Dated: 19 Jan 2026

Leela Palaces Hotels & Resorts (THELEELA) - ADD

Result Update

Current Market Price (CMP)	Fair Value
Rs.441	**Rs.510**

Rationale:

- Company is consistently clocking strong room rate growth.
- Healthy earnings growth on the back of 20% yoy RevPAR growth.
- Dubai business to add scale; execution on new hotels is key.
- We expect Leela to deliver a 22% CAGR in attributable EBITDA over FY26-30E.
- We expect EPS (earnings per share) growth of 22.7% in FY27E and 32.4% in FY28E.
- We incorporate Dubai acquisition; maintain ADD with a revised FV of Rs510 (from Rs485).

Positives:

- Leela reported Q3FY26 revenue of Rs457 cr (+21% yoy, +47% qoq).
- EBITDA: Rs238 cr (+22% yoy, +72% qoq); PAT: Rs157 cr (+177% yoy, +103% qoq).
- Earnings growth was aided by 17% yoy increase in ARR to Rs30,337/day, 160 bps yoy improvement in occupancy to 71%, leading to a 20% yoy rise in RevPAR.

Negatives:

- Moderated growth in management fees (+7.4% yoy).

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; RevPar: Revenue Per Available Room; CAGR: Compound Annual Growth Rate; ARR: Average Room Rate)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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