

Q1FY26 REVIEW

SECTOR UPDATE

Sustained growth, strong demand

Q1FY26 marks continued traction with industry RevPAR growing 11.3% YoY backed by ARR growth, despite additional headwinds—geopolitical tensions as well as aviation disruptions. The real test though lies ahead with base poised to catch up. Margins across the board showed a positive bias driven by operational leverage. Underlying management tone remains positive largely supported by asset expansion and ability to further improve ARR.

We believe sector valuations are getting expensive. We have a 'REDUCE' on IHCL due to its high valuation. Meanwhile, recent run-up in Lemon Tree captures most of the upside potential. We will review our ratings and estimates post-Q2 as near-term trends remain hazy.

Growth momentum and robust pipelines

The hospitality sector sustained its strong growth momentum in Q1FY26 with most players reporting double-digit ARR and RevPAR growth. Despite disruptions in May due to geopolitical tensions, demand recovered sharply by June, reflecting the sector's resilience. Industrywide, RevPAR rose 11–13% YoY driven by ARR growth of 9–11%, whereas occupancies were largely flat. Key metros—particularly Mumbai, Delhi, and Bengaluru—posted the strongest YoY improvements in RevPAR. Revenue performance across the listed universe was healthy. Looking ahead, the development pipeline remains a major driver of optimism.

Margin expansion and productivity gains

Profitability improved across the sector on the back of strong ARR, disciplined cost control and productivity improvements. Chalet Hotels reported a 50bp margin expansion in hospitality. Lemon Tree's EBITDA margin rose 1.8pp YoY to 44.8%, with higher occupancy (improved by over 50%) at Aurika MIAL boosting performance. Samhi Hotels maintained a solid consolidated margin of ~37% despite the seasonal softness of Q1. Juniper Hotels achieved 27% EBITDA growth YoY, reflecting ARR-driven operating leverage. Cost efficiencies also featured prominently. Lemon Tree reduced its borrowing cost from 8.8% to 8% and further cut power and fuel costs by increasing renewable energy usage to 40% of its owned portfolio. Chalet and Samhi pursued capital recycling and deleveraging, monetising assets and refinancing debt, which has freed up balance sheet capacity for growth. These measures combined with tight operating discipline position companies to expand margins further in H2.

Outlook: Pricing power and stronger H2 ahead

Across management commentaries, optimism was clear for the remainder of FY26. Festive travel, inbound tourism during the winter, and wedding season demand are expected to drive a stronger H2. The persistent supply-demand gap in premium and luxury hotels should ensure ARR-led growth remains intact. At the same time, ongoing renovation and repositioning projects—notably at Lemon Tree and Samhi—are expected to lift pricing power and profitability over next 12–18 months.

Tracking commentary: Demand resilience amid disruptions

Despite the impact of Operation Sindoor and aviation accidents in May, demand rebounded strongly—across companies—by June. Corporate travel, MICE events and leisure tourism resumed quickly once restrictions eased. All players emphasised that the setback was temporary and that the underlying demand for branded hotels remains robust.

Average Room Rate (ARR) and RevPAR growth

- ARR increased 9–11% YoY across most companies, with some premium properties achieving even higher growth.
- RevPAR growth ranged from 11% to 19% YoY driven largely by pricing rather than occupancy.
- Companies such as EIH and Chalet stressed their strategies of focusing on ARR-led growth to sustain margins, rather than chasing occupancy alone.

Occupancy trends

- Industry occupancy was broadly flat to slightly up; Chalet reported 77%, Lemon Tree 72.5%, and Juniper 71%.
- May saw cancellations in North and West India, but most markets recovered quickly by June.
- Strategy observed: build occupancy in new hotels first, then shift focus to ARR improvement (e.g. Lemon Tree's Aurika, Mumbai).

Performance by segment

- **Luxury & Upper Upscale:** Strong performance in destinations such as Goa, Rajasthan and Maldives. EIH and Ventive benefited from their luxury positioning.
- **Mid-scale:** Gaining momentum with structural demand growth. IHCL's Ginger brand (boosted by Clark's acquisition) and Samhi's portfolio expansion highlight this opportunity.
- **F&B & Banquets:** Strong double-digit growth (Ventive +20%, Chalet +13%), becoming a significant revenue driver alongside rooms.

Asset-light expansion and pipeline growth

- Most players signed new management/franchise contracts, reinforcing the asset-light model.
- Lemon Tree added 1,273 rooms across 14 contracts; IHCL has a pipeline of 90+ hotels; Ventive signed largest one-day deal with Marriott of 1,582 keys in India.
- Juniper is targeting doubling its key count by FY29E while Samhi has 1,000+ rooms under development in upscale brands such as W and Westin.

Capital structure and balance sheet focus

Debt reduction and refinancing were recurring themes.

- Lemon Tree reduced debt by INR2.06bn YoY.
- Samhi monetised assets and raised GIC capital, bringing leverage to ~3x net debt/EBITDA.
- Chalet and Juniper continue to balance growth with prudent leverage.

- Lower interest costs and stronger free cash flows are expected to support self-funded growth going ahead.

Renovation, technology and ESG initiatives

- Renovation cycles are in focus: Lemon Tree has shut 350 rooms during the quarter for renovation, in line with its broader plan for renovating its 3,500 owned room portfolio, ongoing for the past two years.
- Tech adoption and digitalisation are being scaled up across brands (IHCL, Lemon Tree).
- Renewable energy and sustainability:
 - Lemon Tree cut power & fuel costs to 6.9% of revenue, targeting 50% renewable energy.
 - Ventive's Ritz-Carlton Pune received LEED Platinum certification.
 - Chalet reaffirmed its net zero pathway.

International portfolio diversification

- Ventive's Maldives resorts remain star performers, with revenue up 33% and EBITDA up 47%.
- EIH's international hotels in Mauritius, Egypt, and Marrakesh also posted strong growth on a low base.
- Such assets act as currency hedges and margin boosters, especially during peak global travel seasons.

Outlook for FY26

- H2 is expected to be stronger supported by festive travel, weddings, conferences and peak inbound tourism.
- Demand-supply mismatch in premium and luxury hotels will sustain ARR growth.
- Companies expect double-digit revenue growth to continue, aided by new hotel openings, repositioning of assets and asset-light expansion.
- Balance sheet deleveraging and ESG-linked cost savings shall enhance profitability over the next 12–18 months.

