LEMON TREE HOTEL

nuvama institutional equities

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	146
12 month price target (INR)	168
52 Week High/Low	162/112
Market cap (INR bn/USD bn)	116/1.3
Free float (%)	0.0
Avg. daily value traded (INR mn)	701.2

SHAREHOLDING PATTERN

	Dec-24	Dec-22	Mar-23
Promoter	22.77%	22.77%	22.77%
FII	20.01%	21.75%	27.61%
DII	20.80%	18.91%	15.20%
Pledge	0.00%	0.00%	0.00%

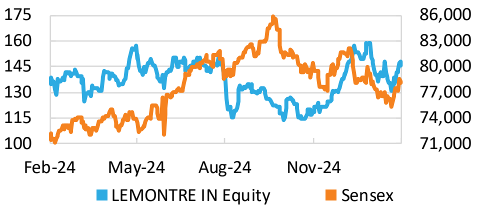
FINANCIALS (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	10,711	12,631	14,609	16,361
EBITDA	5,232	6,145	7,111	8,630
Adjusted profit	1,486	1,782	2,238	3,368
Diluted EPS (INR)	1.9	2.3	2.8	4.3
EPS growth (%)	nm	55.5	50.6	88.9
RoAE (%)	16.3	16.6	16.8	19.8
P/E (x)	77.9	64.9	51.7	34.4
EV/EBITDA (x)	25.6	21.1	17.7	13.9
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY25E	FY26E	FY25E	FY26E
Revenue	12,631	14,609	0.0%	0.2%
EBITDA	6,145	7,111	2.4%	-3.5%
Adjusted profit	1,782	2,238	16.6%	-3.2%
Diluted EPS (INR)	2.3	2.8	16.6%	-3.2%

PRICE PERFORMANCE



Aurika's occupancy scale-up lifts results

Return of recently renovated rooms and a strong ramp-up in Aurika Skycity's occupancy helped Lemon Tree (LT) post a strong operating performance in Q3. Margins were higher YoY led by uptick in occupancy across categories. PAT and cash profit posted a significant jump. Growth has been secular in corporate and retail room rates.

Management has guided for increased renovation spends in FY26 to finish up the planned portfolio renovation. Building in the current run-rate, we are tweaking FY25E/26E revenue marginally and EBITDA by 2.4%/-3.5% and roll forward to FY27, yielding a revised TP of INR163 (earlier INR158); maintain 'BUY'.

Strong growth fuelled by Aurika Skycity; margins improve

Lemon Tree reported a 23% YoY surge in revenue to INR3.55bn driven by better occupancy rates and increased ARRs. A 20% YoY increase in RevPAR was driven by both improved occupancy, which rose from 66% to 74%, and 6.8% gain in ARR. Occupancy ramp-up in Aurika MIAL drove the performance. RevPAR increase ex-Keys was 20.5% YoY. Total management fee grew +35% YoY to INR437mn while management fee from third-party owned rooms was INR184mn (23.5% growth YoY).

On the cost side, LT paused renovation spends this quarter and shall pick it up in H1FY26. EBITDA margin was up 346bp to 51.9%. Keys portfolio EBITDA margins improved 17pp to ~36% versus 19% in Q3FY24. PAT jumped 84% because of a lower tax rate, improved EBITDA, and lower interest costs. Cash profit stood at INR1,148mn in Q3FY25, which was up 65% from INR697mn in Q2FY25 and was up 50% compared with INR768mn in Q3FY24.

Mumbai/Delhi outperform; strong RevPAR growth

The Mumbai and Delhi markets witnessed the highest RevPAR improvement among other micro markets on a YoY basis. Growth in the Mumbai region was driven by the strong performance of Aurika MIAL with 70%-plus occupancies and INR9,000-plus ARR. Corporate room rates reported growth of 5% YoY, whereas growth in retail room rate was at 7%YoY. Across LT's key brands, Aurika Hotels and Resorts/Lemon Tree Premier/Lemon Tree/Red Fox/ Keys reported a YoY RevPAR growth of 66%/12%/9%/17%/15%. The company's pace of signing new properties has been healthy over the past quarter wherein LT signed 13 new management and franchise contracts, adding 766 rooms to the pipeline. In addition, the company operationalised one hotel during the quarter adding 38 rooms to the portfolio.

