



August 14, 2025

**National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051**

**BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001**

Name of Scrip: LEMONTREE

BSE Scrip Code: 541233

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Outcome of Conference Call with Analysts/Institutional Investors

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to the disclosure made on August 11, 2025 w.r.t. the audio recording of the conference call on Unaudited Financial Results for the quarter ended June 30, 2025 held on Monday, August 11, 2025 at 03:00 PM IST, please find enclosed herewith the transcript of the conference call with Investors/Analysts.

This is for your information and record.

**Thanking you
For Lemon Tree Hotels Limited**

**Pawan Kumar Kumawat
Company Secretary
& Compliance Officer
M. No: A25377**

Encl: a/a



Lemon Tree Hotels Limited

Q1 FY26 Earnings Conference Call Transcript

August 11, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Lemon Tree Hotel Limited's Earnings Conference Call.

I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you and over to you.

Anoop Poojari: Thank you. Good afternoon, everyone and thank you for joining us on Lemon Tree Hotel's Q1 FY26 earnings conference call.

We have with us Mr. Patanjali Govind Keswani - CMD, Mr. Kapil Sharma - CFO, Mr. Vishvapreet Singh Cheema - President, Mr. Sanjay Rai - Chief Revenue Officer, Mr. Saurabh Shatdal - CEO, Fleur Hotels, Mr. Mayank Sharma - CFO, Fleur Hotels Limited, and Mr. Niket Sood - Vice President, Commercial Strategy of the Company.

We would like to begin the call by opening remarks from the management, following which we will have the forum open for an interactive question-and-answer session. Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now request Mr. Keswani to make his opening remarks.

Patanjali G. Keswani: Thank you. Good afternoon, everyone and thank you for joining us on this call. I will be covering the business highlights and the financial performance for Q1 this year, post which we will open the forum for your questions and suggestions.

In Q1, despite the headwinds faced by the industry due to the geopolitical tensions and COVID scare, Lemon Tree recorded its highest ever Q1 revenue at Rs. 317.4 crore. The revenue grew 18% compared to Q1 last year. Net EBITDA grew 23% YoY to Rs. 142 crore, translating into a net EBITDA margin of 44.8%, which increased 178 bps YoY. Q1 FY26 recorded a gross ARR of Rs. 6,236, which increased 10% YoY and the occupancy for the quarter stood at 72.5%, an increase of 591 bps YoY. This translated into a RevPAR of Rs. 4,523, which increased 19% YoY.

The company's profit after tax stood at Rs. 48.1 crore for this quarter, an increase of 139% YoY. Cash profit for the company stood at Rs. 82.3 crore in this quarter, an increase of 51% YoY. The debt for the company stood at Rs. 1,658 crore in Q1 FY26, a decrease of Rs. 206 crore or 11% vis-à-vis Rs. 1,864 crore in Q1 FY25. The

company has significantly reduced its cost of borrowing over the year to 8.01% in this quarter as compared to 8.80% in the previous year.

Slide #17 of the investor presentation demarcates the gross debt, i.e. the borrowings from banks and the lease liabilities. The gross debt represents debt on existing properties and new strategic investments that the company has made on new developments.

We continue making significant investments in renovations, business development, tech and renewable energy. These expenses are incremental in nature, above the normal expenses and are necessary to prepare our company to LT 2.0 as highlighted in our 5-year plan. During the quarter ~350 rooms were shut for renovation, the majority of which were in Delhi, Hyderabad and Bangalore and we shall continue to spend on renovation into FY27 until the entire portfolio of owned hotels has been fully renovated and refreshed.

Going forward, we are confident that once all these incremental investments are complete; over the next 15 months, then:

1. The occupancy or ARR or both will go up meaningfully across our entire portfolio, leading to a very significant increase in our owned hotel revenue.
2. The renovation and tech costs will also drop significantly, down to about 2%-2.25% of the total revenue from 6% currently, with the upgrades also leading to a reduction in the repair and maintenance costs that the company incurs annually.
3. The current investments made in renewable energy have already led to a year-on-year drop in power and fuel costs from 8.7% of revenue to 6.9% of revenue in this quarter, despite a 6.9% increase in occupancy. Over the next 12-18 months, we will continue these investments to achieve our target of 50% renewable energy in our owned portfolio, from 40% currently, leading to further savings.

On the asset-light side, in Q1, we signed 14 new management and franchise contracts, adding 1,273 new rooms to our pipeline and operationalized 5 hotels, adding about 400 rooms to our operational portfolio.

As of June 30, 2025, the total inventory for the group stands at 226 hotels and 18,430 rooms, divided into 10,660 rooms and 116 hotels being operational and the rest in pipeline.

Fees from management and franchise contracts for third-party hotels stood at Rs. 16.1 crore in Q1, an increase of 29% YoY. Fees from Fleur Hotels stood at Rs. 21.3 crore, also an increase of 29% YoY. Total management fees for Lemon Tree stood at Rs. 37.4 crore in Q1 FY26. Although there have been delays in scheduled openings of managed and franchise hotels due to factors beyond our control, we are very confident of accelerated growth in our management fees going forward.

With this, I come to the end of my opening remarks and would ask the moderator to open the forum for any questions.

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Archana Gude from IDBI Capital. Please go ahead.

Archana Gude:

Hi, sir. Thank you for the opportunity and congrats on a very good set of numbers. I have 3 questions. First, in Aurika, Bombay, the occupancy has been pretty robust,

but ARR looks slightly subdued. What would be the management strategy on threshold level of occupancy post which we should expect ARR to take precedence?

Patanjali G. Keswani: Archana, as far as Aurika, Bombay goes, our primary focus was on taking the occupancy to what we felt was a sustainable ongoing level. And last year, we did only about 46% and this year we did about 76%, which means a 30% increase. Now, typically, you cannot increase occupancy and ARR in a new hotel, both at the same time. The normal strategy is building occupancy and once you hit a sustainable level, then keep adding at higher rates and removing the lower rate business. We are very much there. There has been nearly a 50% increase in our corporate business with an increase in ARR in the corporate side. The airline business has also increased because obviously, we needed a certain base occupancy there. And we have also focused on the non-negotiated or retail business. So, that is why we have increased 30% in absolute numbers and I expect that now, going forward, once we have achieved what we would call stability, we will focus now on increasing the rates.

Archana Gude: Sure, sir. Again, on Aurika, currently, we have these four hotels under pipeline and they are expected to be open in FY28 onwards. I am sure these are the Greenfield projects. Is it a conscious decision of the management to keep a check on the addition or is there a dearth of supply which fits the bill for us, for Aurika?