Outlook and valuation

IHCL achieved Q1FY26 RevPAR growth of 11% YoY in its domestic portfolio despite geopolitical challenges and flight disruptions that trimmed its overall performance by 2–2.5%. Occupancy dipped only 90bp YoY, whereas ARR rose 12% YoY. Management reaffirmed their double-digit growth guidance for the year, and reported a strong start to July. However, explicit management commentary on a very strong near-term outlook and significant margin expansion—like previous quarters—was lacking. We are adjusting FY26E/27E revenue by -0.8%/-1.1% and EBITDA by +1.1%/+1.1%. This along with a valuation rollover to Q1FY28E yields a revised TP of INR648 (earlier INR628); maintain **'REDUCE'**.

Lemon Tree's growth in Q1FY26 was driven by improving ARR and occupancies across portfolio brands. This growth is particularly strong given the backdrop of geopolitical tensions and disruptions in air travel. Renovation and tech expenses resumed this quarter, and that weighed on EBITDA margin sequentially on top of seasonality. Management expects the major renovation spree to now complete by H1FY27E. Building in the Q1 performance, we are tweaking FY26E/27E revenue by -0.8%/-0.7% and EBITDA by +4.3%/+0.1%. All in all, we maintain **'BUY'** on Lemon Tree with an unchanged TP of INR166, implying upside potential of 17%.

Renovations of old properties is the key trend playing out well in the industry. Both Lemon Tree and IHCL have recently focussed on making greater renovation spends. These renovated properties have led to increase in ARR for the companies and helped position their brands better.

Lemon Tree's renovation of 4,300 rooms is underway; 65–70% completed over the last 2.5 years. Renovated properties (e.g. Keys Pimpri, Keys Whitefield) have shown ARR increases of INR1,300–1,400 and occupancy gains of ~10%.

Tension between India-Pakistan in May 2025 had significant geopolitical fallout, which was accompanied by multiple airspace closures creating negative headwinds for the sector.

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

	Mum	Delhi	Chennai	Kol	Bglr	Hyd	Pune	Goa	Chgh	Kochi		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	Apr-24	3.0%	9.0%	18.0%	3.0%	9.0%	18.0%	3.0%	-3.0%	3.0%	-3.0%
May-24	(3.0)	4.5	1.5	(3.0)	4.5	(3.0)	(3.0)	1.5	1.5	7.5	May-24	2.5%	2.5%	7.5%	2.5%	7.5%	12.5%	2.5%	-9.0%	-3.0%	-9.0%
Jun-24	(1.5)	1.5	1.5	1.5	1.5	(1.5)	(1.5)	1.5	4.5	7.5	Jun-24	6.0%	6.0%	6.0%	-2.5%	6.0%	10.0%	2.0%	-2.5%	2.0%	2.0%
Jul-24	1.5	7.5	4.5	7.5	1.5	4.5	4.5	1.5	7.5	7.5	Jul-24	20.0%	12.0%	12.0%	12.0%	12.0%	12.0%	4.0%	-2.0%	4.0%	4.0%
Aug-24	1.5	4.5	4.5	1.5	1.5	4.5	1.5	1.5	1.5	7.5	Aug-24	12.5%	2.5%	7.5%	7.5%	2.5%	12.5%	7.5%	2.5%	7.5%	7.5%
Sep-24	1.5	7.0	4.5	(1.5)	9.0	1.5	7.5	4.5	1.5	4.5	Sep-24	15.5%	-24.0%	15.5%	5.0%	5.0%	23.0%	5.0%	-3.0%	5.0%	5.0%
Oct-24	(3.0)	(1.0)	(3.0)	(3.0)	1.5	(1.0)	(1.0)	(1.0)	(1.0)	1.5	Oct-24	7.5%	12.5%	7.5%	2.5%	7.5%	20.0%	2.5%	2.5%	7.5%	7.5%
Nov-24	7.5	7.5	10.5	7.5	10.5	4.5	13.5	7.5	10.5	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	4.5	1.5	4.5	4.5	1.5	(2.5)	1.5	1.5	(2.5)	7.5	Dec-24	12.5%	12.5%	12.5%	7.5%	7.5%	17.5%	7.5%	2.5%	7.5%	17.5%
Jan-25	1.5	7.5	4.5	1.5	7.5	(2.5)	4.5	1.5	(2.5)	4.5	Jan-25	18.0%	18.0%	18.0%	18.0%	18.0%	9.0%	18.0%	3.0%	9.0%	-3.0%
Feb-25	1.0	3.0	5.0	3.0	5.0	1.0	1.0	1.0	5.0	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	1.0	3.0	5.0	(1.5)	5.0	(1.5)	3.0	(1.5)	1.0	(1.5)	Mar-25	20.0%	20.0%	4.0%	-4.0%	20.0%	27.0%	4.0%	-4.0%	12.0%	-3.0%
Apr-25	1.0	7.0	5.0	3.0	5.0	5.0	3.0	1.0	3.0	3.0	Apr-25	15.0%	15.0%	9.0%	9.0%	19.0%	21.0%	9.0%	-3.0%	15.0%	9.0%
May-25	(12.5)	(12.5)	(12.5)	(12.5)	1.3	1.3	(12.5)	(12.5)	(14.0)	(12.5)	May-25	12.5%	12.5%	12.5%	12.5%	17.5%	22.5%	7.5%	-2.5%	17.5%	2.5%
Jun-25	1.5	(1.5)	4.5	1.5	1.5	(1.5)	1.5	1.5	(1.5)	(1.5)	Jun-25	12.5%	7.5%	12.5%	12.5%	17.5%	22.5%	12.5%	-2.5%	7.5%	12.5%
	Mum	Delhi	Chennai	Kol	Bglr	Hyd	Pune	Goa	Chgh	Kochi		Mum	Delhi	Chennai	Kol	Bglr	Hyd	Pune	Goa	Chgh	Kochi
	Occupancy (pp)											ARR (%)									

Source: HVS, Nuvama Research

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Exhibit 2: Valuation comps (consensus)

		FY25-27E	FY25-27E	FY25	P/E (x)				EV/EBITDA (x)			
Company Name	M Cap (INR bn)	Sales CAGR (%)	PAT CAGR (%)	EBITDA margin (%)	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	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
ElH 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