Financials

Year to March	Q3FY25	Q3FY24	% Change	Q2FY25	% Change
Net Revenue	3,552	2,887	23.0	2,844	24.9
EBITDA	1,842	1,397	31.8	1,307	40.9
Adjusted Profit	625	354	76.5	296	110.8
Diluted EPS (INR)	0.8	0.4	76.5	0.4	110.8

Rajiv Bharati
rajiv.bharati@nuvama.com

Ashish Vanwari
AshishK.Vanwari@nuvama.com

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	10,711	12,631	14,609	16,361
Gross profit	10,083	11,873	13,732	15,379
Employee costs	1,878	2,190	2,377	2,557
Other expenses	2,973	3,539	4,244	4,193
EBITDA	5,232	6,145	7,111	8,630
Depreciation	1,121	1,408	1,513	1,545
Less: Interest expense	2,016	2,037	1,910	1,323
Add: Other income	56	60	60	60
Profit before tax	2,158	2,760	3,749	5,821
Prov for tax	341	607	825	1,281
Less: Other adj	0	0	0	0
Reported profit	1,486	1,782	2,238	3,368
Less: Excp.item (net)	0	0	0	0
Adjusted profit	1,486	1,782	2,238	3,368
Diluted shares o/s	792	792	792	792
Adjusted diluted EPS	1.9	2.3	2.8	4.3
DPS (INR)	0	0	0	0
Tax rate (%)	15.8	22.0	22.0	22.0

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	7,918	7,918	7,918	7,918
Reserves	1,750	3,903	6,827	11,368
Shareholders funds	9,669	11,822	14,746	19,286
Minority interest	5,795	5,369	5,562	6,836
Borrowings	18,891	19,395	13,395	9,395
Trade payables	859	964	1,115	1,249
Other liabs & prov	661	2,374	2,516	2,627
Total liabilities	40,329	44,378	41,789	43,847
Net block	31,137	30,291	29,443	28,719
Intangible assets	1,357	1,356	1,356	1,356
Capital WIP	248	248	248	248
Total fixed assets	32,742	31,895	31,047	30,323
Non current inv	70	70	70	70
Cash/cash equivalent	537	4,834	2,551	4,789
Sundry debtors	715	1,038	1,201	1,345
Loans & advances	0	0	0	0
Other assets	1,158	1,182	1,269	1,343
Total assets	40,329	44,378	41,789	43,847

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
Room Count - Total	9,863.0	11,320.0	13,834.0	14,654.0
Gross ARR (INR)	6,085.9	6,572.8	7,098.6	7,666.5
Occupancy (%)	70.6	75.0	75.0	75.0
EBITDA margin (%)	48.8	48.7	48.7	52.7
Net profit margin (%)	13.9	14.1	15.3	20.6
Revenue growth (% YoY)	22.4	17.9	15.7	12.0
EBITDA growth (% YoY)	16.9	17.4	15.7	21.3
Adj. profit growth (%)	29.7	20.0	25.6	50.5

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	1,486	1,782	2,238	3,368
Add: Depreciation	1,121	1,408	1,513	1,545
Interest (net of tax)	1,697	1,589	1,489	1,032
Others	0	0	0	0
Less: Changes in WC	(381)	1,472	43	26
Operating cash flow	4,265	6,859	6,109	7,252
Less: Capex	(4,409)	(561)	(665)	(822)
Free cash flow	(144)	6,299	5,444	6,430

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	6.9	6.0	6.2	6.2
Repo rate (%)	6.5	6.0	5.0	5.0

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	16.3	16.6	16.8	19.8
RoCE (%)	12.6	13.5	16.1	20.6
Inventory days	64	55	59	53
Receivable days	17	23	24	27
Payable days	420	393	411	411
Working cap (% sales)	0.5	(11.3)	(10.0)	(9.1)
Gross debt/equity (x)	1.2	1.1	0.7	0.4
Net debt/equity (x)	1.2	0.8	0.5	0.2
Interest coverage (x)	2.0	2.3	2.9	5.4

