



February 16, 2026

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/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to the disclosure made on February 10, 2026 w.r.t. the audio recording of the conference call on Unaudited Financial Results for the quarter and nine months ended December 31, 2025 held on Tuesday, February 10, 2026 at 4:00 PM, 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

CIN No. L74899HR1992PLC140546

Reg. Office: Lemon Tree Corporate Park, Urban Complex, Ullahawas, Sector 60, Gurugram, Haryana-122011

Corporate Office: Asset No. 6, Aerocity Hospitality District, New Delhi-110037

T +91 124 714 2310 | E hi@lemontreehotels.com

Central Reservation: +91 9911 701 701 | www.lemontreehotels.com



Lemon Tree Hotels Limited

Q3 FY26 Earnings Conference Call Transcript

February 10, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Lemon Tree Hotels Limited's Earnings Conference Call. I now hand the conference over to Mr. Mitesh Jain from CDR India. Thank you, and over to you, sir.

Mitesh Jain: Thank you. Good evening, everyone, and thank you for joining us on Lemon Tree Hotels Q3 and 9M FY26 Earnings Conference Call.

We have with us Mr. Patanjali Keswani, Executive Chairman, Mr. Kapil Sharma, Executive Director and Chief Financial Officer, and Mr. Neelendra Singh, Managing Director and CEO of the company. We would like to begin the call with opening remarks from the management, following which we 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 that was shared with you earlier. I would now request Mr. Keswani to make his opening remarks. Over to you.

Patanjali Keswani: Good afternoon, everyone, and thank you for joining us on this call. I will be covering the business highlights and the financial performance for Q3 FY26, post which we will open the forum for your questions and suggestions.

In Q3, Lemon Tree recorded its highest ever revenue and EBITDA at Rs. 407.8 crore, our revenue grew 15% compared to Q3 last year. Net EBITDA grew 12% YoY to Rs. 206.4 crore, translating into a net EBITDA margin of 50.6%, which decreased by 133 bps YoY. The decline was primarily due to continuing increased investments in renovation, technology, and the GST impact.

While these expenses in investments accounted for 6.4% of revenue for this quarter, we expect all these 3 expense heads to reduce to about 3.6% of revenue by FY28

and onwards, leading to a corresponding expansion in EBITDA margins. The change in GST in this quarter accounted for 1.8% of revenue in a seasonally strong quarter of the year, and we expect this to be 2% for the full year in FY27 and then further reduce to 1.7% in FY28. This decrease will be a YoY trend as the number of customers paying a rate below Rs. 7,500 keeps reducing in the medium term with our planned price hikes and ARR growth. Additionally, all our future supply is being planned under the upper upscale Aurika brand, which remains largely unaffected by this change. Q3 FY26 recorded a gross ARR of Rs. 7,487, which increased 11% YoY. The occupancy for the quarter stood at 73.4%, a decrease of 82 bps YoY. This translated into a RevPAR of Rs. 5,494 which increased 9% YoY. We incurred an expense of Rs. 31.3 crore as one-off exceptional items related to the Labour Code Impact, ex-gratia payments to employees, which is finally over and a property tax payment in relation to the properties in New Delhi.

Consequently, the company's profit after tax stood at Rs. 81.8 crore for Q3 FY26, an increase of only 2% YoY. Cash profit for the company stood at Rs. 131.1 crore in Q3 FY26, an increase of 14% YoY.

On the asset-light side, in Q3, we signed 17 new management and franchise contracts, adding 1,855 rooms to our pipeline and operationalized 9 hotels, adding 816 rooms to our operational portfolio. As of December 31, 2025, the total inventory for the group stands at 259 hotels and 21,942 rooms with 11,772 rooms and 130 hotels being operational and the rest in pipeline.

Fees from management and franchise contracts for third-party owned hotels stood at Rs. 22.9 crore in Q3 FY26, an increase of 24% YoY. Fees from Fleur Hotels stood at Rs. 25.3 crore in Q3 FY26, which stayed flat YoY due to the impact of GST change and accelerated renovation in the Fleur portfolio. Total management fees for Lemon Tree stood at Rs. 48.2 crore in Q3 FY26.

Now briefly touching upon our other initiatives. We have finalized the designs for Aurika, Nehru Place, a glimpse of which you can see in the Annexure section of the investor presentation. Secondly, we plan to open 2 out of the 3 blocks of Aurika, Shimla by Q2 this year to capture the increased demand during the summer season.

Thirdly, in January this year, we have signed a license deal for a 47-room heritage Aurika Hotel at Varanasi located right on the ghat adjoining the River Ganges. This hotel has the potential to do extremely high rates, owing to both the strategic location and the deep demand of the Varanasi market throughout the year.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: My first question is on the RevPAR growth during the quarter. Most industry reports mentioned a 12% RevPAR growth for the industry in 3Q FY26. And even your peers have reported RevPAR in the range of 11%-13%-14%. Despite some renovation benefits, you seem to have fallen short here. Could you share the reasons behind this?

Patanjali Keswani: Basically, Karan, one is we do not have peers who are currently operating in the Indian listed space. They are all mostly luxury heavy. The ability to reprice in winter is normally higher than ours, as I am sure you have observed in the last 3 years.

