

Techno Funda

Lemon Tree Hotel

22 Jun 2026

Lemon Tree Hotels – Fundamental View

Driving Growth Through Asset-Light Expansion and Portfolio Premiumisation

Last Day Close
Rs. 113

3-Month TP
Rs. 145

Rating
BUY

Lemon Tree Hotels Ltd. (LTH) is one of India's largest hotel chains with a diversified presence across the upscale, upper-midscale, midscale and economy segments through seven brands including Aurika, Lemon Tree Premier, Lemon Tree Hotels, Red Fox and Keys. Over the last few years, the company has gradually transitioned from a traditional hotel owner toward an asset-light management and franchise model, while simultaneously building a large pipeline of managed hotels.

Revenue by Segment: Owned Hotels - 60% and Managed and Franchised Hotels - 40%.

Key Investment Rationale:

- **Structural Demand Tailwinds:** Lemon Tree is positioned to benefit from favourable long-term trends in the Indian hospitality sector, supported by strong domestic travel demand, increasing formalisation of the hotel industry and growing preference for branded hotel chains. Management highlighted that demand continues to outpace supply in the mid-market segment. This has enabled the company to consistently improve occupancy levels and ARR while maintaining strong growth visibility across its expanding hotel portfolio.
- **Rapidly Scaling Asset-Light Platform with Strong Fee Income Visibility:** Lemon Tree is increasingly focused on expanding its asset-light management and franchise platform, which is becoming a larger contributor to the overall business. The company now has 11,811 operational rooms across 131 hotels and a total operational plus signed pipeline of 22,581 rooms across 268 hotels. During FY26 alone, it opened 20 managed and franchised hotels with 1,523 rooms and signed 55 new hotels with 4,912 rooms. Management and franchise fees from third-party hotel owners grew 23% YoY to Rs. 73.9 crore, while total management fees increased 14% YoY to Rs. 169.7 crore. The growing contribution of fee income improves earnings quality, requires minimal capital deployment and provides long-term operating leverage as additional rooms enter the system.
- **Large Growth Runway Driven by Expanding Hotel Pipeline:** Lemon Tree possesses one of the largest growth pipelines in the Indian hospitality industry. The company has 10,770 rooms under development across 137 hotels, taking the total operational and pipeline inventory to 22,581 rooms. Beyond the signed pipeline, management highlighted an additional ~2,500 rooms under active discussion, creating further optionality for growth. Importantly, majority of the future expansion is being executed through managed and franchised contracts, allowing Lemon Tree to scale without materially increasing capital intensity. This provides visibility on room additions, fee growth and market share gains over the next several years.
- **Premiumisation Through Aurika Enhancing Revenue Quality:** A key strategic focus is the expansion of the Aurika brand, which represents the company's premium offering and commands the highest ARR (Average Room Rate) within the portfolio. Future owned developments are increasingly concentrated under the Aurika brand, including projects in Shimla, Shillong, Nehru Place (Delhi) and Varanasi. The Aurika portfolio not only elevates the overall brand profile but improves financial metrics through higher room rates and superior profitability. Management also noted that Aurika remains largely insulated from the GST-related changes that impacted lower-priced room inventory, further supporting future margin resilience.
- **Financial Performance:** Lemon Tree delivered its strongest ever annual performance in FY26, with revenue growing 13% YoY, EBITDA increasing 10% YoY and PAT rising 19% YoY. Occupancy improved to a record 73.5% (vs. 71.7% in FY25), while ARR increased to Rs. 6,875 (vs. Rs. 6,381 in FY25), reflecting continued strength in the hospitality cycle. Despite elevated renovation expenditure, technology investments and GST-related impacts, the company maintained healthy profitability with EBITDA margins of 48.1%. In Q4 FY26, revenue, EBITDA and PAT grew 11%, 7% and 8% YoY, respectively. Consensus estimates project 13% revenue CAGR and 33% EPS CAGR through FY26 - FY28E.

