HOTELS Q4FY25 REVIEW

SECTOR UPDATE

nuvama institutional equities

Indian Hotels Q4FY25 Result Review

Lemon Tree Q4FY25 Result Review

RevPAR climbs in another strong quarter

Hotels had an outstanding Q4FY25 marked by strong RevPAR growth across most Indian cities and initial signs of strengthening foreign tourist traffic. Hoteliers expect this to sustain in Q1FY26E, though May's India-Pakistan tensions may cause disruption. While a weak base shall boost Q1FY26E RevPAR, Q2 will be the real test as the base normalises. Operating leverage playing out for most players is positive, but room openings are lagging, particularly for Lemon Tree.

We believe sectoral valuations are getting expensive, and have a 'REDUCE' on IHCL due to its elevated valuation. Our top pick is Lemon Tree (LT) as we expect it to reap the benefits of recent portfolio renovation in FY26E.

Growth momentum continues; pipeline robust

The sector maintained positive growth momentum in Q4FY25 with most companies achieving double-digit growth in ARR. Lemon Tree is an exception to this trend; it did experience improved occupancy levels though, including a rise to approximately 80% at Aurika MIAL. The Bengaluru, Mumbai and Delhi markets clocked the highest RevPAR improvement on a YoY basis.

The industry's RevPAR improved 6.6% YoY driven by an uptick of 8.2% in ARR and constrained by the reduction in occupancies by 1pp YoY.

Revenue growth for most of the listed universe was high in double digits driven by an increase in inventory and double-digit RevPAR growth. In the hotels segment, IHCL clocked 13% YoY growth (propelled by 1% room night, 14% ARR and 15.5% RevPAR growth in LFL domestic portfolio). Meanwhile, rapid growth in management contracts and hotel openings fuelled an 18.5% YoY jump in its management fee income.

The overall hotel pipeline for all companies continues to grow and is a strong indicator of positive business outlook.

Improving margins across listed universe; Aurika aids Lemon Tree

Margins for the listed universe had a positive bias in the quarter driven by higher productivity of assets—fuelled by both both occupancies and ARRs. Lemon Tree's EBITDA margin rose 1.5pp on improving productivity at the Aurika MIAL asset. For Chalet, EBITDA margin of the hotels segment increased marginally by 55bp YoY while EBITDA margins of its retail and commercial business portfolios rose sharply by +351bp YoY and +151bp YoY, respectively, owing to higher occupancies.

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Outlook and valuation

IHCL sprung a positive surprise with 15.5% YoY LFL RevPAR growth in Q4FY25, and Apr-25 began strong at 17% YoY—potentially helping with a tough Q2 comparison (on a high base). The company met its double-digit annual revenue growth target, mainly on the back of higher ARR. Management is optimistic about continued growth due to strong wedding demand in Q1FY26E and the visibility based on business on books. We maintain '**REDUCE**' as the stock's valuation has run up much ahead of earnings.

Lemon Tree chose to focus on filling rooms to drive up occupancy and would potentially try to raise ARRs in the future. Aurika Mumbai continues to accelerate, leading to strong revenue and top-line expansion. This growth is mirrored by a healthy performance across all micro markets and sub-brands. Notably, management fees increased 22% YoY in FY25. We also saw exceptionally promising incremental EBITDAR margin in Q4FY25, especially for Keys, Aurika and LTP. Management reported particularly strong growth of 21% in April while May—despite some headwinds from geopolitical events and increased covid-19 cases—still delivered healthy 14% growth. We maintain '**BUY**' rating on Lemon Tree.

The conflict between India-Pakistan in May 2025 introduced significant geopolitical risks, creating headwinds for the sector. These developments are expected to adversely impact business performance across industry, i.e. all companies. The full extent of the financial and operational disruptions currently seems to be occupancy deterioration of 5–9pp.

Overall, we anticipate FY26 to be a significantly calmer year than the previous two to three fiscal periods. This is due to a higher base from recent strong performance and potential disruptions to global tourism from geopolitical headwinds.

Exhibit 1: Indicative occupancy change (in pp) and ARR growth by micro market

Occupancy (pp)

	Mum	Delhi	Chennai	Kol	Bglr	Hyd	Pune	Goa	Chgh	Kochi
Apr-24	1.5	4.5	1.5	7.5	1.5	1.5	1.5	(3.5)	1.5	4.5
May-24	(3.0)	4.5	1.5	(3.0)	4.5	(3.0)	(3.0)	1.5	1.5	7.5
Jun-24	(1.5)	1.5	1.5	1.5	1.5	(1.5)	(1.5)	1.5	4.5	7.5
Jul-24	1.5	7.5	4.5	7.5	1.5	4.5	4.5	1.5	7.5	7.5
Aug-24	1.5	4.5	4.5	1.5	1.5	4.5	1.5	1.5	1.5	7.5
Sep-24	1.5	7.0	4.5	(1.5)	9.0	1.5	7.5	4.5	1.5	4.5
Oct-24	(3.0)	(1.0)	(3.0)	(3.0)	1.5	(1.0)	(1.0)	(1.0)	(1.0)	1.5
Nov-24	7.5	7.5	10.5	7.5	10.5	4.5	13.5	7.5	10.5	7.5
Dec-24	4.5	1.5	4.5	4.5	1.5	(2.5)	1.5	1.5	(2.5)	7.5
Jan-25	1.5	7.5	4.5	1.5	7.5	(2.5)	4.5	1.5	(2.5)	4.5
Feb-25	1.0	3.0	5.0	3.0	5.0	1.0	1.0	1.0	5.0	3.0
Mar-25	1.0	3.0	5.0	(1.5)	5.0	(1.5)	3.0	(1.5)	1.0	(1.5)
Apr-25	1.0	7.0	5.0	3.0	5.0	5.0	3.0	1.0	3.0	3.0
	Mum	Delhi	Chennai	Kol	Bglr	Hyd	Pune	Goa	Chgh	Kochi

ARR (%)

	Mum	Delhi	Chennai	Kol	Bglr	Hyd	Pune	Goa	Chgh	Kochi
Apr-24	3.0%	9.0%	18.0%	3.0%	9.0%	18.0%	3.0%	-3.0%	3.0%	-3.0%
May-24	2.5%	2.5%	7.5%	2.5%	7.5%	12.5%	2.5%	-9.0%	-3.0%	-9.0%
Jun-24	6.0%	6.0%	6.0%	-2.5%	6.0%	10.0%	2.0%	-2.5%	2.0%	2.0%
Jul-24	20.0%	12.0%	12.0%	12.0%	12.0%	12.0%	4.0%	-2.0%	4.0%	4.0%
Aug-24	12.5%	2.5%	7.5%	7.5%	2.5%	12.5%	7.5%	2.5%	7.5%	7.5%
Sep-24	15.5%	-24.0%	15.5%	5.0%	5.0%	23.0%	5.0%	-3.0%	5.0%	5.0%
Oct-24	7.5%	12.5%	7.5%	2.5%	7.5%	20.0%	2.5%	2.5%	7.5%	7.5%
Nov-24	17.5%	17.5%	17.5%	-7.0%	24.5%	31.5%	11.0%	4.0%	17.5%	24.5%
Dec-24	12.5%	12.5%	12.5%	7.5%	7.5%	17.5%	7.5%	2.5%	7.5%	17.5%
Jan-25	18.0%	18.0%	18.0%	18.0%	18.0%	9.0%	18.0%	3.0%	9.0%	-3.0%
Feb-25	14.5%	26.0%	14.5%	14.5%	38.0%	14.5%	14.5%	-6.0%	4.5%	22.5%
Mar-25	20.0%	20.0%	4.0%	-4.0%	20.0%	27.0%	4.0%	-4.0%	12.0%	-3.0%
Apr-25	15.0%	15.0%	9.0%	9.0%	19.0%	21.0%	9.0%	-3.0%	15.0%	9.0%
	Mum	Delhi	Chennai	Kol	Bglr	Hyd	Pune	Goa	Chgh	Kochi