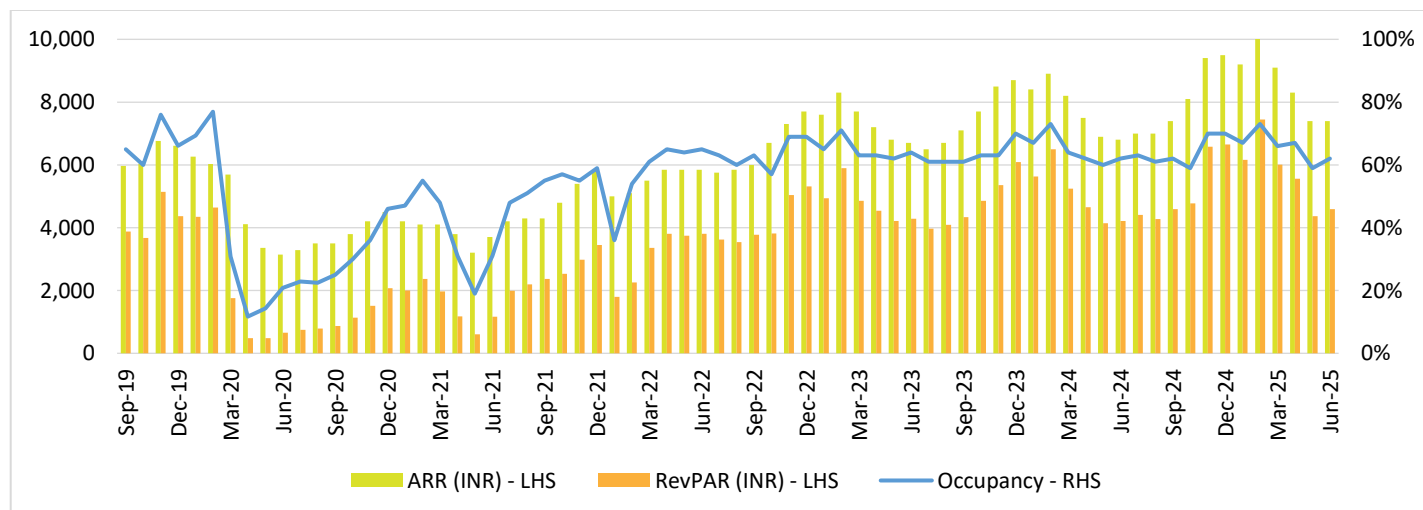
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Exhibit 3: Global valuation comps (consensus)

		CY24-26E	CY24-26E	CY24	P/E (x)				EV/EBITDA (x)			
	M Cap	Sales	PAT CAGR	EBITDA								
Global companies	(USD bn)	CAGR (%)	(%)	margin (%)	CY24	CY25E	CY26E	CY27E	CY24	CY25E	CY26E	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 REIT's												
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

Q1FY26 occupancy is up ~1.3pp at 63% on a reasonably strong base. Blended ARR is also up by 9%, growing to INR7,700.

On average, like-for-like (LFL) RevPAR growth across listed players ranged from 9–20% (exhibit 8). The bulk of the revenue increase is attributable to an uptrend in ARR (8–18pp increase, exhibit 9) while occupancy improved marginally (exhibit 10).

IHCL's consolidated revenue came in at INR20.41bn, +32% YoY. Growth in the Hotels segment was 13% YoY (geopolitical disruptions as well as flight routes' disruptions impacted growth negatively by 2–2.5%). Rapid growth in management contracts (13% YoY) and 17% YoY growth in enterprise RevPAR fuelled a 17% YoY increase in management fee income. Management fee income stood at INR1.33bn in Q1FY26 versus INR1.14bn in Q1FY25. London has shown a strong improvement in performance (~+20% in July) post-recent room renovations. IHCL plans to spend GBP22mn more in the current year for renovation of private club, chambers and meeting space. US portfolio delivered strong RevPAR growth of 18% YoY. San Francisco has also started to revive, but still has a huge pickup due. The international consolidated portfolio achieved an occupancy of 78% (+460bp YoY), which translated to RevPAR growth of 13% YoY.

Lemon Tree's revenue increased 17.8% YoY to INR3.12bn driven by better occupancy rates and increased ARRs. A 19.4% YoY increase in RevPAR was driven by both improved occupancy, up 8.9% over the year, and a 9.7% gain in ARR to INR6,236. Aurika witnessed the largest growth in occupancies of 26% YoY. Aurika Mumbai has reached a stable occupancy level; now, management shall focus on increasing ARR by gradually shifting the mix towards higher-yielding segments. Excluding Keys performance too, RevPAR increased 19% YoY. Total management fee jumped 29% YoY to INR374mn while management fee from third-party-owned rooms came in at INR161mn, an increase of 28.8% YoY.

Chalet demonstrated strong profitability in Q1FY26, reporting a 20% YoY increase in hospitality segment EBITDA to INR1.6bn with a margin expansion of 50bp to 41.7%. Excluding its residential project, the core revenue business (hospitality and commercial real estate) EBITDA shot up 37% YoY, achieving a robust 330bp margin expansion to 44.4%. This enhanced profitability was driven by continued strength in revenue per available room (RevPAR), which rose 10% to INR8,059, primarily led by strong average room rates (ARR) increasing 17% to INR 12,207, along with healthy 13% growth in Food & Beverage (F&B) revenue, and disciplined cost control. The company's operational portfolio includes over 3,300 rooms, with 165 keys added recently, including 121 rooms at Marriott Whitefield and 44 at The Dukes Retreat. The rental and annuity portfolio also contributed significantly with revenue soaring 106% YoY to INR732mn and an impressive 83.1% EBITDA margin.

