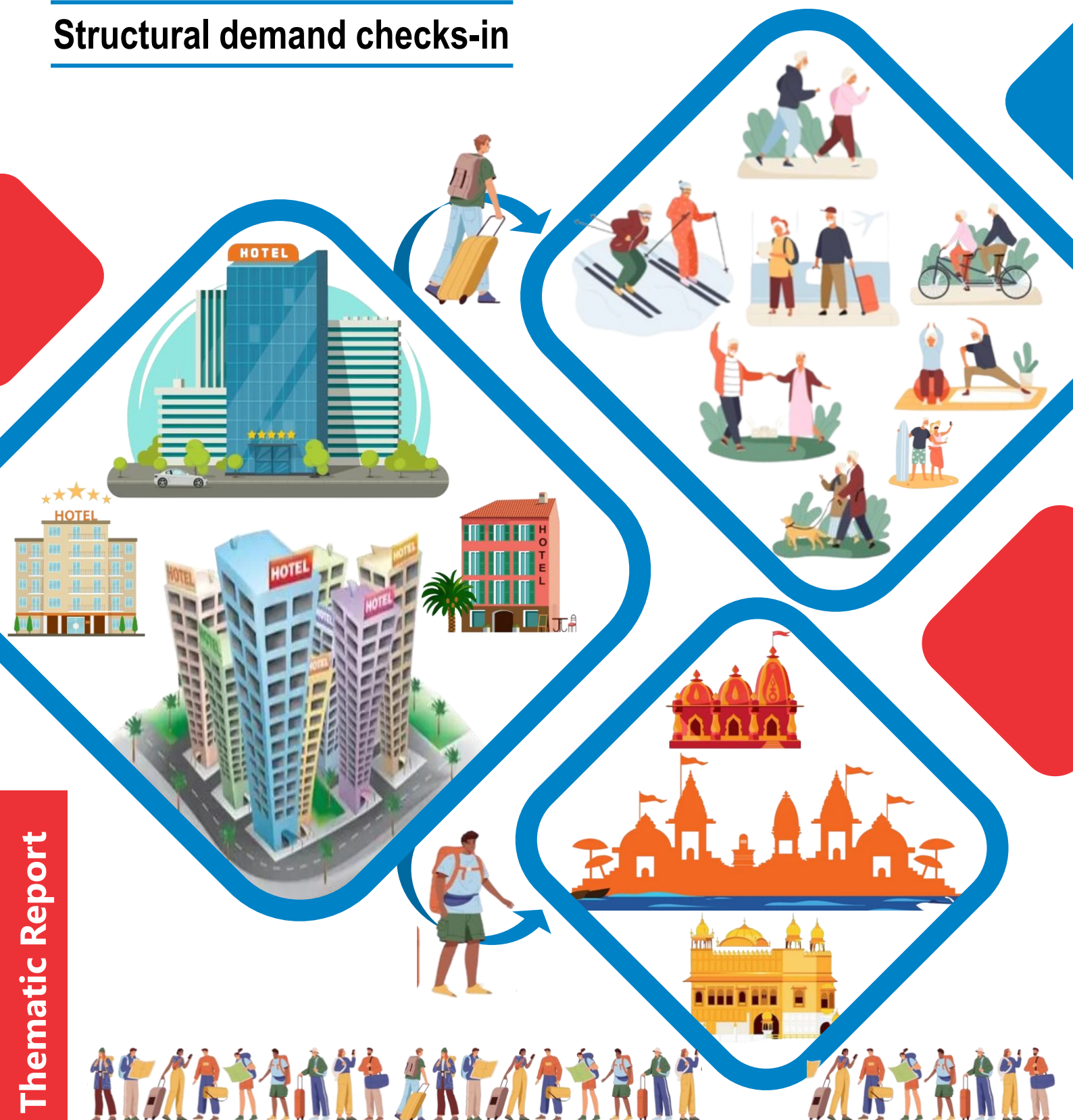


HOSPITALITY Industry

July 10, 2025

Structural demand checks-in



Hospitality Industry

Structural demand checks-in

Chalet Hotels

CMP ₹871 | Price performance (As on 09 July)

	1M	6M	1Y
Absolute (%)	(5%)	(2.5%)	3.5%

Lemon Tree Hotels Ltd

CMP ₹146 | Price performance (As on 09 July)

	1M	6M	1Y
Absolute (%)	3.8%	4.6%	0.1%

Apeejay Surrendra Park Hotels

CMP ₹164 | Price performance (As on 09 July)

	1M	6M	1Y
Absolute (%)	(1%)	(12%)	(16%)

Kamat Hotels (India) Ltd

CMP ₹231 | Price performance (As on 09 July)

	1M	6M	1Y
Absolute (%)	(1.5%)	10%	12%

The only constant in life is change! This statement stands true for the Indian Hotel Industry. After nearly two decades of muted performance, the sector is finally witnessing a sustained resurgence. The Average Room Rates (ARRs) have rebounded to ₹7,800 — levels last seen in 2008. Interestingly, this time around, the recovery is built on a far more disciplined supply backdrop.

Western India leads with 69.5% occupancy and RevPAR (revenue per available room) of ~₹5,700, while Tier-I continues to post the steepest YoY gain (~26% RevPAR). Notably, a parallel wave is rising in Tier-II and Tier-III cities, where RevPAR jumped ~22%, driven by a surge in spiritual and leisure travel — brands are now actively spreading their footprints in Varanasi, Rishikesh, Udaipur etc.

Also, infrastructure build-out has been a key tailwind. New international airports in Greater Noida (expected 12 MPPA) and Navi Mumbai (expected 20 MPPA), are opening up new travel corridors and enhancing regional connectivity

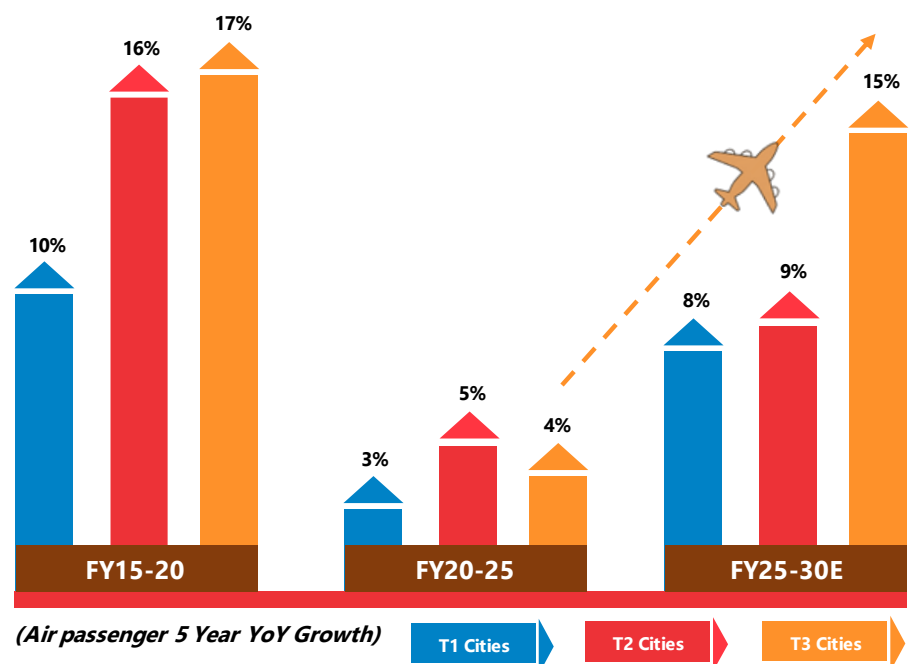
Furthermore, office space pipeline in IT hubs — 50mn sq.ft. in Bengaluru, 40mn sq.ft. in Hyderabad and more — signals a sharp upswing in corporate travel.

66 auspicious 'shubh' wedding days pencilled in FY26E (vs 54 in FY25), concert tourism, sold-out convention centres and a materially fatter wedding calendar together ensure high occupancies.

Additionally, companies have tapped the equity markets and raised ~₹66.5 bn through IPOs with an aim to deleverage; at the same time opting for asset light model.

Given the backdrop, we believe next few years could mark a structurally stronger, more profitable phase for the Indian Hotel Industry — especially in the luxury and upscale segments where barriers to entry remain high and returns most attractive. We like Chalet Hotels Ltd, Lemon Tree Hotels, Apeejay Surrendra Park Hotels Ltd and Kamat Hotels (India) Ltd.