Source: HVS, Nuvama Research

Exhibit 2: Valuation comps (consensus)

Company Name	M Cap (INR bn)	FY25–27E sales CAGR (%)	FY25–27E PAT CAGR (%)	FY25 EBITDA margin (%)	P/E (x) FY24	P/E (x) FY25	P/E (x) FY26E	P/E (x) FY27E	EV/EBITDA (x) FY24	EV/EBITDA (x) FY25	EV/EBITDA (x) FY26E	EV/EBITDA (x) FY27E
Domestic companies												
Indian Hotels Co Ltd	1,046	21.1	26.6	33.2	78.7	51.3	49.1	41.5	49.1	38.2	30.4	26.3
EIH Ltd	224	3.9	1.2	37.1	33.1	29.2	32.3	29.6	23.5	21.4	22.2	20.3
Chalet Hotels Ltd	192	29.0	31.0	42.8	68.9	134.5	40.1	31.3	36.7	29.2	22.6	18.5
Lemon Tree Hotels Ltd	110	21.5	24.3	NA	60.4	55.8	39.1	29.0	26.1	NA	18.0	15.4
SAMHI Hotels Ltd	50	16.3	NA	35.9	(21.3)	58.3	26.2	18.6	24.1	15.9	13.3	11.7
Juniper Hotels Ltd	70	15.3	166.0	35.7	293.2	97.9	41.4	27.4	27.0	25.0	20.7	16.4
Apeejay Surrendra Park Hotels Ltd	35	14.9	37.6	NA	50.5	41.5	26.6	24.2	18.5	NA	13.9	11.8
TAJGVK Hotels & Resorts Ltd	26	10.5	NA	30.9	28.1	22.2	NA	NA	20.0	18.6	15.9	14.6
Oriental Hotels Ltd	27	11.0	NA	25.0	54.7	69.2	NA	NA	29.5	26.2	20.9	19.2
Royal Orchid Hotels Ltd	11	17.2	14.8	22.9	20.9	22.3	15.8	12.0	16.3	17.0	12.5	9.8
Average		16.1	43.1	32.9	66.7	58.2	33.8	26.7	27.1	23.9	19.1	16.4
Median		15.8	26.6	34.4	52.6	53.6	35.7	28.2	25.1	23.2	19.3	15.9

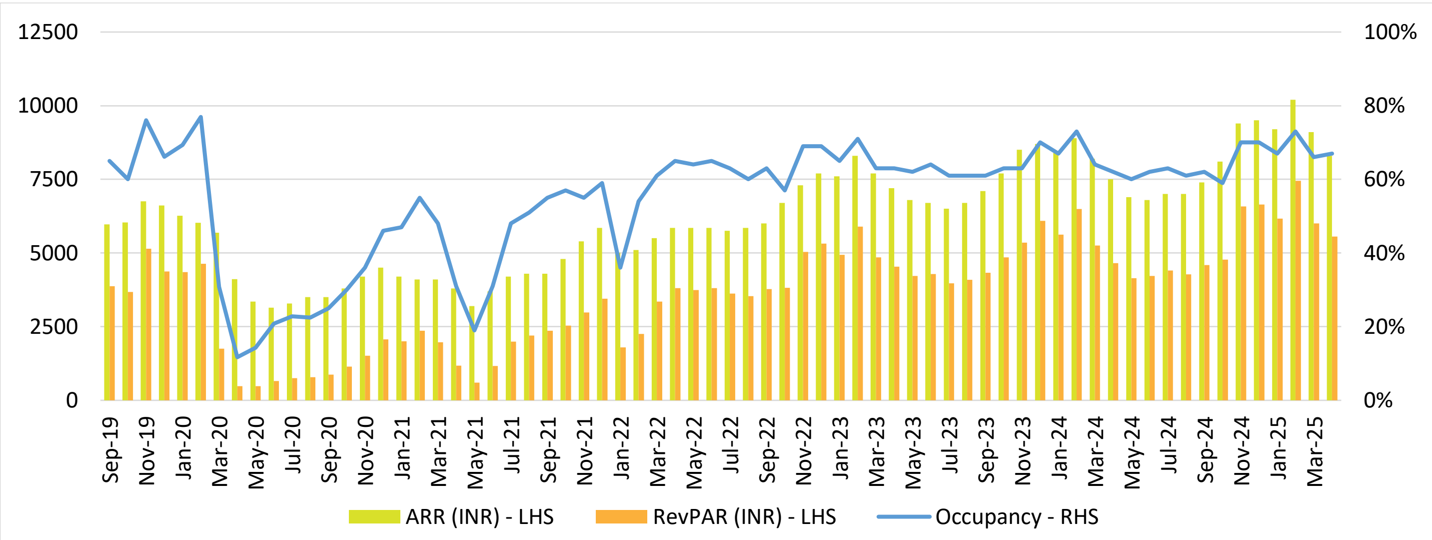
Source: Bloomberg, Nuvama Research

Exhibit 3: Global valuation comps (consensus)