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Exhibit 5: Quarterly revenue trends

Revenue INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Growth (%)
IHCL	16,254	14,664	14,332	19,638	19,053	15,502	18,261	25,331	24,251	20,411	31.7
IHCL (Standalone)	11,311	8,904	8,929	12,806	13,417	9,313	10,353	14,736	14,763	10,446	12.2
EIH	6,371	4,981	5,306	7,413	7,413	5,265	5,890	8,002	8,275	5,736	8.9
EIH (S)	5,634	4,268	4,652	6,521	6,493	4,559	5,207	6,954	7,278	5,188	13.8
Chalet	3,379	3,108	3,145	3,737	4,183	3,610	3,771	4,578	5,220	8,946	147.8
Lemon Tree	2,527	2,242	2,272	2,887	3,273	2,680	2,844	3,552	3,785	3,158	17.8
TajGVK	1,036	916	894	1,111	1,158	928	1,052	1,269	1,248	1,064	14.6
Benares Hotels	275	255	259	336	356	230	245	389	491	250	8.7
EIH Associated	1,078	669	588	1,267	1,325	645	708	1,330	1,399	687	6.6
Oriental Hotels	1,114	926	910	1,021	1,075	820	1,033	1,219	1,325	1,077	31.3
Roots Corporation	820	780	840	1,040	1,080	1,000	1,100	1,340	1,360	1,401	40.1
Samhi	2,048	1,904	2,200	2,678	2,792	2,499	2,655	2,958	3,188	2,722	8.9
Juniper	1,940	1,677	1,685	2,363	2,453	1,997	2,145	2,525	2,776	2,207	10.5
Park	1,441	1,306	1,349	1,589	1,557	1,351	1,416	1,775	1,773	1,543	14.2
ITC Hotels	8,087	6,249	6,750	8,510	9,049	7,133	7,892	10,154	10,606	8,155	14.3
Phoenix Mills	1,395	1,352	1,212	1,652	1,739	1,396	1,500	1,928	1,882	1,555	11.4

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

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Growth (%)
IHCL	77,562	70,617	1,03,196	1,10,826	78,091	73,148	1,24,061	1,18,004	80,113	2.6
Lemon Tree	31,592	28,338	37,933	35,088	30,458	29,392	40,369	35,477	35,315	23.3

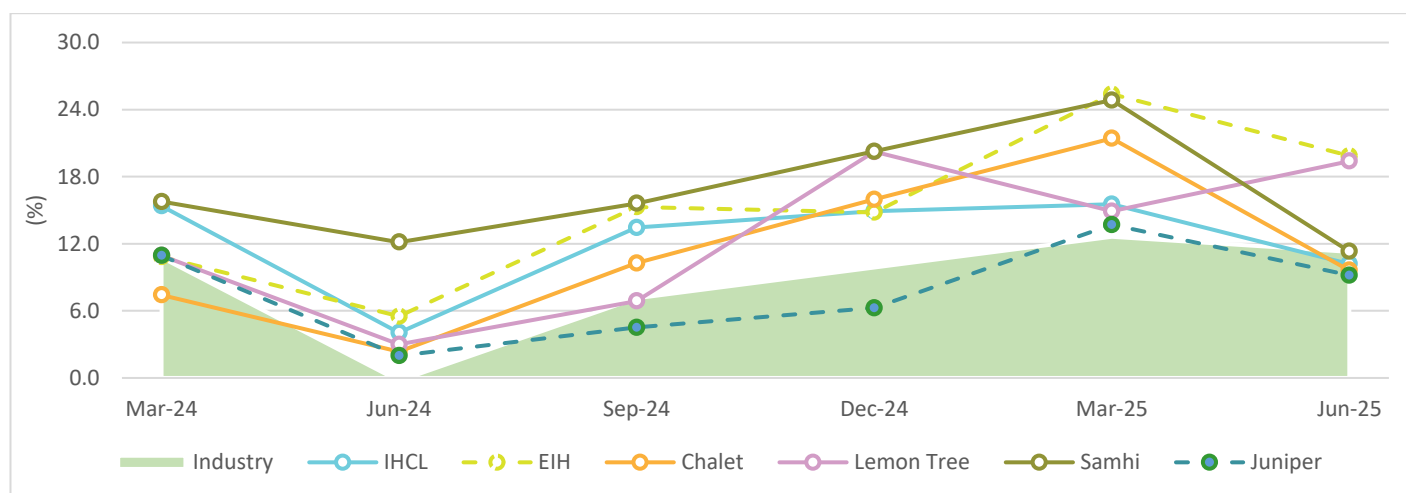
Source: Company, Nuvama Research

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

- The second quarter of FY25 was strong for the companies with exposure to Mumbai driven by a high-profile wedding while the rest of the year too has a strong base to catch up.
- Samhi has consistently outperformed the industry in RevPAR in previous quarters, but it faltered in Q1FY26 due to geopolitical headwinds leading to lower occupancy rates.
- IHCL's performance has generally been higher than the industry, but of late it has come in line with 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 behind and then grew for three straight quarters and now has faltered back to below-industry growth levels.
- Lemon Tree is recovering well after renovations, reported strong RevPAR growth because of better occupancy and increased ARR. LT's RevPAR growth was sequentially against the industry trends and was higher in the current quarter.

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



Source: Company, Nuvama Research

Exhibit 8: RevPAR trends

RevPAR	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Growth (%)
Industry	4,348	4,129	5,433	5,780	4,334	4,423	5,970	6,523	4,825	11.3
IHCL (Standalone)	9,428	9,840	13,918	14,577	9,810	11,163	15,996	16,842	10,810	10.2
EIH Domestic - Owned	10,236	11,268	16,962	16,940	10,801	12,991	19,475	21,241	12,947	19.9
Chalet	7,182	7,034	7,838	8,984	7,351	7,756	9,090	10,909	8,059	9.6
Lemon Tree	3,676	3,777	4,173	4,756	3,787	4,037	5,018	5,465	4,521	19.4
Samhi	3,813	3,918	4,231	4,772	4,276	4,529	5,088	5,958	4,760	11.3
Juniper	6,699	6,730	8,244	8,850	6,832	7,034	8,760	10,063	7,459	9.2
Ginger	2,002	1,902	2,194							
ITC			9,200	10,128	7,000		10,300	11,850	7,900	12.9
Phoenix Mills	9,866	8,913	12,876	14,366	9,630	10,358	13,885	16,361	10,983	14.0

Source: Company, Nuvama Research

EIH RevPAR growth is industry-leading with its continued focus on increasing ARR and displaying the quality of their world-class projects.