Patanjali G. Keswani: No, we will continue to focus on building hotels. But right now, we have only two under construction and one is fairly advanced, which is the hotel in Shimla, which is nearly 100 rooms. And the second one, which is 160 rooms in Shillong, we have started construction. So, that too should be ready in the next 2.5-3 years. And well, if you wait for a little time, you will understand our strategy. Right now, there are multiple balls in the air. But we are going to have a very accelerated growth in our entire portfolio, whether it is owned, leased, managed or franchised. And we are going to try and do it in a very risk-mitigated fashion. I can only give this level of guidance right now.

Archana Gude: Sure, but my question was more on the management contract side. I am sure there are many hotels up for management contracts. And is there are lesser options for us which fits the bill of Aurika for us was my question, sir?

Patanjali G. Keswani: Aurika, we have right now got 4 managed Aurika in the pipeline, which is in Kasauli, Rishikesh, Sasan Gir and Surat. But obviously, we are going to look at getting more and more, but we are very finicky also about the quality of the hotel we would brand Aurika. So, here is the problem. In India, there are very few upscale or upper upscale hotels, which are unbranded. Most of the unbranded hotels are in the upper mid-scale, mid-scale and economy segments. The runway for branding more Aurika would really come from Greenfield or Brownfield projects, because most hotels of that quality are already branded by either an international or a domestic brand of high quality.

Archana Gude: Right, sir. My last question when I look at the ADR for the rest of India, it has underperformed the blended ADR. What are the few markets which underperformed and how we should look at it going forward?

Patanjali G. Keswani: See, rest of India is basically a combination of maybe 60-70 markets where we are present. And each of them has a distinct characteristic. It is a function of demand/supply in each of those markets, technically, if I break rest of India down, there are markets that have grown 15% in ADR and there are markets that have grown zero in ADR. It is entirely a function of that micro-market. I would not really specifically be able to give you an idea of why it is. This is a weighted average that you see. Obviously, our intent is to increase but if you look at the ARR increase in Gurgaon, it has not been very high. In Bangalore, it has not been very high. In

Mumbai, it is actually just 2% because our focus was on stabilizing the occupancy of Aurika. Pune is 7% and the rest of India is 4%. But I am not unhappy with this because we have achieved this with a significant increase in our occupancy also. And I think what one must look at is overall the RevPAR that we have grown by, which is 19%.

Moderator: The next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Yes, hi. Good afternoon and thank you for the opportunity and congrats on the strong RevPAR outperformance during the quarter despite external headwinds. Firstly, congrats on strengthening the senior management team. If you can just start with some thoughts on the recent senior management appointments and how this will change the growth orbit for Lemon Tree moving forward? And also, if you can share some thoughts on your long-term aspirations for the company and as Executive Chairman, how would you be looking to work closely with Neelendra and Saurabh in helping Lemon Tree move in that direction?

Patanjali G. Keswani: Hi, Karan. Let me explain. You may have also seen that we have said that a committee of directors has been set up in Lemon Tree and in Fleur to evaluate how we can possibly look at a transfer of assets from Lemon Tree into Fleur through a demerger scheme and then automatically look at how we can list Fleur. So, the intent is that Lemon Tree will then become asset light, a significant shareholder in Fleur and will focus on management, brand and technology as a company, which is, I think, quite common to what have been global trends in this space.

Fleur will become an independent asset company, a PropCo. And the intent of the leadership change was to get 2 very good people who would then run these two companies independently on a day-to-day basis. If you observe my role in Lemon Tree, since Neelendra will be taking over from October 1st, I have just taken an 18-month extension beyond that as an Executive Director. The reason is, I obviously want to settle in Neelendra. It is a listed company. And although he has run a very large operation, Adidas, he has been with Adidas for over 20-years. And his experience is, interestingly, just the kind of experience we need for growing Lemon Tree. However, he needs, I am sure, some level of handholding, which is my job, so that he settles in quickly and understands, firstly, the industry, which is quite different from the shoe industry or the athletic shoe industry. And number two is to help him navigate how a listed company in India operates, what are the compliances, the regulatory oversights required and so on. Really, my focus is transitioning over the executive role to Neelendra and then focusing on strengthening Lemon Tree's expansion in asset-light growth and providing just generally a high-level strategic oversight and governance through the board.

Now, coming to Fleur, since the committee of directors has been set up in both companies, Fleur, we hope too will become a listed company by the end of next calendar. Saurabh, who has worked extensively in transactions and in structuring of real estate across multiple asset classes and has great experience in that. Saurabh's role will be driving the asset-heavy growth once Fleur lists, or even before. And my job then in that is besides of course strategic oversight and long-term governance, is to also ensure a smooth transition and to guide and strengthen Fleur Hotels expansion plans through a very structured capital allocation strategy, using technology to identify high-demand areas where there is less risk and potentially high returns. We will be focusing there on asset development or asset acquisition, leases with a very disciplined risk management framework. So, that is the overview. Then to support, Neelendra, we have got an outstanding set of 3 colleagues. There is Vishvapreet, who was running Intercontinental Hotels in India and he is there as President to run the operations and the revenue function. To support him, there is Sanjay Rai, who was formerly Executive Vice President Sales and Marketing of

Oberoi Hotels, who is the Chief Revenue Officer, and his deputy, Niket Sood, who was running revenue for Accor Hotels. And I am confident with these four supported by existing teams, specifically Kapil Sharma, who is now also becoming an Executive Director, I think we will position Lemon Tree for its Version 2. And while we said we want to have 20,000 rooms in our 5-year plan, that is absolutely going to be exceeded. And I am very pleased that there is this team in place to take this company forward.

As far as this Fleur is concerned, with the proposed listing hopefully end of next year, we also have Mayank Sharma, who has worked with Lemon Tree for over 10 years. And he is the CFO working with Saurabh and with Sanjeev Jain, who has great experience in development and in projects. I think we are positioning both companies for, as I said, a very, very accelerated growth.

Karan Khanna: Sure, this is quite helpful. Just a follow-up on this. If we talk about the pipeline of assets, most of the hotels are asset-light currently with just 2 pipeline hotels on your balance sheet in Shimla and the one in Shillong. How should one think about, let us say, future expansion within Fleur? Do we see those announcements coming, let us say, after 18 months or whenever Fleur gets listed independently? Where is the right time to think about more announcements on the asset-heavy front?

Patanjali G. Keswani: No, once we go through this scheme, I think you will get a very clear idea of how we intend Fleur to be as a standalone listed company with investors who will be focused. We are actually even offering 2 options for any potential investors. One is the asset-light side of the business, the brand business, which is Lemon Tree, and the asset-heavy side of the business, which is Fleur. I do not think you need to wait another 16 months. I think we will be making enough interesting announcements in the next 1 year, which will give a very clear idea of where we think Fleur will go and really look at how we can increase its inventory enormously in the next 3 years.

