

Published Date:	6 Feb 2025	Publication:	Mint [Ahmedabad]
Journalist:	Varuni Khosla	Page No:	9
Circulation:	15,000		

Robust Q3 results fuel hotels' growth outlook

Hotel chains benefit from rising demand, post record profit in Oct-Dec

Varuni Khosla
varuni.k@livemint.com
NEW DELHI

The hospitality sector is witnessing renewed momentum, with several hotel chains capitalising on a surge in travel demand to deliver strong financial performances for the quarter ended 31 December. Rising revenues and improving profitability were a shared narrative across the top listed players, with companies like Lemon Tree Hotels, IHCL and hotel ownership companies like Chalet Hotels and Samhi Hotels posting notable results.

Lemon Tree Hotels and IHCL showcased solid top-line growth. On 4 February, as reported on BSE, Lemon Tree Hotels' revenues climbed 22% to ₹355.7 crore in Q3 FY25 from ₹290.1 crore a year ago, while IHCL, buoyed by its Taj properties and diversified business lines like catering, saw revenues jump to ₹2,533 crore from ₹1,936 crore. Both companies recorded healthy profit figures. Lemon Tree reported a net profit of ₹79.8 crore in the quarter, growing 82% over FY24's ₹43.8 crore, and IHCL's profit after tax rose 32% to ₹632.5 crore from ₹476 crore in the corresponding quarter of last year.

In Q3 FY25, Chalet Hotels' revenue rose 22% from ₹373.6 crore last year to ₹457.7 crore, and it reported a net profit of ₹96.3 crore for Q3 FY25. The business was stronger than in the corresponding quarter of FY24 when it posted net profit of ₹73.5 crore. But in Q2, Chalet reported deferred tax liability of ₹55.3 crore due to a change in capital gains rules—which reduced its FY25 profit and brought its 9-monthly net profit in FY25 down to ₹18.6 crore compared to ₹195.7 crore in the 9-months ended 31 December FY24.

"We recorded a robust 18% growth in the average room rates compared to the



Chalet, IHCL, Samhi and Lemon Tree ride the wave of rising travel demand, reporting strong financial performances during the third quarter of FY25..

same quarter last year, with steady occupancy of 70%, resulting in a 16% increase in revenue per available room (RevPAR). Even on a like-for-like basis, across the portfolio, our RevPAR grew by 17%, driven by powerful performances in Pune, Bengaluru and the Mumbai metropolitan region," said Sanjay Sethi, managing

director and CEO of Chalet Hotels, in the company's earnings call last week. Samhi Hotels in Q3 FY25 increased its revenue from operations to ₹295 crore, growing over Q3 FY24's ₹267 crore, and also reported a profit of ₹22.7 crore, demonstrating improvement in operations and growing over last fiscal's Q3 loss of ₹77

crore. "Q4 is undoubtedly the best quarter for business. That's the way our company sees it. New hotel supply remains restricted in key cities," said Ashish Jakhnawala, chairman, managing director and CEO of Samhi Hotels.

"Most listed players have reported a strong quarter on the back of strong rates.

Pan India occupancy is about 70%, a few percentage points short of the peak of 2007-08 when it stood at around 70-72%. Demand for hotel rooms is still fast outpacing supply, and Q4 is a strong business-heavy growth quarter. We expect that average room rate growth in business locations will outperform leisure locations, and demand will be strong for business hotels, especially branded chains," Prashant Biyani, vice president of institutional equity research at Elara Capital, told *Mint*.

For an extended version of this story, go to [livemint.com](https://www.livemint.com).

FAVOURABLE CONDITIONS

LEMON Tree Hotels' revenue rose 22% to ₹355.7 crore, and net profit grew 82% to ₹79.8 crore in Q3

IHCL'S Q3 revenues rose to ₹2,533 crore, while profit after tax rose 32% from a year ago to ₹632.5 crore

IN Q3, Chalet Hotels' revenue was up 22% to ₹457.7 crore, while it posted net profit of ₹96.3 crore