Post covid recovery, India's air-traffic surge is set to come from Tier-II and Tier-III



Source: Share India Research



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Highlights

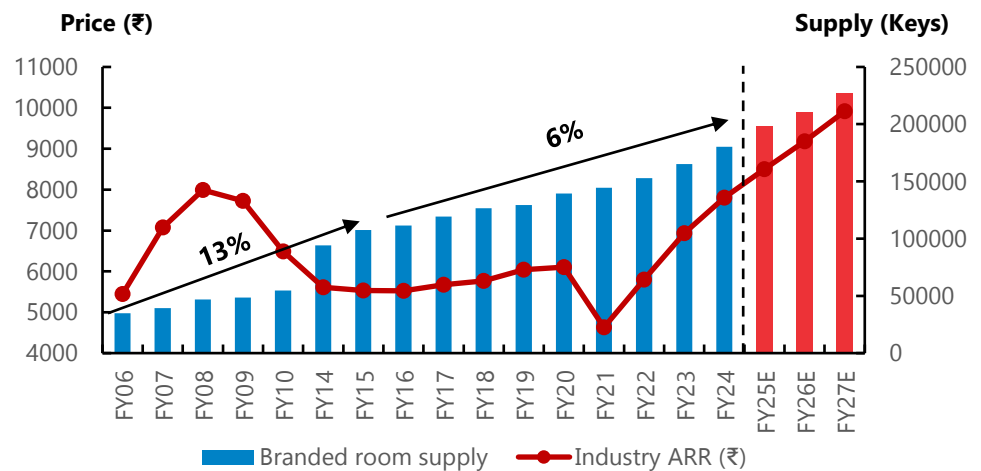
Beyond the metros: India's hidden hospitality gems

Tier-II and Tier-III cities emerge as key hubs: Once considered secondary markets, Tier-II and Tier-III cities in India are rapidly emerging as key hospitality hubs, offering culturally rich and authentic experiences unlike the saturated metro landscape. Historically, overshadowed by larger cities, these smaller markets were seen as transit points lacking infrastructure and demand. Examples: Ayodhya, Varanasi, Rishikesh and Amritsar

However, this narrative has now shifted, driven by rising disposable incomes, improved connectivity and the economic rise of India's middle-class. Industrial growth, government-led tourism initiatives, and evolving traveller preferences are propelling these cities into the hospitality spotlight, attracting both leisure and business travellers. As they transform into new centers of economic and cultural activity, hotel brands are increasingly expanding into these regions.

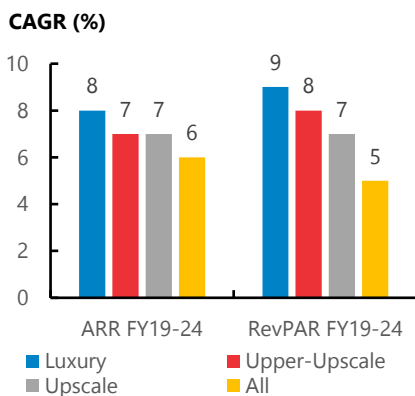
Demand to exceed supply

Tighter supply growth has enabled ARR regain; rebounds to the 2008 cycle



Source: Industry Reports; Share India Research

Luxury segment leading for 5 years

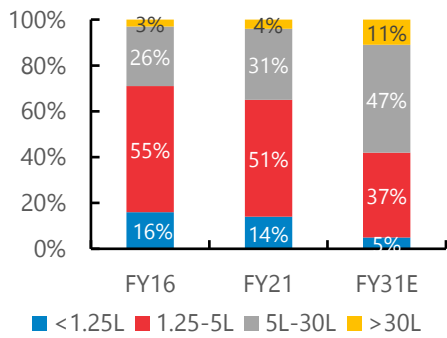


Source: Industry reports; Share India Research

ARR at 2008 highs — base for further growth: ARR has now rebounded to their 2008 peak levels — a milestone that signals strong market recovery. Viewed against today's high demand and limited supply backdrop, current ARR levels appear not as a ceiling, but as a base for further growth. Typically, new supply puts downward pressure on ARR, but with no major additions expected until FY27E, pricing power remains firmly with the operators. This sets the stage for sustained high ARR, rising occupancy and a strong outlook for RevPAR (revenue per available room) maximization

Favourable imbalance: Demand in the Indian hospitality market is set to outpace supply, creating a favorable imbalance. With demand projected to grow at a robust 10-12% CAGR through FY27E, against a more moderate 8% CAGR in supply, market dynamics are shifting. This supply-demand gap is not just supportive of current ARR levels — it actively strengthens pricing power. As a result, ARR is poised to rise, particularly with sharper gains in the luxury segment and meaningful growth even in mid-scale and economy categories.

Income distribution (%)



Source: Industry Reports; Share India Research

While much of the current supply is dominated by unorganized players and platforms like OYO, the entry of organized brands into the mid-luxury segment presents a strong value proposition

Several companies have taken advantage of the equity markets to tone their balance sheets

Not a short-term fluctuation but structural reality: Hotel supply enters the market with a natural lag, typically taking around 3-5 years from planning to operational launch. This built-in delay means the current undersupply is not a short-term fluctuation — it's a structural reality.

Expanding middle-class, youth drive the leisure boom

Number of domestic travellers reaching new highs: Changing demographics are reshaping travel patterns, with younger, more aspirational population leading the charge. With the middle-income segment projected to expand significantly, the momentum behind leisure tourism is only set to accelerate — creating deeper, more consistent demand across the hospitality segments.

Spiritual tourism unlocking value in the emerging markets

Organised plays enter mid-luxury segment: Destinations like Banaras are fast rising as key nodes on India's spiritual tourism map, attracting a growing wave of domestic travellers. Companies are positioning themselves in this evolving space. While much of the current supply is dominated by unorganized players and platforms like OYO, the entry of organized brands into the mid-luxury segment presents a strong value proposition. This trend extends beyond Varanasi — with states like Uttar Pradesh, Tamil Nadu, Karnataka, and Andhra Pradesh emerging as high-potential markets backed by consistent religious and cultural footfalls. **Chalet Hotels** is opening hotel in Rishikesh, **Park Hotels** in Katra, **Kamat** in Ayodhya (planning), **Lemon Tree** in Vrindavan and many more

Leisure cities gain strong momentum: On the other hand, cities like Shimla, Ooty & Udaipur and more are emerging as strongholds for leisure-driven travel. Varanasi and Banaras are powered by spiritual tourism, while Udaipur stands out as a high-ARR leisure destination, home to ultra-luxury resorts. Its popularity for destination weddings and premium events further amplifies its hospitality value proposition. **Chalet Hotels** opening up 2 Hotels in Goa, **Park Hotels** in Darjeeling, **Lemon Tree** in Mussoorie and more

Debt reduction: The Industry has taken the advantage of the equity markets to tone their balance sheets. Companies were burdened by debt that used to slurp up their cash flows. After the boom in equities several of the companies listed themselves on the exchanges like Samhi (September 2023), Apeejay Surrendra Park Hotels (February 2024), Juniper Hotels (March 2024), Ventive Hospitality (December 2024), Schloss Bangalore (June 2025) and several others raised funds

Companies tone balance sheet through IPOs (₹mn)

Company	Issue Size	Debt Before IPO	% of Debt Paid	Current Debt*
Park Hotels	5,500	5,660	97	720
Samhi Hotels	9,000	27,440	33	21,280
Juniper Hotels	15,000	20,440	73	10,200
Ventive Hospitality	14,000	35,727	39	23,000
Schloss Bangalore	23,000	39,000	59	39,000

Source: Share India Research; *Note: Current total debt reflects post-period borrowings

Massive expansion in asset light from the companies: Several companies are moving towards asset light expansion especially in the Tier-II and Tier-III cities to tread the water, they are grabbing the opportunity while keeping the risk exposure low.