Karan Khanna: Sure. My second question is on Aurika, Mumbai, which seems to have done quite well over the last 2 quarters. Given that we will start seeing T1 shutting down soon, and you spoke about taking price hikes here as well, help us reconcile how the demand would look like for this property in a seasonally strong H2 and what sort of an impact are you expecting owing to the shutdown?

Patanjali G. Keswani: As you have seen, Karan, we have hit about 76% in Q1. Now, what I want to actually tell everybody who is listening in this call is that I was happy to see all our other hotels in the listed space had also reported good results. But one reason for that was that last year, it was due to some level of a base effect last year. Last year in Q1, it was very significantly affected due to elections and the heat wave. Normally, Q1 last year should have been at least 5% or 6% better than what it ended up being because of these deflators of demand. Now, despite that, this year it is actually going to be the reverse because Q2 will see moderation. There was no base effect in Q2 last year. And this year, in fact, July has not been so good. All the festivals which affect demand for business hotels or city hotels will happen in Q2 this year. And I know I am not directly answering your question. I just want to put certain things in perspective, which is Q1 last year was very affected by multiple events. Q1 this year was slightly affected by the geopolitical tensions and the COVID scare, but nowhere near as Q1 was last year. In fact, this year, some of the stuff that did not happen in Q2 has flown into Q2 this year. So, there will be number one moderation. But despite the moderation, what we are seeing is in markets like where Aurika operates, and I am aware that there will be some shift of demand to Navi Mumbai and so on. I am very sure that Aurika, Bombay and in fact, that micro market of Bombay will continue to do occupancies north of 80%, because if you look at the distribution of demand, that is still growing. Maybe some massive incremental demand will occur in Navi Mumbai with more and more passengers there. But keep in mind, there are 1,800

planes that are going to be operating in India in the next few years. I just see growth in demand. I do not see a loss of demand in where Aurika operates.

Karan Khanna: Sure. And my last question, given you spoke about the trends in second quarter and also for Aurika, Mumbai, but more importantly, what is the outlook for seasonally strong second half for the company?

Patanjali G. Keswani: Very positive.

Moderator: The next question is from the line of Sameet Sinha from Macquarie Capital. Please go ahead.

Sameet Sinha: Question for you. It is interesting, you are already pretty close to the 20,000 rooms that you have been talking about for the last few quarters and you kind of vetted our appetite by talking about how we should expect to see some accelerated growth in rooms and pipeline. In that 5-year plan that you mentioned, are we thinking about 30,000 - 40,000 rooms, is that within the realm of possibility? That is my first question. Then I will ask a couple of follow-ups.

Patanjali G. Keswani: Yes. It is in the realm of possibility.

Sameet Sinha: Okay. Got it. Okay. Neelendra hiring was interesting. Can you talk about how his experience with retail and footwear, athletic footwear, fits in with your thought about Lemon Tree. Are we talking about more branding? I am just going to stop there and let you answer that question.

Patanjali G. Keswani: Okay, good. Sameet, let me go back for a minute. Lemon Tree is basically morphing into an asset-light company, of course, with a significant shareholding in Fleur. But it will be basically focusing on brand, management, technology as an enabler, and of course, business development to grow this portfolio. One of the biggest markets, in fact, not one, in my best guess, it is probably the single biggest market today in the world, it is the 2-3-star market of unbranded hotels in India. Let me give you some numbers. If I go to MakeMyTrip and look at their platform, there are roughly 14 or 15 lakh rooms in the platform. If I look at the cities where most of these hotels are, they are in about 180-190 cities in India, where about 85% of personal consumption expenditure occurs. These are the cities of typically 5 lakh or more population. And while some of them are not so well connected, if you look at the plans for Vande Bharat trains, you look at the plans for the growth in airports in India, which we have a list of, and then if you look at the connections through highways, and I was delighted to read that Mr. Gadkari says that our target is now to build 100 kilometers of highways every day. If you put all these together, India is going to be super well connected. And I think we are at the early stages of a structural shift of demand into discretionary.

Now, Neelendra has been in this specific area of branding, franchising. He was earlier the Senior Vice President Franchise globally in Germany for Adidas. He has run owned stores; he has run franchise stores. He has a very structured way of looking at managing scale. So, if Lemon Tree is to scale up in an area which is currently totally unstructured, which is about 1.2 million rooms, which are completely unbranded, we need somebody with that kind of a mindset and experience. While he may not specifically have hotel experience, he certainly has the competencies required to lead Lemon Tree to its next phase.

Sameet Sinha: That is certainly some out of the box thinking. Thank you for the explanation. Final question, if you can talk to us about the rooms that have been renovated over the last year or so, what sort of increase in occupancy and ARR are you seeing in those rooms?

Patanjali G. Keswani: Before COVID, we used to renovate one-sixth of our hotel rooms every year. So, it was a structured process by which every 6 years, a hotel would be renovated. And we would try and close inventory such that it would not significantly affect our ability to fulfill demand. Unfortunately, in 2019, 2 things occurred. One is we acquired another 1,000 rooms, which was Keys. And we opened 4 hotels in Lemon Tree Premieres in Bombay, Calcutta, Pune, and one Red Fox in Dehradun in our own portfolio. So, that added another 700 rooms. Really, our inventory increased from 4,000 rooms to 5,800 rooms straight away. Now, COVID completely disrupted the renovations we would have done to the older hotels, excluding these four, and the renovation we planned for Keys. The next three years, or actually, I should say four years really went towards surviving COVID and then repairing our balance sheet and of course, opening Aurika, Bombay and stabilizing Aurika, Bombay. Now, once all that happened, we had to do what is called a catch up. Typically, we spend 1.5% to 1.8% of our revenue every year in this one-sixth of the hotels, renovation. But in order to do a catch up, we had to practically triple the amount invested though our revenue still went up. From a revenue basis we are spending, I think this year we will be spending how much, Kapil, about Rs. 100-plus crore. Interestingly, when you see our EBITDA margins, they are shrunk by another 4% because of the investments, other than normal because of the investments we are making in technology, in business development and in renovation. All this will be over by next year, October, then we will go back to normal. Really, in the next 15 months, we are going to continue renovating very large numbers of rooms. Now, coming to the specific numbers of rooms, if I take out Aurika, Bombay and the new hotels pre-COVID, which together account for about 1,400-1,500 rooms, we have to renovate 4,300 rooms. We have completed about 65%-70% of that in the last 2-2.5 years and by next year, as I said, October, we will have completed all this. And then what you will see is a huge expansion in our EBITDA margins, because you will have new rooms. Even in Keys portfolio, the first fully renovated hotel was the Keys Pimpri where ARR went up by I think Rs. 1,300 - Rs. 1,400 and the occupancy went up by 10%. Now, you are going to see it with Keys Whitefield, it is a large hotel, it is 220 rooms, I think we have renovated about 170 rooms and we will finish the other 50 in the next one year. Trivandrum, Cochin are undergoing renovation, Vishakhapatnam will undergo renovation, and Ludhiana is complete. So, that was the Keys portfolio. As far as the rest of the hotels go, out of those balanced 3,500 rooms, excluding the Keys portfolio, we really looked at where should we put in the maximum money to get the maximum return. Delhi, Hyderabad and Bangalore were identified as where we have large inventory hotels, which needed this uplift. I think we have completed about 80% in Delhi. We have completed, I think, about 60-70% in Hyderabad, where we have about 700 rooms, and we have completed about 30% in Bangalore. So, this is going to just go non-stop. At any given time, 350 rooms are shut, we typically take 2-3 months to renovate them. So, on an ongoing basis, say in 6 months, we would renovate this year, maybe 1,200 rooms or 1,300 rooms. And this will happen next year also. And then it is an entirely new portfolio.

