

## New recommendations

Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)	Duration
19-Jun-23	Lemon Tree	LEMTRE	92-95	106.00	87.70	12.00	3 Months

## Open recommendations

Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)	Duration
14-Jun-23	Tata Steel	113.00	125.00	106.00	114.00	1%	3 Months
7-Jun-23	IRFC	33.3	38.00	30.80	33.20	0%	3 Months
5-Jun-23	Deepak Nitrite	2090	2,390.00	1,930.00	2,177.00	4%	3 Months
26-May-23	Reliance Industries	2476	2,710.00	2,355.00	2,554.00	3%	3 Months
23-May-23	Eicher Motors	3581	3,940.00	3,345.00	3,520.00	-2%	3 Months
18-May-23	Siyaram Silk Mills	560	640.00	510.00	551.00	-2%	3 Months

All the recommendations are in Cash segment

June 19, 2023

## Open Recommendations

### Momentum Picks

Scrip	Time Frame
TRIL	14 days
Oberoi Realty	14 days
Sobha	14 days

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## Research Analysts

**Dharmesh Shah**

dharmesh.shah@icicisecurities.com

**Pabitra Mukherjee**

pabitra.mukherjee@icicisecurities.com

**Nitin Kunte**

nitin.kunte@icicisecurities.com

**Vinayak Parmar**

vinayak.parmar@icicisecurities.com

**Ninad Tamhanekar, CMT**

ninad.tamhanekar@icicisecurities.com

# Lemon Tree Hotel (LEMTRE): Mean reversion towards 20 day's EMA offers fresh entry opportunity...

Rec. Price

92-95

Target

106

Stop loss

87.7

Upside

12%

## Weekly Chart

Elevated buying demand emerged from 20 days EMA which has been held since March



- The hospitality sector has been a key outperforming sector in CY22 as the stocks resolved out of multiyear underperformance underpinned by tourism that picked up after two year Covid induced hiatus. Within the hotel space, we remain constructive on Lemon Tree as it is seen resuming up move after base formation above five month's range breakout area (₹ 89-73) coincided with 20 day's EMA (at ₹ 93) signalling inherent strength and offers a fresh entry opportunity.
- Key observation on the weekly chart of Lemon Tree is that the entire up move of the last two years is well channelled, thus providing incremental buying opportunity. During April 2023, the stock has rebounded after forming a strong base at the lower band of the channel highlighting sustained demand at elevated levels
- We expect the stock to maintain positive bias and head towards ₹ 106 levels in coming months as it is the 123.6% external retracement of the December 2022-April 2023 corrective decline (₹ 103-73)

Source: Spider Software,, ICICI Direct Research

Recommended on I-click to gain on 19th June 2023 at 10:57am

June 19, 2023

ICICI Securities Ltd. | Retail Equity Research

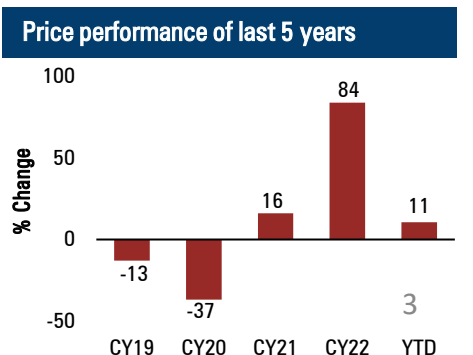
# Fundamental View: Lemon Tree Hotels (LEMTRE)