Now if you look at what has happened to our portfolio, we have been affected by Gurgaon. Gurgaon has gone through a very weak quarter and in fact, our RevPAR growth has been negative. But if you look at the rest of the markets, Delhi has been 11%, Hyderabad has been 19%, Bangalore has been 14%. It is the Tier 2 markets, and Gurgaon, which have really affected us the most.

Secondly, while we are still focused on the occupancy side in Bombay. If you notice that our focus has always been how do we drive higher and higher occupancies before we reprice. I am quite pleased that for a very large inventory hotel, although it has been only 2 years, we have gone to 79% for 1,000 rooms at the airport micro market.

Overall, I am not unhappy with the performance. And you will see RevPAR expansion once stabilization occurs really in Bombay and Gurgaon picks up again. Rest of India is, anyway, if you look at all the reports, has all gone through minor increases in RevPAR growth. It is the main markets, the deep markets that have shown the highest growth.

Karan Khanna: Sure. My second question is on the renovation benefits. In the Keys portfolio, we have seen almost 25% RevPAR growth. Are there any other brands where you are expecting such growth going ahead? And consequently, going into FY27, what are your RevPAR growth expectations overall?

Patanjali Keswani: See, if you notice our performance, Karan, we have grown, like if I look at 2024 to 2023, we grew about 23%, 24% in 2025 to 2024, we grew about 20% in 2026, we have shut a lot of rooms. While we report RevPAR on full inventory we had shut

1,200 rooms this year, part of which is still shut like the Keys portfolio and so on. You are not getting really a full picture of how the performance will be. I would say, if you look at 2028, that is when the entire portfolio is renovated, and we go back to our standard minor interventions in 1/6th of our portfolio for refurbishment.

Please realize that there is a shut inventory which affects us. And as I said, if I look at competitive performance in these markets for competitive hotels where we operate, we have shown actually a very significant improvement in performance relative to the market.

Karan Khanna: Sure. And then lastly, on Aurika, given that now even the demerger process is underway, how should one think about growth for both Lemon Tree standalone and for Fleur? And in your post-demerger call, you also spoke about Rs. 1,000 crore EBITDA for Fleur. You were mentioning that you are looking to close a few opportunities as far as Aurika is concerned. By when do you expect to close more announcements on this front?

Patanjali Keswani: You saw we did a small deal closure - the one we just closed, which was Aurika in Varanasi. It is equivalent of 150-room Aurika because its ARR will be 3x of what the other Aurikas will be. Hopefully, in the next 2-3 months, we will start construction of the Aurika, Delhi, which we hope we will complete in 3-3.5 years.

Going forward, I hope you will hear a bunch of announcements from us on acquisition/greenfield opportunities. I do not want to give guidance as to how many and where they are, but as I mentioned last time, there are roughly 2,500 rooms we are looking at, and we are pretty sure we will be able to add that level of inventory to our company in the next 1 year. That is point one. Point two, I said EBITDA of Rs. 1,000 crore, I mean, by FY28.

Moderator: The next question comes from the line of Vaibhav Muley from Haitong Securities.

Vaibhav Muley: My first question was regarding our status of renovation of the portfolio. Can you share the current percentage of portfolio that is being renovated? And for Q3, what was the portion of inventory that was shut down?

Patanjali Keswani: You see, we think of our renovation in 2 parts. There is a whole bunch of hotels that opened just before COVID. They do not really need renovation except a refurbishment. If I take those 1,400-1,500 rooms out, the portfolio that really needs renovation is about 4,100 rooms of the owned portfolio. We have completed over 65% of them. This year, I think we renovated about 1,200 rooms. At any given time, there were about 700-800 rooms shut. There was an overlap, obviously, in the middle

of the off-season. And we still have, I think, about 200 rooms shut, which are really in various parts of the Keys portfolio. My expectation is that the full portfolio which we target will be done by next year, which are those 4,100 rooms and after that, we will go back to what is called just a refurbishment cycle. Every year, we just refurbish 1/6th of our hotels, and that will be at a much lower cost. And I think that is explained in various slides in our investor presentation. Does that answer the question, Vaibhav?

Vaibhav Muley:

Yes, sir. My second question was on our performance for Lemon Tree Premier and Lemon Tree Hotels. I believe key properties in these 2 segments in these 2 brands have also been renovated, mainly for Hyderabad, Delhi market. But the overall RevPAR growth for these brands is in still high single digit. There has been a bit of an occupancy decline in Lemon Tree Hotels as well. Any reason for that?

Patanjali Keswani:

Yes. One is the Lemon Tree Hotels that you see the major decline was in the portfolio in Gurgaon. Gurgaon, we have Lemon Tree Hotel in Sector 60. The same impact you will see in Red Fox Sector 60 in Gurgaon, which is 250 rooms, had very large blocks last year in Q3, which did not materialize this year.

Number 2 is that the other hotels of the Lemon Tree brand and the Red Fox brand also were notably weaker this quarter than the previous year same quarter. When you come to RevPAR improvements really, if you take out Gurgaon as an example, and the rest of India, which is Tier 2, Tier 3 kind of products, you will see our actual growth is Delhi was 11%, but of course, 100 rooms were shut in Delhi out of 500. Hyderabad had 60 rooms shut out of, I think, 660, but still managed 19%. Bangalore had about 15% of the inventory shut, grew 14%, Pune, we have finished renovating the Pimpri hotel. Hinjewadi was, I think, 20% of the inventory, about 25 rooms were shut. These markets where we have got nearly fully renovated products are showing quite a healthy growth. In fact, for Delhi, you will see the same thing from this year because now we have a fully renovated portfolio in Aerocity too.