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	77.9	64.9	51.7	34.4
Price/BV (x)	12.0	9.8	7.8	6.0
EV/EBITDA (x)	25.6	21.1	17.7	13.9
Dividend yield (%)	0	0	0	0

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	nm	55.5	50.6	88.9
RoE (%)	16.3	16.6	16.8	19.8
EBITDA growth (%)	16.9	17.4	15.7	21.3
Payout ratio (%)	0	0	0	0

Source: Company and Nuvama estimates

Q3FY25 conference call highlights

Q3FY25

- LT received a Letter of Award from the Directorate of Tourism, Government of Meghalaya, for the redevelopment, operation, and maintenance of the existing Orchid Hotel, Shillong on a Public Private Partnership basis.
- The company has the ability to sustain growth of increasing portfolio
- Aurika SkyCity Mumbai was not fully stabilized in Q3 and has seen better Q4, The company aspires for this hotel to be in ARR of INR11,500-plus and occupancy of 85% for this hotel
- The company is close to signing a long-term lease for Aurika Varanasi
- Concern in signed properties where owners have been unable to fund the hotel construction
- Renovation is yielding positive results and has shown increased ARR and occupancy
- Excluding the impact of Lemon Tree's development fee charges to Fleur Hotels, which inflated last year's PAT, the standalone entity's current year performance has improved.
- The company has paid back INR1.5bn of debt and has cash of INR400mn

Fleur

- Listing to happen in the next one–two years and LT will go debt free instantly after that happens
- It will have EBITDA of USD100mn when it lists
- Fleur to be an independent entity, which can deal with companies other than Lemon Tree
- All assets owned to be under Fleur
- Within three–four months, clarity on Fleur listing is expected
- Lemon Tree investors expected to gain significantly on Fleur listing

Outlook

- Debt to EBITDA will be under 1.7x by next year
- LT to build a network presence everywhere and place itself as a mid-market brand
- The company is focusing on increasing RevPAR
- Increased renovation expenses to continue till FY26 and a bit of it in FY27 post which renovation expenses will close at 1.5% to 1.7% of revenue on an ongoing basis.
- LT to position itself as the largest mid-market hotel brand
- LT anticipates a post-renovation EBITDA of INR 600mn for the Keys portfolio, yielding an EBITDA of INR 0.65mn per room once stabilized

- 4500 rooms need renovation, of which 900 rooms are of Keys, 70% of the more significant hotels have been renovated and by end of FY25, 2,600 rooms will be renovated including all rooms of significant hotels
- With a target of reaching 20,000 rooms within the next 12-15 months, Lemon Tree Hotels anticipates exceeding expectations.
- EBITDA margins post renovation to be at 60%
- Temporary disruption can be experienced in Aurika Mumbai on account of Navi Mumbai Airport opening
- Rate of growth of RevPAR to be in mid-teens
- Management fee income to double in next 2 years
- Revenue growth is expected to drive operating leverage, especially within the wage bill line item.