Sameet Sinha: Got it. Thank you very much.

Patanjali G. Keswani: And interestingly, just let me add, if you look at the increase in ARRs also, you can see it directly, for example, Delhi, now that we have managed to renovate so many rooms, the ARR went up 15%, Hyderabad, 19%. You can see the direct linkage that when we finish, then one of the three things will happen. In certain markets where we felt from a brand perspective, we needed to upgrade the rooms anyway, we did not spend as much as, because we just wanted to ensure that the brand standards were maintained. But in some markets where we felt there was a possibility of significantly increasing ARR and occupancy, we spend double the amount per room. It is a mix and match. But the intent is ultimately to increase RevPAR and increase guest satisfaction and stickiness.

Moderator: Thank you. The next question is from the line of Vaibhav Mule from YES Securities. Please go ahead.

Vaibhav Mule: Hi, team. First of all, congratulations on a very strong set of numbers. My first question was on our management contracts pipeline. We have a very strong pipeline. And as just mentioned, there is potential to reach 30,000 to 40,000 rooms in the long term. Do you think there can be an execution challenge while adding such aggressive amount of inventory, especially given many industry participants are highlighting that there are challenges on the manpower front, so do you think that can pose a challenge in future, and would that affect the flow through to EBITDA? That is my first question.

Patanjali G. Keswani: Vaibhav, let me go back. Challenges are always there when you are talking hyper growth, and we want hyper growth. If you notice, the rate of signings is much more than the rate of openings currently. But surely, in the next couple of years, the openings are going to also accelerate because about 70-75% of the hotels we are signing are Brownfields or Greenfields. We are very keenly aware that we need trained staff for this. We are trying to combine an approach which is both technology-oriented and identifying the future leaders of all these new hotels within our system. So, that process is ongoing. We have multiple learning and development programs for general managers, for heads of department, and so on and so forth. While there will be challenges, based on our rate of growth, we have also grown I think more than 30% a year for the last 10-15 years. Keep in mind that we were 1,000 rooms 12-13 years ago. I think we are quite familiar with that challenge. Now, as far as the flow-through goes, there is no risk to the flow-through. Management fees will keep accelerating. I think we specified in our Lemon Tree Version 2.0 we will be 20,000 rooms, including pipeline by 2028. We will achieve that in the next 6 months by the way. That question that I was asked earlier, I think by Karan or Sameet, 30,000 - 40,000, could be any of these numbers. I hope, of course, it is much more than what we have targeted. We are quite sure we will be able to manage the growth. There will be hiccups. But I think our entire approach was first, let us finish with our old portfolio, let us get it cleaned out, renovated, fully staffed, improve the occupancies, as you can see it is happening, improve the ARR, still more once the renovation is over, and then our entire focus will be on the asset-light growth. And once Fleur lists, also on the asset-heavy growth, where Fleur will raise capital and also go debt-free I am sure in the next 1 - 1.5 years. So, basically, the way I see it is Lemon Tree will be more or less debt-free as a group in the next 18 months. I am pretty sure Fleur will raise a large amount of capital. It will expand in the asset-heavy side, and we will focus on managing hotels across the spectrum in Lemon Tree.

Vaibhav Mule: Got it, sir. My second question was on your tie-up with BCG for revamping your technology, website and your loyalty program. So, has that exercise been completed and have you started seeing any material benefit in terms of higher bookings from your website or benefit of your loyalty program? If you can share some color on that?

Patanjali G. Keswani: The BCG assignment was towards digital transformation and it was building a foundation of using technology to enable hyper growth. Once BCG finished, it was more of a strategic level intervention. They moved on and then we had actually moved this entire IP we created into a 100% subsidiary of Lemon Tree called Totally Foxed Solutions, which is now fully manned. We have got data scientists, we have got user experience engineers, including 2 people amusingly from BCG themselves. We also have Ernst & Young working with us in this, and we have created a bunch of products. They are what we call MVP, means Minimum Viable Products. Some of them have been launched in revenue management, some have been launched at early stage in loyalty, but it is an ongoing process. My best estimate is that the fruits of these entire investments in technology, which will include customization, personalization, loyalty program, predictive revenue management rather than prescriptive revenue management, using chatbots, agentic AI, so on and so forth,

which will help also reduce staffing and reduce training costs. All these will start rolling out I think I am told from October this year going forward into September next year. The MVPs have been prepared. We are piloting it at multiple hotels. In fact, at any given time, 2-3 hotels have one MVP in place. So, we are refining it, and I am pretty sure that in the next 12 months as far as our loyalty program goes and our revenue management, we will be best-in-class. Now, loyalty, I think we have already increased the number of members. We are enrolling them very fast. I think we have about 2.1 million members already in the loyalty program. Our repeat usage is about 43%-44%. So, that is very encouraging for us because what it really means is that if we open a new hotel, we are very rapidly able to move customers there who are repeat members and make that hotel breakeven very quickly and that I think is an attractive proposition for any hotel owner from the asset-lite side. All this is work-in-progress, and I think you will see a completely new Lemon Tree and Fleur in the next 15 months.