Vaibhav Muley:

Understood, sir. If I may squeeze in a last question regarding the slide which you have included in the presentation for impact of renovation, GST, and tech investments. Tech investment portion, you are saying will increase next year as well. Any infrastructure where you want to increase this expense because I believe our loyalty program is now in place. We have already revamped our website as well.

Patanjali Keswani:

No, I think we have to make a lot more investment in loyalty, frankly. We are looking at gen-AI, we have got a big call centre where we have a certain amount of expense, which is obviously not reflected here. And we want to significantly reduce it, move towards chatbots, so on and so forth.

Let me just assure you that all the tech investments we are looking at, we are looking at clear monetization of them. We started it only last year, in FY25, if you notice. And this will continue for the next 4-5 years. It will become increasingly a smaller percentage of our revenue. But we hope and expect that it will yield positive outcomes for us, especially for the managed and franchise portfolio.

Moderator: Your next question comes from the line of Achal Kumar from HSBC.

Achal Kumar: First, I just want to understand now given that you have already done sort of or draw a line in terms of your structuring and all. What is your key priority for the next 1 year or until you list your Fleur? I mean, where do you want to see Lemon Tree and Fleur at the time of listing in terms of size of the business, margins in ROCE? And if you could please give a bit of a colour on that?

Patanjali Keswani: Achal, you are asking me to give guidance, which is not something I really want to do because you will come and stick it down my throat 1 year later. But let me tell you broadly how we are looking at this. You may have seen that our fee income did not grow dramatically this year although we added I think, 1,600 rooms to our portfolio. Here is the deal about a management company.

Suppose you sign 5,000 rooms, I explained this earlier, 5,000 rooms this year. Typically, the full impact of the revenue stream or fee income from those rooms comes after 3-3.5 years because some of those hotels are being built, some are being converted, some are being renovated. And then once they open, they must all stabilize and the full impact of the fee income takes, 3-3.5 years. Really, what you are seeing of Lemon Tree is the fee income of hotels we signed 3 years or, in fact, pre-COVID.

Now if you look at those 1,600 rooms, we signed this year, half of them we opened this year, half of them opened in H1. And the impact is already showing at 24% growth in fee income. We opened another 800 rooms in this quarter, that is Q3. There was nearly 0 impact of those 800 rooms.

I would urge you to look at it this way - we earn a certain amount of fees per room. It is easy, and that is why I do not want to give guidance. It is easy to say we are going to have 22,000 rooms as of today within the next 3 years. It is very easy to work out what the fee stream will be.

Now as far as Fleur goes, because we are going public, I have given some form of guidance, that is by FY28, which will be the first year we think it will be publicly listed, we should do an EBITDA of about Rs. 1,000 crore. I am very confident we will

achieve that number. And this is after our fees, and we will charge significant fees out of a company of that size.

If you add Fleur fees, you add our 15,000 - 16,000 rooms beyond Fleur that we are going to be on a stable basis operating in the next 3 years. And excluding any new hotels we sign, which may or may not be operational 3 years out, the numbers are substantial. And it is not difficult to calculate them. I do not want to give a number, but I will say, clearly, it is substantial. And keep in mind that Lemon Tree will be the first fully asset-light brand owning tech and distribution and management company in India, the first. I think it will be an interesting split, and you will have to wait until that moment for us to show you the actual numbers.

Achal Kumar:

Right. Fair enough. Then second question, I wanted to understand about your plan in terms of rebranding. You rebranded one of your Red Fox hotel this quarter. Do you have plans to rebrand more inventory? And just want to understand what kind of spending does it or is it like the same hotel, you just rebrand it, or you spend, first you upgrade the rooms quality and all and then you sort of rebrand it? How easy or how difficult it is to rebrand? So, could you please give a bit of colour on that?

Patanjali Keswani:

Since we are renovating as opposed to refurbishing our entire older portfolio, we said that we would look at those hotels in that portfolio where we felt there was a significant ability to reprice based on the new product that we imagine for it and its location. A classic case is Red Fox Hotel, New Delhi. We rebranded it Lemon Tree, and it showed a significant increase in ARR. It is not visible really because in the RevPAR growth of LTH, but it was quite significant.

Now we plan to rebrand since we are renovating Red Fox, Hyderabad, which is again in a great location with large rooms, we are planning to call it a Lemon Tree Hotel. It is adjoining the Lemon Tree Premier, and this will happen in Hyderabad by October this year.

Similarly, we rebranded Keys Select into a Keys Prima in Pimpri-Chinchwad. And we intend to rebrand Keys Whitefield into a Keys Prima, which is the equivalent of a Lemon Tree Premier once the renovation is complete in the next 6-8 months because that is a large inventory 220 room hotel, and it is already showing significant improvement in performance. Other than that, I do not think we have a clear view on what else we should rebrand. There is no incremental cost in rebranding. Since we are renovating, all we are doing is fitting it into those new brand standards. We will, however, look at Lemon Tree, Alleppey, which is a small but very attractively located hotel outside of Cochin, and we will perhaps make it in Aurika, but not in the very near future.

