

refreshingly different.



November 14, 2019

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

Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

**Name of Scrip: LEMONTREE**

**Scrip Code: 541233**

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we would like to inform that the Company is going to attend CLSA Investor Conference scheduled on Friday, November 15, 2019 at Oberoi Hotel, Gurgaon, Haryana.

Also find attached herewith the Corporate Presentation, which would be discussed during the Investors Conference.

The above is for your record.

Thanking you,

Yours faithfully

For **Lemon Tree Hotels Limited**

  
**Nikhil Sethi**  
**Group Company Secretary & GM Legal & Compliance Officer**

# Lemon Tree Hotels Limited

## Corporate Presentation

November, 2019



**aurika**  
HOTELS & RESORTS

UPSCALE

  
**lemon tree**  
PREMIER

UPPER MIDSCALE

  
**lemon tree**  
HOTELS

MIDSCALE

  
**red fox**  
BY LEMON TREE HOTELS

ECONOMY

**keys**  
PRIMA HOTELS

UPPER MIDSCALE

**keys**  
SELECT HOTELS

MIDSCALE

**keys**  
LITE HOTELS

ECONOMY

Connect with us     

# Disclaimer

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

**Lemon Tree Hotels Limited (LTH)** will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.





Lemon Tree Premier, Delhi Airport



Lemon Tree Premier, Jaipur

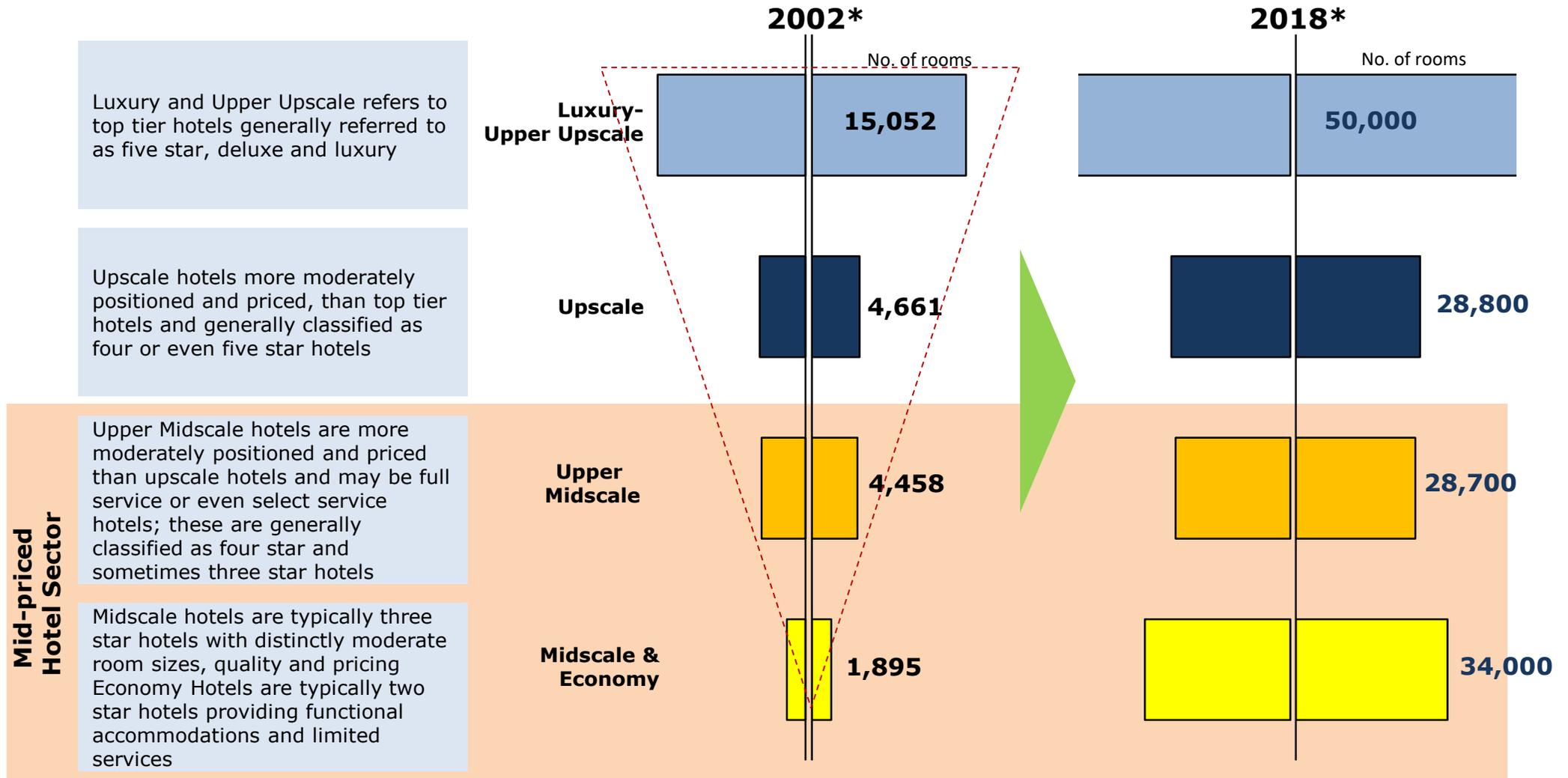


Lemon Tree Premier, City Center,  
Gurgaon

## Attractiveness of Indian Hotel Industry

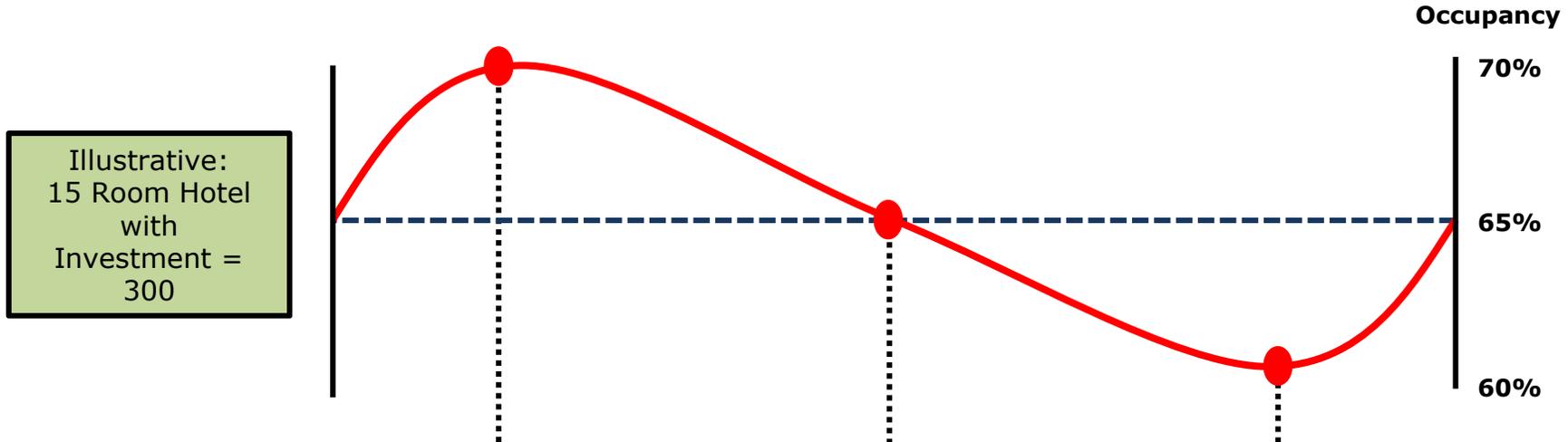
# Supply of rooms in India's hotel industry was primarily at the top-end

**When Lemon Tree commenced business in 2002, India's Hotel industry was an inverted pyramid**



Source : Horwath HTL India Hotel Market Review, 2018  
Note: \* as of December 31 of that year

# The hotel business cycle



Cycle	Top (2)	Middle (3)	Bottom (2)
<b>Occupancy</b>	70% or more	63-68%	60% or less
<b>Rooms Sold</b>	12	10	8
<b>Average Daily Rate</b>	13	10	7
<b>Revenue</b>	<b>156</b>	<b>100</b>	<b>56</b>
<b>Expenses</b>	60	50	40
<b>EBITDA</b>	96	50	16
<b>Hotel RoCE</b>	<b>32%</b>	<b>17%</b>	<b>5%</b>
<b>Sustainable Debt:Equity Coverage</b>	Full Debt	1:1	No Debt