Vaibhav Mule: Got it, sir. Lastly, on Keys portfolio, we have seen stable quarter-on-quarter numbers for Keys. I believe this is on the back of benefits from the renovated portfolio. So, I just wanted to check what kind of headroom do you see from the current levels of 63%-odd occupancy and around 3,800 ARR in the Keys portfolio itself, and what is the contribution of overall renovation expense we are expanding into Keys portfolio currently?

Patanjali G. Keswani: Keys portfolio is 936 rooms. We have identified high value investments specifically in Keys, Pimpri, Pune, which is over. We spent Rs. 10 - Rs.12 crore. We have already spent I think Rs. 10 – Rs. 12 crore in Keys, Whitefield and we still need to spend another Rs. 8 – Rs. 10 crore. We have completely renovated Ludhiana at Rs. 3 lakhs a room. So, as I told you, if I split the Keys portfolio, what is called the Bangalore and Pune portfolio is about 500 rooms and the other 400 rooms and something are in these other markets. So, what we are really doing is in the markets like Trivandrum, Cochin, Vishakhapatnam and Ludhiana, because the hotels were so tired and old, our intent was from a brand standards perspective to just renovate them to minimum standards, at Rs. 3 lakhs a key and the others we would spend Rs. 8 – Rs. 10 lakhs a key, which is like Pune and Whitefield. So, the average would be Rs. 5 lakhs across 900 plus rooms. So, we would spend about Rs. 45 – Rs. 50 crore over 3 years in the Keys portfolio. What is our intent? Our intent is and I have said this before is that we want to take the EBITDA of Keys to between Rs. 60 – Rs. 80 crore, which means that we will need to take the EBITDA margin to about 50% which means we need a revenue of Rs. 120 – Rs. 160 crore in Keys, and that would require, if you work back, our occupancy moving to 75-80% and the ARR moving towards Red Fox levels which is Rs. 4,500 – Rs. 5,000. So, Keys, Whitefield, the renovated part is already doing Rs. 4,500 – Rs. 5,000 ARR, the Pimpri is doing Rs. 5,500 ARR. So, that is why you are seeing this gradual shift in Keys and this EBITDA doubling is nothing, the base was very low, and our intent is basically to make Rs. 60 – Rs. 80 crore out of Keys by next year as a run rate.

Moderator: Thank you. The next question is from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Yes, thank you for the opportunity. Sir, a question on renovation again. Sir, by when are we going to complete the renovation for LTP HITEC City, then Whitefield, Delhi Airport, LT Gachibowli, Keys Select, Hosur and Whitefield?

Patanjali G. Keswani: Okay. Sorry, I did not write it down. Let me start with Lemon Tree Premier Delhi, will be done by somewhere in the middle of next year, maybe July - August. We have also renovated all the public areas including the lobby, restaurants, banquets, etc., Now, we get to Red Fox Delhi, which is also a very high earning hotel. I think we have done about 60%. So, this should get over by next year and we are looking at converting it into a Lemon Tree Hotel because our colleagues in our revenue

department say that if you rebrand it to Lemon Tree, the possibility to increase rates by 15% - 20% will become very visible or likely. Then we go to Electronics City in Bangalore. We are going to rebrand it Lemon Tree Premier. Renovation is underway, but this will take about a 1.5 - 2 years. So, we will renovate 75% of the hotel by next year. As far as Hyderabad goes, there were two issues. One was the renovation of Hyderabad. In public areas, we have completed 80% of that. And then with the rooms, I think we have done 60% - 70% of the rooms and I expect that we will finish it all by next year. Red Fox Hyderabad is also likely to be converted into a Lemon Tree Hotel. It is also, I think, 50% renovated. We have to finish the rooms and the public areas. As a Lemon Tree Hotel again, we will look at significantly raising the average rate once it is rebranded. Lemon Tree Gachibowli is going to be completed by 18 months. It has very high demand. We are not sure because of the room size whether we will call it a Lemon Tree Premier or retain it as a Lemon Tree Hotel, but either way, it will happen in the next 18 months. As far as Keys, Hosur goes, this will continue. So, this, I think, as I said, 80% - 90% of the portfolio would be renovated. Some parts like Keys, Hosur will probably go into early 2028 calendar. But the point is the major investments, and renovation will be over by H1 next year. And after that, we will revert back to that one-sixth of the hotels and a huge drop in renovation expenses by about 3% - 3.5% of revenue.

Prashant Biyani: Sir, is there some delay in renovation due to high demand, because previously, we were about to complete major renovations by H1 of this year?

Patanjali G. Keswani: Never that. I don't think that was ever the case, Prashant. I always said it will take 3 years. See, it is a balancing act. Like I will give you an example. Red Fox Hotel, we are renovating, I think 30 rooms at a time. It takes about 2.5 months. Now, when we released those 30 rooms about 2-3 weeks ago, suddenly there was a spike in demand for Red Fox. So, we said, okay, we will defer it for 2 weeks and we will try and do a catch-up. It is a balancing act. Sometimes we defer renovation when we have a very large block or some very exciting demand opportunities. But by and large, we obviously look at the trade-offs. That is if I delay renovation, will it go into season? Will I have a loss there versus what is my benefit here? In revenue management, it is called displacement. What am I displacing by doing this now versus later. And I think we have done a pretty good job and I must say our renovation team has generally always delivered on time.

Prashant Biyani: Right. You have announced key management changes. What could be the flow-through of events for the parent entity as well as for Fleur, which can happen between now and listing of Fleur? One thing which you highlighted was slew of signings of Fleur. Apart from that, anything else?

Patanjali G. Keswani: See, the thinking is very simple. Prashant, but let us assume we own 60% of Fleur. But our management fee income is typically 17% - 20% of EBITDA. When we own 60% of Fleur, it means we really get about 66% - 68% of the economic return. The 7% - 8% more we get is the management fees from the other owners, so to speak. Or to put it another way, we earn 100 bucks of EBITDA, we take fees of 17 bucks, the remaining 83 is distributed to the shareholders, which is 60 Lemon Tree and 40 to APG. Now, the larger the amount of capital we raise in Fleur, while our shareholding may come down, our economic interest increases disproportionately. It is really a return on equity that we get through management fee contracts in Fleur itself. Our fees, by the way, are very standard. I mean, whether it is Lemon Tree or any other management company, the fees are generally at the same level. It is not that we charge disproportionate fees. But our view is that the more we dilute in Fleur, and the larger the capital raise, and assuming it is deployed successfully, the management fees of Lemon Tree from Fleur will explode. It will be Rs. 100+ crore this year. But there will be a time if we do what we want to do, then it could be Rs. 300 - Rs. 400 crore, just from Fleur in the next 3 years.

Moderator: The next question is from the line of Pratik Ojha from Systematix Group. Please go ahead.