Another opportunity we feel faces us is that the Red Fox in Jaipur, which is a 183-room hotel, the land has become so extremely valuable that if in our minds, we look at monetizing that land, then there is a case because of its location, it is between the airport and Rambagh on the main Jawaharlal Nehru Marg. There is a case to make it a 150-room Aurika. These are the thoughts we have. This is obviously subject to a return on investment. And other than that, we are not really looking at rebranding anything. Does that answer the question?

Achal Kumar:

Yes, absolutely. That is fantastic. My final question was on the tech side. Basically, if you could sort of take a bit of a deeper dive as to what exactly are you doing? Are you strengthening your sales and distribution channel? Of course, you have talked about loyalty, you are doing a lot on the loyalty side. But what else are you doing on the tech side? And what kind of benefits do you think it would cause? And especially, I am sort of thinking about the sales and distribution channel because if I see, I mean, everybody is sort of trying to have extended sales and distribution channel. Big hotels are talking about Marriott and all. For you guys, what are your plans and where you are standing in terms of tech, please?

Patanjali Keswani:

Tech to us, well, one is the hygiene side, one is the revenue side. From the hygiene side, we feel it is necessary for us because we do not want to miss the boat, and we are a midsized company maybe in the hotel space. We do not have enough tech backbone as a standalone company. We asked ourselves what were our pinpoints? And how do we look at the whole tech journey for our company. And this was about 2 years ago when we first started talking to BCG about this.

We realized that one is that we need to go AI first, digital first and really, for us, it has been a short journey. It has only been 2 years. We focused on initially actually only on creating a single source of truth because we had multiple systems, which were talking to each other through APIs. Some of them were not talking to each other. The classic case of growth from small to medium.

First was getting all our data sources together, a single data lake, migrating it to AWS with a private cloud, so on and so forth. Then we asked ourselves, how do we use this data for better and more informed decision-making. The areas we looked at was revenue management, then we tied up with Salesforce for a better way of doing sales. It is called next-gen sales. We also looked at personalization and loyalty they were all in phases. You see this requires a cultural transformation in a company. The technology side is only 1/3rd. 2/3rd is the cultural change, and it is a journey we are going through. It is encouraging. We are also asking ourselves now that we have started creating products what I would call minimum viable products is how do we

monetize it now with third-party users of this? Because for Lemon Tree at our size, we find a whole lot of tech painful and difficult to digest, then the question arises what happens to 1.5 million - 1.6 million rooms in India, which are much smaller individual hotels, the owners of those hotels. Is there a way we can offer them similar services? It is a 3-step process. It was first getting our house in order, number 2, seeing how it would help us.

And now number 3 is how do we go to market with it? And then how do we overlay this with our own brands and move the franchise/management route in a more aggressive way. That is the vision. It is right now only 2 years. But I think the way we looked at it at the most basic level was that we have invested, Rs. 5,000 crore worth of assets we have created. Even if we improve the return by 1%, we are still talking a Rs. 50 crore improvement from technology alone and I think, frankly, we have achieved at least half of that. From a pure technology investment and return perspective, even within the system, it has been a good journey.

Moderator: Your next question comes from the line of Abhay Khaitan from Axis Capital.

Abhay Khaitan: A couple of questions. Firstly, a quick clarification on the management fees growth that we have seen. In terms of operational rooms, we can see around 32% growth in terms of managed rooms, but the fees have only grown by 10% in aggregate and from third party only 24%. Is there any reason why is there a discrepancy? Because one would assume that the growth would be at least the number of room growth and then there will be some RevPAR growth on top of it. Any reason for this discrepancy?

Patanjali Keswani: Yes. If I looked at it really, we added 1,600 rooms in the 9 months of this year. 800 rooms were added in H1, and 800 rooms were added in Q3. Now really, fee income becomes meaningful with new hotels only after they stabilize because a large portion of it is the kind of business you are pushing in there, the revenue that you generate and the incentive fees that you earn.

When I look at these 1,600 rooms, I would say they have generated a return only that of 1/4th of what their potential is. But it will take a year more for them to really give a return because many of them are new, many of them are in the undergoing stabilization. Do you get me Abhay? It is not like they will immediately start giving the full set of fees that we require or intend to earn.

As far as Fleur goes, there was an impact of GST changes and accelerated renovation. I think you will have to wait because when the renovation intensity at Fleur moderates and the full renovated inventory ramps up, then fee income growth

will reaccelerate, and it will be aligned with the new income that we earn per room from this fully renovated portfolio.

Abhay Khaitan: Understood. That was very clear. My second question is mostly more on the strategy bit in the sense that I understand that there is a strategic restructuring that is going to happen on the Fleur side. But in terms of your own room addition, right now, I think it is completely focused on a few Aurikas. But would it be fair for us to assume that all the other own room addition that is going to happen from Fleur end will only happen after the demerger is completed? Or can we expect some announcement even before that as well for other brands like Lemon Tree or Lemon Tree Premier?

Patanjali Keswani: See, we would certainly like to show a good growth pipeline. And I am pretty sure that in the next 12 months, we will show a bunch of additions. Some may be greenfield, some may be brownfield and some may be outright acquisitions. We are looking at all kinds of opportunities. And I think you will have to wait over this next 1 year to hear what and how we intend to grow the portfolio. But it will be quite exciting.

Moderator: The next question comes from the line of Sameet Sinha from Macquarie.