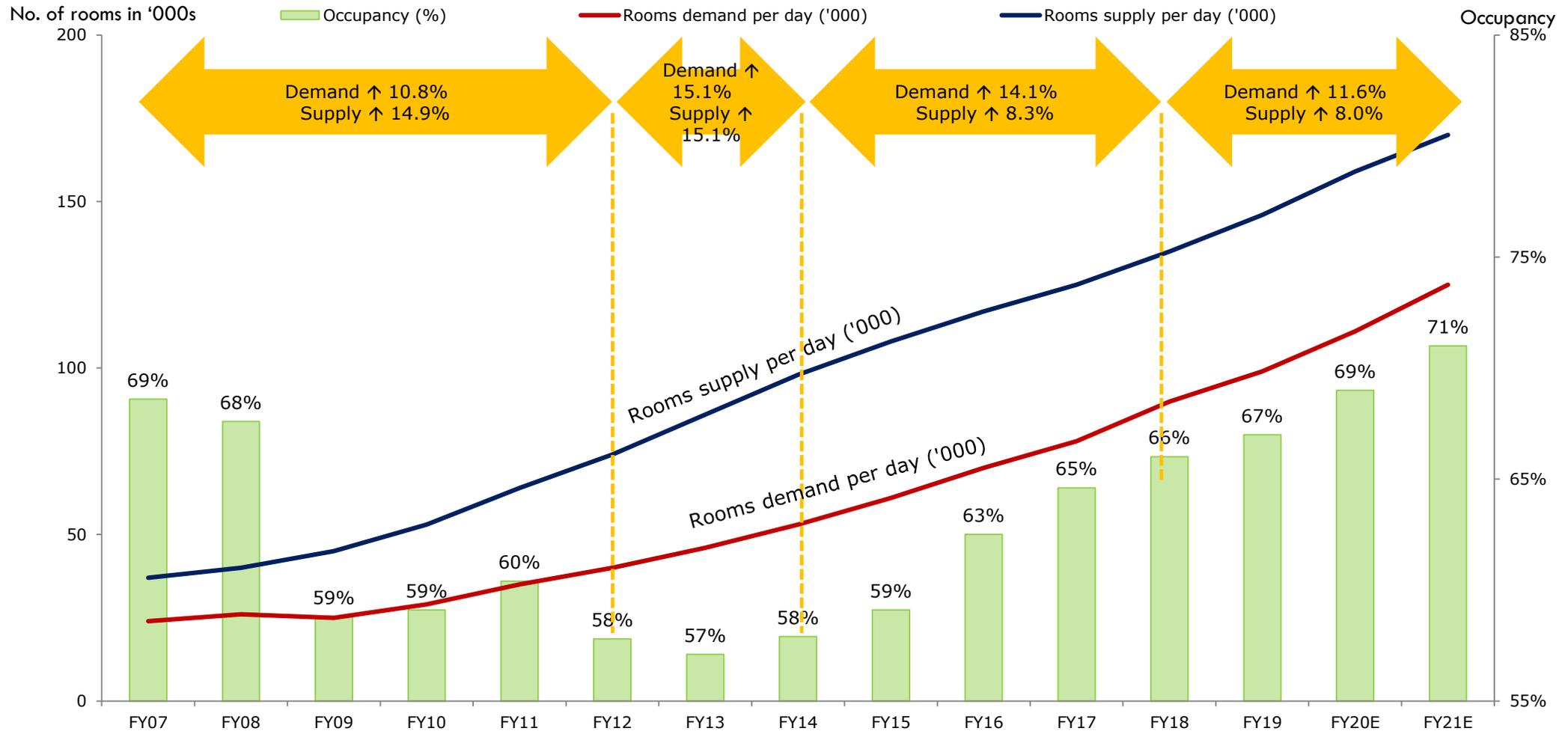
**3:2:1**

**6:3:1**

Note: Hotel RoCE is calculated as Hotel level EBITDA/Capital deployed for operational hotels.

# Indian hotel industry is at an inflection point

## Slowing supply and rising demand is expected to increase occupancy



Source : Horwath Report 2017, Hotelivate Trend and Opportunities Report 2019

# Increasing occupancy leading to increase in room rates

## Average Daily Rate (ADR) is increasing with increase in occupancy rates



Source : Horwath Report 2017, Hotelivate Trends and Opportunities Report 2019



Lemon Tree Hotel, Aurangabad



Lemon Tree Hotel, Gachibowli,  
Hyderabad



Lemon Tree Hotel, Vadodara

## Differentiated business model of Lemon Tree (LTH)

# The Business Model | Mid-cycle

**Lemon Tree's ROCE is > 1.5x of a typical 5 star hotel in India**

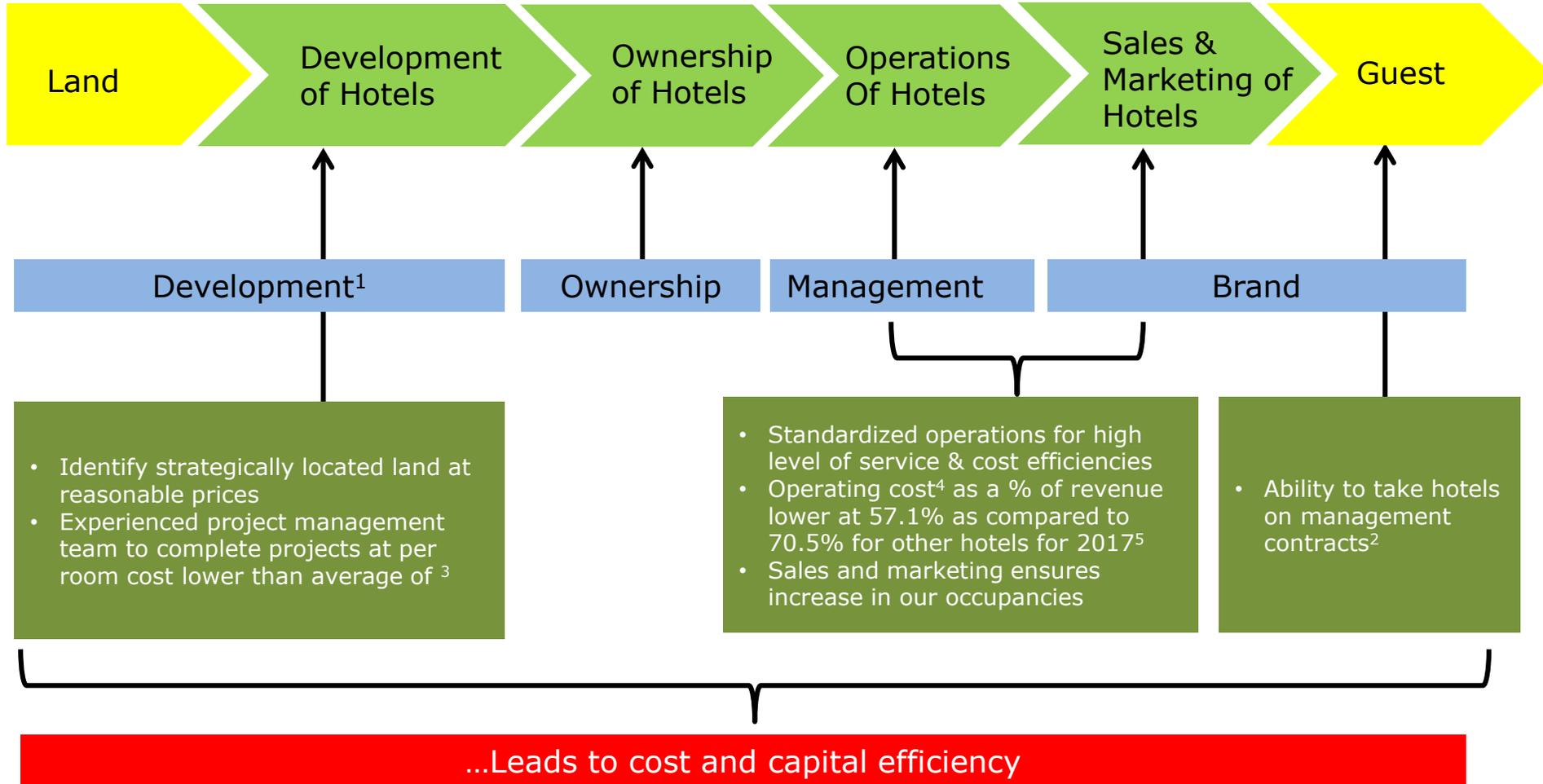
	Typical 5 star		
<b>Cost Per Room (Normalised)</b>	1000	400	~40% of Five Star
<b>Rate (Normalised)</b>	100	50	
<b>Occupancy</b>	x%	1.2x%	
<b>Room Revenue (Normalised)</b>	100	<u>60</u>	~60% of Five Star
<b>Total Revenue (Normalised)</b>	100	<u>50</u>	Lower other income for LTH
<b>Cost (Normalised)</b>	65	<u>25</u>	~40% of Five Star
<b>EBITDA (Normalised)</b>	35	<u>25</u>	
<b>RoCE</b>	x	<u>1.7x</u>	

Process

Presence across value chain



Focus on culture & service differentiation with focus on domestic travellers



Note: 1. Through subsidiary Grey Fox Project Management  
2. Through subsidiary Carnation  
3. For Select Hotels for the same period, according to a survey conducted by HVS (India – 2016 Hotel Development Cost Survey)  
4. For owned and leased hotels  
5. Source : FHRAI-Indian-Hotel-Survey-2016-17