Pratik Oza: Thank you for the opportunity. Sir, just one question on your international strategy, I guess, in the previous call, you had stated that your international strategy is opportunistic and an asset-light one, which is targeting Indian diaspora. First is, could you share some learnings from your first international foray, how is that property performing, and is it serving as a successful template for future ventures?

Patanjali G. Keswani: Oh, yes. Pratik, it is doing very well. We have a hotel in Dubai. To give you an idea, 6 million Indians go to Dubai every year. I was reading, I do not know, was it today or yesterday in one of the financial newspapers, maybe Economic Times or Mint, that in CY24 there were 9.9 million arrivals into India, inbound and they said 30 million Indians travelled overseas. Here are the very interesting statistics. The number of foreign guys who come into India, and this includes, I presume, Indian diaspora, is one-third of the number of Indians who go outside of India. It makes complete sense for us to follow where Indians go. And we have a hotel in Dubai which is doing very well. I think now we have a hotel in Nepal also. We are going in the neighboring countries where there are a large number of Indians and where we feel we can provide a revenue uplift to those hotels by capturing loyalty members of our program who travel to these cities. The long answer which I have given you is that it makes complete sense for us to go where Indians go without losing focus on capturing obviously the Indian market in India.

Pratik Oza: Got it. Sir, second question is, I guess on the other expenses which I am seeing, there is this delta of Rs. 8.9 crore. Just wanted a breakup of this, I mean, how much of this would be our discretionary spending, like marketing for launch of Infinity 2.0 and new website versus a non-discretionary or inflationary cost pressure, just wanted to get an idea on this?

Patanjali G. Keswani: We are doing 2 things. Let me explain which are also one-offs. Our technology Opex is pretty significant right now. This year it will be Rs. 10 crore alone or Rs. 12 crore. During COVID, in order to ensure we did not lay off anybody. As a company we took a call that the top 20% of the company would take a big salary cut in order to enable us not to lay off anybody. It started with me. I took a 100% cut. Senior leaders and colleagues like Kapil and so on took 75%, 66%. At different times, based on COVID, over 2-2.5 years, there was a very large amount of salary cut from the top leaders. So, basically, this year, we are returning it to them. It is a part of the other expenses that you are seeing. And our intent is very simple that by the end of this year more or less, we will have returned to every employee of our company whatever money we deducted from them in those 2.5 years of COVID. Again, this is an extraordinary one-off expense. And next year onwards, you will see it fall back to normal. Does that answer your question?

Moderator: Thank you. The next question is from the line of Jinesh Joshi from PL Capital. Please go ahead.

Jinesh Joshi: Thanks for the opportunity. Sir, my question is on Aurika MIAL. I think you mentioned in the opening remarks that there was a 50% increase in the corporate business this time around, and the contribution from airline has also increased. In that context, the share of negotiable business has increased, do you foresee any kind of challenges in increasing the rate from here on? And also, if you can share what was the contribution of negotiable business in 1Q and the ARR for Aurika MIAL?

Patanjali G. Keswani: I do not want to get into specifics because it is competitive information. I will give you an overview on it, Jinesh. We did 512 rooms per day, which is 76.6% occupancy in Aurika in Q1 this year versus 307 rooms a day, which was 45.8% last year. So, that

is why I said it increased by nearly 31% points. When I look at the increase in occupancy, the increase in occupancy was roughly 65% through the negotiated business, which is say 20% points, and 35% through the non-negotiated business, which is 10% points. And these percentage points are on the entire inventory. So, the 30% increase was 20% because of negotiated and 10% because of non-negotiated. Now, when you increase negotiated business, the increase in rate you get is marginal. In the non-negotiated, we were focusing basically on filling the hotel during times when rooms were not full. Aurika, Bombay is already demonstrating the characteristic which many of our business hotels have, which is in the weekdays, it goes full, in the weekends, it goes light, which is why the average is 76%. And for example, on a Tuesday, Wednesday, Thursday, the hotel is full. And then on a weekend, it could be 60% or 50%. Our target is that when demand is light from the negotiated side of the business, which is specifically corporate and some travel trade, then we look at filling it through OTAs and through our own website and other direct channels. And that does not enable us to increase prices in a low demand period. Broadly, that is the current situation.

Jinesh Joshi: Understood. And sir, if I heard you right, you also mentioned during the call that you have about 2.1 million loyalty members. I think in the last quarter, this figure was approximately 1.6 million. We have basically seen a considerable jump over here. But can you share what proportion of your business basically comes from these loyalty members?

Patanjali G. Keswani: Here is what we discovered. During COVID, a lot of our systems and processes became more desultory, less managed. We found that about 44% - 45% of our hotel's occupancy is repeat members. But of them, only 65% are loyalty members. One-third are actually using us repeatedly but have not been enrolled. What you are seeing is a catch up. Niket came on board about 3-4 months ago. One of the challenges he took on board was that he would focus on increasing enrollment. And he and Vishvapreet and our leaders from operations have been focusing across all our hotels across India on enrolling more and more with a specific focus on enrolling anybody who has already stayed with us before. This 2.1 million number is nothing. In fact, we think based on our database, we could hit 3 million in the next one year. And they will all be enrolled.

Jinesh Joshi: Understood. One last question from my side. I mean, if I heard you right, you mentioned that in FY26, our renovation expense will be about Rs. 100 crore and some bit of renovation is expected to flow through FY27. Can you call out what can that number be?

Patanjali G. Keswani: See, renovation is of two parts. One is Opex, one is CAPEX. Most of the renovation of our non-Keys hotels is Opex. Most of the renovation of the Keys hotels finally is Capex. Because there we are doing things of a long-term nature, because these hotels are so run down. So, typically, I think 60% - 65% of our total expenditure is Opex and balance one-third is Capex. So, this year, actually, we will spend close to Rs. 130 crore. And our Opex would be, I would reckon about Rs. 80 – Rs. 90 crore. I am giving you rough numbers. And next year, it will probably be about 70% of this. And after that, it will drop to about Rs. 20 – Rs. 30 crore a year in Opex.

Moderator: The next question is from the line of Sumant Kumar from Motilal Oswal Financial Services Limited. Please go ahead.

Sumant Kumar: My question, when we see the growth, we are adding rooms through management contract. Do you plan for adding rooms through lease and rental basis also?

Patanjali G. Keswani: See, that is going to be a part of the Fleur mandate. Let me go back for a minute. See, when we manage a hotel, we take 17% of EBITDA. If we franchise a hotel, we

take 10% of EBITDA. If we lease a hotel, we typically put in 10% - 20% of the capital value, and we take 50% - 60% of EBITDA. And when we own a hotel 100%, then obviously, we take 100% of EBITDA with 100% of the risk. Fleur's mandate will be to focus on, at the right value, building, buying, or leasing hotels. Lemon Tree's will only be to manage or franchise. Lemon Tree will not lease hotels once the Fleur demerger happens.