Exhibit 1: Quarterly snapshot

Particulars (Rs. mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	Q3FY25
Net Sales	3,552	2,887	23	2,844	25	9,076	7,401	3,552
Operating Expenses:								
Power Oil and Fuel	215	199	8	228	(6)	676	583	215
Cost of food and beverages consumed	196	166	18	172	14	532	423	196
Other Expenses	734	634	16	594	24	1,953	1,536	734
Rent	-	-		-		-	-	-
Employee Cost	564	490	15	543	4	1,614	1,379	564
Total Expenditure	1,710	1,490	15	1,536	11	4,776	3,920	1,710
EBITDA	1,842	1,397	32	1,307	41	4,300	3,481	1,842
Other Income	6.2	22	(71)	4.7	31	15	55	6.2
Depreciation	351	333	5	348	1	1,044	787	351
EBIT	1,498	1,086	38	964	55	3,270	2,748	1,498
Interest	503	534	(6)	513	(2)	1,534	1,489	503
PBT before exceptional item	994	552	80	451	120	1,736	1,259	994
Exceptional Item	-	-	-	-	-	-	-	-
PBT after exceptional item	994	552	80	451	120	1,736	1,259	994
Total tax	197	118	67	102	92	390	291	197
PAT	798	434	84	349	129	1,346	969	798
Share of profit from associates	1	3	(75)	2	(43)	4	9	1
Minority Interest	174	84	107	54	221	231	162	174
Net Income	625	354	77	296	111	1,119	815	625
Margins(%)			bps		bps			
EBITDA margin	51.9%	48.4%	346	46.0%	589	47.4%	47.0%	51.9%
PBT margin	28.0%	19.1%	887	15.9%	1,213	19.1%	17.0%	28.0%
Tax rate	19.8%	21.3%	(151)	22.7%	(290)	22.4%	23.1%	19.8%
NPM (after MI and share of associates)	17.6%	12.3%	533	10.4%	717	12.3%	11.0%	17.6%
EPS	0.79	0.45		0.37		1.41	1.03	0.79
Shares Outstanding	792	792		792		792	792	792

Source: Company, Nuvama Research

Exhibit 2: Keys portfolio snapshot (Quarterly)

Keys (INR mn)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Inventory	936	936	936	936	936	936	936	936	936	936	936	936	936	936
ARR	2,053	2,331	2,374	3,211	3,355	3,512	3,264	3,434	3,524	3,585	3,637	3,637	3,677	3,733
Occupancy	30%	38%	32%	56%	53%	51%	56%	57%	59%	53%	56%	56%	56%	59%
RevPAR	611	891	759	1,784	1,771	1,778	1,815	1,965	2,085	1,907	2,018	1,975	2,071	2,191
	-	-55%	-47%	400%	273%	-10%	26%	10%	18%	7%	11%	1%	-1%	15%
Revenue from Operations	71	102	80	171	176	179	182	194	203	196	215	205	210	224
EBITDA Margin (%)	19%	20%	10%	22%	32%	16%	40%	23%	27%	19%	26%	19%	30%	36%
EBITDA w/o Other Income	9	18	(16)	36	54	24	69	43	54	34	38	39	62	79
EBITDA margin before Other Income (%)	12%	18%	-20%	21%	31%	13%	38%	22%	27%	17%	18%	19%	30%	35%
PBT	(55)	(37)	(32)	(23)	(6)	(29)	19	(28)	(13)	(28)	(11)	(29)	(8)	8

Source: Company, Nuvama Research

Exhibit 3: Quarterly snapshot by region (Consolidated)