Sameet Sinha: A couple of questions here. If I remember, when you did that call in January, you spoke about the GST impact at 3%-3.5%. It seems that that it has come down. Is that kind of a re-evaluation of how you are planning to increase ARR and the repricing after renovations? That is question number 1.

Secondly, you spoke about what happened in Gurgaon. Can you point us to what we should be looking out for the next couple of quarters, maybe if you have visibility into some of these odd things that happened and which may or may not reoccur, that will help us in kind of thinking about the quarter or the year. Last question is in terms of Aurika, Nehru Place, did you increase the number of rooms by about 50? And does that change the CAPEX number that you had originally given?

Patanjali Keswani: Okay. Let us start with GST. The number I gave for GST was based on H1, our assessment of H1 because GST became operational on 23rd September. We worked backwards and said this is the maximum impact. As it happened, fortunately, our prices did go up because the price impact started from October but played out through till January because some of our prices are what are called RFP prices and that changes on a calendar basis. We can look at the impact of GST and say it will be about 2% next year based on just what we expect to do in revenue terms and how much of that revenue will be above Rs. 7,500. It is an approximate figure, but we think it is pretty accurate that was the first point.

Point two is how do I see the next 2 or 3 quarters? This quarter is a good quarter. It started slowish, but February is looking very positive. I think my best guess is that all the listed players will report the same thing, which is January was sluggish. February is great. I am amazed to read this article today about some luxury hotels charging rooms in lakhs. I think it is a bit of a headline number. I do not think it is true really across the board. But February is very good and March also looks excellent for us.

I would hope that we do better in growth than we did in Q3. That is nearly certain. How much of that will be impacted by what happens in Gurgaon. Gurgaon is still, frankly, a work in progress because we must find a replacement for the very large groups that we had in Q3 and Q4 last year in Gurgaon in the Lemon Tree and Red Fox portfolio. We also have a 150-room Red Fox there, underperforming significantly versus last year for the same reason. What was the third question? Sorry, could you repeat the third question?

Sameet Sinha: The Aurika, Nehru Place, it seems like the number of rooms increased by 50?

Patanjali Keswani: That was our best guess case when we first informed. That is why we said 500 plus, Sameet. Now that we have got our architects, architects are based out of Singapore. They have done the Aurika, Bombay. They also work, I think, with the Marriotts in India. They have now done a broad massing, which is the pictorial we have put in our investor presentation.

In fact, the principal architect is coming to meet us next week and based on the early drawings and the options they sent us, we looked at it from a slightly space optimization perspective. And it turns out that we wanted a very large convention centre, which we have managed to get. I think the main banquet is like 14,000-15,000 square feet. And we wanted, obviously, not as many suites as they recommended. They recommended something like 50 suites, we reduced it significantly. And so, we think we will cross, I think, 550 or maybe even 560 rooms in this. There is no change in cost because it is the same built-up space, which is 370,000 square feet approximately.

Sameet Sinha: Got it. One final question. I know last call; you had mentioned Gurgaon and Bangalore as the 2 properties which are being renovated. So, Gurgaon, I guess, we know why the RevPAR was down. In the case of Bangalore, any thoughts on the occupancy side? You had great ADRs over there, but the occupancy was lower. Was it because you have grown, you are just repricing it higher and hoping that that price you will be able to maintain that price?

Patanjali Keswani: No. It is interesting. Sameet, we shut different parts of our portfolio in the last 2 years for accelerated renovation. If you look at, for example, our operational performance by region, you will find that Delhi, although we closed 100 rooms in Delhi, we managed to do it in bunches. It is also a function of floor plate. These hotels had a very large floor plate. Each floor had 100 rooms. We could shut 1 floor and renovate it and fill the balance.

Now if you look at Bangalore, these are tall buildings. And it is very peculiar since you mentioned it, I will explain that the floor plate has much fewer rooms. It has 20-30 rooms. We do not shut 1 floor. Then we shut like 4-5 floors. And we have allocated more resources in Bangalore this year. Our earlier focus was on Delhi and Hyderabad because those were showing the most promise. And that is why you will find that our Hyderabad portfolio, the ARR really went up because it was fully renovated. Delhi was already on a very high base. If you notice, it is still gone up significantly, though it includes a low-rate Red Fox, East Delhi, which is due for a renovation now.

Bangalore, we shut a heck of a lot of rooms in Bangalore, especially the Keys rooms, so a lot of Bangalore, 874 rooms, nearly half of them are Keys rooms and we were renovating them left, right, and centre. Even right now, we are renovating them because our view is we will take the short-term pain. It is a mix of many things. It is a lot of noise. Guests get upset because we are banging and breaking because these are full-scale renovations.

But bear with us, I think by next year, as I said, when we finish this renovation, you will see a massive improvement in performance in all these, including Keys. Keys I mean, you have not seen anything. Keys is showing 25%, I am very dissatisfied. I think Keys should show 50% growth in RevPAR and I have said earlier that the average daily rate should be equal to at least Red Fox. To me, it is still 12% short. Though we have grown the rate by 19%, Red Fox has also grown, and we intend to take Keys up to Red Fox.

Moderator: The next question comes from the line of Rahul Jain from Phillip Capital.

Rahul Jain: My first question is basically on the strategy that you mentioned earlier in Mumbai is right now more occupancy led. How do you expect this to transition to a more ARR-led strategy? Is there a timeline or a threat level that you would like to reach before you switch to an ARR-led strategy in this market?