Global companies	M Cap (USD bn)	CY24–26E sales CAGR (%)	CY24–26E PAT CAGR (%)	CY24 EBITDA margin (%)	P/E (x) CY24	P/E (x) CY25E	P/E (x) CY26E	P/E (x) CY27E	EV/EBITDA (x) CY24	EV/EBITDA (x) CY25E	EV/EBITDA (x) CY26E	EV/EBITDA (x) CY27E
Marriott International Inc/MD	72.1	5.3	(1.3)	18.1	23.4	30.4	26.4	24.3	20.4	19.9	16.4	15.3
Hilton Worldwide Holdings Inc	59.6	7.8	21.4	24.3	51.7	38.7	31.9	28.9	28.4	26.9	19.3	17.8
InterContinental Hotels Group PLC	17.2	(9.5)	3.6	23.8	16.9	20.2	16.5	15.2	13.5	13.5	11.2	10.5
Accor SA	12.1	7.5	0.6	20.1	16.5	16.1	18.2	16.2	13.3	12.0	11.1	10.2
Hyatt Hotels Corp	12.7	2.7	14.6	13.4	57.7	9.8	53.4	38.3	17.7	19.3	14.2	13.1
Wyndham Hotels & Resorts Inc	6.3	3.8	11.7	41.8	21.8	21.8	17.3	15.6	15.0	15.4	11.9	11.1
Choice Hotels International Inc	5.9	2.1	10.0	31.4	23.0	19.8	18.0	17.3	16.3	13.7	12.7	12.3
Melia Hotels International SA	1.7	3.7	5.2	24.9	11.4	9.1	10.5	9.8	8.4	7.0	7.3	7.1
Average		3.2	6.5	26.2	34.7	23.1	30.6	26.8	27.9	27.5	24.2	22.8
Median		3.8	4.4	24.3	23.0	19.8	18.6	18.3	17.0	16.1	12.7	12.3
Vacation Ownership												
Wyndham Hotels & Resorts Inc	6.3	3.8	11.7	41.8	21.8	21.8	17.3	15.6	15.0	15.4	11.9	11.1
Marriott Vacations Worldwide	2.3	3.5	6.9	14.9	9.2	10.7	8.8	7.5	7.5	8.1	7.0	6.5
Hilton Grand Vacations Inc	3.6	12.8	1.5	21.7	11.5	60.1	13.2	11.0	9.3	10.4	7.3	6.8
Mahindra Holidays & Resorts	0.8	(13.6)	27.0	20.1	61.3	60.1	55.4	29.9	18.9	19.7	15.7	21.4
Average		1.6	11.8		26.0	38.2	23.7	16.0	12.7	13.4	10.5	11.5
Median		3.7	9.3		16.7	40.9	15.3	13.3	12.2	12.9	9.6	8.9
Global Hotel REITs												
Host Hotels & Resorts Inc	10.9	4.3	(9.4)	28.7	14.5	15.4	20.2	19.5	10.7	9.9	10.0	9.8
Park Hotels & Resorts Inc	2.1	(0.3)	(0.1)	24.2	19.7	9.2	62.5	19.7	9.0	9.5	9.5	9.2
Ryman Hospitality Properties Inc	6.2	5.1	(4.0)	31.7	18.1	22.1	24.8	20.4	14.2	13.0	12.7	11.5
Pebblebrook Hotel Trust	1.1	2.1	(17.4)	18.9	(15.0)	69431	(17.0)	(26.5)	15.8	12.8	12.7	12.1
Average		2.2	9.3		9.3	17,369	22.6	8.3	12.4	11.3	11.2	10.7
Median		2.1	(4.0)		16.3	18.7	22.5	19.6	12.4	11.3	11.3	10.6

Source: Bloomberg, Nuvama Research

Exhibit 4: Industry occupancy, ARR and RevPAR trend



Source: HVS Anarock, Nuvama Research

Q4FY25 occupancy is up ~1pp at 69% on a reasonably strong base. Blended ARR is also up ~INR1,000 on a base of INR8,500.

On average, like-for-like (LFL) RevPAR growth across listed players ranged from 13–25% (exhibit 8). The bulk of the revenue increase is attributable to an uptrend in ARR (7–27pp increase, exhibit 11) while occupancy improved marginally (exhibit 12).

IHCL's consolidated revenue came in at INR24.3bn, +27% YoY. Growth in the Hotels segment was 13% YoY (propelled by 1% room night, 14% ARR and 15.5% RevPAR growth in LFL domestic portfolio). In the first full year of operation, the Ginger Hotel at Mumbai Airport closed the year with revenue of INR970mn (in line with management guidance of INR1bn given in Q4FY24). Qmin, on the other hand, has expanded to 72 outlets and, in addition to serving as the F&B brand for Ginger Hotels, has established a presence in Westside stores in Mumbai and Bengaluru through a shop-in-shop format. Qmin has launched operations at Chennai, Kolkata and Bengaluru airports in partnership with DFS.

Despite a revenue loss of INR0.7bn and an EBITDA loss of INR0.43bn in FY25 due to the renovation of The Oberoi Grand Kolkata (which began in mid-Q2 FY25), **EIH's** Hotels segment demonstrated robust growth. The Hotels segment's revenue rose 18% YoY driven by an estimated 23% jump in room revenue (including 25% RevPAR growth) and an estimated 11% YoY growth in Food & Beverage revenue. These figures highlight EIH's strong performance, particularly vis-à-vis peers such as IHCL, which reported growth of 13% YoY.

Chalet was the other outperformer during the quarter. Consolidated revenue came in at INR5.2bn (+up 25% YoY/14% QoQ). The company has a room portfolio of 3,314 keys. Room revenue came in at INR3bn (+27% YoY/+21% QoQ) while F&B was up 6% YoY, majorly due to the Bengaluru micro market. LTL RevPAR growth was 23% YoY while the balance was contributed by new assets, namely 158 rooms in CYMA and The Westin Resort & Spa, and Himalayas – 141 Keys Resort. The 121-room addition in Bengaluru has not contributed to revenue.

Interestingly, companies saw lower revenue growth than RevPAR growth this quarter, which is understandably due to slower food & beverage growth.

The difference in IHCL's consolidated and standalone growth is due to TajSATS consolidation, which was not there in the base quarter.

Chalet's revenue is also driven by a strong pickup in retail and commercial business. Retail revenue for Q4FY25 came in at INR619mn (up +75%/+7% YoY/QoQ). EBITDA margin improved in the retail and commercial business by 351bp YoY to 80.4%. Leased area shot up 89% YoY to 1.7mn sqft.

EIH, Benares, Oriental and Roots have been the stronger LFL performers, partly helped by lower base in a few cases.

Exhibit 5: Quarterly revenue trends

Revenue INR mn	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY Growth (%)
IHCL	16,858	16,254	14,664	14,332	19,638	19,053	15,502	18,261	25,331	24,251	27.3
IHCL (Standalone)	10,616	11,311	8,904	8,929	12,806	13,417	9,313	10,353	14,736	14,763	10.0
EIH	5,864	6,371	4,981	5,306	7,413	7,413	5,265	5,890	8,002	8,275	11.6
EIH (S)	5,122	5,634	4,268	4,652	6,521	6,493	4,559	5,207	6,954	7,278	12.1
Chalet	2,897	3,379	3,108	3,145	3,737	4,183	3,610	3,771	4,578	5,220	24.8
Lemon Tree	2,335	2,527	2,242	2,272	2,887	3,273	2,680	2,844	3,552	3,785	15.6
TajGVK	1,054	1,036	916	894	1,111	1,158	928	1,052	1,269	1,248	7.7
Benares Hotels	283	275	255	259	336	356	230	245	389	491	38.1
EIH Associated	1,106	1,078	669	588	1,267	1,325	645	708	1,330	1,399	5.6
Oriental Hotels	1,057	1,114	926	910	1,021	1,075	820	1,033	1,219	1,325	23.3
Roots Corporation	820	820	780	840	1,040	1,080	1,000	1,100	1,340	1,360	25.9
Samhi	1,907	2,048	1,904	2,200	2,678	2,792	2,499	2,655	2,958	3,188	14.2
Juniper	1,786	1,940	1,677	1,685	2,363	2,453	1,997	2,145	2,525	2,776	13.2
Park	1,404	1,441	1,306	1,349	1,589	1,557	1,351	1,416	1,775	1,773	13.9
ITC Hotels	7,393	8,087	6,249	6,750	8,510	9,049	7,133	7,892	10,154	10,606	16.9
Phoenix Mills	1,390	1,395	1,352	1,212	1,652	1,739	1,396	1,500	1,928	1,882	8.3