Occupancy	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Delhi	69%	64%	73%	79%	81%	88%	74%	76%	81%	87%	75%	78%	84%
Gurgaon	51%	36%	57%	65%	68%	77%	68%	74%	70%	72%	76%	80%	74%
Hyderabad	66%	45%	73%	81%	74%	77%	84%	85%	78%	79%	73%	76%	80%
Bengaluru	41%	39%	76%	68%	64%	63%	71%	74%	55%	58%	65%	68%	65%
Mumbai	76%	69%	74%	77%	79%	84%	86%	87%	53%	73%	59%	62%	76%
Pune	0%	0%	71%	69%	69%	72%	72%	71%	65%	75%	76%	74%	73%
ROI	0%	0%	53%	52%	64%	70%	60%	60%	68%	69%	61%	60%	72%
Combined	58%	46%	65%	66%	68%	74%	70%	72%	66%	72%	67%	68%	74%
ARR													
Delhi	3,902	3,912	4,895	4,941	6,090	6,352	5,744	5,757	6,803	7,055	5,971	6,318	7,949
Gurgaon	3,812	4,186	4,758	4,654	5,286	5,412	5,078	4,865	5,832	5,985	5,226	5,197	6,146
Hyderabad	3,467	4,125	5,300	5,390	6,245	6,459	5,627	5,775	6,678	7,156	6,038	6,483	7,298
Bengaluru	3,086	3,399	4,352	4,661	5,205	5,050	4,878	4,910	5,016	5,218	4,890	4,897	5,023
Mumbai	4,120	4,762	7,114	7,101	8,473	9,064	7,721	7,786	8,844	9,077	8,405	8,642	9,052
Pune	-	-	4,501	4,703	4,978	4,857	4,920	4,997	5,315	5,231	5,252	5,497	5,762
ROI	-	-	4,431	4,374	5,317	5,341	4,510	4,550	5,822	5,813	4,614	4,780	5,862
Combined	3,901	4,093	4,822	4,917	5,738	5,824	5,237	5,268	6,333	6,605	5,686	5,902	6,763
RevPAR													
Delhi	2,692	2,504	3,549	3,928	4,941	5,559	4,251	4,377	5,520	6,144	4,257	4,903	6,660
Gurgaon	1,944	1,507	2,693	3,005	3,587	4,191	3,448	3,582	4,097	4,335	3,997	4,137	4,561
Hyderabad	2,288	1,856	3,885	4,361	4,644	5,001	4,749	4,929	5,195	5,665	4,428	4,957	5,870
Bengaluru	1,265	1,326	3,299	3,178	2,805	3,178	3,444	3,640	2,738	3,029	3,187	3,340	3,263
Mumbai	3,131	3,286	5,293	5,438	6,683	7,657	6,656	6,762	4,674	6,616	4,937	5,353	6,916
Pune	-	-	3,209	3,225	3,436	3,494	3,518	3,565	3,469	3,911	3,999	4,056	4,186
ROI	-	-	2,348	2,282	3,419	3,718	2,724	2,723	3,933	4,026	2,799	2,891	4,220
Combined	-	-	**3,139**	**3,257**	**3,877**	**4,287**	**3,676**	**3,775**	**4,176**	**4,754**	**3,788**	**4,035**	**5,018**

