nov-25	Hold	174	155
6	07-Oct-25	Hold	177	167
7	12-Aug-25	BUY	170	142
8	09-Jul-25	BUY	175	147
9	02-Jun-25	BUY	174	139
10	09-Apr-25	BUY	173	139

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Apeejay Surrendra Park Hotels	BUY	207	114
2	Chalet Hotels	BUY	994	785
3	Delhivery	BUY	534	476
4	DOMS Industries	Buy	2883	2330
5	Flair Writing Industries	Buy	411	295
6	Imagicaaworld Entertainment	BUY	64	42
7	Indian Railway Catering and Tourism Corporation	BUY	712	523
8	InterGlobe Aviation	Hold	4724	4405
9	Lemon Tree Hotels	BUY	164	113
10	Mahindra Logistics	Buy	504	406
11	Navneet Education	Reduce	119	156
12	Nazara Technologies	Buy	319	267
13	PVR Inox	Buy	1309	1026
14	S Chand and Company	BUY	291	185
15	Safari Industries (India)	BUY	1953	1427
16	Samhi Hotels	Buy	230	150
17	TCI Express	BUY	575	491
18	V.I.P. Industries	Sell	245	303
19	Zee Entertainment Enterprises	Accumulate	91	83

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

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