Patanjali Keswani: The question is really in Bombay is we have got a large base of crew. Let me bring it to the crux. We took this large base of crew, though we have reduced it quite

significantly. In fact, when we started it, it was about 100 rooms more than what it is today. We have managed to replace it. But crew is the lowest rate, but the steadiest business. Our intention is very simple, that once we build all the various segments that are supposed to fire to provide room nights, then we will reprice all segments because our ability to churn the portfolio and churn the mix improves significantly. Really, in Bombay, our strategy because of the very large inventory was fill the hotel, first get base so that you cover your costs, then start getting additional customers and then over time, keep increasing the prices as you can replace the customers with newer, higher-paying guests. That is the process.

Normally, in a 250-300 room hotel, we would have achieved it in 1-1.5 years, but this is more than double that size. It is 670 rooms. It is an ongoing journey. I am pretty sure like I have seen that there is a material improvement in occupancy in Aurika Bombay in this quarter because as you can see we achieved a 79% occupancy, which means really that we are close to where we can start repricing. And you will see some medium-sized impact in it in Q4. Hopefully, next year, you will see a very significant impact.

Rahul Jain: Understood, sir. My second question is on the Pune market. We have seen a very healthy RevPAR growth in this market as well for the quarter. Any specific reason on why we are seeing a healthy growth? Or is it more macro led or a one-off for this quarter?

Patanjali Keswani: No, I think there are 2 reasons. One is Pune, out of the 426 rooms, 25% is the Keys Prima, which went through a 25%-30% hike in RevPAR. That is one impact. Then Lemon Tree Premier, Pune has also stabilized. It is performing nicely.

Hinjewadi was a market which was very good when we opened this hotel 20 years ago but today has become completely oversupplied. But fortunately, the supply has started getting absorbed, and we had taken advantage in Pune of the drop in demand in Hinjewadi by starting to renovate that portfolio. I think about 80% of Hinjewadi is also renovated or 70%. And now you will start seeing the outcome. Pune is, in fact, an interesting example of a nearly fully renovated portfolio.

Rahul Jain: Got it. And sir, my last question is on the managed pipeline. We currently sit on a 9,400 pipeline on the managed and the franchisee side. How much of this pipeline can be operationalized in the next year or 2? Just a ballpark figure, if you can give?

Patanjali Keswani: Your guess is as good as mine. We have given some numbers. This is a guess, Rahul, because things slip from one quarter to the other because so much of it is not in our control. But based on our best guess, by the end of next financial year, we

should have opened another, 1,200 - 1,500 more rooms because we are opening rooms, which we signed 3 years ago. Lots of things change. Those owners have their own allocations of capital. Sometimes they delay investing in the hotels that they have promised they will open. You assume 1,500 rooms. What we opened in these 9 months, assume a similar number in the next year.

Moderator: Your next question comes from the line of Shruti Khopade from Yadnya Investment Academy.

Shruti Khopade: I just want one clarification regarding the occupancy rate. I know you already mentioned about Gurugram and Bengaluru region. I just wanted to ask about Hyderabad also because there also I can see YoY decrease in occupancy rate. It would be helpful to give clarification or colour on that.

Patanjali Keswani: Hyderabad is a very interesting example of the earlier question I was answering. If you noticed Hyderabad last year had an 80% occupancy. It was the second highest occupancy after Delhi. Hyderabad had no supply coming in, interestingly. We decided to reprice aggressively and, I think Hyderabad across all 4 hotels, the average rate became the second highest after Mumbai. We took it up 25%. The highest rate hike was Hyderabad.

As a result, there was a churn. And so, 80% became 77%. But we have obviously done this with a view that we will catch up. So, Hyderabad has been repriced. The occupancy has come down marginally, but we are confident we will be able to catch up. That is why you see the highest RevPAR growth is in Hyderabad.

Shruti Khopade: Okay. It will be fair to say in the next few years, there will be aggressive growth.

Patanjali Keswani: Yes. We will keep increasing the price.

Moderator: The next question comes from the line of Prashant Biyani from Elara Capital.

Prashant Biyani: Sir, how has this quarter been till date? And based on business on books, how is the remainder of the quarter looking like?

Patanjali Keswani: As I said earlier, Prashant, that the first month was a little sluggish, but we have caught up. I think we are expecting February and March, we are very bullish on it. I think it will be a good outcome. I do not want to give specific guidance, but I can say it will be a good outcome.

Prashant Biyani: And sir, Aurika, Shillong, when are we planning to start it within FY28?

Patanjali Keswani: I think it will be somewhere in the middle of CY27. I think second half, Q3 CY27.

Prashant Biyani: And how much is the investment in it?

Patanjali Keswani: Totally, I expect about Rs. 200 crore. But we have a very interesting deal there. We can borrow 70% of that money at a rate which is 5% lower than our cost of debt, which means we will basically be borrowing Rs. 140 crore at 3% or 2.5%. That is the deal. number 2, we will be entitled to keep GST for the next, I think, 9 years or 15 years, Kapil?

Kapil Sharma: 9 years.

Patanjali Keswani: Next 9 years the state share of GST we will keep ourselves. That is an incentive given to us. All in all, it will be a very profitable investment from an asset perspective. We have looked at currently the performance. I think there is a Marriott there and a Taj there. And this Aurika will also compete with them. It is fantastically located. It is directly opposite the Chief Minister's house, and we think it will be an outstanding performer once we operationalize it next year.