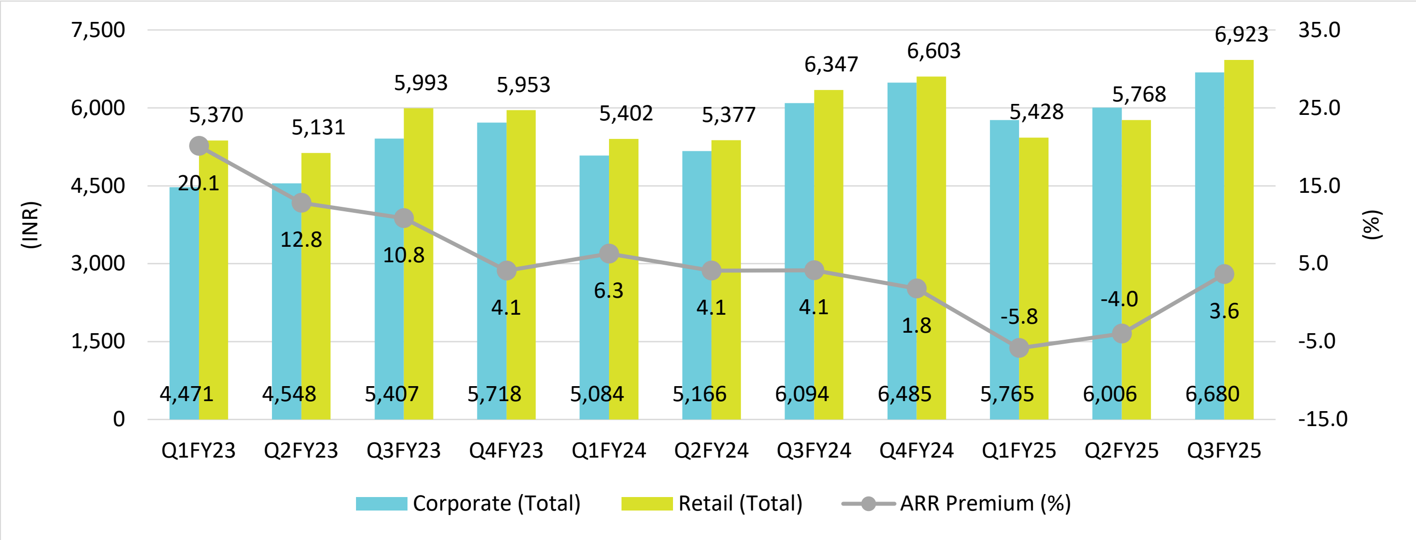
Source: Company, Nuvama Research

Exhibit 4: ARRs by market segment

	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY
Corporate	5,315	5,517	4,909	4,995	5,855	6,414	5,497	5,755	6,549	12%
Airline	5,611	5,824	5,922	6,017	6,642	6,603	6,910	6,637	6,923	4%
Travel Trade	5,611	6,471	5,182	5,265	6,199	6,603	5,654	6,882	6,923	12%
OTA	5,972	6,200	5,339	5,420	6,406	6,603	5,364	5,720	6,923	8%
Web	5,611	5,824	5,182	5,265	6,199	6,603	5,654	5,899	6,923	12%
Others FITs	6,172	5,295	5,829	5,265	6,199	6,603	5,654	5,899	6,923	12%
Corporate (Total)	**5,407**	**5,718**	**5,084**	**5,166**	**6,094**	**6,485**	**5,765**	**6,006**	**6,680**	**10%**
Retail (Total)	**5,993**	**5,953**	**5,402**	**5,377**	**6,347**	**6,603**	**5,428**	**5,768**	**6,923**	**9%**

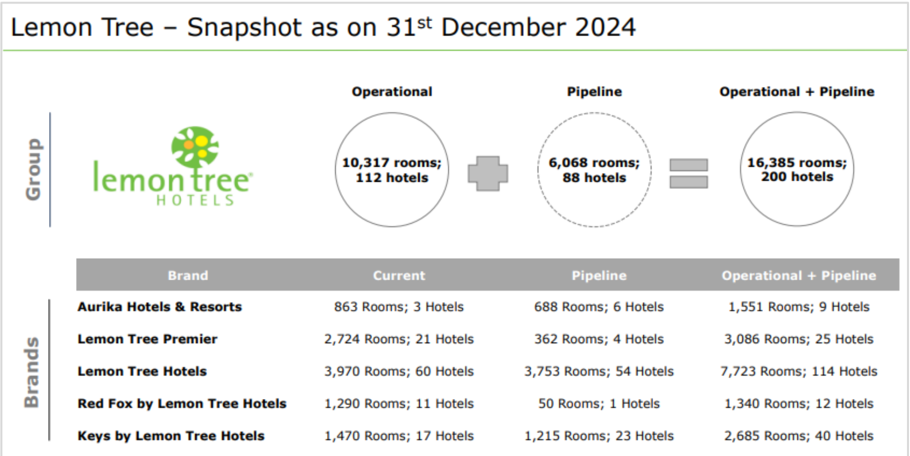
Source: Nuvama Research

Exhibit 5: Retail ARR premium over corporate ARR



Source: Nuvama Research

Exhibit 6: Lemon Tree - Operational and pipeline supply



Brand	Current	Pipeline	Operational + Pipeline
Aurika Hotels & Resorts	863 Rooms; 3 Hotels	688 Rooms; 6 Hotels	1,551 Rooms; 9 Hotels
Lemon Tree Premier	2,724 Rooms; 21 Hotels	362 Rooms; 4 Hotels	3,086 Rooms; 25 Hotels
Lemon Tree Hotels	3,970 Rooms; 60 Hotels	3,753 Rooms; 54 Hotels	7,723 Rooms; 114 Hotels
Red Fox by Lemon Tree Hotels	1,290 Rooms; 11 Hotels	50 Rooms; 1 Hotels	1,340 Rooms; 12 Hotels
Keys by Lemon Tree Hotels	1,470 Rooms; 17 Hotels	1,215 Rooms; 23 Hotels	2,685 Rooms; 40 Hotels