As of FY25, **Lemon Tree Hotels** operates 10,269 keys and has a fully asset-light pipeline of 6,847 additional rooms scheduled for delivery by FY30-31 under exclusive management contracts. **Apeejay Surrendra Park**, meanwhile, controls 2,394 keys today and plans to add about 3,000 keys over the next four to five years, roughly 2,000 of which will be managed properties

Concert culture take centre stage in urban markets

Global and regional acts draw massive crowd; tickets sell-off instantly: India is entering a full-blown concert era, with global and regional acts like Diljit Dosanjh, Coldplay, Maroon 5, and Travis Scott drawing massive crowds. Tickets have been selling out instantly — often resold at 4–5x the face value — highlighting the explosive demand for live events. This surge has had a direct spill over into the hospitality industry, with hotels spiking prices sharply around the concert dates. These events not only drive up the ARR but also push occupancy to near full capacity, reinforcing the strategic value of city hotels located near major venues.

New airports to elevate demand

Adjacent properties enjoy lions share: Major infrastructure developments in cities are reshaping India's air travel landscape (Like international airport coming up in Greater Noida and Navi Mumbai, and revamp in Pune airport). As passenger traffic continues to rise, hotels located near these new airports are poised to see the most immediate and sustained boost in occupancy. While city centric hotels will also benefit from the overall uptick in connectivity and footfall, it is the airport-adjacent properties that stand to capture the lion's share of this surge; especially from transit, business, and early-arrival travellers.

India's aviation grid has expanded from ~80 operational airports in 2014 to 157 today, and the government has green-lit another ~50 airfields over the next five years—enough to push the network past 200 by FY 30. Every new runway redraws catchment maps for airlines, hotels and cargo operators—turning once-peripheral towns into first-stop gateways—and is projected to lift annual passenger traffic toward ~620mn by FY30E, from ~411mn in FY25

Business hubs vis-à-vis leisure cities

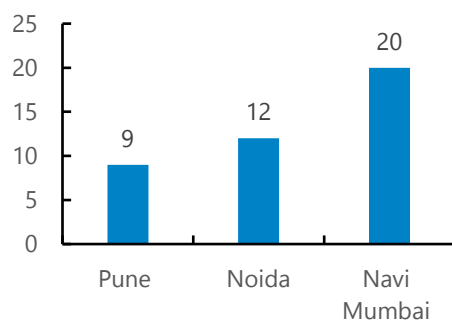
Business hubs lead in RevPAR: Mumbai (₹8,878), Bengaluru (₹5,168), and Hyderabad (₹5,200) continue to dominate on both ARR and occupancy front, making them the top contributors to RevPAR across the country. These metro cities thrive on business travel, with weekday occupancies largely driven by corporate demand and select spill over from qualified leisure segments.

Corporate expansion fuelling growth in the emerging markets: Major IT and corporate investments across cities like Bengaluru, Hyderabad, and Chennai continue to drive consistent hotel occupancies — particularly from business travellers and the growing MICE (Meetings, Incentives, Conferences, and Exhibitions) segment. The upcoming "Bengal Silicon Valley" in Kolkata, with large campuses from TCS and Infosys, is set to replicate this effect in the East. Additionally, Cognizant's planned ₹16bn investment in Visakhapatnam to create a campus generating 8,000 jobs by FY29 further signals long-term hospitality demand — anchored in sustained corporate activity and workforce expansion.

Live concert tickets selling off instantly which has had a spill over into the hospitality industry with a sharp spike in prices

Hotels to benefit from overall uptick in connectivity and footfall

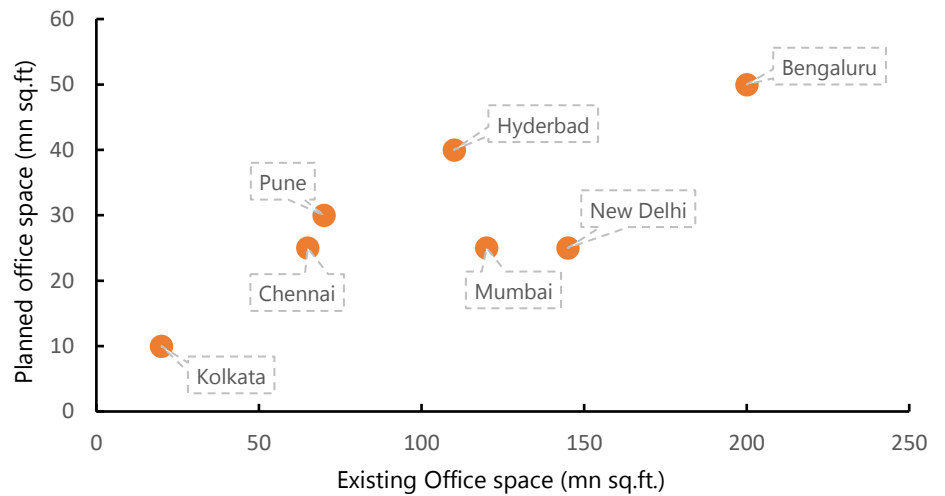
City airports set for capacity ramp-up (mppa) in FY26



Source: Industry Reports; Share India Research

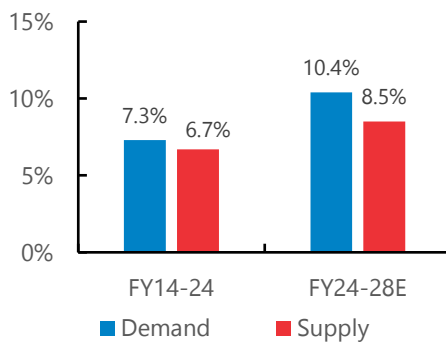
Major IT and corporate investments across cities, particularly from business travellers and the growing MICE segment

Current inventory built vis-à-vis slated addition of new offices



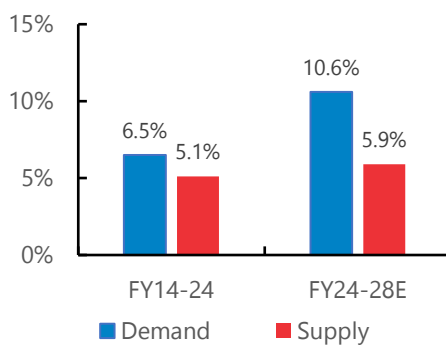
Source: Industry Reports; Share India Research

Industry supply–demand deficit (CAGR %)



Source: Industry Reports; Share India Research

Largest short-fall in the luxury segment (CAGR %)



Source: Industry Reports; Share India Research

Luxury hotels stay luxurious

High return margin, brand driven and structurally resilient: Luxury hotels tend to be less cyclical, maintaining stable performance even during softer market phases — given their premium positioning and loyal customer base. These properties command significantly better return margins, supported by strong brand equity and pricing power. High capital expenditure requirements and brand-driven guest preferences create substantial entry barriers, making the segment both exclusive and defensible for established players.

India's branded room inventory skewed toward higher segments: India currently has approximately ~ 1,90,000 branded hotel rooms, reflecting a maturing hospitality landscape. Of this, 39% fall within the upscale and luxury segment, underscoring a strong tilt toward premium offerings. The mid-to-upper-mid-scale category accounts for the largest share at 45%, catering to a broad base of rising middle-income travellers. Budget and economy hotels represent just 16%, highlighting the growing shift in traveller preferences toward more quality-driven, experience-oriented stays.

Faces minimal supply pressure compared to other categories: The luxury segment is set to see the lowest supply addition with only ~6% of total new rooms expected — highlighting its exclusivity and high entry barriers. In contrast, the upscale and upper midscale segments are projected to see significantly higher additions at 9% and 8%, respectively. This limited pipeline in luxury further strengthens its pricing power and profitability outlook, reinforcing its appeal as a high-margin, low-competition segment within the hospitality space.

Conclusion

The industry is benefiting from a confluence of favorable macro shifts - limited supply, rising ARR, diversified demand drivers, infrastructure expansion and shift in traveller preferences toward organized, quality experiences. The rise in ARRs is expected to sustain for a longer period given that supply is coming in at lags.

Next few years to mark structurally stronger, more profitable phase for the industry

Although the proportion of corporate travel is projected to taper, leisure and spiritual tourism are poised to gain ground—propelled by a rising appetite for discovery and a clear pivot in traveller priorities. Moreover, companies have significantly reduced debt by raising funds through QIPs or listings. This has provided the companies flexibility to finance expansions and potential funds for future opportunities.

We believe next few years could mark a structurally stronger, more profitable phase for the Indian Hotel Industry — especially in the luxury and mid-upscale segments where barriers to entry remain high and returns most attractive. We like Chalet Hotels Ltd, Apeejay Surrendra Park Hotels Ltd, Lemon Tree Hotels and Kamat Hotels (India) Ltd.

