26th December, 2025

Leela Palaces Hotels & Resorts Ltd.

BSE: 544408 | NSE: THELEELA | Mkt Cap: Rs 14,527 cr

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**435.0/-**	**490.0/-**	**12.6%**

Leela Palaces Hotels & Resorts Ltd. is a pure play luxury hotel brand that operates and manages luxury hotels & resorts across India under "The Leela" brand. Headquartered in Mumbai and owned by Brookfield, the company's portfolio comprises of 3,544 keys across 13 operational hotels under the brands of The Leela Palaces, The Leela Hotels and The Leela Resorts, placing the company among the largest luxury hospitality players in India.

Key Investment Rationale:

- **Leading luxury hospitality brand with global appeal:** The Leela brand is widely associated with luxury and is established as a leading hospitability brand in the world. The company's properties are widely recognized for superior quality of service. For FY25, RevPAR across the company's owned portfolio was 1.4x of the overall luxury hotel segment average in India, reflecting Leela's premium market positioning and brand strength in luxury hospitality industry.
- **Strategic global expansion in Dubai:** The company has received board approval to acquire 25% stake in a luxury beachfront resort in Dubai's iconic Palm Jumeirah for $49 mn while the balance 75% will be acquired by Brookfield. The resort is spread across 23 acres on one of the largest freehold beachfront land plots in Dubai and comprises of 546 keys including a 361 keys hotel, 182 residences and 3 villas. Through the sale of branded residences, the company expects its equity to be returned within 2-3 years. The company would likely earn management fees of ~Rs 55-65 cr from FY28.
- **Healthy room pipeline:** The Leela currently operates 13 properties with 3,544 keys across 11 cities in India, including 5 owned, 7 managed and 1 franchised hotel. The company has recently expanded its footprint in Rajasthan by signing management agreement with the Godwin Group for The Leela Jaisalmer, an 80-room luxury Desert Resort and Spa which is slated to open in 2026. As of Nov'25, the company has 10 hotels in pipeline which will increase the brands portfolio to ~5,000 keys over the next three years in high-growth markets including Agra, Ayodhya, Bandhavgarh, Mumbai, Ranthambore, Sikkim, Srinagar, Dubai and Jaisalmer.
- **Strengthened balance sheet post IPO:** The company's balance sheet has strengthened post IPO with net Debt/TTM EBITDA of 0.5x which provides healthy financial flexibility for growth initiatives. The company has also done strategic refinancing which has reduced its cost of debt to 8.4% from 9.1% earlier. Further, the company has revised the capital structure of The Leela Palace BKC, Mumbai where it will retain and fund 50% stake in the hotel component while Brookfield will fund the remaining 50% of the hotel and fully fund and own the 0.7 mn sq. ft. office space. This approach enables the company to optimize capital allocation across a broader range of accretive investment opportunities.
- **Reasonable valuation:** At CMP of Rs 435, the stock trades at FY26E/FY27E Bloomberg consensus EV/EBITDA of 21.3x/19.4x respectively which looks reasonable given the company's strong presence in luxury hospitality space, strategic acquisition in Dubai and strong keys addition pipeline.

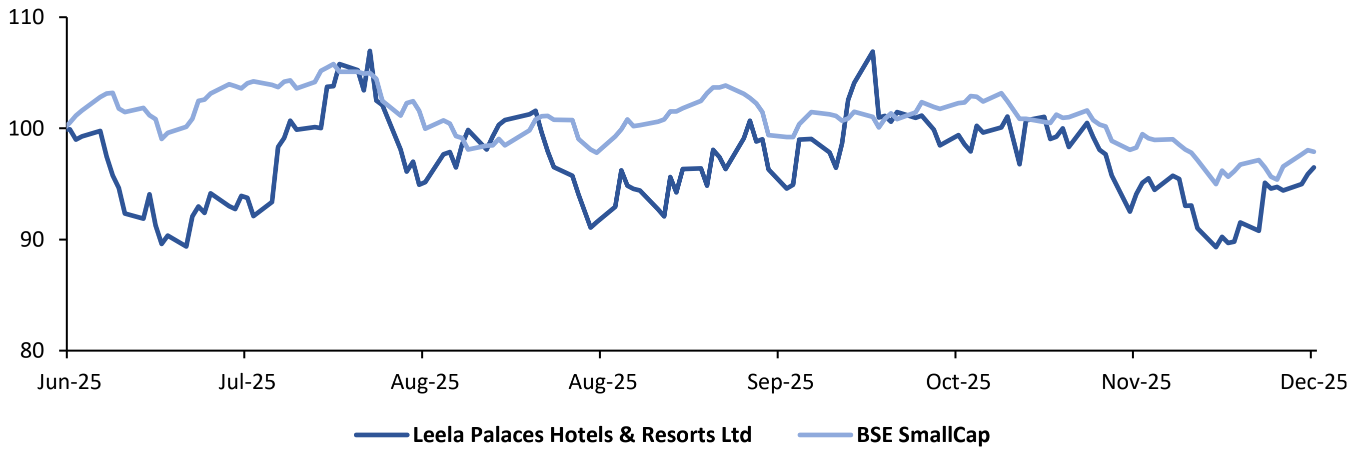
Key Risks: Demand slowdown; Slower-than-expected growth in ARR and RevPAR; Delay in new hotel openings.

Financial Summary

Particulars (Rs cr)	FY24A	FY25A	FY26E	FY27E
Net Sales	1,171	1,301	1,505	1,685
EBITDA	545	594	707	802
Net Profit	-2	48	354	458
EBITDA Margin (%)	46.5	45.7	47.0	47.6
RoE (%)	0.1	1.3	5.4	8.4
EPS (Rs)	-0.1	1.4	10.6	13.7
P/E (x)	-	304.8	41.0	31.7
EV/EBITDA (x)	33.8	30.5	21.3	19.4

Source: AceEquity, Bloomberg, SSL Research

Stock Performance (since listing) – Indexed to 100



Source: ACE Equity, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
-	-	-	-	-

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