Process

Presence across value chain



Focus on culture & service differentiation with focus on domestic travellers



- Ranked 4th in India and only Hotel chain in top 10 Best Companies to Work for by the Great Place to Work Institute, India in 2017
- Ranked 12th in Asia's Best Large Workplaces in 2018 by Great Place to Work Institute. Only Indian company in top 15
- The highly engaged work force provides superior service to customers

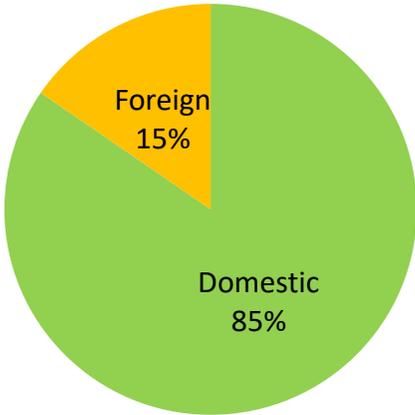
**Superior service leads to higher Customer Satisfaction as demonstrated by TripAdvisor recognition**

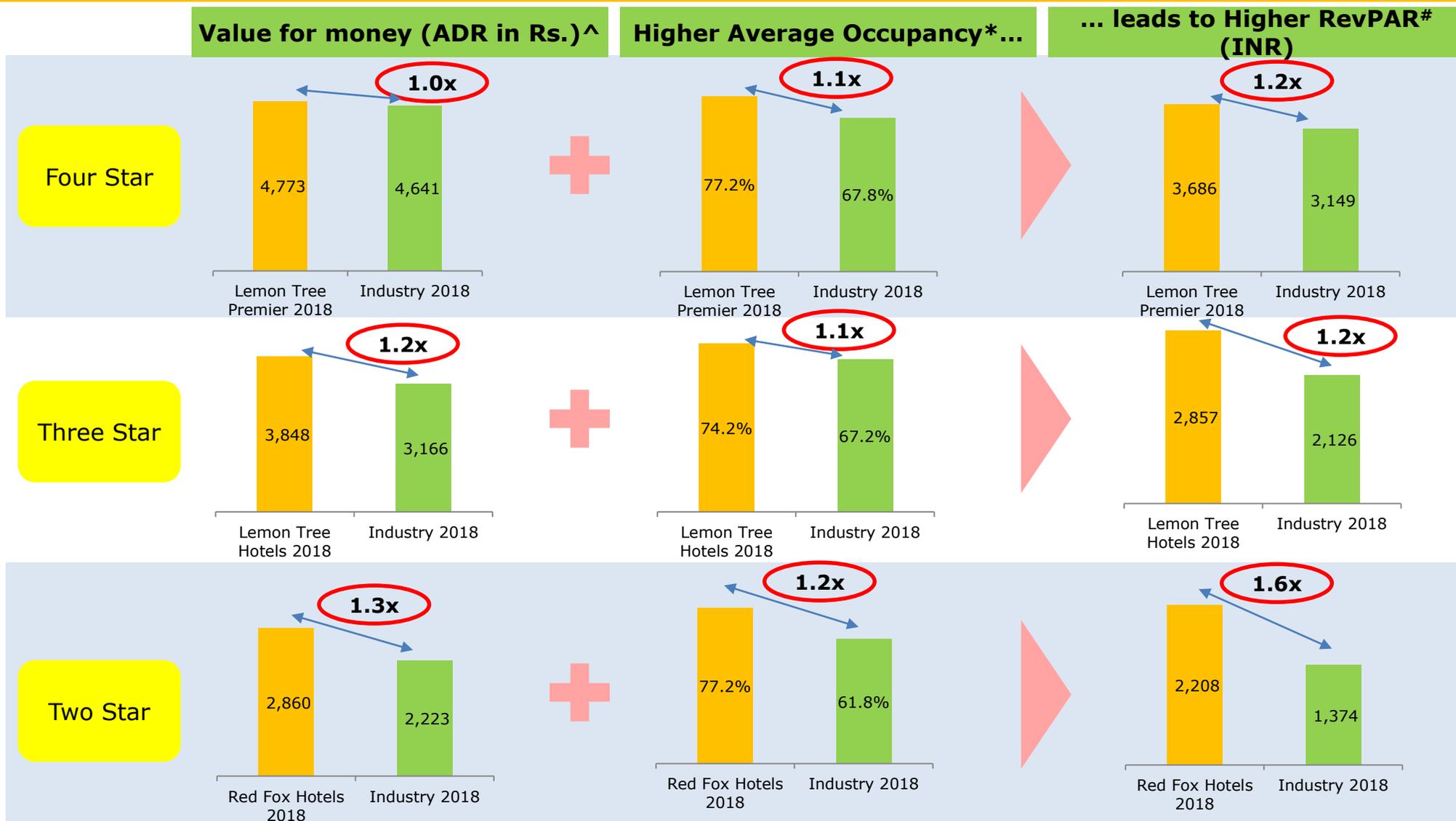


47 out of 50 hotels (which were operational for at least a year and were eligible for receiving this recognition) were awarded the TripAdvisor Certificate of Excellence for 2019

**Focus on Domestic Customers**

FY19





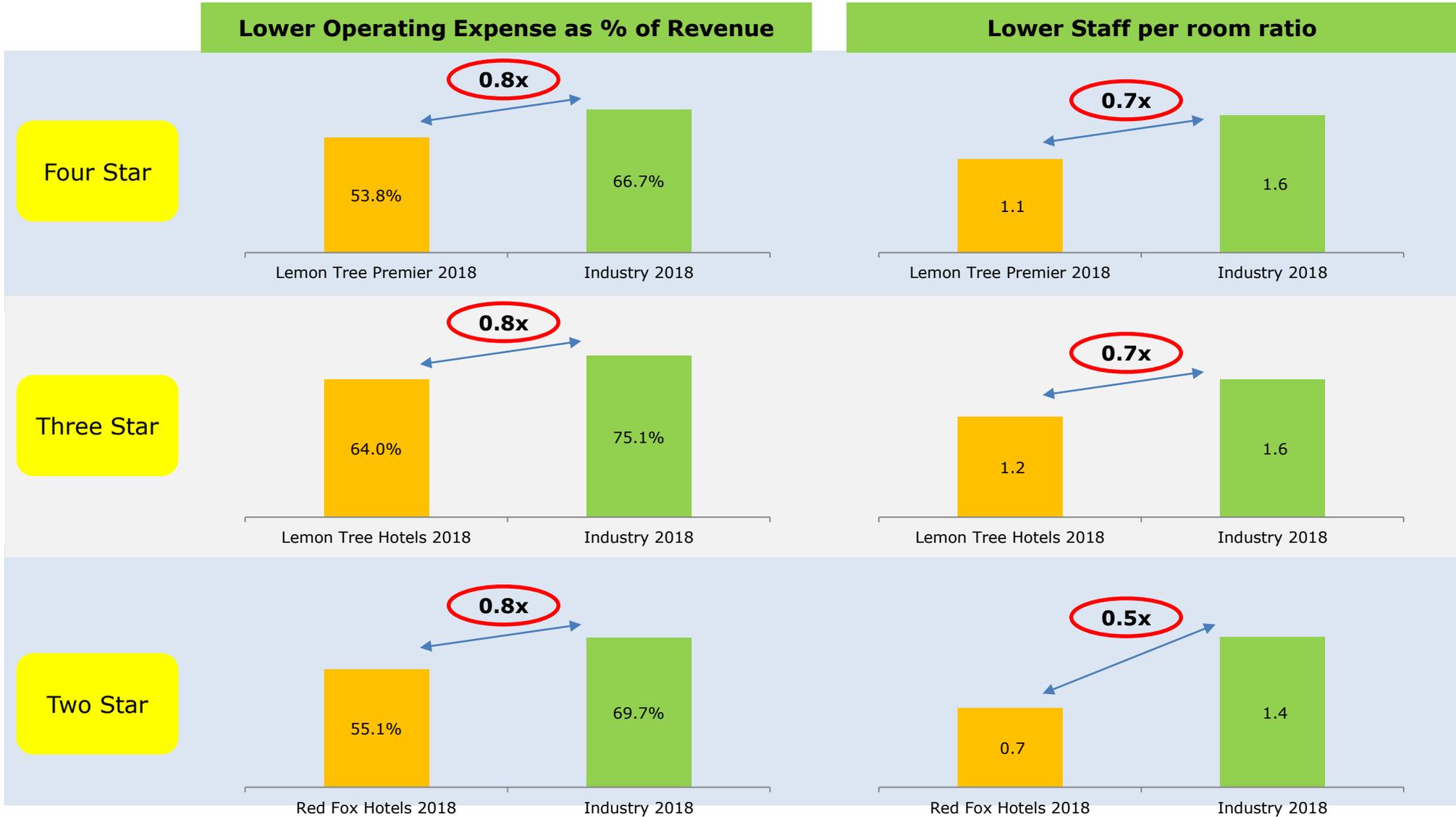
○ Lemon Tree/Industry

Source : Industry data is sourced from Hotelivate – Trend and Opportunities Report - 2018.  
 ^ Average Daily room rent; \*Average occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels; #RevPAR is calculated by multiplying ADR and average occupancy, where ADR represents revenue from room rentals divided by total number of room nights sold at our owned and leased hotels (including rooms that were available for only a certain portion of a period); Industry 2017 data is for all participating hotels in respective hotel segment

Cost

Lower Average Operating Expenses/ Room

Higher GOP<sup>^</sup>



Lemon Tree/Industry

Source : Industry data is sourced from FHRAI-Indian-Hotel-Survey-2017-18.