Source: Company, Nuvama Research

Note: Samhi's number includes ACIC impact across quarters and hence is comparable; reported growth is 10% YoY

Exhibit 6: Management fee per key trend

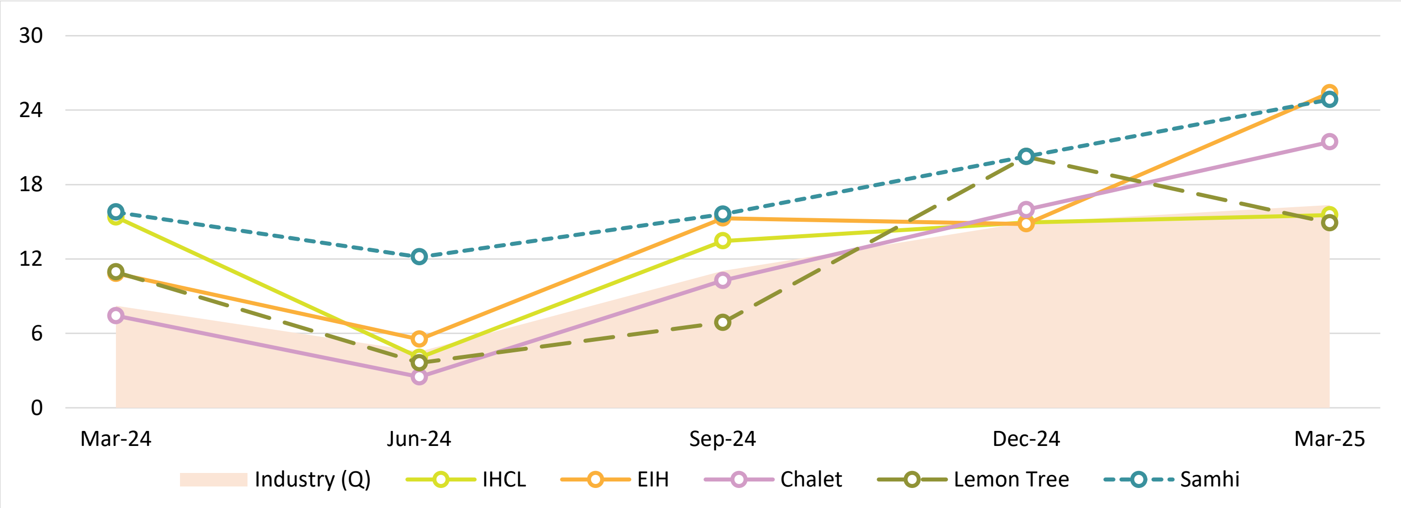
	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY Growth (%)
IHCL	98,906	77,562	70,617	1,03,196	1,10,826	78,091	73,148	1,24,061	1,31,376	18.5
Lemon Tree	32,503	31,592	28,338	37,933	35,088	30,458	29,392	40,369	35,477	1.1

Source: Company, Nuvama Research

A few observations on RevPAR growth trends over the past five quarters.

- The first quarter of FY25 was weak for the industry due to elections and a heatwave, but the following three quarters turned in double-digit RevPAR growth.
- Samhi has consistently outperformed the industry in RevPAR, largely due to the integration of Duet assets.
- IHCL's performance has generally tracked the industry, except for a significant boost in Q2 from a major event in Mumbai. More recently, their growth has fallen slightly below the industry average.
- EIH has shown a strong performance, consistently growing faster than the overall industry.
- Chalet's performance has been inconsistent; initially, it lagged industry growth, but has surged ahead over the last three quarters.
- Lemon Tree is recovering well after renovations impacted its performance in H1FY25, showing particularly strong results since then.

Exhibit 7: RevPAR growth (YoY) of key listed peers versus industry



Source: Company, Nuvama Research

IHCL has consistently achieved early-to-mid-teen RevPAR growth across Q2, Q3, and Q4 of FY25. With each passing quarter, this growth is building upon a progressively higher base, suggesting it may soon begin to test the elasticity of demand within the market.

Exhibit 8: RevPAR trends

RevPAR	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY Growth (%)
Industry	5,229	4,348	4,129	5,433	5,780	4,334	4,412	5,970	6,164	6.6
IHCL (Standalone)	12,634	9,428	9,840	13,918	13,885	9,810	11,163	15,996	16,842	15.5
EIH Domestic - Owned	15,284	10,236	11,268	16,962	16,940	10,801	12,991	19,475	21,241	25.4
Chalet	8,363	7,182	7,034	7,838	8,984	7,361	7,756	9,090	10,909	21.4
Lemon Tree	4,286	3,676	3,777	4,173	4,756	3,810	4,037	5,018	5,465	14.9
Samhi	4,122	3,813	3,918	4,231	4,772	4,276	4,529	5,088	5,958	24.9
Juniper	7,977	6,699	6,730	8,244	8,850	6,832	7,034	8,760	10,063	13.7
Ginger	1,990	2,002	1,902	2,194						
ITC Hotels				9,200	10,128			10,300	11,850	17.0
Phoenix Mills	12,390	9,866	8,913	12,876	14,366	9,630	10,358	13,885	16,361	13.9

Source: Company, Nuvama Research

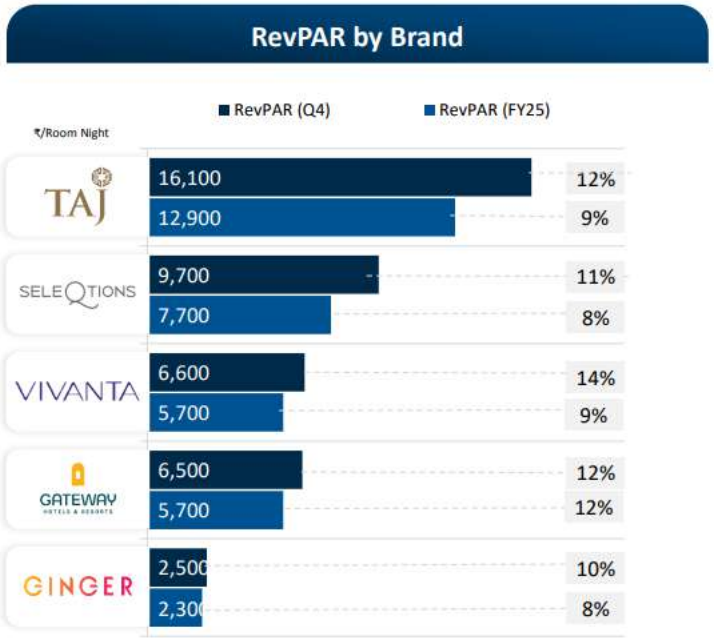
In fact, most of the listed universe has clocked RevPAR CAGR of over 13% over FY20–25 (exhibit 8).