Chalet Hotels

From runways to sun-rays: two-stop growth itinerary

CMP : ₹871

Stock data (as on 09 July, 2025)

Bloomberg Ticker	: CHALET IN
NSE Code	: CHALET
52 Week H/L (₹)	: 1052/634
Market Cap (₹bn/USD mn)	: 188/2230
Outstanding Shares (mn)	: 218
Free Float (%)	: 32.6
ADTV – 3M (USD mn)	: 1.8
Div Yield (%)	: 0

Shareholding Pattern (%)

Promoter	Sep-24	Dec-24	Mar-25
Promoter	67.5	67.4	67.4
FII	7.0	7.5	5.2
DII	21.5	21.2	23.9
Others	4.0	3.9	3.4

Financial Summary

(₹mn)	FY23	FY24	FY25
Revenues	11,285	14,173	17,178
Yoy growth (%)	122.2	25.6	21.2
EBITDA	4,528	5,846	7,359
EBITDA margins (%)	40.1	41.2	42.8
PAT	1,833	2,782	1,425
PAT growth (%)	N/A	51.8	-48.8
EPS	8.9	13.5	6.5
P/E (x)	97.4	64.3	133.5
EV/EBITDA (x)	45.3	35.4	28.9
Debt/Equity (x)	1.8	1.6	0.8
RoE (%)	12.7	16.4	5.8
RoCE	9.4	10.2	11.4

Chalet Hotels Ltd (Chalet), part of K Raheja Corp Group, has established itself as a leading player in India's upscale hospitality segment by pairing high-performance city-centre hotels with fresh foray into leisure destinations.

With nearly 80% of its rooms concentrated in luxury Marriott-branded assets, some adjacent to India's busiest airports, the company enjoys best-in-class occupancy rates, premium average room rates (ARRs) and undisputed RevPAR traction.

Interestingly, Chalet is now strategically diversifying and reducing its Marriott concentration with marquee assets viz. Taj in Delhi-IGI, Hyatt in Navi Mumbai, Westin in the Himalayas and Twin Resorts in Goa

The management aims to significantly increase its leisure inventory by 10-fold from 2% to around 20% targeting high-yield beach, river, and mountain locations to tap into India's booming experiential travel trend, while retaining its metro-driven cash engine.

Notably, the company pursues growth with financial discipline - peak leverage capped at ~3x Net Debt/EBITDA and the ₹10bn capex plan is well-covered by around ₹7bn of annual EBITDA. This implies ample room for de-gearing. Chalet offers a rare mix of luxury-segment scarcity value and pipeline-driven upside, without overstretching the balance sheet.

Highlights

Metro-minded DNA: Chalet concentrates on India's highest-yield metros. Roughly half its keys sit in Mumbai's business hubs with Hyderabad and Bengaluru adding another third. These markets command the country's steepest ARRs and attract year-round corporate traffic — keeping occupancy resilient even in shoulder months. Core assets throw off predictable earnings, while new resorts offer growth optionality. Tier-I city keys are growing slower-than-demand, protecting the pricing power.

Leisure upswing: 2% → 20% mix: Leisure inventory is likely to leap from 379 keys (~2% of rooms) in FY25 to 889 keys (~20%) by FY29E driven by new resorts in Lonavala, Rishikesh and Goa. The flagship, Westin Rishikesh, already earns ₹26k+ ARRs — over 2x Chalet's FY25 blended ₹11.8k, even at a ramp-up occupancy of 45% (target >60%). Despite its nascent scale, leisure contributed 6% of FY25 revenue; at the planned 20% portfolio share, these high-rate resorts are positioned to lift group-wide RevPAR materially while diversifying demand.

Leverage peak — Net Debt/EBITDA tops out at ~3x, de-risking ahead: Chalet closed FY25 with roughly ₹24bn net debt, translating to about 3.3x Net Debt/EBITDA (ex-real estate) — highest level the management expects to reach. Though the board has approved fresh debt of ₹10bn when required, the management is confident majority would be funded through internal accruals keeping the Net debt/EBITDA upper ceiling at 3.5x

Capex covered: The management has chalked out expansion capex of ₹23bn for next 2-3 years — mainly new rooms, resort upgrades and fit-outs. Yet, with ~₹9.5bn in operating cash flow FY25, the entire expansion is expected to be funded internally with increasing cash flow in coming years. In short, the growth pipeline is expected to be financed entirely out of internal accruals, without incremental leverage.

Luxury gap advantage — 60% of keys where demand outruns supply: About 80% of Chalet's rooms sit in the luxury and upper-upscale brackets. Branded demand in this segment is projected to grow ~10.6% CAGR versus just 5.9% supply growth over FY24-28. This widening shortfall is already translating into 11% ARR CAGR forecast for luxury hotels and sustained occupancy gains, both of which feed straight into RevPAR. With Chalet's mix skewed so heavily to the tightest part of the market, even modest rate hikes or load-factor improvements can deliver an outsized lift to topline metrics.

Brand diversification push — Taj, Hyatt and Dual-Goa builds: Chalet is strategically diluting its Marriott dependence. Marriott-flagged keys have reduced from ~87% of the portfolio to roughly 70% in the forward pipeline. The company is diversifying towards new tie-ups — 385 key Taj, beside Delhi IGI's Terminal-3 slated for 1HFY27, 280 key Hyatt Regency, Navi Mumbai due in FY26 and the recently acquired 141 key Westin Resort & Spa, Himalayas.

Leisure growth is bolstered by two Goa resorts (190 keys in Varca, FY28E; 170 keys in Benaulim, post FY29E) plus the 158-key Aravali resort near Delhi. The expanded brand roster has widened distribution channels while locking-in high-visibility airport and destination assets that can lift ARR and RevPAR across cycles.

Margins raised 90bps on like-to-like basis, excluding The Dukes Retreat, Courtyard by Marriott Aravali and The Westin Resort & Spa, Himalayas.

Outlook Chalet Hotels is a best-in-class asset owner anchored in India's corporate hubs of Mumbai, Bengaluru, and Hyderabad, where its premium properties command top-tier room rates and robust occupancies.

The next catalyst is a flagship hotel at Delhi Airport and a strategic push to lift leisure keys from barely 2% to 20%, broadening revenue streams beyond business travel. Although leverage is on the high side at about 3× Net Debt/EBITDA, the cash-generating power of these high-yield markets gives the balance sheet breathing room.

At roughly 30× TTM EV/EBITDA, the stock trades at a peer-group premium. Yet, this valuation only revisits its own long-run median. Future upside, therefore, hinges less on multiple expansion and more on Chalet's ability to execute its airport and leisure playbook.

Income Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Revenue	2,856	5,078	11,285	14,173	17,178
% Change YoY	-70.9	77.8	122.2	25.6	21.2
Operating profit	71	985	4,528	5,846	7,359
EBITDA margins (%)	2.5	19.4	40.1	41.2	42.8
% Change YoY	-98	1,295	360	29	26
Depreciation	1,175	1,184	1,173	1,384	1,788
EBIT	-1,104	-199	3,355	4,462	5,571
EBIT margins (%)	-39	-4	30	31	32
Interest expense	1,520	1,444	1,545	1,967	1,591
Other income	219	219	495	198	363
Profit before tax	-2,446	-1,469	2,728	2,694	4,343
Taxes	-1,092	-720	895	-88	2,918
Effective tax rate (%)	45	49	33	-3	67
Share Of JV/as.	-37	-65	-	-	-
Net profit	-1,391	-815	1,833	2,782	1,425
% Change YoY	-240	-41	-325	52	-49
EPS (₹)	-6.8	-4.0	8.9	13.5	6.9

Source: Company; Share India Research

Cash Flow Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Profit before Tax	-2,446	-1,469	2,728	2,694	4,343
Non-cash items	2,771	2,628	2,361	3,499	3,351
(Inc)/Dec in WC	(88)	(452)	(35)	1,366	2,830
Direct Taxes Paid	467	38	31	(553)	(867)
CF from Oper. Activity	602	622	4,769	6,894	9,504
(Inc)/Dec in FA	(468)	(396)	(1,715)	(4,277)	(9,691)
Free Cash Flow	133	226	3,054	2,617	-187
(Pur)/Sale of Invest.	(139)	(3,617)	(4,239)	(2,270)	(4,277)
Others	109	53	29	199	115
CF from Inv. Activity	(499)	(3,961)	(5,924)	(6,349)	(13,854)
Change in Net worth	0	500	251	135	9,903
Inc/(Dec) in Debt	1,081	4,911	1,936	283	(2,861)
Misc. Inv.	(1,422)	(1,302)	(927)	(1,496)	(2,087)
CF from Fin. Activity	(341)	4,109	1,260	(1,078)	4,956
Inc/(Dec) in Cash	(238)	771	105	(532)	606
Opening Cash Balance	(301)	(539)	232	354	(29)
Closing Cash Balance	(539)	232	354	(29)	881