Sumant Kumar: Currently, whatever the pipeline we have, are we going to excel or increase our lease and rental model in coming years under Fleur? And what is the mix currently?

Patanjali G. Keswani: Yes, 100%. I noticed that some analysts were saying our debt-to-EBITDA is some very large number. And I think they were just blindly adding the lease liability. Actually, the real number one should look at is our free cash flow and the fact is that our debt, only 60% or 65% of our debt is bank debt, the other is lease liability. And if we go forward and keep leasing hotels, then under the new accounting standards Ind AS 116, you will see a big increase in our lease liability, the depreciation and interest that will also be applied on it, but this is all non-cash. This will go to Fleur. The advantage of a lease I have personally found since we have a few leased hotels is the capital risk we take is anywhere from 5% - 20%. In some cases, if we lease a building, which is a shell, then the capital risk we take is 50%. Whatever the amount of capital we put, our share of EBITDA is disproportionately higher. We have hotels, I can tell you in our system, where we have put in Rs. 1 crore or Rs. 2 crore, like Lemon Tree Banjara Hills, I think we put Rs. 2 crore totally, and we get Rs. 5 crore a year out of it. It makes Rs. 10 crore, we take Rs. 5 or 6 crore, I think. And it is obviously a very attractive model for us. What we try and negotiate is the least possible minimum guarantee and we are happy to share the upside of revenue share. This is the way we see leases. We are going more and more aggressively towards revenue share and less and less towards minimum guarantee, because as I said, it adds to our liabilities or appears to add to our liabilities. That is how Fleur will go forward and in fact, that is one of Saurabh's strengths is the leasing transactions he has done across India.

Moderator: Next question is from the line of Rajiv Bharati from Nuvama Wealth. Please go ahead.

Rajiv Bharati: Yes, thanks for the opportunity. With regard to Aurika, Mumbai, a couple of years back, you had called out that your EBITDA margin would largely move in tandem with your occupancy. I just want to get if you can call out what is the EBITDA margin for that asset currently?

Patanjali G. Keswani: It is about 60%.

Rajiv Bharati: Sure. And with regard to Keys, we see that incremental margin is close to 100% on a YoY basis. But pre-COVID, we used to see that the non-room revenue used to be close to 35% - 40%, which is now 20%-odd. Is there a plan to go back to those levels or these are, let us say, the new levels at which it will work?

Patanjali G. Keswani: This is the new levels because, see, a heck of a lot of customers today order food from Swiggy, Zomato, so on and so forth. Our focus is to actually maximize RevPAR. And if you maximize RevPAR, the flow through is as you can imagine it is, 85%-90%. If I look at Keys, and I say that the total revenue in Q1 was Rs. 24.4 crore, typically our revenue for a full year is about 5x the Q1 revenue because of seasonality. If this number is an indicator, then Keys Hotel, based on Q1, should do Rs. 120 crore. I mean, this is, I want to be clear, this is just an estimate by me, it is not a guidance. But the EBITDA margin will be north of Rs. 40 crore there. When we finish the entire renovation, what I am interested in in Lemon Tree is what is the EBITDA we do. I am not particularly bothered about how much F&B revenue we do,

because we are not really a five-star kind of a company. This is more of a mid-market hotel company and the main focus is to maximize RevPAR and therefore maximize EBITDA and therefore maximize return on capital, provided your asset turn is right.

Rajiv Bharati: Sure, sir. So, regarding this retail rate versus negotiated rate, now, again, the retail rate is lower than the negotiated rate. And this used to be the reverse sometime back. Is there a catch-up which is going to happen on this piece because the proportion has gone higher, will it take some time?

Patanjali G. Keswani: I will tell you what is happening. Earlier we had a focus on building retail and changing the mix. See, our long-term strategy remains the same, which is as more and more cohorts of Indian customers move into what we would call the consuming segment in India, consumers of branded mid-market hotels, then presumably there would be an increase in demand and therefore an increase in pricing. However, what has happened is a lot of corporate customers today book through OTAs, for example. MyBiz of MakeMyTrip, I mean, there are multiple such channels through which they book. When we are defining it as OTA, actually it has also got corporate customers. So, one reason is this. But the second reason is our focus is actually on filling our valleys, which we found that because we have increased our corporate and at good rates, we are able to fill the weekdays, but we are not able to fill the weekends. So, to get the weekends, you have to focus on staycations, you have to focus on nice offers, so on and so forth in order to bring customers to you at the time when you need them. And I think it varies YoY. This time it is a bigger focus on filling our troughs. After all, if you look at our growth of occupancy, it is partly led by some weekend demand growth and that is driven by lower prices. So, this is an overview, I mean, I am sure there are many reasons for this which we look at, but I am trying to give you an overview of why this is happening. But the good news for me is that overall, the ARR grew 10% and the negotiated business ARR grew 9% and the non-negotiated which is OTA, LT.com and other FITs grew 10%.

Moderator: The next question is from the line of Jai Chauhan from Trinetra Asset Managers. Please go ahead.

Jai Chauhan: Good afternoon, sir. Thank you for this opportunity. I just have one question. While I can see company focus is clearly on expanding the core hotel brands, could you share your long-term perspective on growing trend of villas and alternative accommodations?

Patanjali G. Keswani: We are in the mid-market. Villas, alternate accommodation is an asset class where we do not personally currently have the competence. We do not want to lose focus. We are very clear; we want to focus from 2.5 star to 4.5 star. That means basically mid-scale, upper mid-scale and upscale. We think the opportunity is so big in India that we do not want to go and start dabbling in other areas or pivoting our business model. For the time being, I do not see us at all focusing here. Though I know that many people are, we will not.

Jai Chauhan: Right, sir. Understood. And, sir, what I understand from a local market perspective, like for example, Uttarakhand, there are some type of asset structures like resorts work well there, this is something that I have heard. So, what are your views on it?

Patanjali G. Keswani: Well, resorts, certainly discretionary travel into vacation, leisure, pleasure, all that is doing well. We do not own hotels there. See, we have very few owned hotels in the leisure segment. But a majority of our managed hotels or at least 50% are in the leisure segment. We are interested in it, we are interested in managing resorts, we are interested in managing any vacation destination. Other than Aurika, Udaipur or Goa hotels and what we are building in Shimla, we are not currently looking at putting any capital at resorts currently.