- Promoted by Patanjali Keswani, Lemon Tree (LTHL) is the largest hotel chain in the mid-priced segment in India. It operates 8,497 rooms in 87 hotels across 54 destinations in India and abroad under brands like Aurika (premium), Lemon Tree premier, Lemon Tree (midscale), RedFox (economy) and Keys
- The favourable location of its properties in prominent business and tourist districts supports revenue growth prospects and reduces concentration risk. Revival in foreign tourists, wedding season, G20 summit 2023 to provide further fillip to leisure and business hotel room demand, going forward. We expect the hotel business in key cities like Mumbai and Delhi to also improve significantly. Lemon Tree is likely to be the key beneficiary of the same
- The company plans to add 738 rooms (669 rooms in Mumbai, 69 rooms in Shimla) over the next two years with total capex of ₹ 1006 crore. Post completion of expansion, LTHL will be operating ~11240 rooms in 122 hotels across India and abroad by FY25E. The company has already spent ₹ 510 crore and plans to incur ₹ 250-300 crore over the next 12 months, another ₹ 200 crore over next nine months after that. We expect Aurika Mumbai to get launched during November-December 2023
- The company is pursuing an asset light expansion policy and is rapidly expanding its managed hotels fleet. The company is planning to add ~2051 rooms under management contract. The share of managed rooms to increase from current 40% to ~50% by 2025. With asset light expansion, incremental cash flows would be utilized mainly for debt reduction and the company aspires to be debt free over next five years
- The company is now more efficient in terms of operations and leaner in terms of cost. The current employee count has now reduced from 0.95/room to 0.62/room. Further with the adoption of more technology in day to day operations, we expect the company's operating margin to scale up to 47-48% over next one year
- The current cost of building a new hotel room has increased to ₹ 1 crore vs. ₹ 50 lakh earlier. These would moderate the new launches in the hotel space. The company is well positioned to capture the unorganised market share due to slowdown in the upcoming room supply in the wake of ongoing distress
- **The management indicated that by CY28 the company plans to have 300+ hotels, 20000+ rooms network of which managed and franchised rooms would be more than 70%. We believe the company's large asset base, strategic partnership and financial flexibility would continue to support the liquidity profile, if further need arises**

Particulars	
Particular	Amount
Market Capitalisation (₹ Crore)	7,349.9
Debt (FY23) (₹ Crore)	1,745.7
Cash (FY23) (₹ Crore)	27.5
EV (₹ Crore)	9,068.2
52 week H/L	103 / 58
Equity Capital (₹ Crore)	791.6
Face Value	10.0

Financials				
(Year-end March)	FY22	FY23	FY24E	FY25E
Net Sales (₹ crore)	402.2	866.0	1055.9	1350.9
EBITDA (₹ crore)	118.7	438.6	504.7	664.7
EBITDA %	29.5	50.6	47.8	49.2
Net Profit (₹ crore)	-87.4	105.6	138.6	266.2
EPS (₹)	-1.1	1.3	1.8	3.4

Valuation				
(Year-end March)	FY22	FY23	FY24E	FY25E
EV/EBITDA	77.1	21.0	18.1	13.3
RoNW	-15.7	15.6	18.1	26.3
RoCE (%)	1.0	10.4	11.5	15.0



# Follow up summary of Gladiator Stocks

## Summary Performance - Recommendations till date

Total Recommendations	877	Open	6
Closed Recommendations	871	Yield on Positive recommendations	15.0%
Positive Recommendations	654	Yield on Negative recommendations	-8.0%
Closed at cost	27		
Strike Rate	77%		