Source: Company; Share India Research

Balance Sheet (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Sources of Funds					
Equity capital	2,050	2,050	2,050	2,055	2,185
Reserves	12,110	11,362	13,369	16,459	28,278
Net worth	14,161	13,413	15,419	18,513	30,462
Minority Interest	(3)	(3)	(4)	(5)	(5)
Debt	20,583	25,340	27,939	29,503	25,543
Non-Current Liabilities	514	983	1,039	1,313	2,609
Current Liabilities	4,633	4,499	4,915	8,171	12,025
Total liabilities	39,888	44,232	49,308	57,495	70,635
Application of Funds					
Fixed Asset	20,953	20,653	22,471	25,246	33,096
Investments	9,996	13,623	16,542	18,541	20,080
Current assets	5,093	5,424	5,824	7,498	9,789
Non-Current assets	3,389	3,534	3,251	4,887	5,807
Cash & Equivalents	458	998	1,220	1,323	1,862
Total Assets	39,888	44,232	49,308	57,495	70,635

Source: Company; Share India Research

Ratio Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25
Basic (Rs)					
EPS	NA	NA	8.9	13.5	6.5
Book Value per share	69.1	65.4	75.2	90.1	139.4
Valuation ratios (x)					
P/E	NA	NA	97.4	64.3	133.5
P/B	12.6	13.3	11.6	9.7	6.2
EV/EBIDTA	NA	206.1	45.3	35.4	28.9
Profitability Ratio					
ROIC	NA	NA	6.0	10.1	3.6
RoE	NA	NA	12.7	16.4	5.8
RoCE	NA	0.1	9.4	10.2	11.4
Liquidity ratios					
Debtor (days)	46	27	17	15	14
Inventory (days)	501	282	130	123	125
Creditor (days)	121	61	38	46	40
Net working Capital (days)	426	248	109	92	99
Asset Turnover (x)	0.1	0.1	0.2	0.3	0.3

Source: Company; Share India Research

Lemon Tree Hotels Ltd

Spreading its branches to upscale space

CMP : ₹146

Stock data (as on 09 July 2025)

Bloomberg Ticker	: LEMONTRE:IN
NSE Code	: LEMONTREE
52-Week H/L (₹)	: 162/111
Market Cap (₹bn/USD mn)	: 117/1374
Outstanding Shares (mn)	: 792
Free Float (%)	: 77%
ADTV – 3M (USD mn)	: 4.26
Div Yield (%)	: 0

Shareholding Pattern (%)

Promoter	Sep-24	Dec-24	Mar-25
Promoter	22.8	22.8	22.5
FII	21.8	20.0	20.9
DII	18.9	20.8	19.7
Others	36.6	36.4	36.9

Financial Summary

(₹mn)	FY23	FY24	FY25
Revenues	8,750	10,711	12,861
YoY growth (%)	118%	22%	20%
EBITDA	4,476	5,232	6,341
Margin (%)	51.2%	48.8%	49.3%
PAT	1,405	1,817	2,431
PAT growth (%)	NA	29.3%	33.8%
EPS	1.5	1.9	2.5
P/E (x)	101	78	59
EV/EBITDA (x)	29.7	25.6	20.7
Debt/ Equity (x)	1.24	1.22	0.95
RoE (%)	13.6%	16.3%	18.5%
RoCE (%)	11.5%	12.8%	14.7%

Lemon Tree Hotels Limited (Lemon Tree) stands as a frontrunner in India's mid-scale hospitality sector, with a sharp focus on capital-efficient growth and operational excellence. While retaining its core strength in the mid-scale, the company is selectively expanding into the upscale space with its flagship brand, Aurika — most notably with Aurika Mumbai, India's largest hotel by room count.

The company is pivoting towards an asset-light growth model by FY29, aiming 70% of its portfolio under management contracts. With 6,847 keys in the pipeline and having presence across 66 cities in India and 3 international markets, Lemon Tree is creating a strategic network effect in India's fastest-growing travel corridors.

Notably, the company has recorded consistent EBITDA margins of around 50% since FY23, with a strong 54% in 4QFY25. As renovations complete and premium assets stabilize, margins are expected to expand further. Early results from Pune recorded a jump of 24% in Average Room Rates (ARRs) and 80–90% in occupancy post-renovation.

Backed by strong internal cash flows and a planned IPO of its subsidiary, Fleur Hotels, the company is targeting a debt-free status in next 2–3 years — paving way for improved profitability, higher RoCE, and sustainable long-term growth.

Despite a manageable Net Debt/EBITDA of 2.5x, the management expects further deleveraging as new hotels come on stream. The stock is trading 21x EV/EBITDA TTM (below its 7-year median of 30x). This yawning valuation gap along with outsized profit momentum, leaves Lemon Tree looking ripe for a refreshing re-rating.

Highlights

Mid-scale remains core; smartly growing upscale: Lemon Tree is a leading player in India's mid and upper mid-scale hospitality space (which accounts for nearly 80% of its room inventory) serving the core of India's business and leisure travel demand. It has presence in the economy segment too, catering to value-conscious travellers. Spreading itself into the premium category, Lemon Tree launched its upscale brand, Aurika, in 2019 in Udaipur and recently reinforced this positioning with Aurika Mumbai Airport — India's largest hotel by room count.

Smart expansion through asset-light ambition: The company has stayed aligned with the evolving industry dynamics. It currently manages 44% of its portfolio under the asset-light model and aims to increase this to 70% by FY29. Of the 6,847 keys in the pipeline, 2,975 (43%) are expected to be operational by FY26, and 1,812 (26%) by FY27 — majority will fall under the high-margin managed model. This mirrors the strategic direction of its peers like Indian Hotels Company Limited (IHCL), which is also targeting a 72% asset-light portfolio.

Presence across key growth corridors, turns scale into a strategic moat: With its presence in 66 cities across India and 3 international locations, Lemon Tree operates in every segment except luxury. Its pipeline is concentrated in North (40%) and West (33%) India — led by Gujarat (18%), Uttar Pradesh (10%) and Maharashtra (8%) — with international expansion underway in Nepal. This wide footprint creates a strong network effect, aligning with India's booming domestic tourism which reached 2.5bn visits in 2023; up 45% YoY.

Setting the benchmark in profitability: Lemon Tree continues to deliver industry-best operating profitability, with consistently recording EBITDA margins of around 50% since FY23 — reaching 49.3% in FY25 and a strong 54% in 4QFY25. With renovations expected to complete by FY26, margins are set to expand further as ARR's improve, occupancy rises, and cost structures stabilize — paving way toward 55%+ margins and stronger RoCE.

Aurika Mumbai ramp-up to further boost profits: Launched just 1.5 years ago, Aurika Mumbai is still in its stabilization phase; yet it delivered ₹420mn EBITDA in 4QFY25 at a remarkable 67% margin. It reported sharp improvement of 10% YoY (63%) in occupancy in FY25. As the property matures, it is expected to become a key driver for profitability in Lemon Tree's upscale portfolio.

Renovation-led growth is already taking shape: Early results from the renovated Pune property highlight the potential of Lemon Tree's upgrade strategy — ARR's jumped 24%, with occupancy stabilizing at a healthy 80–90%. This strong performance underscores how targeted renovations can drive both revenue and margin expansion. With 70% of the portfolio already refurbished (₹1,000mn in FY25) and the remaining 30% to be completed by end-FY26 (₹1,300mn), the company is well-positioned to unlock significant operating leverage across its network.

Stronger balance sheet, sharper growth engine: The company is charting a clear path towards becoming debt-free — either through the planned IPO of its subsidiary, Fleur Hotels, within the next two years or organically via strong internal cash flows and disciplined capital allocation over the next three years.