Moderator: The next question comes from the line of Ashish Kumar from Infinity Alternatives.

Ashish Kumar: There was one request which we had and one clarification. Now that we have decided on the split of the 2 businesses, what might be helpful is if we can add pro forma financials for both of the assets as they look like so that while we are waiting for the listing, we do get a good sense of what the numbers are looking like.

Patanjali Keswani: Ashish, the scheme is effective from 1st of April. From next quarter, we will start reflecting both of them as 2 independent companies pro forma.

Ashish Kumar: Okay. But effectively, if you have announced, if you can maybe guide us to what those numbers look like for this quarter or maybe subsequent to the call. Second question was, as far as Fleur is concerned, when you are showing the fee income, this is actually what we are earning from the existing Fleur Hotels. It is more a clarification. The new hotels that are being transferred or proposed to be transferred in the scheme, is the fee income of that also included in the fee income from Fleur Hotels or that that will be additional income?

Patanjali Keswani: No, that is not included. That is Lemon Tree standalone. It will be included from next year.

Ashish Kumar: Okay. No, I am just looking at from a proforma perspective. Would it be fair to assume a similar percentage as what we get as a percentage of Fleur revenues as incremental fees revenues? There is a fixed and a variable component. So net of that, I am saying. I am just trying to understand.

Patanjali Keswani: It will be the same. Actually, management fee income of Fleur will start shooting up. One of the big contributors is Aurika Bombay. And it is still, in my opinion, doing 75% of what it should be doing in terms of RevPAR. I am expecting that it will have a significant impact once it stabilizes.

Number 2 is that the Lemon Tree portfolio is an older portfolio of fully stable hotels. Though they are not in similar markets. They are in secondary markets, but the fee income will be in terms of percentage terms, identical.

Moderator: Your next question comes from the line of Nikhil Poptani from Kizuna Wealth.

Nikhil Poptani: Sir, I just wanted to ask like when you are targeting greenfield, brownfield expansion or acquisition targets, so in which micro markets are we going to target those acquisition or expansion? That is my first question, sir.

Patanjali Keswani: Well, I am traveling, for example, immediately after this call to Bombay. We are looking at a couple of hotel sites there. Then we are going to Pune, then we will be looking at Bangalore near the airport. We have identified key markets which have deep demand, which we feel where we would have a competitive advantage, and we are looking to some land acquisitions and a couple of operating assets. And then we are looking at certain other markets where we think we will significantly benefit by deploying capital. That is under some form of NDA. I do not want to get into it, but those are large opportunities. And those are operating assets.

Nikhil Poptani: Is it fair to assume that we can go ahead and see acquisitions like in Varanasi that we did and when there is a leisure type of portfolio that we will buildout somewhere something like that?

Patanjali Keswani: Yes and no. Actually, right now, the opportunities we are looking at are not so much leisure right now, other than the Aurika in Varanasi. The rest of them are more focused on deep demand markets in generally large cities.

Nikhil Poptani: That is great to hear, sir. Now sir, the last question that I have, post our renovation on our consol portfolio, like we have seen a great impressive ADR growth in Keys hotels. What kind of ADR growth and occupancy ramp-up are we looking at post renovation, like let us say in FY28?

Patanjali Keswani: We are simply looking at a Rs. 60 crore EBITDA for the Keys portfolio.

Moderator: Your next question comes from the line of Sumant Kumar from Motilal Oswal.

Sumant Kumar: My question is, when we talk about FY27, the normal industry ARR growth compared to Lemon Tree. Do you think Lemon Tree overall renovation of the product, the new product, the higher-value product launches, okay, and the benefit of GST in FY27 we will have outperformance v/s industry in ARR growth side? And can you quantify how much outperformance we can do that?

Patanjali Keswani: Again, this is guidance, Sumant. I would say broadly that we would be really looking at, at least a 15% revenue growth with our existing portfolio and beyond that, well, it may or may not happen, but 15% is something we are pretty sure we will achieve.

Sumant Kumar: Okay. And considering over the year, we have seen the MICE activity in India is increasing and when we compare FY25 and FY26 and the level of MICE activity because of increasing business activity in India is increasing significantly v/s other countries. How do you see the MICE business contribution to overall hotel industry and for Lemon Tree is going to have a better pie in the next couple of years?

Patanjali Keswani: Yes, we definitely see that. Our earlier hotels, our first, 20-25 hotels were not built to focus on MICE, frankly. But the last many hotels that we have built have much larger banquet halls. And like I mentioned, even Aurika Nehru Place will have an enormous convention facility, just like Aurika Bombay has.

As we see new segments growing in India, we ourselves are redesigning our hotels to capitalize on them. And I have no doubt that MICE as a segment will become increasingly important for the Indian hotel industry and, of course, for Lemon Tree.

Moderator: Your next question comes from the line of Shashi Ranjan with Anandhan Capital.

Shashi Ranjan: Congratulations for the good set of work that you are expecting this year. Just as Lemon Tree has like a very renowned brand among the Indians, what are our plans for international destinations, especially where most of the Indians are buying properties, especially Dubai? I understand that Dubai, we have some property. Are we going to expand there more aggressively?

Patanjali Keswani: 100%. Sooner rather than later.

Shashi Ranjan: Okay. I understand with the CAPEX and the renovation, everything going on, we are focused more on India. By when we can start grabbing more space in the international market?