Lemon Tree Hotel, Coimbatore



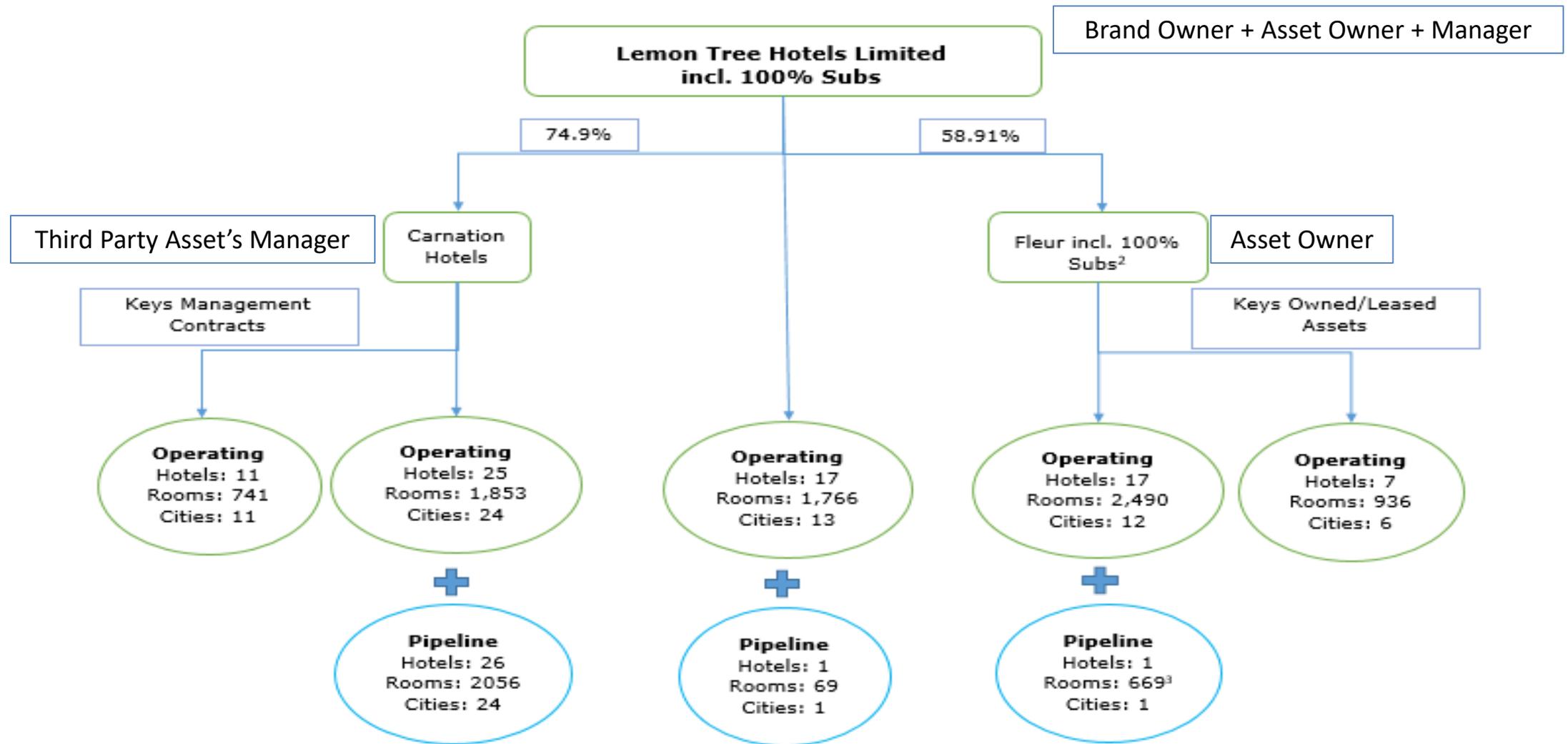
Lemon Tree Premier, City Center, Gurgaon



Lemon Tree Vembanad Lake, Alleppey, Kerela

# Company Overview and Growth Plans

# Lemon Tree Group Structure



Notes :-

1. The Pipeline of hotels is as of 1<sup>st</sup> November 2019
2. LTP Mumbai is assumed merged into Fleur Hotels
3. LTH is in the process of applying to convert some commercial spaces in Aurika, MIAL hotel to rooms. This will increase the hotel's inventory by 92 rooms to 669

# Lemon Tree – Snapshot as on 1st Nov, 2019



**Current (16% of Branded Mid Market Hotels in India\*)**

**7,786  
rooms;  
77 hotels**



**Pipeline**

**2,804  
rooms;  
28 hotels**



**By FY22 (20% of Branded Mid Market Hotels in India\*)**

**10,590  
rooms;  
105 hotels**

Brand	Current	Pipeline	by FY22
<b>Aurika</b>	139 Rooms, 1 Hotel	669 Rooms, 1 Hotel <sup>#</sup>	808 Rooms, 2 Hotels
<b>Lemon Tree Premiere</b>	2,142 Rooms; 14 Hotels	523 Rooms; 7 Hotels	2,665 Rooms; 21 Hotels
<b>Lemon Tree Hotel</b>	2,506 Rooms; 33 Hotels	1,442 Rooms; 18 Hotels	3,948 Rooms; 51 Hotels
<b>Red Fox Hotel</b>	1,322 Rooms; 11 Hotels	170 Rooms; 2 Hotels	1,492 Rooms; 13 Hotels
<b>Keys</b>	1,677 Rooms; 18 Hotels		1,677 Rooms; 18 Hotels

\*Source : Hotelivate – The Ultimate Indian Travel Hospitality Report 2019, Horwah HTL India Market Review 2018

# LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. which is purely procedural. On revert of approvals, this will increase the hotel’s inventory by 92 rooms to 669

## Key Statistics

		Q2 FY19	Q2 FY20	1 <sup>st</sup> Nov FY20
	Cities	31	34	45
	Hotels	51	57	77
	Rooms	5,090	5,828	7,786
	Loyalty Members	835,732	1,072,977	1,091,326

# Inventory Progression - Update

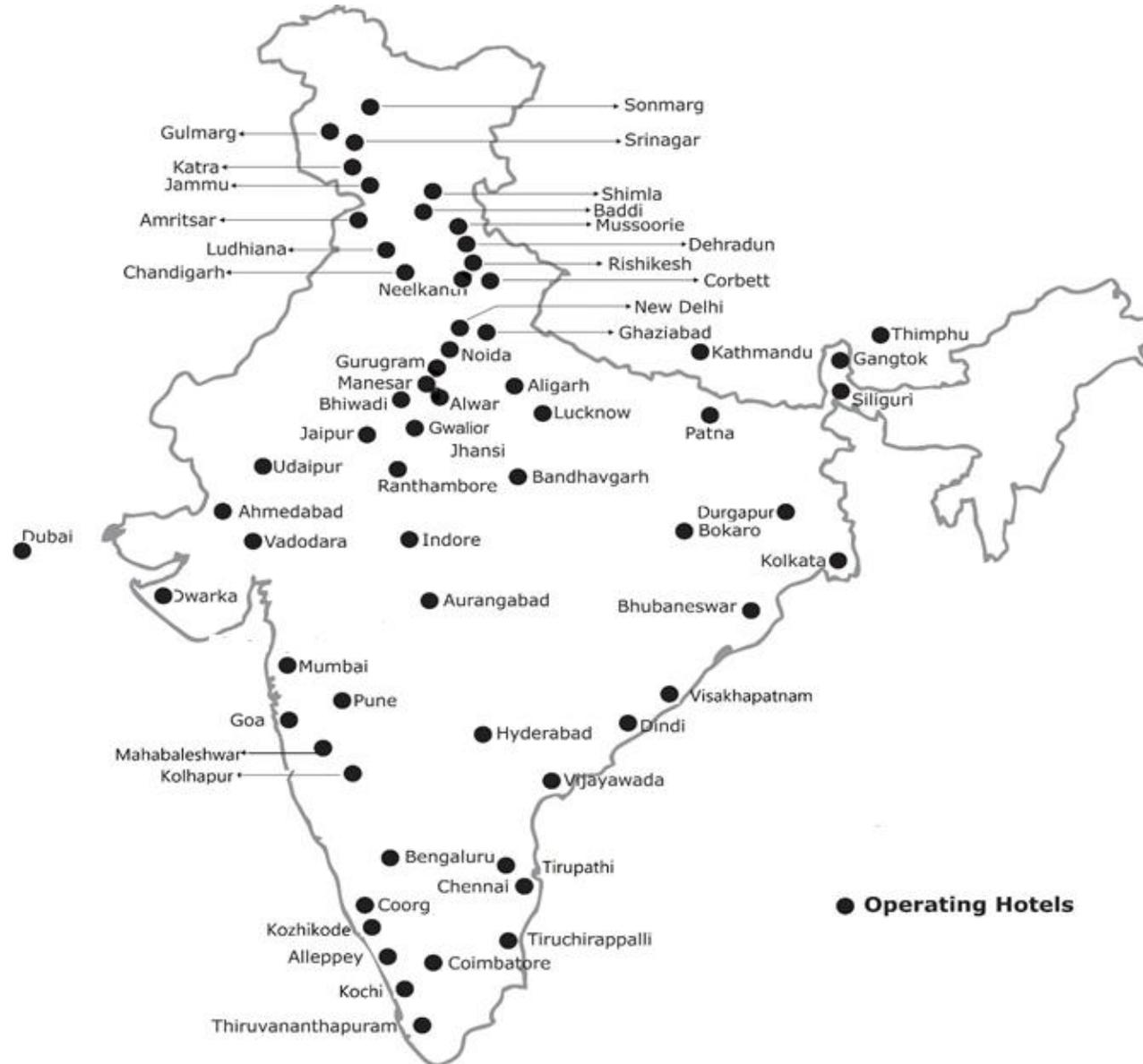
	Inventory Progression			% Growth	
	End of FY19	End of FY20	End of FY22*	FY20 vs FY19	FY22 vs FY19
<b>Owned/Leased</b>					
Rooms	3,570	5,192	5,940	45%	66%
Cities	16	23	24		
<b>Managed</b>					
Rooms	1,739	3,132	4,650	80%	163%
Cities	23	37	52		
<b>Total</b>					
Rooms	5,309	8,324	10,590	57%	99%
Cities	32	51	66		
<b>Total Mid-Market</b>	45,700	47,985	52,903		
<i>% of Mid-Market</i>	11.6%	17.3%	20.0%		
<b>* As per existing pipeline only</b>					