The company has repaid Rs1.9bn in FY25 reducing debt to Rs17bn. A debt-free status will benefit Lemon Tree with enhanced bottom-line profitability, strong balance sheet, and headroom for future expansion without leverage. Lemon Tree's revenue grew at 47% - 3-year CAGR - from Rs4bn in FY22 to Rs2.8bn in FY25. The stock is currently trading at TTM EV/EBITDA of ~21x, below its 7-year median EV/EBITDA of 30x.

Outlook: Lemon Tree is primed for a multi-year growth spurt: its industry-leading 50%+ EBITDA margin and asset-light model are powering an aggressive pipeline that will almost double its room count and deepen its pan-India presence.

By spanning brands from economy to upscale, the chain captures the spending power of most Indian travellers, letting occupancy and room rates climb in lockstep with booming domestic tourism.

Despite a manageable Net Debt/EBITDA of 2.5x, the management expects further deleveraging as new hotels come on stream. The stock is trading 21x EV/EBITDA (below its 7-year median of 30x). This yawning valuation gap combined with outsized profit momentum, leaves Lemon Tree looking ripe for a refreshing re-rating.

Income Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Revenue	2,517	4,022	8,750	10,711	12,861
% Change YoY	-62.4%	59.8%	117.5%	22.4%	20.1%
Operating profit	613	1,187	4,476	5,232	6,341
EBITDA margins (%)	24.3%	29.5%	51.2%	48.8%	49.3%
% Change YoY	-74.3%	93.7%	277.2%	16.9%	21.2%
Depreciation	1076	1043	966	1121	1393
EBIT	-243	353	3,597	4,236	5,077
EBIT margins (%)	-9.7%	8.8%	41.1%	39.5%	39.5%
Interest expense	1,905	1,809	1,823	2,085	2,112
Other income	220	210	88	125	129
Profit before tax	-2,187	-1,446	1,782	2,158	2,962
Taxes	-322	-72	377	341	531
Effective tax rate (%)	15%	5%	21%	16%	18%
MI/ share of JV/ disc ops	-40	10	9	7	-3
Net profit	-1,865	-1,374	1,405	1,817	2,431
% Change YoY	NA	NA	NA	29.3%	33.8%
EPS (Rs)	-1.6	-1.1	1.5	1.9	2.5

Source: Company; Share India Research

Cash Flow Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Profit After Tax	-2,187	-1,446	1,782	2,158	2,962
Non-cash items	2,826	2,788	2,685	3,070	3,371
(Inc)/Dec in WC	(324)	27	(412)	(218)	(416)
Direct taxes paid	96	(17)	(207)	(360)	(502)
CF from Oper. Activity	410	1,353	3,848	4,650	5,416
(Inc)/Dec in FA	(644)	(668)	(1,618)	(3,305)	(932)
Other Income	-234	685	2,231	1,345	4,484
(Pur)/Sale of Invest.	1,658	132	(1,271)	(731)	(357)
Other income	80	81	57	71	14
CF from Inv. Activity	1,094	(454)	(2,832)	(3,965)	(1,274)
Change in Network	2	8	17	5	0
Inc/(Dec) in Debt	598	134	471	1,418	(1,927)
Others	(1,238)	(1,773)	(1,811)	(2,008)	(1,996)
CF from Fin. Activity	(638)	(1,630)	(1,323)	(585)	(3,923)
Inc/(Dec) in Cash	866	(732)	(306)	100	218
Opening cash balance	408	1,275	543	237	336
Closing cash balance	1,275	543	237	336	554

Source: Company; Share India Research

Balance Sheet (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Sources of Funds					
Equity capital	7,904	7,908	7,916	7,918	7,918
Reserves	1,272	404	621	1,750	3,717
Non-controlling interest	6,174	5,676	5,597	5,795	6,261
Net worth	15,350	13,989	14,134	15,464	17,896
Debt	16,853	16,986	17,457	18,891	16,986
Non-Current Liabilities	4,737	4,294	4,314	4,508	4,546
Current liabilities	1,246	1,081	1,418	1,467	1,389
Total liabilities	38,185	36,350	37,323	40,330	40,818
Application of Funds					
Fixed Asset	33,191	32,340	33,232	35,298	34,731
Investments	74	114	73	151	463
Current assets	882	707	1,076	1,435	1,742
Non-Current Assets	2,627	2,646	2,668	2,909	3,075
Cash & equivalents	1,411	543	275	537	807
Total Assets	38,185	36,350	37,323	40,331	40,818

Source: Company; Share India Research

Ratio Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25
Basic (Rs)					
EPS	NA	NA	1.5	1.9	2.5
Book value per share	11.6	10.5	10.8	12.2	14.7
Valuation ratios (x)					
P/E	NA	NA	100.7	77.7	58.9
P/B	12.6	13.9	13.5	12.0	9.9
EV/EBITDA	213.5	111.1	29.7	25.6	20.7
Profitability Ratios (%)					
ROIC	NA	NA	5.5%	6.5%	8.9%
RoE	NA	NA	13.6%	16.3%	18.5%
RoCE	NA	1.1%	11.5%	12.8%	14.7%
Liquidity ratios					
Debtor (days)	59	27	18	22	21
Inventory (days)	11	7	4	4	4
Payable (days)	87	62	26	22	18
Net working Capital (days)	-17	-28	-5	3	7
Asset Turnover (x)	0.07	0.11	0.23	0.27	0.32

Source: Company; Share India Research

Apeejay Surrendra Park Hotels

Upping its upscale foothold

CMP : ₹164

Stock data (as on 09 July 2025)

Bloomberg Ticker	: PARKHOTE
NSE Code	: PARKHOTELS
52 Week H/L (₹)	: 207/129
Market Cap (₹bn/USD mn)	: 34/398
Outstanding Shares (mn)	: 213
Free Float (%)	: 32%
ADTV – 3M (USD mn)	: 2
Div Yield (%)	: 0

Shareholding Pattern (%)

Promoter	Sep-24	Dec-24	Mar-25
Promoter	68.1	68.1	68.1
FII	5.6	4.1	4.0
DII	14.1	11.2	11.6
Others	12.1	16.6	16.3

Financial Summary

(₹mn)	FY23	FY24	FY25
Revenues	5,105	5,790	6,315
Yoy growth (%)	100.2	13.4	9.1
EBITDA	1,631	1,925	2,045
EBITDA margins (%)	32.0	33.2	32.4
PAT	481	688	836
PAT growth (%)	-270.4	43.1	21.6
EPS	2.8	3.2	3.9
P/E (x)	59.6	50.9	41.8
EV/EBITDA (x)	20.9	18.0	17.3
Debt/Equity (x)	1.1	0.1	0.1
RoE (%)	9.0	7.8	6.7
RoCE	10.8	12.2	11.5

Apeejay Surrendra Park Hotels Limited (ASPHL) is a leading player in the hospitality sector renowned for its upscale properties and diverse F&B offerings. Strengthening its leadership position in the upper-upscale segment, the company has forayed into the ultra-luxury products division with Lotus Palace and Ran Bass Palace with the latter joining Greece-based Relais & Châteaux.

ASPHL's expansion pipeline includes a flagship Mumbai hotel (FY27) and it targets to more-than-double its key count to above 5,400 in 4-5 years.

In FY25, ASPHL posted ₹6.1bn in revenue and 37% 4Y CAGR, led by 93% occupancy and robust RevPAR growth in the key markets. It's F&B brand, Flurys, recorded post-rent EBITDA margin of 9% with 103 outlets.

Post the IPO, net debt has declined to ₹368mn in FY25 from ₹5bn in FY23, enabling strong reinvestment and growth visibility. The trailing EV/EBITDA multiple stands at 17.3x for FY25, and the stock is currently trading at a P/E multiple of 42x.

ASPHL continues to command country's highest occupancy levels at 93%, translating into blended RevPAR of ₹7,061 in FY25. While this headline figure trails the Pan-India upper-upscale yard-stick (~₹8,400), a city-wise lens flips the story. Post-IPO deleveraging (₹5bn net debt to ₹730mn), fully funded 5,403 key pipeline (includes 80-key Juhu conversion and 250-key EM-Bypass tower) and Flury-led F&B engine cushions the rate cycle. Given this, ASPHL emerges not as a RevPAR laggard, but as a high-occupancy, city-premium operator with the balance sheet and visibility to keep widening that gap.