Exhibit 9: ARR trends

ARR	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Growth (%)
Industry	6,900	6,767	8,300	8,500	7,067	7,117	9,000	9,500	7,700	9.0
IHCL (Standalone)	12,614	12,972	18,111	17,546	12,906	14,321	20,440	21,013	14,552	12.8
EIH (Domestic - Owned & Managed)	13,350	13,732	19,985	19,713	13,771	14,973	22,526	23,625	16,268	18.1
Chalet	10,317	9,610	10,974	11,862	10,446	10,532	12,944	14,345	12,207	17.0
Lemon Tree	5,237	5,268	6,333	6,605	5,686	5,902	6,763	7,042	6,236	9.7
Samhi	5,408	5,441	5,959	6,279	5,761	6,102	6,856	7,947	6,413	
Juniper	9,048	9,352	10,983	11,110	9,667	9,879	11,714	12,470	10,568	9.3
Ginger	3,034	2,886	3,282							
ITC Hotels			13,000	13,158	10,000		14,000	15,000	10,859	8.6
Phoenix Mills	12,534	11,515	15,516	16,325	12,382	13,135	17,414	18,106	13,892	12.2

Source: Company, Nuvama Research

Lemon Tree has clearly focused on boosting occupancies across its hotels, especially at Aurika Mumbai. LT has one more quarter of a slower occupancy in Aurika Mumbai in the base, post-that occupancies have reached the company average. As

occupancy catch-up is largely over for Aurika Mumbai, management will focus on improving ARRs.

Chalet's occupancy decline was mainly due to softness in the MMR market, not to mention Q1FY25's high base. Moreover, launch of additional inventory in Bengaluru dragged occupancy.

Occupancy levels were negatively impacted by geopolitical tensions and airspace closures.

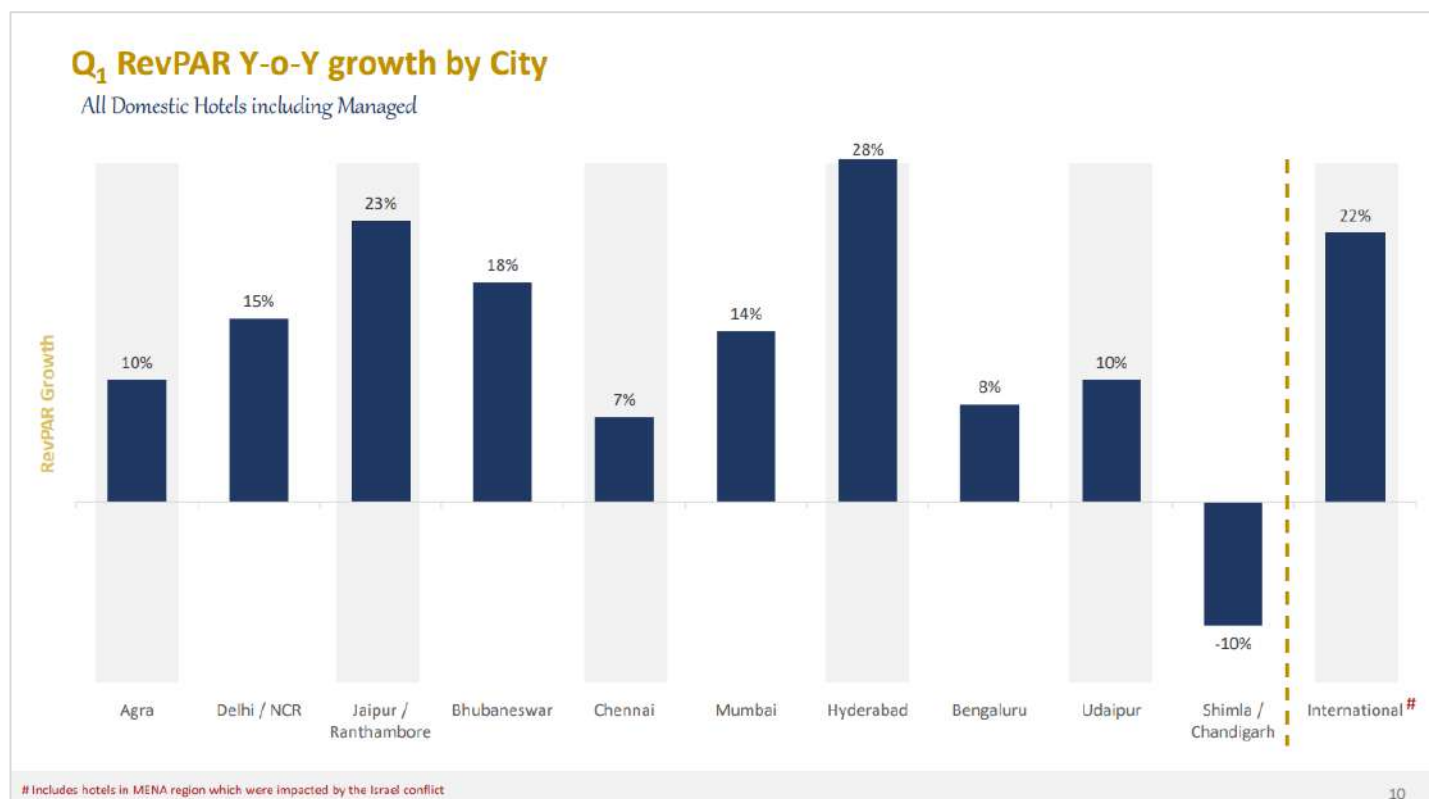
Exhibit 10: Occupancy trends

Occupancy	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY change PP
Industry	63%	61%	65%	68%	61%	62%	66%	69%	63%	1.3
IHCL (Standalone)	75%	76%	77%	79%	76%	78%	78%	80%	74%	-1.7
ElH Domestic - Owned & Managed	70%	69%	79%	81%	70%	72%	79%	82%	70%	0.0
Chalet	70%	73%	71%	76%	71%	74%	70%	76%	66%	-4.5
Lemon Tree	70%	72%	66%	72%	67%	68%	74%	78%	73%	5.9
Samhi	71%	72%	71%	76%	74%	74%	74%	75%		
Juniper	74%		75%	80%	71%	71%	75%	81%	71%	0.0
Ginger	66%	65%	67%							
ITC Hotels			71%	77%			74%	79%	73%	2.8
Phoenix Mills	79%	77%	83%	88%	78%	79%	80%	90%	79%	1.3

Source: Company, Nuvama Research

Since IHCL did not disclose market-specific RevPAR growth, we are using ElH as a proxy as ElH's and IHCL's RevPAR growth typically mirror each other. Hyderabad experienced an exceptional increase primarily due to the Miss World event at Trident, Hyderabad.