Source : Hotelivate – The Ultimate Indian Travel Hospitality Report 2019, Horwah HTL India Market Review 2018

Notes :-

1. Management Hotel Contracts are subject to owner’s meeting project deadlines and LT retaining all Keys Management Contracts

# Lemon Tree's Presence Map as of FY23 - Update



# Hotel Inventory by Segment and Lemon Tree Brand Positioning

Segment	Inventory	Lemon Tree Brand Positioning
Luxury and Upper Upscale	50,000	-
Upscale	28,000	Aurika
Mid Market	45,700	LTP/LTH/RFH
Economy	17,000	-
Unbranded Standalone	250,000	LTP/LTH/RFH
	1,750,000	Keys Prima/Select/Lite

**Our Aim is to Consolidate i.e. Target the unbranded 2mn rooms and bring them into branded space**

# Lemon Tree Brand Standards – Linked to Business Model

LT Brand Standards				
	Owned (Built to suit)	Leased (Renovated)	Managed <sup>1</sup> (Renovated)	Most Unbranded <sup>2</sup> Mid-Market Hotels
<b>Product Features</b>	10/10	8/10	6-8/10	2-4/10
<b>Service Features</b>	10/10	10/10	8/10	5/10
<b>Planned Branding</b>	Aurika/LTP/LTH/RFH	Aurika/LTP/LTH/RFH	Aurika/LTP/LTH/RFH	Keys

Notes :-

1. 25% of the Market
2. 75% of the Market

# Expansion Plans – Hotels under Development

Under-development hotels	Type	Rooms	Expected Opening date	Ownership (%)
Lemon Tree Mountain Resort, Shimla	Owned	69	Apr-21	100.00%
Lemon Tree Vembanad Lake Resort, Alleppey, Kerela <sup>1</sup>	Owned	10	Oct-21	100.00%
Aurika, Intl. Airport, Mumbai <sup>2</sup>	Owned	669	Nov-21	57.98%
<b>Total</b>		<b>748</b>		

- \* Total estimated project cost is Rs. 8,550 million
- \* Total capital deployed/capital expenditure already incurred (i.e. CWIP + Security Deposit for leased assets under-development + Land Capitalised + Capital advances – Capital creditors) as on 31<sup>st</sup> October, 2019 is Rs. 2,910 million
- \* Balance investment of Rs. 5,640 million will be deployed over the next 2 years in a phased manner, the majority of which will be through internal accruals

**Notes:** 1) Expansion in existing hotel.

2) LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. which is purely procedural. On revert of approvals, this will increase the hotel's inventory by 92 rooms to 669

# Expansion Plans – Pipeline of Management Contracts (as of 1<sup>st</sup> November , 2019)

Management Contracts Pipeline	Rooms	Expected Opening date	Tenure (years)
Red Fox Hotel, Vijaywada	90	Dec-19	10
Lemon Tree Premier, Rishikesh	66	Jan-20	12
Lemon Tree Hotel, Dubai	114	Jan-20	10
Lemon Tree Hotel, Thimpu	27	Jan-20	12
Lemon Tree Premier, Dwarka	108	Jan-20	12
Lemon Tree Hotel, BKC, Mumbai	70	Mar-20	15
Lemon Tree Premier, Coorg	63	Mar-20	15
Lemon Tree Hotel, Jhansi	60	Apr-20	12
Lemon Tree Premier, Bhubaneshwar	76	Apr-20	10
Lemon Tree Hotel, Gulmarg	35	Apr-20	10
Lemon Tree Resort, Mussoorie	40	May-20	15
Red Fox Hotel, Neelkanth	80	Jun-20	12
Lemon Tree Hotel, Ranthambore	60	Aug-20	10
Lemon Tree Hotel, Sonamarg	40	Sep-20	10
Lemon Tree Hotel, Gwalior	104	Sep-20	10
Lemon Tree Hotel, Aligarh	68	Sep-20	12
Serviced Suites, Manesar	260	Sep-20	10
Lemon Tree Hotel, Bokaro	70	Sep-20	10
Lemon Tree Premier, Vijaywada	120	Sep-20	12
Lemon Tree Resort, Thimpu	38	Oct-20	10
Lemon Tree Hotel, Rishikesh	102	Nov-20	15
Lemon Tree Hotel, Ludhiana	60	Dec-20	10
Lemon Tree Premier, Dindya	50	Jan-21	10
Lemon Tree Hotel, Kathmandu	75	Apr-21	10
Lemon Tree Hotel, Trivandrum	100	Sep-21	10
Lemon Tree Hotel, Durgapur	80	Jan-22	10
<b>Total Pipeline</b>	<b>2,056</b>		



Lemon Tree Amarante Beach, Goa



Lemon Tree Premier, Corbett

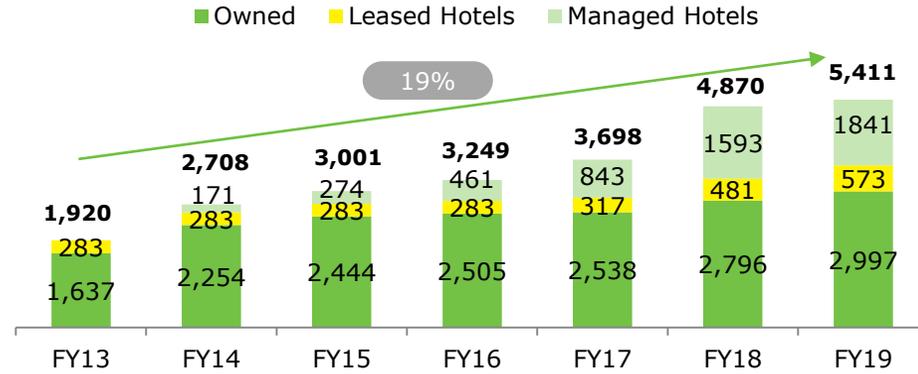


Lemon Tree Premier, Hyderabad

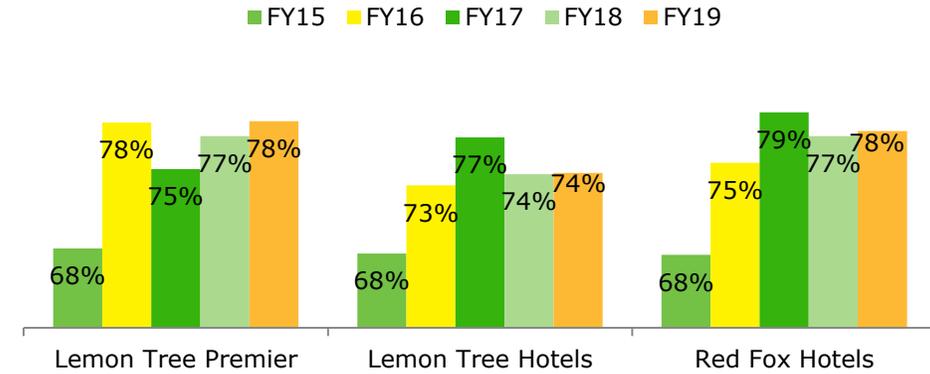
## Strong Operating and Financial Performance