Exhibit 9: RevPAR CAGR of 13%-plus over FY20–25

	FY20	FY25	CAGR
IHCL(S)	7,160	13,212	13%
EIH(S)	8,140	16,127	15%
Chalet	6,022	8,829	8%
Lemon Tree	2,494	4,558	13%
Samhi	2,772	5,015	13%

Source: Company, Nuvama Research

Exhibit 10: At enterprise level, most IHCL brands grew < 10% in FY25



Source: Company, Nuvama Research

The divergence in ARR growth seems to be primarily driven by a significant pickup in Mumbai's market for EIH, and strong growth in the Bengaluru and Hyderabad markets for Chalet.

Exhibit 11: ARR trends (INR)

ARR	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY Growth (%)
Industry	7,867	6,900	6,767	8,300	8,500	7,067	7,117	9,000	9,200	11.8
IHCL (Standalone)	16,915	12,614	12,972	18,111	17,546	12,906	14,321	20,440	21,013	14.4
EIH (Domestic - Owned & Managed)	17,963	13,350	13,732	19,985	19,713	13,771	14,973	22,526	23,625	19.8
Chalet	11,304	10,317	9,610	10,974	11,862	10,446	10,532	12,944	14,345	20.9
Lemon Tree	5,824	5,237	5,268	6,333	6,605	5,686	5,902	6,763	7,042	6.6
Samhi	5,570	5,408	5,441	5,959	6,279	5,761	6,102	6,856	7,947	26.6
Juniper	10,283	9,048	9,352	10,983	11,110	9,667	9,879	11,714	12,470	12.2
Ginger	3,220	3,034	2,886	3,282						
ITC Hotels				13,000	13,158			14,000	15,000	14.0
Phoenix Mills	14,866	12,534	11,515	15,516	16,325	12,382	13,135	17,414	18,106	10.9

Source: Company, Nuvama Research

Lemon Tree has clearly focused on boosting occupancies across its hotels, particularly at Aurika Mumbai. Interestingly, most other hotel portfolios saw about a 1pp increase in occupancy, with the exceptions being Lemon Tree and, to a lesser extent, ITC and Phoenix Mills.

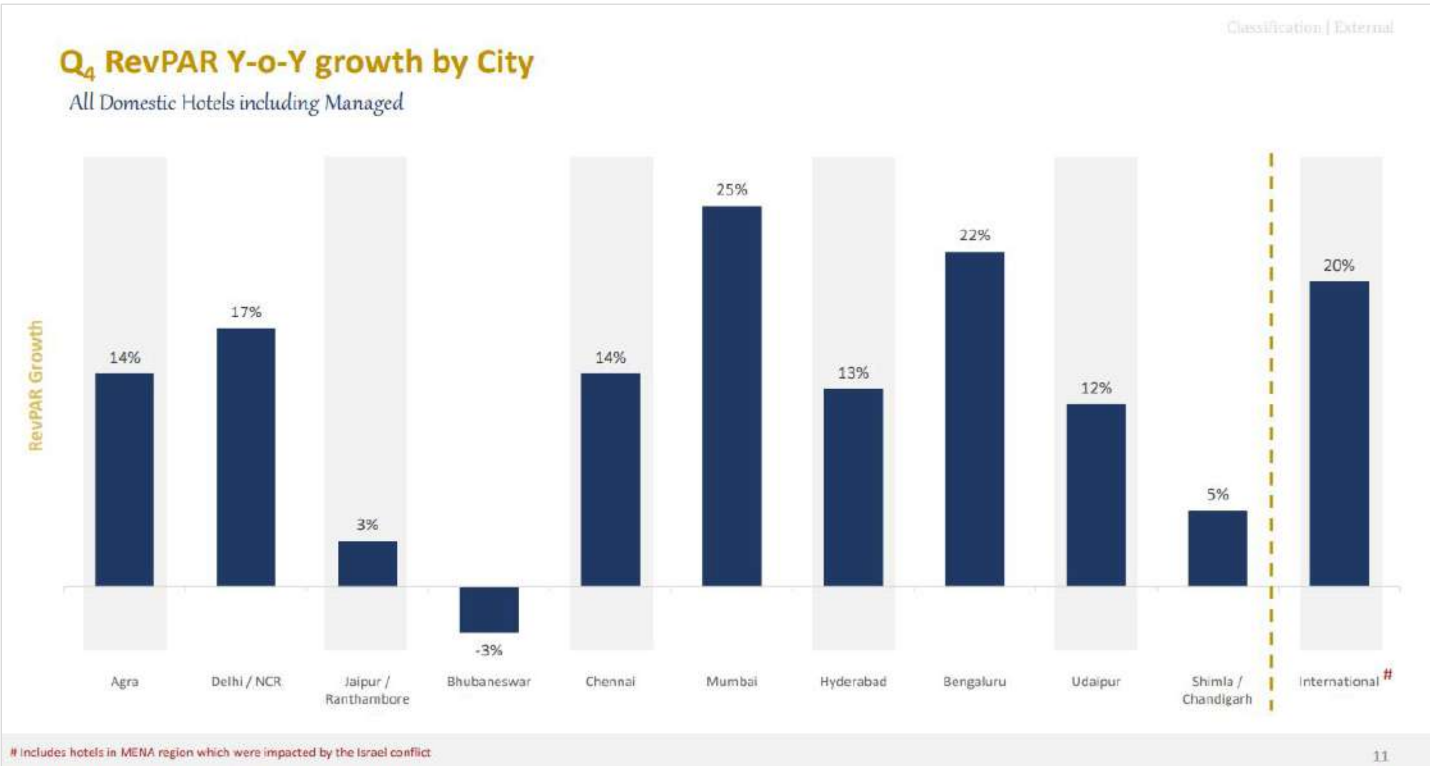
Exhibit 12: Occupancy trends

Occupancy	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY change PP
Industry	66%	63%	61%	65%	68%	61%	62%	66%	69%	1.0
IHCL (Standalone)	75%	75%	76%	77%	79%	76%	78%	78%	80%	0.7
EIH Domestic - Owned & Managed	80%	70%	69%	79%	81%	70%	72%	79%	82%	1.0
Chalet	74%	70%	73%	71%	76%	71%	74%	70%	76%	0.0
Lemon Tree	74%	70%	72%	66%	72%	67%	68%	74%	78%	5.6
Samhi	74%	71%	72%	71%	76%	74%	74%	74%	75%	-1.0
Juniper	78%	74%		75%	80%	71%	71%	75%	81%	1.0
Ginger	62%	66%	65%	67%						
ITC Hotels				71%	77%			74%	79%	2.0
Phoenix Mills	83%	79%	77%	83%	88%	78%	79%	80%	90%	2.4

Source: Company, Nuvama Research

Since IHCL did not disclose market-specific RevPAR growth, we're using EIH as a proxy. This is because, as demonstrated in our previous note, IHCL and EIH typically mirror each other in RevPAR growth.