Highlights

Stepping into ultra-luxury: Palace Collection to lift ARR: In FY25, ASPHL successfully entered into the luxury division by launching two heritage properties — Lotus Palace, Chettinad (ARR of ₹14,699) and Ran Bass Palace Patiala, (ARR of ₹24,000 and a projected revenue of ~₹200-240mn). As these properties mature, it will help ASPHL foray into luxury segment and set the ground for new growth opportunities.

Leading in occupancy and RevPAR levels: ASPHL recorded industry-leading occupancy of 93% in FY25 across its owned hotels. In FY25, its multiple owned flagship hotels operated at full capacity: Kolkata (100%), Navi Mumbai (95%), Chennai (93%), and Delhi, Hyderabad (91%). It also outperformed industry RevPAR in every city, with strong premiums particularly in Kolkata (+71%), Goa (+39%), Delhi (+36%) and Vizag (+33%). Given its occupancy resilience, the company is less vulnerable to event-driven downturns and offers a stable platform for pricing power from a strategic standpoint.

Filling the last metro gap with a premium play: ASPHL aims to launch its first Mumbai hotel in Juhu by July 2026 through a 90% acquisition of Zillion Hotels. With a rooftop bar, the hotel is set to deliver premium RevPAR. ASPHL expects an ARR of ₹20,000–25,000, contributing ₹700–800mn to topline and ₹250–300mn to EBITDA. With no new supply in Juhu and Mumbai's room inventory growing just 11.2% over five years (currently 16,100 rooms), this acquisition is a compelling opportunity.

Multi-brand, multi-city pipeline - scaled and phased growth: The company plans to double the key count from 2,394 (owned: 46%, managed: 42% and leased: 12%) to 5,403 (owned: 39%, managed: 55% and leased: 6%) over the next five years, with 880 keys across Pune, EM Bypass-Calcutta, Vizag, Navi Mumbai, and Jaipur under development and ~500 keys/year via asset-light model. These developments will be enabling enhanced capital efficiency and supporting projected IRRs between 30% and 40%.

The company recently signed two hotel management agreements — a 150-key luxury hotel, The Park, Jaipur, in a JV with the Goyal Group, and 75-key Zone by The Park in Govardhan, UP. The Jaipur property will serve as a premium wedding and social destination, while the Govardhan hotel will target value-conscious spiritual and leisure travellers near Mathura (25 km) and Vrindavan (24 km).

The upcoming Park EM Bypass Kolkata project, comprising 250 hotel rooms and 100 service apartments, will begin its apartment sales in October 2025; generating ~₹100mn in cash flow per year over the next three years.

Flurys: Turning an iconic brand into a top F&B leader: Flurys, currently operational in 103 outlets, recorded 37% revenue growth and a 12% EBITDA margin in FY25 (~9% post-rent), driven by a strategic shift from kiosks to cafes that boosts its revenue to ₹10mn from ₹5-6mn. With the upcoming NCR central production hub and a cafe-first expansion strategy, Flurys is well-positioned to grow into ₹800mn business by FY27, achieving industry-leading margins.

Financials: ASPHL has demonstrated strong financial growth, delivering a 4-year revenue CAGR of ~37%, with revenues rising from ₹1,788mn in FY21 to ₹6,315mn in FY25. Since its listing in February 2024, the company has reduced its debt from ₹5,010mn in FY23 to ₹368mn in FY25. The management contract fees rose to ₹150mn in FY25 from ₹120mn in FY24. The trailing EV/EBITDA multiple for FY25 stands at 17.3x, and the stock is currently trading at a P/E multiple of 42x.

Outlook: ASPHL maintains an industry-leading occupancy rate of 92% and operates a diverse, multi-city portfolio spanning luxury, upper upscale, upscale, and mid-scale segments. Its presence extends beyond the metro cities to Tier-II and Tier-III locations, strategically targeting leisure and spiritual destinations such as Vizag, and Govardhan. With an entry in luxury hotels in Mumbai, Chettinad and Patiala, there is headroom for a future drive in ARR (currently: 7,624).

Income Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Revenue	1,788	2,550	5,105	5,790	6,315
% Change YoY	NA	42.6	100.2	13.4	9.1
Operating profit	114	455	1,631	1,925	2,045
EBITDA margins (%)	6.4	17.8	32.0	33.2	32.4
% Change YoY	NA	299	259	18	6
Depreciation	377	401	493	505	618
EBIT	-263	54	1,138	1,420	1,428
EBIT margins (%)	-15	2	22	25	23
Interest expense	569	600	623	660	165
Other income	115	128	140	127	219
Profit before tax	-868	-418	655	887	1,481
Taxes	-109	-136	174	199	645
Effective tax rate (%)	13	33	27	22	44
Net profit	-759	-282	481	688	836
% Change YoY	NA	-63	-270	43	22
EPS (₹)	-4	-1.6	2.8	3.2	3.9

Source: Company; Share India Research

Cash Flow Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Profit Before Tax	-868	-418	655	887	1,481
Non-cash items	920	974	1,097	1,116	711
(Inc)/Dec in WC	216	54	(31)	(173)	(312)
Direct taxes paid	(3)	(29)	42	(148)	(304)
CF from Oper. Activity	265	581	1,763	1,681	1,576
(Inc)/Dec in FA	(413)	(265)	(418)	(1,008)	(1,505)
Free Cash Flow	-148	316	1,345	673	71
(Pur)/Sale of Invest.	144	33	(21)	(13)	(511)
Other Income	16	11	18	14	60
CF from Inv. Activity	(253)	(221)	(421)	(1,007)	(1,956)
Change in Network	0	0	0	5,869	-122
Inc/(Dec) in Debt	303	229	(639)	(5,633)	307
Others	(356)	(601)	(623)	(632)	(143)
CF from Fin. Activity	(53)	(372)	(1,262)	(396)	42
Inc/(Dec) in Cash	(40)	(12)	80	278	(338)
Opening cash Balance	137	98	85	166	445
Closing cash Balance	97	85	166	443	107

Source: Company; Share India Research

Balance Sheet (Consolidated)

Y/e 31 Mar (₹ mn)	FY21	FY22	FY23	FY24	FY25
Sources of Funds					
Equity capital	175	175	175	213	213
Reserves	5,188	4,910	5,382	11,767	12,628
Net worth	5,363	5,085	5,557	11,980	12,841
Debt	5,934	6,227	5,669	323	732
Non-Current Liabilities	596	531	827	1,177	1,821
Current liabilities	911	911	1,568	1,290	1,323
Total liabilities	12,803	12,752	13,618	14,768	16,714
Application of Funds					
Fixed Asset					
Investments	1,415	1,407	1,815	1,806	562
Current assets	479	576	756	872	1,957
Non-Current Assets	10,806	10,677	10,875	11,472	13,981
Cash & equivalents	104	93	172	618	214
Total Assets	12,803	12,752	13,618	14,768	16,714

Source: Company; Share India Research

Ratio Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25
Basic (Rs)					
EPS	-4.3	-1.6	2.8	3.2	3.9
Book value per share	30.7	29.1	31.8	56.1	60.3
Valuation ratios (x)					
P/E	NA	NA	59.6	50.9	41.8
P/B	5.3	5.6	5.2	2.9	2.7
EV/EBIDTA	302.8	76.5	20.9	18.0	17.3
Profitability Ratios (%)					
ROIC	NA	NA	8.2	9.7	6.8
RoE	NA	NA	9.0	7.8	6.7
RoCE	NA	NA	10.8	12.2	11.5
Liquidity ratios					
Debtor (days)	20	28	16	19	21
Inventory (days)	10	14	8	9	37
Payable (days)	51	68	36	33	29
Net working Capital (days)	-21	-26	-12	-5	29
Asset Turnover (x)	0.3	0.2	0.4	0.4	0.4

Source: Company; Share India Research

Kamat Hotel (India) Ltd

Poised for premium-led, capex-light growth

CMP : ₹231
Stock data (as on 09 July 2025)

Bloomberg Ticker	: KHI IN
NSE Code	: KAMATHOTEL
52 Week H/L (₹)	: 354/175
Market Cap (₹bn/USD mn)	: 7/81
Outstanding Shares (mn)	: 29
Free Float (%)	: 42%
ADTV – 3M (USD mn)	: 0.5
Div Yield (%)	: 0

Shareholding Pattern (%)

Promoter	Sep-24	Dec-24	Mar-25
Promoter	57.78	57.78	57.78
FII	-	-	0.27
DII	4.53	4.53	4.16
Others	37.68	37.68	37.78

Financial Summary

(₹mn)	FY23	FY24	FY25
Revenues	2,951	3,043	3,625
YoY growth (%)	104.2	3.1	19.1
EBITDA	1,088	908	1,047
Margin (%)	36.9	29.8	28.9
PAT	3,128*	448	465
PAT growth (%)	NA	-85.7	3.7
EPS	123.9	16.9	15.5
P/E (x)	1.9	13.6	14.9
EV/EBITDA (x)	8.3	9.3	8.3
Debt/ Equity (x)	2.2	1.3	0.7
RoE (%)	NA	24.5	19.1
RoCE (%)	26.2	19.0	22.9

*Sold assets worth ₹2360mn

Kamat Hotel (India) Ltd (Kamat) is emerging as a compelling turnaround story in India's hospitality landscape, anchored by its strong premium brand positioning, asset-light model, and strategic reinvestments. With a robust portfolio of 1,824 keys and a concentrated presence in the metro markets like Mumbai and Pune, the company is now scaling into high-growth Tier-II and Tier-III destinations with a pipeline of approximately 600 keys — over 50% will be operational by end FY25.