Exhibit 11: EIH's RevPAR performance by city, which usually mirror's IHCL performance by city



Source: EIH

Exhibit 12: Portfolio pipeline

Pipeline	Owned		Managed		Total Pipeline	
	Hotels	Keys	Hotels	Keys	Hotels	Keys
IHCL	33	3,770	110	16,430	143	20,200
Lemon Tree	2	256	108	7,514	110	7,770
EIH	8	841	17	1,192	25	2,033
Chalet	7	1,200			7	1,200
Samhi	6	596			6	596
ITC Hotels	S				58	5,300+

Source: Company, Nuvama Research

The pipeline across the coverage universe remains healthy with most companies maintaining a strong emphasis on asset-light models. This indicates that future growth is increasingly driven by an expanding managed-hotels pipeline, which supports scalability and margin resilience. Chalet continues to believe in its strategy of owning the assets and creating value.

IHCL is poised to open three of its owned hotels i.e. Taj Frankfurt (126 keys), Ginger Ekta Nagar (151 keys) and Vivanta Ekta Nagar (127 keys) in FY26 along with expansion of 100 keys at Taj Ganges.

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Exhibit 13: Quarterly EBITDA trends

EBITDA (INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Growth (%)
IHCL	4,102	3,548	7,324	6,598	4,496	5,013	9,617	8,568	5,760	28%
IHCL (Standalone)	1,959	1,868	4,244	4,351	2,191	2,445	5,070	4,994	2,377	8%
EIH	1,555	1,429	3,244	3,041	1,349	1,746	3,568	3,508	1,598	19%
EIH (S)	1,257	1,241	2,805	2,574	1,089	1,522	3,025	3,059	1,411	30%
Chalet	1,098	1,260	1,660	1,829	1,402	1,495	2,047	2,414	3,573	155%
Lemon Tree	1,065	1,019	1,397	1,715	1,151	1,307	1,842	2,041	1,405	22%
TajGVK	262	216	404	409	267	295	496	332	319	19%
Benares Hotels	94	100	159	158	88	101	187	217	100	13%
EIH Associated	105	5	523	501	48	72	538	606	90	88%
Oriental Hotels	225	201	285	268	117	248	346	390	256	119%
Roots Corporation	270	280	400	410	340	360	500			
Samhi	453	508	850	854	821	922	1,103	1,215	905	10%
Juniper	631	602	966	911	627	644	928	1,167	798	27%
Park	397	443	559	536	385	416	633	611	454	18%
ITC Hotels				3,223	2,058		3,806	4,123	2,447	19%

Source: Company, Nuvama Research

IHCL's EBITDA margin had impact of 2–3pp due to a change in accounting treatment for airport levy.

Lemon Tree's EBITDA margin improved 156bp YoY likely driven by improved occupancy in Aurika Mumbai along with increased reliance on renewable power.

EIH's management emphasised that the flow-through to EBITDA is much stronger with an increase in ARR than an increase in occupancy.

Exhibit 14: Quarterly EBITDA margin trends

EBITDA (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Change pp
IHCL	28%	25%	37%	35%	29%	27%	38%	35%	28%	-0.78
IHCL (Standalone)	22%	21%	33%	32%	24%	24%	34%	34%	23%	-0.77
EIH	31%	27%	44%	41%	26%	30%	45%	42%	28%	2.25
EIH (S)	29%	27%	43%	40%	24%	29%	44%	42%	27%	3.31
Chalet	35%	40%	44%	44%	39%	40%	45%	46%	40%	1.09
Lemon Tree	47%	45%	48%	52%	43%	46%	52%	54%	44%	1.56
TajGVK	29%	24%	36%	35%	29%	28%	39%	27%	30%	1.18
Benares Hotels	37%	39%	47%	45%	38%	41%	48%	44%	40%	1.64
EIH Associated	16%	1%	41%	38%	7%	10%	40%	43%	13%	5.64
Oriental Hotels	24%	22%	28%	25%	14%	24%	28%	29%	24%	9.52
Roots Corporation	35%	33%	38%	38%	34%	33%	37%			
Samhi	24%	23%	32%	31%	33%	35%	37%	38%	33%	0.41
Juniper	38%	36%	41%	37%	31%	30%	37%	42%	36%	4.76
Park	30%	33%	35%	34%	29%	29%	36%	34%	29%	0.90
ITC Hotels				36%	29%		37%	39%	30%	1.15

Source: Company, Nuvama Research

IHCL's PBT grew 33.9% YoY and margin improved 0.4pp YoY. **Samhi's** profit growth is coming from two aspects: i) the IPO proceeds helping with the reduction of debt and thereby interest outgo; and ii) improvement in productivity.

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Exhibit 15: Quarterly PBT trends

PBT (INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY growth (%)
IHCL	2,939	2,322	6,047	5,347	3,285	6,956	8,340	7,200	4,398	33.9
IHCL (Standalone)	2,543	2,119	5,146	5,017	2,822	3,439	6,335	6,275	3,260	15.5
EIH	1,419	1,261	2,900	3,256	1,281	1,674	3,455	3,282	456	-64.4
EIH (S)	1,202	1,139	2,510	2,070	1,144	1,512	2,921	4,049	491	-57.1
Chalet	372	445	887	990	777	794	1,184	1,588	2,686	245.6
Lemon Tree	359	348	552	892	291	451	994	1,229	633	117.5
TajGVK	194	159	346	351	228	259	458	341	494	116.5
Benares Hotels	85	91	151	154	86	97	183	215	102	18.5
EIH Associated	97	-12	508	494	48	28	535	622	83	71.6
Oriental Hotels	131	114	223	210	22	126	219	265	138	527.3
Samhi	-835	-884	-828	106	35	122	224	226	259	643.5
Juniper	-192	-274	29	69	131	199	435	735	179	36.4
Park	122	214	287	263	246	389	454	392	224	-8.9
ITC Hotels				2,443	1,191		2,905	3,490	1,848	55.1