Exhibit 13: EIH's RevPAR performance by city, which usually mirrors IHCL's performance by city



Source: EIH

Exhibit 14: Quarterly EBITDA trends

EBITDA (INR mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY Growth (%)
IHCL	5,355	4,102	3,548	7,324	6,598	4,496	5,013	9,617	8,568	30%
IHCL (Standalone)	3,543	1,959	1,868	4,244	4,351	2,191	2,445	5,050	4,994	15%
EIH	2,042	1,555	1,429	3,244	3,041	1,349	1,746	3,568	3,508	15%
EIH (S)	2,259	1,257	1,241	2,805	2,574	1,089	1,522	3,025	3,059	19%
Chalet	1,524	1,098	1,260	1,660	1,829	1,402	1,495	2,047	2,414	32%
Lemon Tree	1,399	1,065	1,019	1,397	1,715	1,151	1,307	1,842	2,041	19%
TajGVK	254	262	216	404	409	267	295	496	332	-19%
Benares Hotels	112	94	100	159	158	88	101	187	217	37%
EIH Associated	321	105	5	523	501	48	72	538	606	21%
Oriental Hotels	320	225	201	285	268	117	248	346	390	46%
Roots Corporation	300	270	280	400	410	340	360	500		
Samhi	699	453	508	850	854	821	922	1,103	1,215	42%
Juniper	866	631	602	966	911	627	644	928	1,167	28%
Park	446	397	443	559	536	385	416	633	611	14%

Source: Company, Nuvama Research

Despite stable overall margins and improvements in productivity driven by rising ARRs and slightly higher occupancies, two situations raise concern. IHCL's lower contribution of relatively low margin F&B segment and operative leverage reflected in the 230bp expansion in consolidated EBITDA margin (Hotels). Samhi's EBITDA margin improved significantly on account of a greater share from room revenue, which contributes more than foods and beverages.

Exhibit 15: Quarterly EBITDA margin trends

EBITDA (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY Change pp
IHCL	33%	28%	25%	37%	35%	29%	27%	38%	35%	0.70
IHCL (Standalone)	31%	22%	21%	33%	32%	24%	24%	34%	34%	1.40
EIH	32%	31%	27%	44%	41%	26%	30%	45%	42%	1.37
EIH (S)	40%	29%	27%	43%	40%	24%	29%	44%	42%	2.40
Chalet	45%	35%	40%	44%	44%	39%	40%	45%	46%	2.54
Lemon Tree	55%	47%	45%	48%	52%	43%	46%	52%	54%	1.54
TajGVK	24%	29%	24%	36%	35%	29%	28%	39%	27%	-8.67
Benares Hotels	41%	37%	39%	47%	45%	38%	41%	48%	44%	-0.32
EIH Associated	30%	16%	1%	41%	38%	7%	10%	40%	43%	5.51
Oriental Hotels	29%	24%	22%	28%	25%	14%	24%	28%	29%	4.52
Roots Corporation	37%	35%	33%	38%	38%	34%	33%	37%		
Samhi	34%	24%	23%	32%	31%	33%	35%	37%	38%	7.50
Juniper	45%	38%	36%	41%	37%	31%	30%	37%	42%	4.92
Park	31%	30%	33%	35%	34%	29%	29%	36%	34%	0.02

Source: Company, Nuvama Research

IHCL's PBT increased 34.6% YoY and margin improved 1.6pp YoY. Similarly, Park Hotels' PBT growth is entirely driven by reduced interest outgo, thanks to IPO proceeds. Samhi's profit growth is coming from two aspects: one being the IPO proceeds aiding debt paydown and thereby interest outgo, and the other being improvement in productivity.

Exhibit 16: Quarterly PBT trends

PBT (INR mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY growth (%)
IHCL	4,000	2,939	2,322	6,047	5,347	3,285	6,956	8,340	7,200	34.6
IHCL (Standalone)	4,096	2,543	2,119	5,146	5,017	2,822	3,439	6,335	6,275	25.1
EIH	1,358	1,419	1,261	2,900	3,256	1,281	1,674	3,455	3,282	0.8
EIH (S)	2,034	1,202	1,139	2,510	2,070	1,144	1,512	2,921	4,049	95.6*
Chalet	715	372	445	887	990	777	794	1,184	1,588	60.4
Lemon Tree	732	359	348	552	892	291	451	994	1,229	37.8
TajGVK	208	194	159	346	351	228	259	458	341	-2.8
Benares Hotels	101	85	91	151	154	86	97	183	215	39.9
EIH Associated	307	97	-12	508	494	48	28	535	622	25.7
Oriental Hotels	258	131	114	223	210	22	126	219	265	26.1
Samhi	-737	-835	-884	-828	106	35	122	224	226	113.1
Juniper	103	-192	-274	29	69	131	199	435	735	969.2
Park	151	122	214	287	263	246	389	454	392	48.8

Source: Company, Nuvama Research

Majority of the pack has seen some operating leverage. IHCL's 70bp EBITDA margin and 160bp increase in PBT margin are commendable considering it has appended relatively lower-margin TajSATS.

Exhibit 17: Quarterly PBT margin trends

PBT margin (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY change pp
IHCL	24.6%	20.0%	16.2%	30.8%	28.1%	21.2%	38.1%	32.9%	29.7%	1.6
IHCL (Standalone)	36.2%	28.6%	23.7%	40.2%	37.4%	30.3%	33.2%	43.0%	42.5%	5.1
EIH	21.3%	28.5%	23.8%	39.1%	43.9%	24.3%	28.4%	43.2%	39.7%	-4.2
EIH (S)	36.1%	28.2%	24.5%	38.5%	31.9%	25.1%	29.0%	42.0%	55.6%	23.8*
Chalet	21.1%	12.0%	14.1%	23.7%	23.7%	21.5%	21.1%	25.9%	30.4%	6.8
Lemon Tree	29.0%	16.0%	15.3%	19.1%	27.2%	10.9%	15.9%	28.0%	32.5%	5.2
TajGVK	20.0%	21.2%	17.8%	31.2%	30.3%	24.6%	24.6%	36.1%	27.3%	-3.0
Benares Hotels	36.9%	33.2%	35.2%	45.0%	43.2%	37.4%	39.6%	47.2%	43.7%	0.6
EIH Associated	28.5%	14.5%	-2.0%	40.1%	37.3%	7.5%	3.9%	40.2%	44.4%	7.1
Oriental Hotels	23.2%	14.1%	12.6%	21.8%	19.5%	2.7%	12.2%	17.9%	20.0%	0.4
Samhi	-36.0%	-43.8%	-40.2%	-30.9%	3.8%	1.4%	4.6%	7.6%	7.1%	3.3
Juniper	5.3%	-11.4%	-16.2%	1.2%	2.8%	6.6%	9.3%	17.2%	26.5%	23.7
Park	10.5%	9.3%	15.9%	18.1%	16.9%	18.2%	27.5%	25.6%	22.1%	5.2

Source: Company, Nuvama Research

**EIH's PBT margin includes exceptional items towards MRL investment write-back after the company lost control of the entit;.adjusting for that, PBT margin rose 67bp YoY*

PAT performance improved across the sector, flowing through from EBITDA for most companies with both absolute PAT and PAT margin growing.