Patanjali Keswani: Okay. Let me go back for a moment. See at different times of our journey as a company, we are now 2 decades old. We have found sometimes we have grown

faster than our customer base and sometimes our customer base has grown faster than our assets.

Right now, we are actually fairly well-positioned. We have kind of relaunched our loyalty program. We have massively improved our distribution. This was all work in progress. A large part of it was technology and a large part of it was talent. And we have been putting these building blocks together. And we now feel we are at a point where our brand is exportable, which is that it has high recognition, trust and desirability for the mid- to upper mid-market Indians traveling globally. We have looked at multiple markets where Indians go and we feel now we have the ability to go into those markets with a moat, which means that any owner who signs with us or even if we ourselves deploy capital, we will be able to have an asymmetric edge, some arbitrage.

And we are only interested in capturing more and more wallet share of Indian travellers. I was interested to read today that MakeMyTrip has announced something called Loved by Indians. MakeMyTrip has started some label called Loved by Indians, and they are focusing increasingly on international travel by Indian travellers. And we are very sure we will get that label if we export our brand internationally. And we have every intention of doing so, but with a singular focus on following Indians where they go.

Moderator: The next follow-up question comes from the line of Achal Kumar from HSBC.

Achal Kumar: Last 2 questions, first one is this, the AI conference happening in Delhi? What kind of benefit do you see from that? And secondly, just wanted your thoughts on the cyclicity, given that this upcycle looks very strong. Do you think we are sort of closer to the peak? Or do you think we are still very far from the peak?

Patanjali Keswani: Okay. The first question was AI Summit, that is at Bharat Mandapam. The beneficiaries will be hotels nearby. It will be the Oberoi certainly, which is the closest, followed by Taj Mansingh, followed by a bunch of other hotels in Connaught Place and so on. We will be indirect beneficiaries in the sense that the pricing there has gone up significantly and of course, demand.

A bunch of people who would normally have stayed in those micro markets will obviously look at Aerocity as the alternate where they will get much better pricing and supply availability. We will be indirect beneficiaries. As far as the cycle Achal, I do not think it is a cycle anymore. I really feel we are seeing early signs of a structural change in demand and a whole bunch of new customers, especially post-COVID, and these are younger customers, want to stay in branded hotels. It is quite clear to

me. The upcycle is still actually on a pure cyclicity basis, we are nowhere near at the top of the cycle. Top of the cycle is defined when your India occupancy crosses 70%-75%. In fact, you have to hit closer to 75%-80% when you can significantly reprice. We are not there as far as I know, the reports I read say India's occupancy is still about 66%, but this is an aggregate.

In certain micro markets, we have already hit top of that kind of cycle, and there is not much supply coming in. Delhi is a classic case. Bombay is another case where the cost of new assets is very high and so is Hyderabad, as a matter of fact now. These markets will continue to show significant increases in RevPAR YoY. And if you overlay it with what I think will happen, which is a structural shift in demand as the Indian economy grows, then I think there will be a reset. Basically, there will be some kind of a small hockey stick where there will be a huge number of new Indians who will want to stay in hotels, in branded hotels in India. And it would not be a growth of 10%-11%. It will certainly be a massive growth in 3-4 years. And it is going to happen in the next few years because look at airline traffic, look at new aircrafts on order, after all, they are all going to carry passengers, and those passengers are going to want to stay in hotels.

Moderator: Your next question comes from the line of Vaibhav Muley from Haitong Securities.

Vaibhav Muley: My quick follow-up on the potential acquisition that we are planning to do with 2,500 Keys. Assuming this is a branded chain, would we be open to have additional brands in our portfolio? Or would that be a rebranding that will happen across that acquired chain? That is the first question.

And secondly, if you can just guide on the overall CAPEX for next 2-3 years. And since we mentioned during the Fleur demerger call that Lemon Tree would be a net cash company. When do you expect the entire debt repayment to happen? That is it from my side.

Patanjali Keswani: Firstly, that 2,500 rooms are multiple acquisition opportunities and anything we acquire, we will not look at adding more brands. We would look at rebranding them, whatever be the current brand. That is the first point.

The second point is our CAPEX was very significant starting from last year, this year and next year because the main point is the renovation happening. Well, this is OPEX. OPEX would be over Rs. 100 crore. CAPEX would be another Rs. 70 crore - Rs. 80 crore. It is significant numbers, which will all shrink dramatically after FY27.

What will happen is in the scheme of demerger, all the assets of Lemon Tree, including its debt will be transferred to Fleur. Lemon Tree will immediately effectively be a debt-free company from next year. And all the fee income that it earns, which will be fairly significant, will therefore be not redeployed in capital, but will rather be available as free cash. Then obviously, one of the things we want to come out with is what is the dividend policy of Lemon Tree going to be? How are we going to reward shareholders, so on and so forth? And that is something really the Board has to decide in the next 6 months. But we will come out with clarity on how we are looking at the free cash flow that Lemon Tree generates, considering that the only requirement going forward will be in technology and investments in marketing, branding, and so on. And those would not be anywhere near the kind of cash we generate. That is a call we have to take in the next 6 months. It is a good problem to have.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Patanjali Keswani: Thank you all 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.

Disclaimer: This is a transcription and may contain transcription errors. The transcript has been edited for clarity and accuracy. The Company takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.