# Strong operating performance

## Rooms are being added...

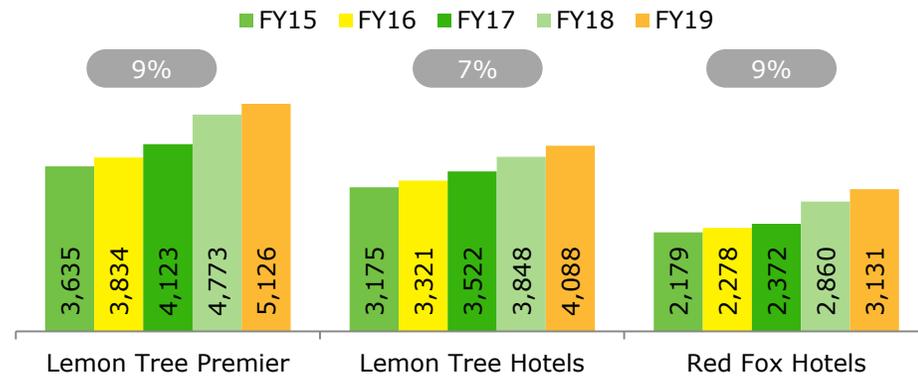


## ...and occupancy levels increasing...

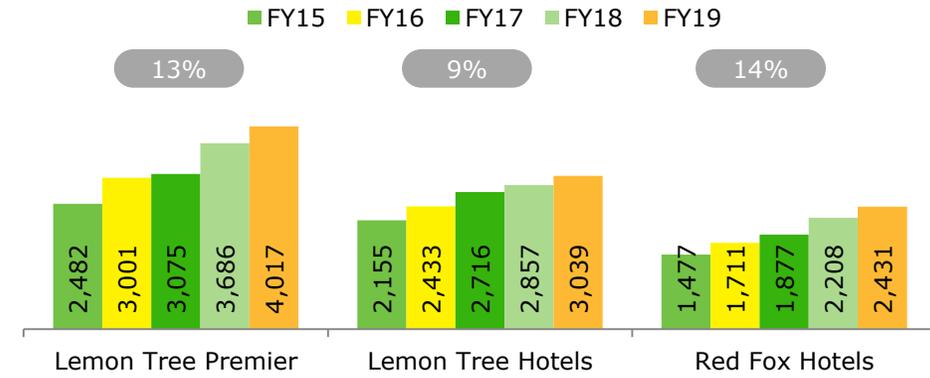


Note: Drop in occupancy levels is on account of new owned/leased supply addition by Lemon Tree in FY18

## ...coupled with increasing ADR...



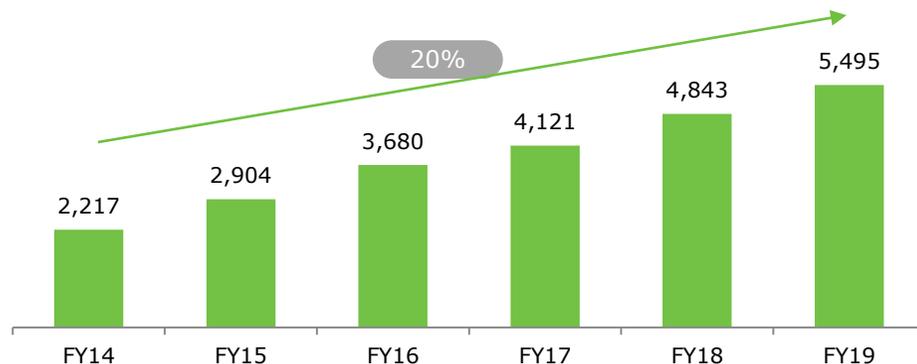
## ...leading to a RevPAR growth



# Strong Growth and improving margins

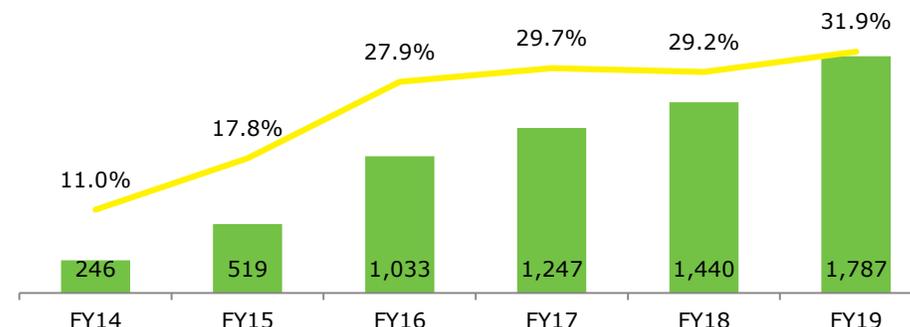
Revenue has increased at CAGR of 20% over the last 5 years...

Revenue from operations (Rs. million)



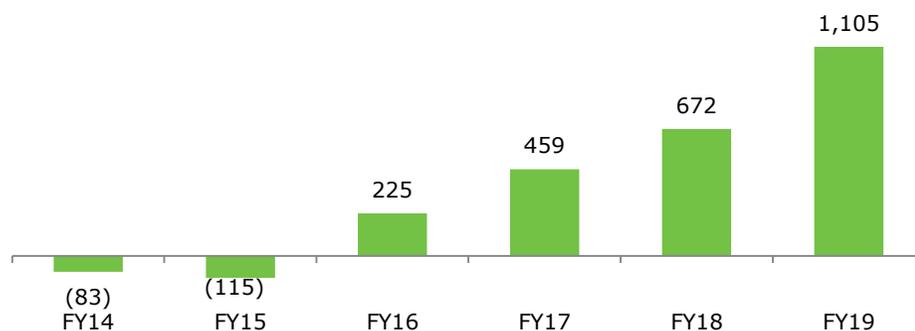
...coupled with increasing EBITDA margins

EBITDA & EBITDA margins



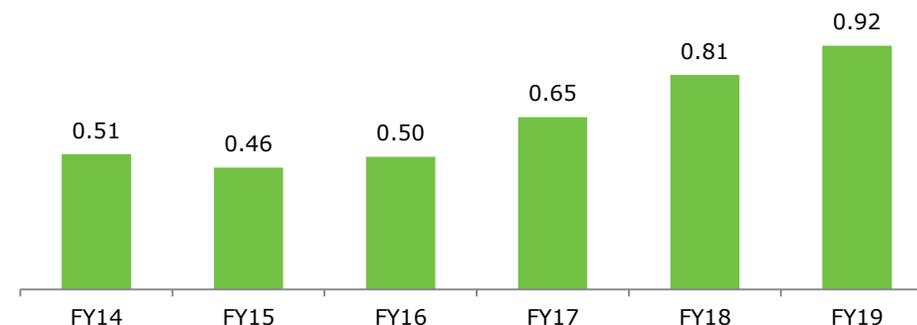
Increasing cash profit growth

Cash Profit (PAT + Depreciation) (Rs. million)



Gearing low

Debt/Equity



Note: FY14, FY15 and FY16 figures are from Lemon Tree Prospectus. FY17, FY18 and FY19 figures are from audited balance sheet

# Operational Performance by Ageing – FY19 vs. FY18

Parameters	Financial year	Adult Hotels (Stable - older than 3 years)	Toddler Hotels (Stabilizing - between 1-3 years old)	Infant Hotels (New - less than 1 year old)	Under-development hotels
Hotels <sup>1</sup>	FY19	21	7	2	5
	FY18	21	3	4	
Operating Rooms (year-end)	FY19	2,727	551	292	1,240
	FY18	2,727	128	422	
Occupancy Rate (%)	FY19	79.2%	69.9%	36.3%	Deep demand markets (high occupancies)
	FY18	77.6%	61.5%	66.0%	
Average Daily Rate (Rs.)	FY19	4,197	4,082	4,200	1.5x of Adult Hotels in that year*
	FY18	3,900	5,274	3,422	
Hotel level EBITDAR <sup>2</sup> /room (Rs. million)	FY19	0.72	0.49	0.11	High*
	FY18	0.67	0.49	0.15	
Hotel level EBITDAR <sup>2</sup> Margin (%)	FY19	44%	33%	40%	High*
	FY18	44%	36%	15%	
Hotel level ROCE* <sup>3</sup> (%)	FY19	13%	4%	1%	1.5x of Adult Hotels in that year*
	FY18	12%	6%	(1%)	

## Notes:

1) During the year FY19 4 infant hotels transitioned to toddler category, why 2 new hotels entered into the infant category. No toddler hotel transitioned into Adult category.

2) Hotel level EBITDAR measures hotel-level results before lease rentals, debt service, depreciation and corporate expenses of the owned/leased hotels, and is a key measure of company's profitability

3) Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels

\* Post stabilization.