| Rs Cr | FY24 | FY25 | FY26 | FY27E | FY28E |
|---------------------|-------|-------|-------|-------|-------|
| Revenue | 1,013 | 1,202 | 1,453 | 1,611 | 1,840 |
| Growth y/y | 20.7% | 18.7% | 20.1% | 11.6% | 14.2% |
| EBITDA Margin % | 51.7% | 53.0% | 48.1% | 50.2% | 50.0% |
| Net Income Margin % | 14.7% | 16.3% | 15.7% | 20.9% | 22.8% |
| EPS (Rs) | 1.9 | 2.5 | 2.9 | 4.0 | 5.1 |
| Growth y/y | 30.0% | 33.4% | 14.5% | 39.9% | 27.3% |
| EV/EBITDA | - | - | - | 14.5 | 12.8 |
| PE | - | - | - | 29.3 | 23.0 |

22 Jun 2026

Industry Hotels & Resorts

Key Stock Data

| | |
|-------------------------|-------------|
| Bloomberg | LEMONTRE IN |
| Shares o/s Nos. (In Cr) | 79.2 |
| Market Cap (Rs. Cr) | 9,305 |
| 52 wk High-Low | 181/99.6 |
| 3m ADV (Rs. Cr) | 64.9 |
| Index | NIFTY 500 |
| F&O | N |

Latest Shareholding (%)

| | Mar 26 | Dec 25 | Sep 25 |
|--------------|--------|--------|--------|
| Promoters | 22.3 | 22.3 | 22.3 |
| Institutions | 37.3 | 41.0 | 41.2 |
| Public | 40.4 | 36.7 | 36.5 |
| Others | 0.1 | 0.1 | 0.1 |
| Pledge | 0.0 | 0.0 | 0.0 |

Stock Performance (%)

| | 1M | 6M | 12M |
|-------------|-----|--------|--------|
| LEMONTRE IN | 4.3 | (27.8) | (12.3) |
| Nifty 500 | 2.7 | (2.6) | 1.1 |

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Source: Company reports, Bloomberg, Spark PWM Pvt Ltd
3-Month TP: 3-Month Target Price
* - EPS from Continuing Operations

Lemon Tree Hotels – Technical View

The stock is breaking out of its cup-with-handle base.

| | | | | | | |
|------------------|-------------------------|----------------------------------|-----------------------------------|------------------------------|--------------------------------|--|
| Hotels & Resorts | Reco/View Buy | Last Day Close Rs. 113 | Buy Range Rs. 115 - 120 | 3-Month TP Rs. 145 | Potential Upside 23% | Stop loss on a closing basis Rs. 103 |
|------------------|-------------------------|----------------------------------|-----------------------------------|------------------------------|--------------------------------|--|

Technical View (Daily)



TradingView

Technical View

- The stock has corrected 44% from its September 2025 high and is currently breaking out of its cup-with-handle base while reclaiming its 20- and 50-DMA.
- It has retaken its key moving averages (20/50/100-DMA) in the last few trading sessions.
- **Entry:** Initiate positions here (Rs. 115 - 120) as the stock is breaking out.
- **Support:** The 20-DMA (Rs. 113) is expected to act as support.

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Source: Trading View, Spark PWM
3-Month TP: 3-Month Target Price

Lemon Tree Hotels – Technical View

3-Year Price Chart



TradingView

Source: TradingView

Abbreviation

| | |
|-----------|---|
| Bn | Billion |
| CAGR | Compounded Annual Growth Rate |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortization |
| EPS | Earnings Per Share |
| EV/EBITDA | Enterprise Value/ Earnings Before Interest, Tax, and Depreciation |
| Mn | Million |
| O/S | Outstanding Shares |
| P/E | Price/Earnings |
| Tn | Trillion |

Disclaimer (1/2)

Absolute Rating Interpretation

| | | | |
|-------------------|--|---------------|---|
| BUY | Stock expected to provide positive returns of >15% over a 1-year horizon | REDUCE | Stock expected to provide returns of <5% – -10% over a 1-year horizon |
| ACCUMULATE | Stock expected to provide positive returns of >5% – <15% over a 1-year horizon | SELL | Stock expected to fall >10% over a 1-year horizon |

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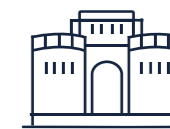
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