Exhibit 18: Quarterly PAT trends

PAT (INR mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY change (%)
IHCL	3,283	2,224	1,669	4,520	4,178	2,484	5,546	5,823	5,223	25.0
IHCL (Standalone)	2,989	1,882	1,572	3,804	3,691	2,088	2,545	4,688	4,812	30.4
EIH	844	1,038	931	2,193	2,229	922	1,299	2,645	2,529	13.5
EIH (S)	1,466	900	852	1,869	1,588	854	1,144	2,197	3,318	108.9
Chalet	392	887	364	706	824	606	-1,385	965	1,238	50.2
Lemon Tree	440	235	226	354	670	198	296	625	846	26.4
TajGVK	144	132	111	242	259	127	197	339	286	10.6
Benares Hotels	76	63	68	113	116	64	72	136	161	38.5
EIH Associated	262	72	-9	379	368	36	21	399	463	25.7
Oriental Hotels	180	88	79	169	165	16	84	144	179	8.3
Samhi	-737	-835	-880	-744	113	42	126	228	459	306.1
Juniper	148	-109	-156	35	468	117	-278	324	549	17.4
Park	107	81	148	274	184	-19	268	322	266	44.2

Source: Company, Nuvama Research

Exhibit 19: Quarterly PAT margin trends

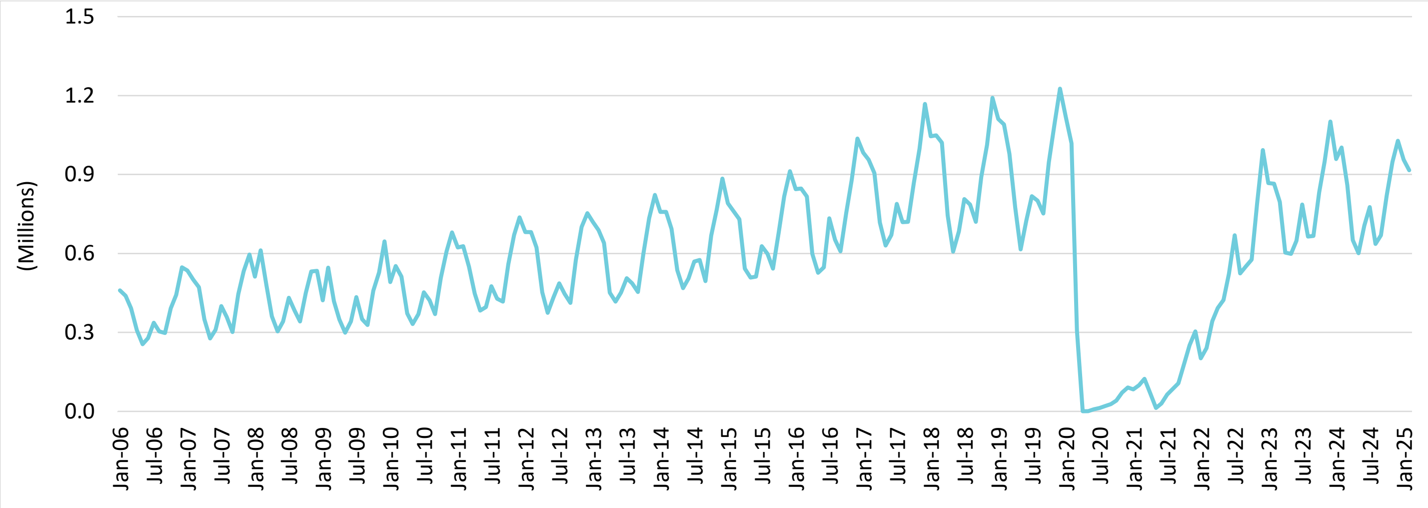
PAT margin (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY change pp
IHCL	20.2%	15.2%	11.6%	23.0%	21.9%	16.0%	30.4%	23.0%	21.5%	-0.4
IHCL (Standalone)	26.4%	21.1%	17.6%	29.7%	27.5%	22.4%	24.6%	31.8%	32.6%	5.1
EIH	13.2%	20.8%	17.5%	29.6%	30.1%	17.5%	22.0%	33.0%	30.6%	0.5
EIH (S)	26.0%	21.1%	18.3%	28.7%	24.5%	18.7%	22.0%	31.6%	45.6%	21.1
Chalet	11.6%	28.5%	11.6%	18.9%	19.7%	16.8%	-36.7%	21.1%	23.7%	4.0
Lemon Tree	17.4%	10.5%	10.0%	12.3%	20.5%	7.4%	10.4%	17.6%	22.4%	1.9
TajGVK	13.9%	14.4%	12.4%	21.8%	22.3%	13.7%	18.7%	26.7%	22.9%	0.6
Benares Hotels	27.6%	24.7%	26.4%	33.6%	32.6%	28.0%	29.4%	34.9%	32.7%	0.1
EIH Associated	24.3%	10.8%	-1.6%	29.9%	27.8%	5.6%	2.9%	30.0%	33.1%	5.3
Oriental Hotels	16.2%	9.5%	8.6%	16.5%	15.4%	2.0%	8.1%	11.8%	13.5%	-1.9
Samhi	-36.0%	-43.8%	-40.0%	-27.8%	4.0%	1.7%	4.8%	7.7%	14.4%	10.3
Juniper	7.6%	-6.5%	-9.3%	1.5%	19.1%	5.8%	-13.0%	12.8%	19.8%	0.7
Park	7.4%	6.2%	11.0%	17.3%	11.8%	-1.4%	18.9%	18.1%	15.0%	3.2

Source: Company, Nuvama Research

While the Indian National Departures (INDs) have recovered to their pre-covid monthly peaks, foreign tourist arrivals (FTAs) have still not crossed these levels. The pace of recovery for FTAs has been slower.

On the INDs' front, Southeast Asia is showing positive signs of travel recovery, particularly with respect to Singapore and Malaysia. This is fuelled by improved air connectivity from India to these Southeast Asian nations, leading to increased outbound travel from India. MakeMyTrip is actively expanding its hotel partnerships and supply in Asia-focused destinations, and launching targeted campaigns to attract Indian travellers and boost cross-border travel within Asia.

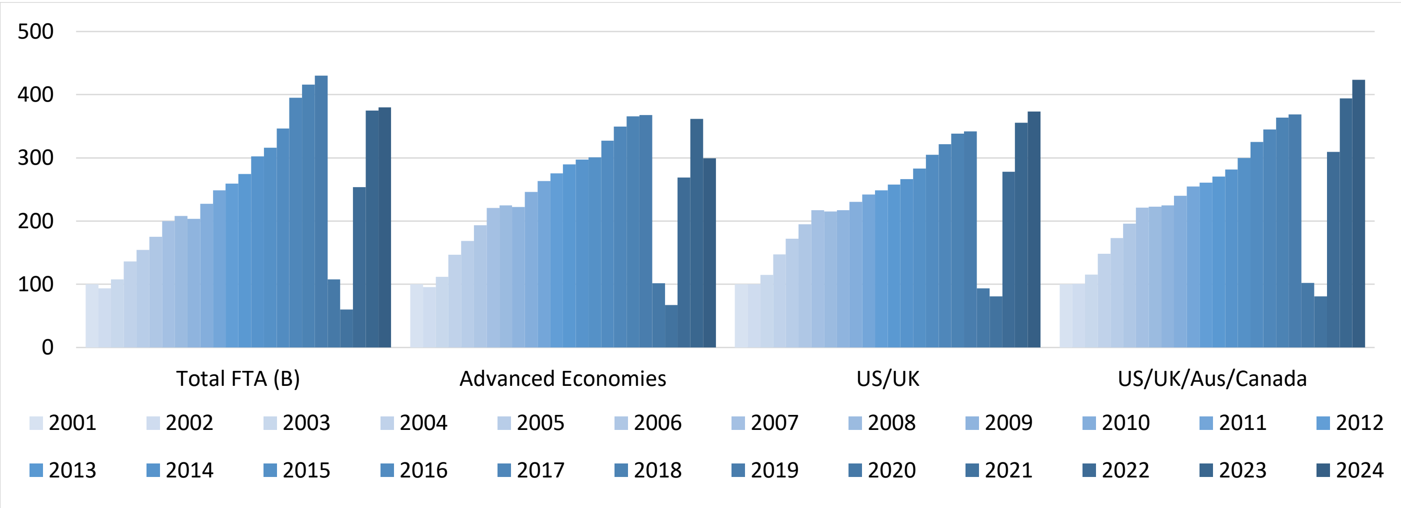
Exhibit 20: Foreign tourist arrivals still ~85% of pre-covid peak in Jan-Feb'25 period