# Progression of 4 latest Adult Hotels from Infant to Toddler to Adult

	Date of Opening	FY15	FY16	FY17	FY18	FY19	CAGR
<b>LTP Aerocity Delhi</b>	Dec-FY14	Infant	Toddler	Toddler	Adult	Adult	
Inventory		<b>145</b>	280	280	280	280	
Occupancy		84.2%	82.0%	75.7%	82.8%	85.5%	
ARR		3,114	3,612	3,876	4,405	5,626	15.9%
RevPAR		2,622	2,963	2,932	3,647	4,809	16.4%
EBITDA/Room		2.4	6.7	7.6	10.1	11.5	48.6%
EBITDA Margin		13.5%	40.8%	41.8%	47.3%	47.5%	
<b>RFH Aerocity Delhi</b>	Dec-FY14	Infant	Toddler	Toddler	Adult	Adult	
Inventory		<b>197</b>	207	207	207	207	
Occupancy		73.5%	87.4%	81.3%	86.0%	88.9%	
ARR		2,183	2,250	2,418	3,137	4,082	16.9%
RevPAR		1,604	1,966	1,966	2,697	3,629	22.6%
EBITDA/Room		2.4	3.2	3.8	6.1	7.4	32.2%
EBITDA Margin		28.6%	33.0%	37.6%	46.1%	47.3%	

	Date of Opening	FY15	FY16	FY17	FY18	FY19	CAGR
<b>LTH Whitefield Bangalore</b>	Jul-FY14	Infant	Toddler	Toddler	Adult	Adult	
Inventory		130	130	130	130	130	
Occupancy		47.5%	70.6%	79.8%	76.9%	82.7%	
ARR		2,681	2,745	3,065	3,393	3,981	10.4%
RevPAR		1,274	1,938	2,445	2,610	3,293	26.8%
EBITDA/Room		1.6	4.3	5.9	5.7	6.9	43.9%
EBITDA Margin		22.2%	41.0%	47.0%	43.9%	46.4%	
<b>LTH Gachibowli Hyderabad</b>	Nov-FY15	Infant	Toddler	Toddler	Adult		
Inventory		190	190	190	190		
Occupancy		61.6%	75.9%	73.9%	82.9%		
ARR		2,864	2,913	3,128	3,828		10.2%
RevPAR		1,764	2,212	2,311	3,175		21.6%
EBITDA/Room		4.4	6.0	6.0	7.6		19.8%
EBITDA Margin		46.2%	50.2%	48.1%	50.3%		

**RevPAR (not ARR or Occupancy) is the Key Metric**

# Aggregate Progression of 4 latest Adult Hotels from Infant to Toddler to Adult

	FY15	FY16	FY17	FY18	FY19	CAGR
<b>Aggregate</b>	Infant	Toddler	Toddler	Adult	Adult	
Inventory	472	807	807	807	807	
Occupancy	69.6%	76.7%	77.8%	80.6%	85.3%	
ARR	2,622	2,945	3,130	3,627	4,545	14.7%
RevPAR	1,826	2,260	2,436	2,922	3,877	20.7%
EBITDA/Room	2.2	4.9	6.0	7.4	8.8	41.8%
EBITDA Margin	20.0%	40.3%	43.5%	46.7%	47.8%	
LTH Focus	Occ.	Occ.	Occ.	ARR	RevPAR	

Once fully stabilized, RevPAR drives operating leverage

## FY19 Actuals EBITDAR/Room

<b>FY19 Actuals</b>	<b>Inventory</b>	<b>EBITDAR/Room in INR L</b>
Lemon Tree Premier (Adult)	957	10.2
Lemon Tree Hotels (Adult)	1,340	6.1
Red Fox Hotels (Adult)	605	5.8
New Owned Hotels	668	2.3
Managed Hotels (Fees)	1,739	0.7

## Operating Expenses per Room per day for Adult Hotels

Brands/Hotels	Rooms	FY 15	FY 16	FY 17	FY 18	FY 19	CAGR (%)
<b>Lemon Tree Hotel Group</b>	<b>2,727</b>	1,827	1,955	1,981	2,096	2,266	5.5%
<b>Lemon Tree Premier</b>	<b>816</b>	2,026	2,352	2,327	2,460	2,690	7.3%
<b>Lemon Tree Hotel</b>	<b>1,306</b>	2,080	2,012	2,098	2,196	2,338	3.0%
<b>Red Fox Hotels</b>	<b>605</b>	1,184	1,299	1,260	1,386	1,538	6.8%

# Debt Profile

## Typical Debt Terms

Tenure	Interest	Approximate Principal Repayment
First 3 Years	✓	0%
4-7 Years	✓	10-15%
8-11 Years	✓	25-30%
Final 4 Years	✓	55-65%