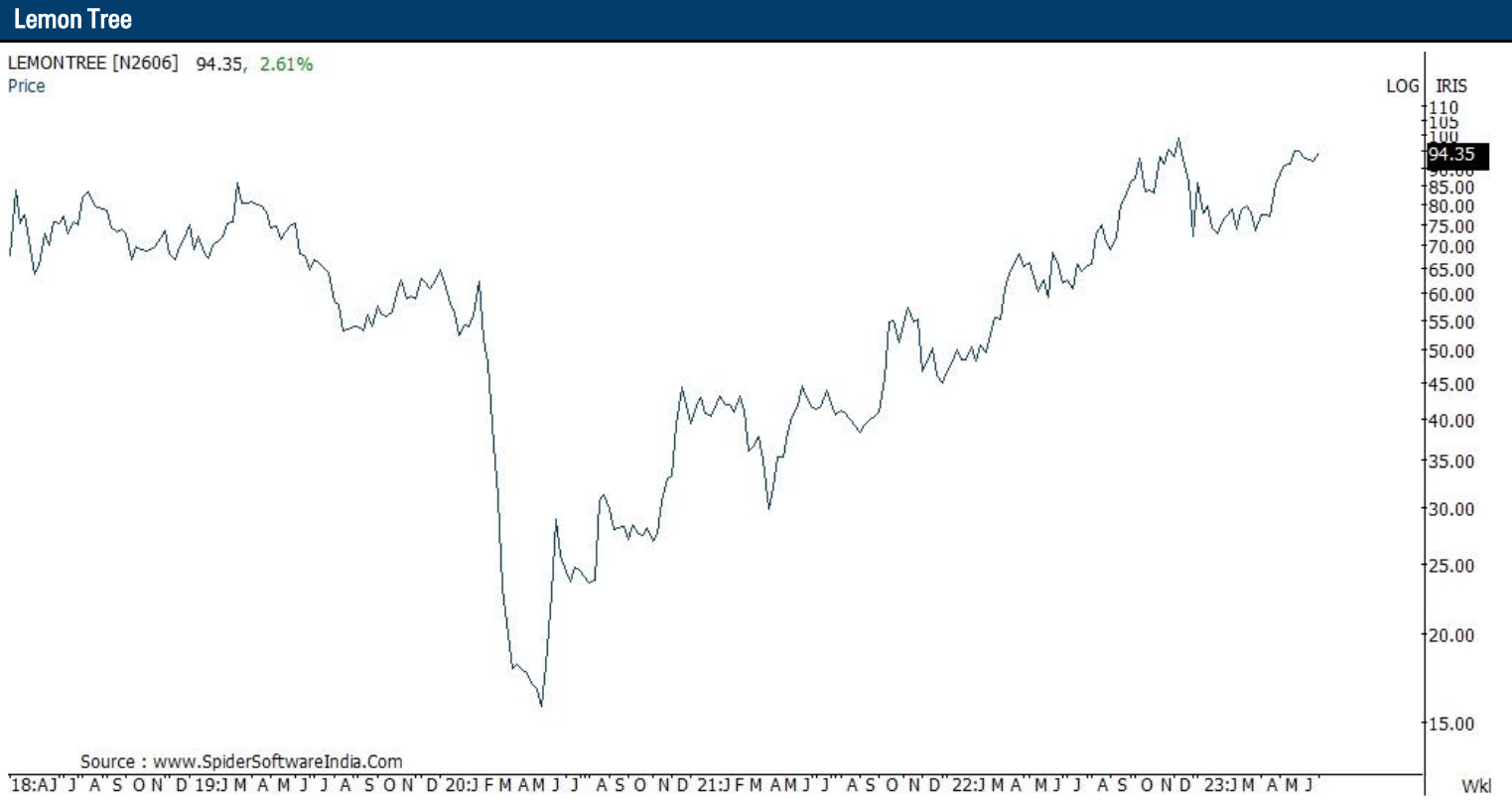
# Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
19-Jun-23	Transformer&Rectifier	Buy	83-84.80	92.00	79.80	14 days
13-Jun-23	Oberoi realty	Buy	988-1012	1082.00	967.00	14 days
13-Jun-23	Sobha	Buy	543-555	592.00	529.00	14 days
7-Jun-23	Kopran	Buy	181-185	199.00	172.00	14 days
22-May-23	ACC	Buy	1790-1830	1970.00	1740.00	30 days

All recommendations are in cash market

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# Price history of past three years



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for three to six months as specified on first page of report and in case we intend to carry forward the position, it will be communicated through separate mail

## Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

# Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				





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Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)

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Name of the Compliance officer (Research Analyst): Mr. Anoop Goyal

Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [headserviceequality@icicidirect.com](mailto:headserviceequality@icicidirect.com) Contact Number: 18601231122

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