Source: Nuvama Research, Ministry of Tourism

While overall FTAs are still below pre-covid levels, Western countries had surpassed their pre-pandemic highs in the last calendar year. This indicates that the slower recovery in overall FTA is primarily due to Asian countries still lagging their pre-covid tourist arrival figures

Exhibit 21: FTAs from western countries already higher than pre-covid level



Source: Nuvama Research, Ministry of Tourism

January and February this year saw a strong start, with leisure travel recording average growth of 21%. The business and professional travel segments too showed a very smart pickup. However, medical tourism has been declining, primarily due to a reduction in travellers from Bangladesh.

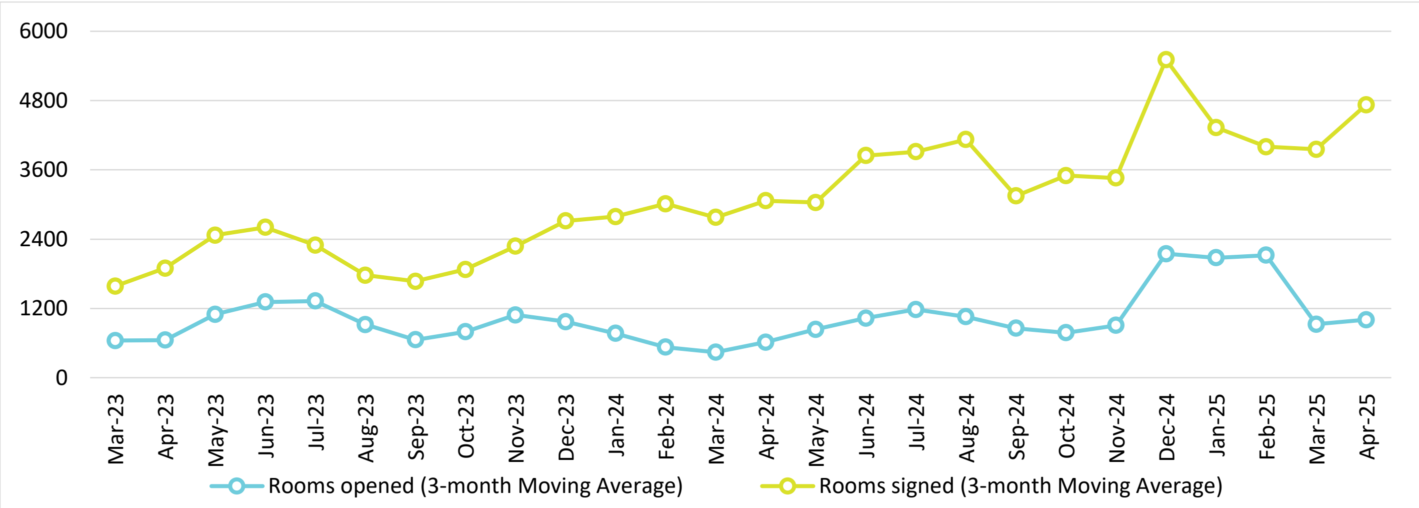
Exhibit 22: Foreign Tourist Arrivals (FTAs): Recovery by purpose of travel

Monthly average	2018	2019	2022	2023	2024	2025 (Jan-Feb average)	2025 over 2024	2024 over 2023	2024 over 2019
Leisure holiday and recreation	5,49,015	5,19,738	1,89,475	3,57,479	3,60,609	4,37,079	21%	1%	-31%
Indian diaspora	1,18,777	1,15,406	1,09,532	2,07,311	2,27,342	2,81,217	23%	10%	97%
Business and Professional	1,43,413	1,33,806	52,949	80,361	84,418	98,169	16%	5%	-37%
Medical	53,670	58,113	38,414	53,704	52,067	31,841	-39%	-3%	-10%
Others	14,957	83,799	1,28,739	82,862	80,234	88,195	7%	-3%	-4%
Total	8,79,831	9,10,863	5,19,110	7,81,717	8,04,670	9,36,500	16%	3%	-12%

Source: Nuvama Research, Ministry of Tourism

While room signings have shown a seasonal pickup, the pace of actual room openings is lagging the signing rate. This trend was particularly evident in Lemon Tree's managed room additions in FY25, with a merely 406 rooms added over 12 months. Relatively IHCL did much better opening 1,544 to its managed portfolio.

Exhibit 23: Rooms opened versus rooms signed up



Source: Nuvama Research, HVS

International commentary

Hilton Q1CY25 conference call: Takeaways

"We approved more than 32,000 rooms in the quarter, up 10% year-over-year, with notable announcements, including new Signia hotels in Jaipur, India, and Cairo, Egypt, marking the debut of this brand in the Asia Pacific and Africa regions.

In India, we signed a strategic licensing agreement with NILE Hospitality to open 75 Hampton hotels in the market; along with our agreement to open 150 Spark hotels in India, this reaffirms our commitment to expanding in this key emerging economy."

— Mr Christopher J. Nassetta, President, CEO & Director, Hilton

MakeMyTrip Q4FY25 conference call: Takeaways

"While the airlines are trying to navigate the near-term supply challenges, particularly in the domestic air market, the good news is that domestic departures crossed the pre-pandemic levels this completed year.

Spiritual tourism is emerging as a significant growth driver within India's domestic travel landscape. We saw strong demand from both first and repeat travellers seeking culturally rich and spiritually meaningful experiences.

We had a good start to the season in April, but post the unfortunate incident at Pahalgam, a popular summer tourist destination, and subsequent escalation between India and Pakistan, travel was disrupted leading to a noticeable dip in bookings, particularly in the northern region of India. This negative sentiment impacted bookings for a couple of weeks, affecting both leisure and corporate travel."

–Mr Rajesh Magow, CEO, MakeMyTrip

The Indian travel industry continues to experience robust growth driven by the strength of the Indian economy, rising consumer confidence and increased discretionary spending on travel or experiential services."

–Mr Mohit Kabra, CFO, MakeMyTrip

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