Source: Company

Exhibit 7: SotP valuation

	Labels	Criteria	Value (Rs mn)	Multipler	FY27 Valuation
EV (Standalone)	A	EBITDA (FY27)	1,491	18	26,847
EV (Subs)	B	EBITDA (FY27)	3,574	18	64,333
EV (Management Contract)	C	EBITDA (FY27)	2,038	22	44,840
EV (Total)	D=A+B+C				1,36,020
Net Debt	E				2,939
CWIP	F				-
Valuation of Equity (Rs. mn)	G=D-E+F				1,33,080
Number of Shares Outstanding (mn)	H				792
Fair Value	**I=G/H**				**168**
CMP	J				146
Upside	**K=I/J-1**				**15%**

Source: Company, Nuvama Research

Company Description

Lemon Tree was established in 2002 under the leadership of Mr. Patanjali Keswani and commenced operations by opening a 49 room hotel in Gurugram in 2004. The company has positioned itself as a market leader in India's mid-priced hotel sector. With ~10,125 rooms in 107 hotels, Lemon Tree is India's largest hotel chain in the mid-priced hotel sector and the third largest overall (on the basis of controlling interest in owned and leased rooms). The company operates in the mid-priced hotel sector comprising upper-midscale, midscale and economy hotel segments. It has created three brands to cater to the midscale segment—Lemon Tree Premier, Lemon Tree Hotels and Red Fox.

Investment Theme

Best-in-class performance parameters

Lemon Tree's clear location and brand identification criteria along with better distribution & branding and higher base of corporates underpin its industry-leading occupancy. Thus, operating at close to peak occupancy, while efficiently managing costs, helped the company drive significant operating leverage, which along with ARR hikes powered up EBITDA margin about 1,800bps over FY14–19 to among the highest in the industry. The company's development costs (~15%) and time (~10%) are also lower than peers owing to its background in developing hotels.

One of the strongest pipelines imparts visibility

Presence in the less-penetrated mid-scale category along with right brands and positioning led to Lemon Tree's emergence as the leader in the mid-priced segment. Besides, regular engagement of external equity investors (APG) helped it monetise completed projects to fund further growth, thereby creating regular inflows. After clocking a 19% CAGR in room inventory over FY13–19, Lemon Tree continues to have one of the strongest room addition pipelines, imparting it significant growth visibility.

Key Risks

Adverse industry cycle could impact performance: The current supply situation in the industry remains stable with ARR hikes expected to sustain. However, any increase in supply, could impact the industry's as well Lemon Tree's operating performance.

Lower-than-expected scale up of or delay in MIAL airport property: Lemon Tree's new 669 room property at MIAL is its biggest and among the single largest properties in India. This property alone is expected to contribute ~13% to the company's room revenue from FY22E and a much higher share to its EBITDA.

Competition from emerging brands in mid-scale segment: While the mid-scale segment—Lemon Tree's key segment—remains the fastest growing, emerging competition from brands like Oyo Townhouse, Treebo and Fab Hotels could intensify the competition, impacting incremental management contract growth and also rate hikes in the segment.

Additional Data

Management

CEO	Patanjali Keswani
CFO	Kapil Sharma
COO	
Other	
Auditor	Deloitte Haskins & Sells

Holdings – Top 10*

	% Holding		% Holding
SBI Funds manag	7.18	L&T MF	1.85
Franklin Resour	6.88	Nippon Life Ind	1.72
Nomura Holdings	3.74	Blackrock	1.13
Vanguard Group	3.03	Vanguard Intern	1.07
Nomura India	2.35	Norges Bank	0.86