The flagship, Orchid Pune, is undergoing a self-funded expansion which is expected to lift Average Room Rate (ARRs) and occupancy while maintaining capital discipline. Simultaneously, it is focused on driving profitability through automation and operational efficiency.

Backed by healthy return ratios (RoE – 19.1% and RoCE – 22.9%, respectively) and a clean balance sheet, Kamat is well-positioned to deliver margin-accretive growth with no additional capex. Despite these strong fundamentals, the stock remains attractively valued at TTM 8.3x EV/EBITDA (15-year median 15x) — offering meaningful upside potential as operating metrics continue to improve.

Highlights

Strong brand positioning with scalable model: Kamat operates 1,824 keys with a dominant 71% mix in the premium segment under its flagship, Orchid, and IRA brands. Mumbai and Pune remain its strategic strongholds, contributing ~58% of the total inventory.

Expanding beyond metros — scaling where demand is rapidly rising: The Company is actively expanding into high-growth markets such as Hyderabad, Rishikesh, and Odisha with a robust pipeline of approximately 600 keys. This expansion deepens its presence across spiritual and leisure destinations, tapping into rising demand in Tier-II and Tier-III cities. Notably, more than 311 rooms — above 50% of the pipeline — are expected to become operational by end-2025, significantly boosting medium-term growth visibility and reinforcing Kamat's positioning in under-penetrated but fast-growing regions.

Flagship-led expansion for margin-accretive growth: In a focused move to unlock value, Orchid Pune is undergoing ₹400mn renovation and capacity expansion — from 410 to 500 rooms and 2 banquet halls over the next 12–15 months. Fully funded through internal accruals, the upgrade is expected to drive a meaningful uplift in ARR and occupancy, reinforcing Kamat's leadership in key metro markets.

Capital-efficient growth with comfortable valuations: Kamat has reduced its debt from ~₹1.5bn to ~₹1.0bn, improving its debt-to-equity ratio to 1.0, with plans to lower it further to ~₹750mn by FY26. This balance sheet strengthening provides significant headroom to improve capital efficiency. RoE and RoCE already stand at a healthy 18.5% and 19.5%, respectively, and are expected to expand further as occupancy (currently ~55%) improves amid asset stabilization and rising demand — no requirement of additional capex. Despite these strong fundamentals, the stock remains attractively valued at just 8.4x EV/EBITDA — offering meaningful upside potential as operating metrics continue to improve.

Scaling profitably through cost optimisation: In parallel, Kamat is focused on improving operational efficiency through strategic automation initiatives aimed at reducing manpower and overhead costs. These efforts not only streamline operations but also enhance customer experience — creating lean, tech-enabled, and experience-driven growth model.

Outlook: Kamat Hotels is an under-the-radar turnaround: its premium, Orchid, and IRA brands already anchor 1,824 keys while an asset-light 600-room pipeline will push rapidly into high-growth Tier-II/III markets by FY25. Its flagship Orchid Pune's self-funded upgrade plus portfolio-wide automation should nudge occupancy off a still-low ~65% and unlock higher ARRs without extra capex. Despite these strong fundamentals, the stock remains attractively valued at TTM 8.3x EV/EBITDA (15-year median 15x) — offering meaningful upside potential as operating metrics continue to improve. As utilisation catches up with capacity, the deep valuation gap leaves plenty of room for a sharp re-rating.

Income Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Revenue	660	1,445	2,951	3,043	3,625
% Change YoY	-70.3	118.9	104.2	3.1	19.1
Operating profit	89	367	1,088	908	1,047
EBITDA margins (%)	13.4	25.4	36.9	29.8	28.9
% Change YoY	-86	314	197	-17	15
Depreciation	175	170	155	177	198
EBIT	-87	197	933	731	849
EBIT margins (%)	-13	14	32	24	23
Interest expense	418	505	221	606	300
Other income	15	11	39	110	78
Profit before tax	-459	-301	3,162	539	653
Taxes	-96	-74	34	91	188
Effective tax rate (%)	21	25	1	17	29
Net profit	-363	-227	3,128	448	465
% Change YoY	NA	NA	NA	-86	4
EPS (₹)	NA	NA	123.9	16.9	15.5

Source: Company, Share India Research

Cash Flow Statement (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Profit After Tax	-459	-301	3,163	539	653
Non-cash items	557	677	(2,076)	443	253
(Inc)/Dec in WC	(103)	(55)	124	(124)	(205)
Direct taxes paid	21	(9)	(31)	(61)	26
CF from Oper. Activity	10	307	1,162	719	663
(Inc)/Dec in FA	(71)	(58)	58	1,091	(172)
FCFF	-61	249	1,220	1,810	491
(Pur)/Sale of Invest.	-	-	-	-	(0)
Other Income	30	9	(466)	355	515
CF from Inv. Activity	(41)	(49)	(407)	1,446	343
Change in Network	0	0	221	91	260
Inc/(Dec) in Debt	61	(97)	(485)	(1,334)	(799)
Others	(15)	(70)	(624)	(948)	(421)
CF from Fin. Activity	46	(167)	(888)	(2,191)	(960)
Inc/(Dec) in Cash	15	91	(133)	(27)	45
Opening cash balance	119	135	225	92	75
Closing cash balance	135	225	92	75	120

Source: Company, Share India Research

Balance Sheet (Consolidated)

Y/e 31 Mar (₹mn)	FY21	FY22	FY23	FY24	FY25
Sources of Funds					
Equity capital	242	242	252	265	301
Reserves	(1,829)	(2,053)	1,288	1,791	2,484
Net worth	(1,587)	(1,812)	1,541	2,056	2,785
Debt	4,506	4,410	3,273	1,998	1,276
Non-Current Liabilities	413	334	368	892	1,108
Current liabilities	1,315	1,737	911	1,231	723
Total liabilities	4,647	4,669	6,092	6,178	5,892
Application of Funds					
Fixed Asset	3,509	3,392	3,559	3,884	4,009
Investments	104	102	86	85	82
Current assets	140	188	218	475	368
Non-Current Assets	748	753	1,157	1,391	1,145
Cash & equivalents	145	235	235	343	288
Assets Held for sale	0	0	838	0	0
Total Assets	4,647	4,669	6,092	6,178	5,892

Source: Company, Share India Research

Ratio Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25
Basic (Rs)					
EPS	NA	NA	123.9	16.9	15.5
Book value per share	NA	NA	61.0	77.6	92.6
Valuation ratios (x)					
P/E	NA	NA	1.9	13.6	14.9
P/B	NA	NA	3.8	3.0	2.5
EV/EBITDA	114.4	27.1	8.3	9.3	8.3
Profitability Ratios (%)					
ROIC	NA	NA	20.2	16.0	14.6
RoE	NA	NA	201.2	24.5	19.1
RoCE	NA	NA	26.2	19.0	22.9
Liquidity ratios					
Debtor (days)	44	20	12	11	9
Inventory (days)	14	5	4	5	4
Payable (days)	140	57	27	32	24
Net working Capital (days)	-82	-32	-12	-17	-10
Asset Turnover (x)	0.1	0.3	0.5	0.5	0.6

Source: Company, Share India Research

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