Source: Company, Nuvama Research

Exhibit 16: Quarterly PBT margin trends

PBT Margin (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Change PP
IHCL	20.0%	16.2%	30.8%	28.1%	21.2%	38.1%	32.9%	29.7%	21.5%	0.4
IHCL (Standalone)	28.6%	23.7%	40.2%	37.4%	30.3%	33.2%	43.0%	42.5%	31.2%	0.9
EIH	28.5%	23.8%	39.1%	43.9%	24.3%	28.4%	43.2%	39.7%	8.0%*	-16.4
EIH (S)	28.2%	24.5%	38.5%	31.9%	25.1%	29.0%	42.0%	55.6%	9.5%*	-15.6
Chalet	12.0%	14.1%	23.7%	23.7%	21.5%	21.1%	25.9%	30.4%	30.0%	8.5
Lemon Tree	16.0%	15.3%	19.1%	27.2%	10.9%	15.9%	28.0%	32.5%	20.0%	9.2
TajGVK	21.2%	17.8%	31.2%	30.3%	24.6%	24.6%	36.1%	27.3%	46.4%	21.8
Benares Hotels	33.2%	35.2%	45.0%	43.2%	37.4%	39.6%	47.2%	43.7%	40.8%	3.3
EIH Associated	14.5%	-2.0%	40.1%	37.3%	7.5%	3.9%	40.2%	44.4%	12.0%	4.6
Oriental Hotels	14.1%	12.6%	21.8%	19.5%	2.7%	12.2%	17.9%	20.0%	12.8%	10.1
Samhi	-43.8%	-40.2%	-30.9%	3.8%	1.4%	4.6%	7.6%	7.1%	9.5%	8.1
Juniper	-11.4%	-16.2%	1.2%	2.8%	6.6%	9.3%	17.2%	26.5%	8.1%	1.5
Park	9.3%	15.9%	18.1%	16.9%	18.2%	27.5%	25.6%	22.1%	14.5%	-3.7
ITC Hotels				26.9%	16.7%		28.6%	32.9%	22.7%	6.0

Source: Company, Nuvama Research

*EIH's PBT margin includes exceptional items towards MRL investment write-back after the company lost control of the entity. Adjusting for the that, PBT margin was up 67bp YoY.

PAT performance improved across the sector flowing through from EBITDA for most companies with absolute PAT growing, EIH being an exception because of a one-time impact of Mashobra of INR1,100mn in the quarter.

Q1FY26 REVIEW

Exhibit 17: Quarterly PAT trends

PAT (INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Change (%)
IHCL	2,224	1,669	4,520	4,178	2,484	5,546	5,823	5,223	2,964	19.3
IHCL (Standalone)	1,882	1,572	3,804	3,691	2,088	2,545	4,688	4,812	2,446	17.1
EIH	1,038	931	2,193	2,229	922	1,299	2,645	2,529	339	-63.3
EIH (S)	900	852	1,869	1,588	854	1,144	2,197	3,318	364	-57.4
Chalet	887	364	706	824	606	-1,385	965	1,238	2,031	234.9
Lemon Tree	235	226	354	670	198	296	625	846	383	93.5
TajGVK	132	111	242	259	127	197	339	286	362	185.0
Benares Hotels	63	68	113	116	64	72	136	161	76	17.9
EIH Associated	72	-9	379	368	36	21	399	463	62	72.5
Oriental Hotels	88	79	169	165	16	84	144	179	92	467.5
Samhi	-835	-880	-744	113	42	126	228	459	173	309.5
Juniper	-109	-156	35	468	117	-278	324	549	90	-22.8
Park	81	148	274	184	-19	268	322	266	134	NM
ITC Hotels				1,825	865		2,150	2,569	1,331	53.8