**Latest public data*

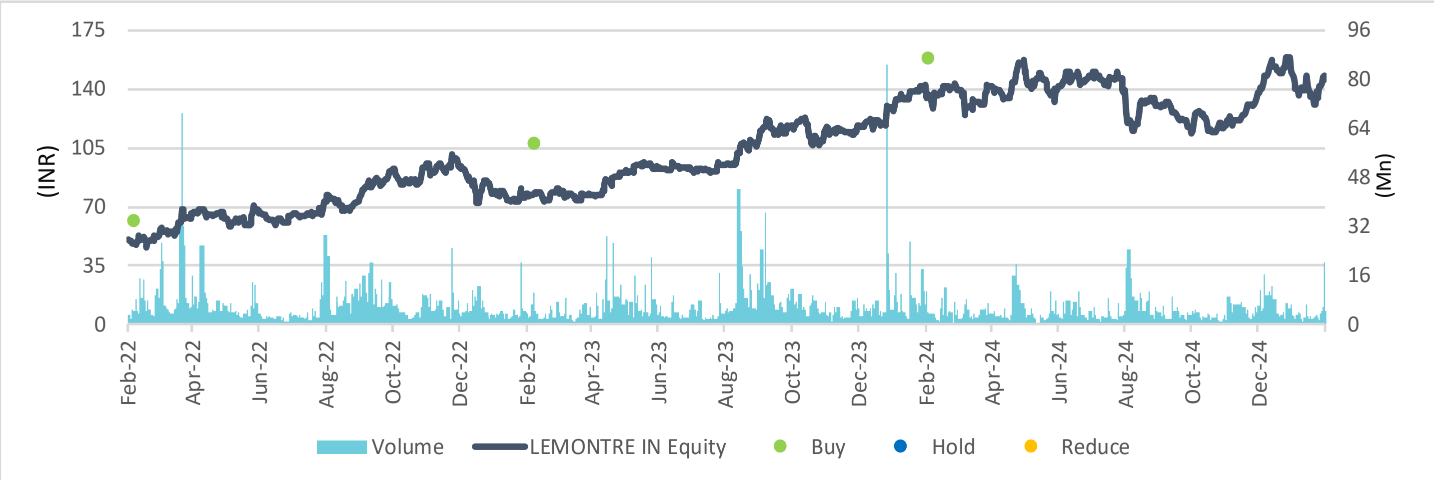
Recent Company Research

Date	Title	Price	Reco
18-Nov-24	Lemon Tree Hotel (LEMONTRE IN, INR 122, ; *Result Update*	122	Buy
09-Aug-24	Renovations and Aurika hurt margins; *Result Update*	120	Buy
03-Jun-24	Performance in line; stable showing; *Result Update*	137	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
17-Jan-25	INDIAN HOTELS CO	Mid-teen growth with double-digit opex ; *Result Update*
05-Dec-24	Leisure & Hotels	Leisure & Hotels – Q2FY25 Results Review; *Sector Update*
21-Nov-24	INDIAN HOTELS CO	Takeaways from Capital Market Day—2024; *Company Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	225
Hold	<15% and >-5%	64
Reduce	<-5%	28

DISCLAIMER

Nuvama Wealth Management Limited (defined as "NWML" or "Research Entity") a company duly incorporated under the Companies Act, 1956 (CIN No L67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities. Name of Compliance/Grievance officer: Mr. Atul Bapna, E-mail address: complianceofficer.nwm@nuvama.com Contact details +91 (22) 6623 3478 Investor Grievance e-mail address- grievance.nwm@nuvama.com

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No.INH000011316 and Enlistment no. 5723 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance .The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWML shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWML to present the data. In no event shall NWML be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWML through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWML or provide any assurance of returns to investors and clients.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWML has financial interest in the subject companies: No

NWML's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

NWML has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years.
A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:
The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons
This research report is a product of NWML, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by NWML only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc. (formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

Disclaimer for U.K. Persons
The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the “Order”); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”).

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons
This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons
In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Disclaimer for Hong Kong persons
This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance “SFO”. This report is intended for distribution only to “Professional Investors” as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors.” Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH
KUMAR
ROY

Digitally signed by ABNEESH KUMAR ROY
DN: c=IN, o=Personal,
pseudonym=47IeWj0vIzKRUdWSEFvWUquxP0HUOyNu,
2.5.4.20=e648fc28137c6fa4c0e6296c524ee518d54fd4f7ba4be4d07cb750c531c68e2c,
postalCode=400098, st=Maharashtra,
serialNumber=7370c9de10fb28bbf7cbc6f71afe3cfe848fa7245a8d681629dc3093fb2a8ea9,
cn=ABNEESH KUMAR ROY
Date: 2025.02.07 01:48:05 +05'30'
Adobe Acrobat version: 2024.005.20399