Moderator: The next question is from the line of Nikhil Poptani from Kizuna Wealth. Please go ahead.

Nikhil Poptani: Hi, sir. Thank you for giving me the opportunity and congratulations on a good set of numbers. Sir, my first question is, like, how much debt are we targeting to reduce this year?

Patanjali G. Keswani: If we list Fleur, we will be debt free. Otherwise, we reduce by Rs. 50 crore a quarter.

Nikhil Poptani: Okay, sir. That is great to hear. And so, when we are transferring our assets to Fleur, will there be any kind of consideration on cash basis or any kind of stock, our percentage of shareholding increases in Fleur?

Patanjali G. Keswani: That is subject to the committee of directors. There is one committee of directors in Lemon Tree, one committee of directors in Fleur. If you are patient like I am being, then you will get to know I think in a few months, perhaps by the next call.

Nikhil Poptani: Okay, sir. That is great to hear. And, sir, in our managed hotel network, how is the occupancy and ARRs?

Patanjali G. Keswani: Well, if you look at the business hotel side, it is similar to us. If you look at the leisure hotel side, it is a little lower.

Moderator: Thank you. The next question is from the line of Sucrit Patil from Eyesight Fintrade Pvt Ltd. Please go ahead.

Sucrit Patil: Good afternoon. As Lemon Tree is thinking about scaling over the next few years especially with the mix of owned and managed properties evolving, how are you planning growth between new geography segments or formats that may not have been core to your plans before? And if some of the let us say, Tier-2 or Tier-3 cities or the premium category do not play out as you had planned, what kind of contingencies or backups do you have in place to protect margins and maintain growth momentum? Yes, thank you very much.

Patanjali G. Keswani: Sucrit, in Tier-2 and Tier-3, we are not investing capital, just FYI. Our general approach to capital allocation is we will invest capital where we see high demand today and where we see a return on capital which meets a hurdle rate. We are happy to compete in an area where there is high demand and high supply. But we will not go and invest in markets where there may be future high demand which has not yet materialized, in which case if it comes, then we will be happy to consider investing there. Capital allocation will be very disciplined. It will be in markets where we feel we have a competitive advantage in our modes of expenditure and so on, cost control, we feel we will be able to give a return on capital once it stabilizes of 20%. We are very, very clear on that.

Now, let us come to Tier-2 and Tier-3. The way we look at it is we have an opportunistic approach and a strategic approach. Opportunistic is any owner who comes to us and right now let me say there are, I am told there are 800 - 900 hotel owners who are in talks with our business development team and obviously there will be drop-offs at different levels. But we have a very healthy pipeline of potential growth in the asset light side. We do not have such a healthy pipeline in the growth of franchise, which is what we are wanting to activate now, which are smaller hotels across many Tier-2, Tier-3, Tier-4 cities. As far as strategic growth goes, as I had mentioned earlier, there are 180 - 200 cities which have currently high connectivity or will have high connectivity in the next 2-3 years based on the plans that have been announced. And these cities are where we want to have a hotel, although not our

own hotel, but a hotel that we manage in order to make customers familiar with the Lemon Tree brand across India. Our general view has been that once we put a hotel in a city, the number of customers from that city who travel to other cities where we have hotels, they increase. Before we had a hotel in Calcutta, we were getting 100 guys from Calcutta every day. After we put up a hotel in Calcutta, we were getting 200 guys every day staying in our hotels. Basically, it is a visibility and network strategy we are focusing on and we will basically drive it through an asset-light strategy. Does that make sense?

Sucrit Patil: Yes, just to close the loop, would I be right to assume from what you have just given through a guidance that a franchise model would be in the cards of Lemon Tree in the next coming quarters?

Patanjali G. Keswani: No, it will be our focus for the Keys brands, not the Lemon Tree brands, which are far more coherent. Keys will be a soft brand. If you have noticed, many of the listed companies in the brand space have launched what are called soft brands. Interestingly, even Marriott has launched a soft brand called Series. Most of the hotel companies of some scale operating in India have launched soft brands. This is to cover for those hotels that have been built by individuals and there are 1.2 million such rooms, which have been built tiny, that means it is 30 - 40 rooms hotel. It does not make sense to manage them because while you manage, you get 17% of EBITDA, but if you franchise, you get 10% - 11% of EBITDA and you do not have to actually do anything more than just distribute and sell that product. When you have disparate hotels, you cannot brand them coherently. You have to have a soft brand, which makes a commitment on quality, security, safety and hygiene with the umbrella brand of Lemon Tree, but it will not be branded Lemon Tree and yes, we want to hypercharge that part of the business and go after franchising in a very big way. And that is one of the reasons. Somebody asked me earlier. That is one of the strengths that Neelendra has.

Moderator: The next question is from the line of Vikram from Vikram Securities. Please go ahead.

Vikram: Hello, namaste. Congratulations on the great set of numbers. Just curious about how the shareholding will look after the demerger is done. How much of the Fleur will Lemon Tree hold? And what is the plan on the listing? Will you demerge it first? Or will we get a one-on-one stock for each share? I think the last time we have spoken about this. You had said there will be massive value unlocking. But I am just curious on how the shareholding will look like.

Patanjali G. Keswani: Again, Vikram, that is why we have set up two committees of directors in Lemon Tree and in Fleur. I think clarity will come once they come back with their recommendations. We have said a potential demerger. How will the demerger work is something that they have to come back with their recommendations to the board too. And once it is approved by the board, and we find such a scheme, then I think everybody will be aware of it and this will answer your question then.

Vikram: Do we expect some sort of announcement this financial year?

Patanjali G. Keswani: Definitely.

Vikram: Fabulous. And lastly, sir, what will Fleur, the asset-heavy business maximize out in terms of rooms? Will they ever keep expanding or will they top out at 4,000 - 3,000 rooms?

Patanjali G. Keswani: Fleur already has 4,000 rooms. And our intent is obviously to cross 10,000 - 15,000. If it happens, you will see it.

Moderator: The next question is from the line of Bharat Gianani from Moneycontrol Pro. Please go ahead.

Bharat Gianani: Thanks for the opportunity. Just one clarification. Before the Fleur listing happens, any property that we start to acquire on the own or lease basis, that will be under wholly owned Lemon Tree subsidiary or the 60% - 40% on Lemon Tree and Fleur? So, just one clarification on that.

Patanjali G. Keswani: It is subject to obviously discussions with boards, but I would expect it would all be in Fleur.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Patanjali G. Keswani: Thank you once again for your interest and support. We will continue to stay engaged. Please be in touch with our investor relations team for any further details or discussions and we look forward to interacting with you soon and answering many of these questions also very soon. Thank you.

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