Source: Company, Nuvama Research

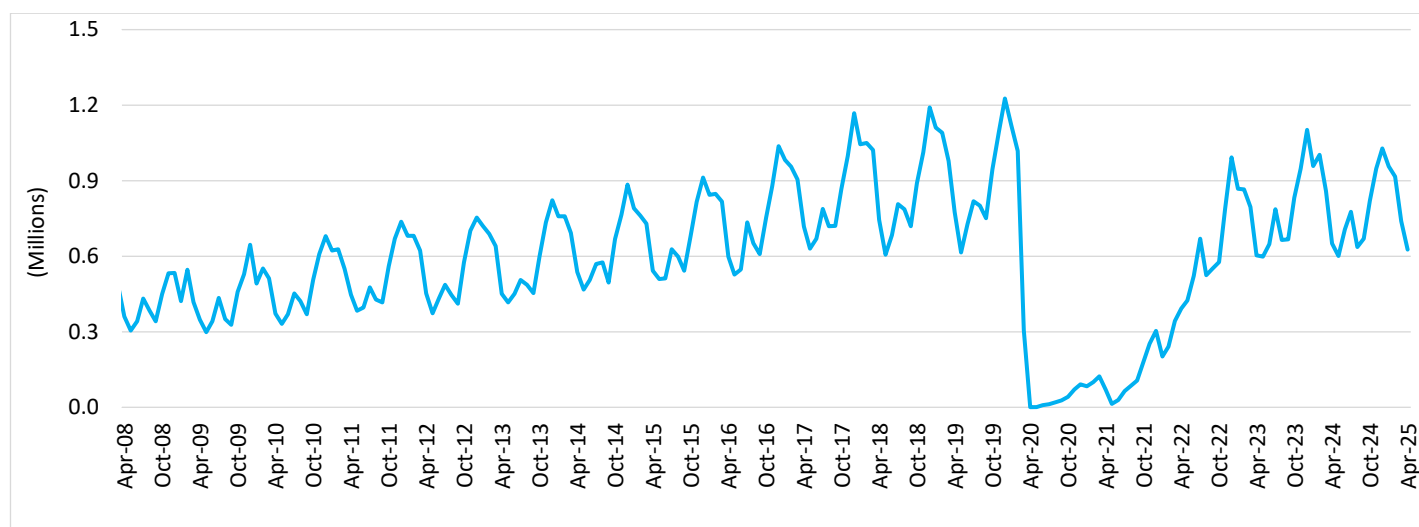
Exhibit 18: Quarterly PAT margin trends

PAT Margin (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY Change PP
IHCL	15.2%	11.6%	23.0%	21.9%	16.0%	30.4%	23.0%	21.5%	14.5%	-1.5
IHCL (Standalone)	21.1%	17.6%	29.7%	27.5%	22.4%	24.6%	31.8%	32.6%	23.4%	1.0
EIH	20.8%	17.5%	29.6%	30.1%	17.5%	22.0%	33.0%	30.6%	5.9%	-11.6
EIH (S)	21.1%	18.3%	28.7%	24.5%	18.7%	22.0%	31.6%	45.6%	7.0%	-11.7
Chalet	28.5%	11.6%	18.9%	19.7%	16.8%	-36.7%	21.1%	23.7%	22.7%	5.9
Lemon Tree	10.5%	10.0%	12.3%	20.5%	7.4%	10.4%	17.6%	22.4%	12.1%	4.7
TajGVK	14.4%	12.4%	21.8%	22.3%	13.7%	18.7%	26.7%	22.9%	34.0%	20.3
Benares Hotels	24.7%	26.4%	33.6%	32.6%	28.0%	29.4%	34.9%	32.7%	30.3%	2.3
EIH Associated	10.8%	-1.6%	29.9%	27.8%	5.6%	2.9%	30.0%	33.1%	9.0%	3.4
Oriental Hotels	9.5%	8.6%	16.5%	15.4%	2.0%	8.1%	11.8%	13.5%	8.6%	6.6
Samhi	-43.8%	-40.0%	-27.8%	4.0%	1.7%	4.8%	7.7%	14.4%	6.4%	4.7
Juniper	-6.5%	-9.3%	1.5%	19.1%	5.8%	-13.0%	12.8%	19.8%	4.1%	-1.8
Park	6.2%	11.0%	17.3%	11.8%	-1.4%	18.9%	18.1%	15.0%	8.7%	NM
ITC Hotels				20.1%	12.1%		21.2%	24.2%	16.3%	4.2

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. FTA recovery has been slower.

Exhibit 19: Foreign tourist arrivals still ~85% of pre-Covid peak in Jan–Feb’25 period



Source: Nuvama Research, Ministry of Tourism

Jan’25 and Feb’25 saw a strong start, with leisure travel recording average growth of 21%. The business and professional travel segments also showed a very smart pickup. However, medical tourism has been declining, primarily due to a reduction in travellers from Bangladesh.

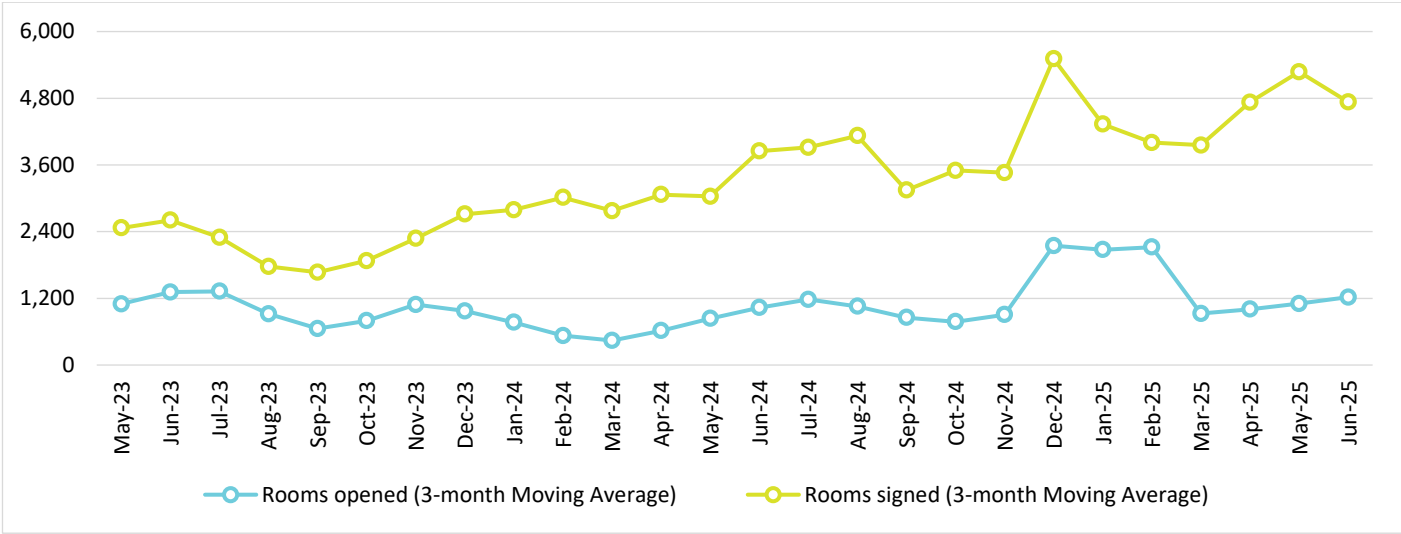
Exhibit 20: Foreign Tourist Arrivals (FTAs) recovery by purpose of travel

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	3,61,722	0.3%	0.9%	-30.6%
Indian diaspora	1,18,777	1,15,406	1,09,532	2,07,311	2,27,342	2,35,006	3.0%	10.1%	97.7%
Business and Professional	1,43,413	1,33,806	52,949	80,361	84,418	98,135	16.2%	5.0%	-36.9%
Medical	53,670	58,113	38,414	53,704	52,067	33,061	-36.5%	-3.0%	-10.4%
Others	14,957	83,799	1,28,739	82,862	80,234	82,326	-0.5%	-0.2%	-1.3%
Total	8,79,831	9,10,863	5,19,110	7,81,717	8,04,670	8,10,250	0.3%	3.4%	-11.3%

Source: Nuvama Research, Ministry of Tourism

While room signings have shown a sequential fall, contrary to its earlier, the pace of actual room openings is growing at a steady state pace.

Exhibit 21: Rooms opened versus rooms signed up



Source: Nuvama Research, HVS

International commentary

Hilton Q2CY25 conference call: Takeaways

“We are committed to key growth milestones in emerging economies, including expanding our portfolio in India tenfold in the coming years.”

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

MakeMyTrip Q1FY26 conference call: Takeaways

“India’s travel sector is poised for strong long-term growth driven by rising disposable income, infrastructure upgrades, and a fundamental shift in consumer behaviour to spend more on travel. Indian consumers are increasingly prioritising experiential travel, activities, experiences. There’s a clear shift toward taking multiple holidays and short breaks throughout the year, signalling a structural change in travel consumption patterns, which bode well for us. International outbound travel from India presents a significant growth opportunity as well with more Indians eager to explore global destinations. Short-haul markets are gaining traction driven by better air connectivity, simplified visa processes and rising preferences for quick get gateways.”

“Another emerging trend among Indian travellers is wildlife tourism. We have prioritised this insight by enriching our content and discovery signals. With increasing interest in nature-based experiences among families and small groups, the proximity of hotel to a national park safari gate or forest buffer zone has become a key factor in trip planning.” — Mr Rajesh Magow, CEO, MakeMyTrip

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