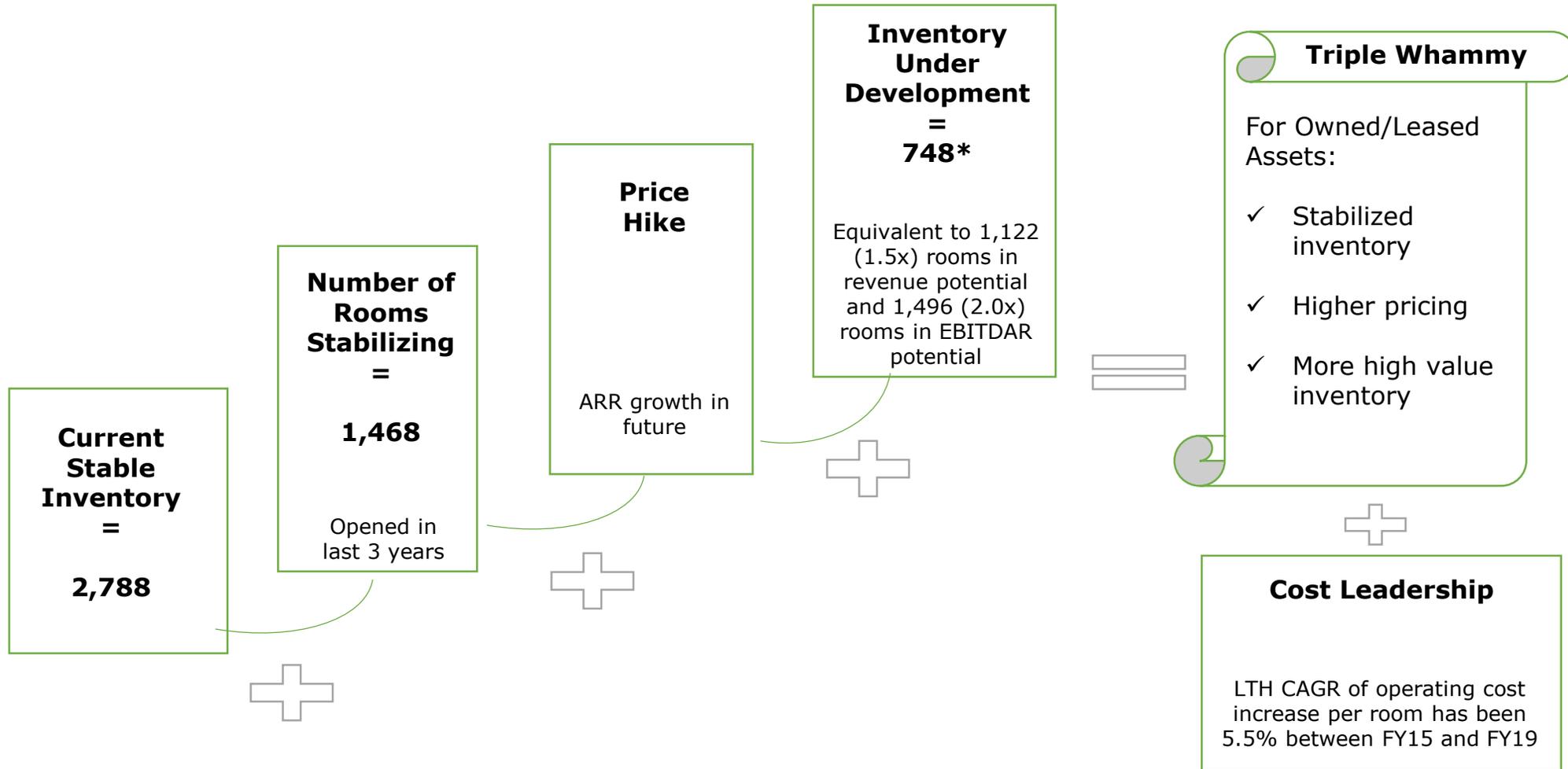
Moratorium

Ballooned Repayment

## Debt Profile End of Q2 FY20

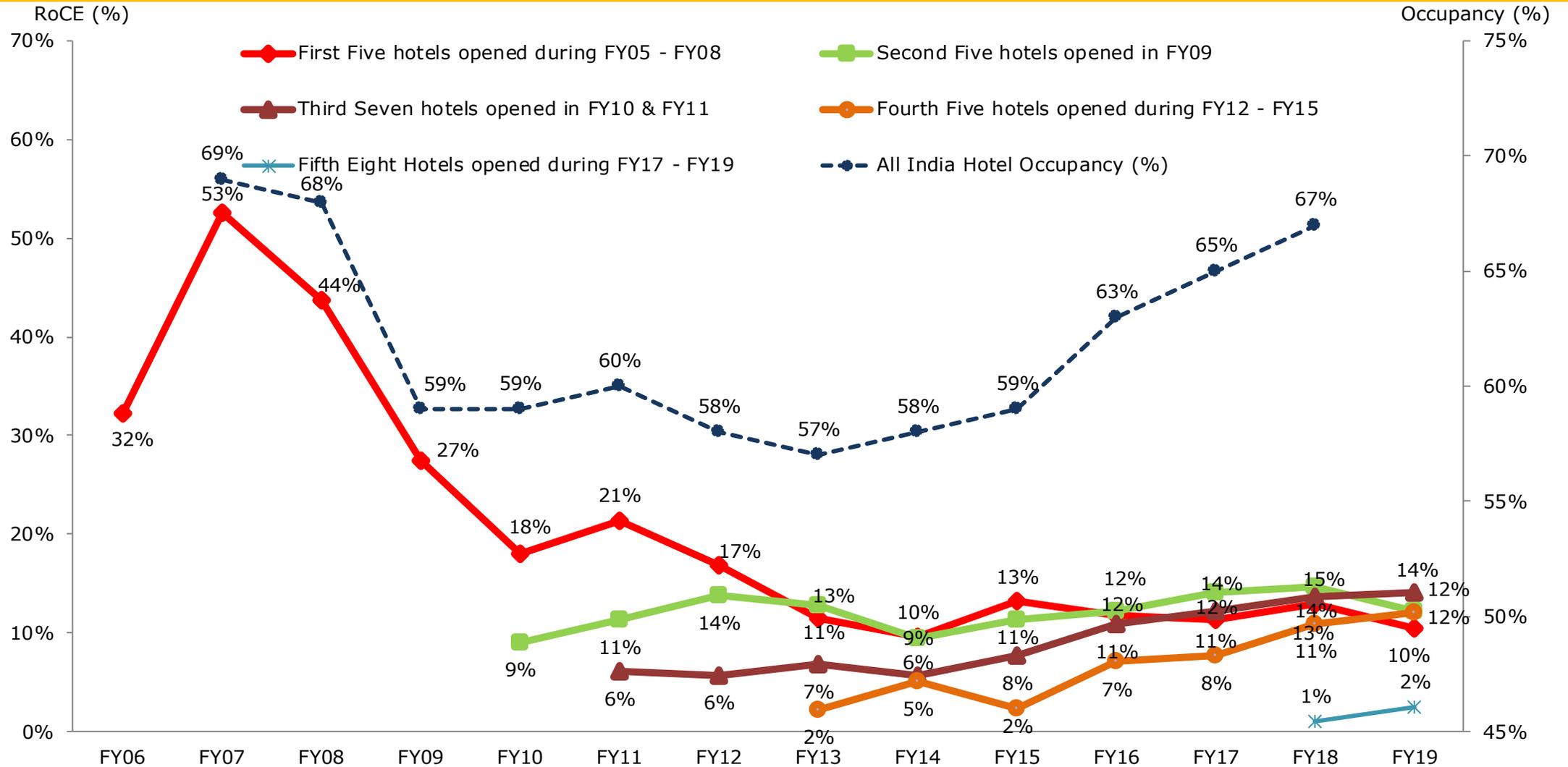
In INR Crs	Adult Hotels	Toddler Hotels	Infant Hotels	Under Construction	Total
Rooms	2788	490	697	1029	5004
% of Total	55.7%	9.8%	13.9%	20.6%	
Debt	742	105	303	185	1335
% of Total	55.6%	7.9%	22.7%	13.9%	

# Key levers to drive better results



\* LTH is in the process of applying to convert some commercial spaces in Aurika Mumbai International Airport hotel to rooms. This will increase the hotel's inventory by 92 rooms to 669.

# Lemon Tree Hotels RoCE : Hotel Buckets by opening



**Notes:**

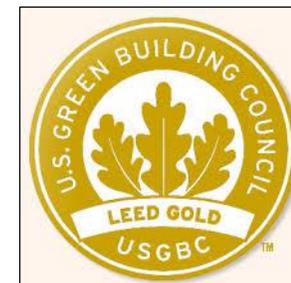
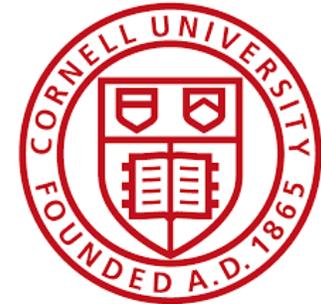
1. Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels
2. Hotel RoCE is based on first full year of operation

Source : Industry occupancy is taken from Horwath HTL report.

# Recognition and awards through the years



- ❖ Ranked 4th in India and the only hotel chain in the top 10 Best Companies to Work for in India in 2017 by the Great Place to Work institute
- ❖ Ranked 12th in Asia's Best Large Workplaces and the only Indian company in the top 15 in 2018 by the Great Place to Work institute
- ❖ National Award for Empowerment of Persons with Disabilities – 2011, 2012 and 2016
- ❖ Received the 5<sup>th</sup> IGBC Green Champion award under the category "Organization Leading the Green Building Movement in India (Commercial)"



# Committed to Employees, Environment and Community with socially inclusive work ethos

## A. We provide employment and livelihood with dignity to 'Opportunity Deprived Indians' (ODI)

This initiative was started in 2007 and as of Sep 30, 2018, Lemon Tree has employed a total of around 860\* Opportunity Deprived Indians, or about one fifth of its workforce.

Lemon Tree believes that the brand should stand for more than 'just profit'. The company has focused its efforts on creating a socially inclusive work environment which seeks to bring in people of different backgrounds, abilities and ethnicities and offer them work as a unified team with a common goal.

The company's guiding principle has been that Opportunity Deprived Indians (including physical, intellectual, social or economic disabilities) must be provided the same opportunities as others to realize their full potential and live with dignity.

### Employees With Disabilities (EWDs)

Speech and Hearing Impaired

Down Syndrome

Orthopedic Challenged

Autism

Low Vision

Acid Survivor

### Employees with Economic, Educational or Social Impairment

Low Literacy

Below Poverty Line

Widows/ Divorcees/ Abandoned/ Battered

Socially Backward



\* Includes all hotels: owned, leased and managed.

Video Links:

- 1) CNBC TV18 digital story: <https://www.youtube.com/watch?v=mAB0yazRFxU&t=67s>
- 2) Lemon Tree Initiative: <https://www.youtube.com/watch?v=f4Z3qcm8EgY&t=19s>

# Committed to Employees, Environment and Community with socially inclusive work ethos (contd.)

## **B. Tribal Art**

Lemon Tree Hotel is among the largest buyers, nationally, of tribal art from Bastar, Madhya Pradesh. This comprises primarily of bronze age bell metal sculptures and enables the company to financially support tribal craftsmen from this region by showcasing their art extensively across all of its hotels.

## **C. Giving Back To Society**

Lemon Tree Hotel supports and partners with the following NGOs and societies:

**Goonj:** provides clothes and utensils to the impoverished.

**Suniye:** runs a school for Speech and Hearing Impaired children from economically weaker sections of society. provides extensive life skills support to these children.

**Akshaya Patra:** focus is to eliminate hunger in the city. It regularly provides a free meal to approximately 2000 destitute people in Delhi, across the city.

**Muskaan:** provides comprehensive education, vocational training and work opportunities to young people who are intellectually challenged.

**Ramanujan Society:** donates gifts to students for successfully clearing the IIT entrance exam.

## **D. Art Objects Through People For Animals**

Lemon Tree supports People For Animals (PFA) by buying art sourced by PFA, which in turn is showcased across the company's hotels. The money paid to PFA goes to support the welfare and care of animals across India.

## **E. K9 Policy/Pooch Policy**

Lemon Tree Hotel adopts a stray dog at each of its hotels across India. We name the dog, inoculate it and feed it well. Based on the personality of the dog, he/she is assigned a 'fun' role in the hotel and this brings joy to employees and guests alike.

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# Under Development Hotels

# Lemon Tree Mountain Resort – Shimla | Image Representation



Note: Hotel is expected to have 69 rooms and expected month of opening is April-2021

# Lemon Tree Mountain Resort – Shimla | Image Representation



Note: Hotel is expected to have 69 rooms and expected month of opening is April-2021

# Lemon Tree Mountain Resort – Shimla



# Lemon Tree Mountain Resort – Shimla



# Aurika, Mumbai Airport (MIAL) | Image Representation



# Aurika, Mumbai Airport (MIAL)



Note: Currently, hotel is expected to have 577 rooms. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 92 rooms to 669. Expected month of opening is Nov-2021.

# Aurika, Mumbai Airport (MIAL)



Note: Currently, hotel is expected to have 577 rooms. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 92 rooms to 669. Expected month of opening is Nov-2021.



Lemon Tree Amarante Beach, Goa



Lemon Tree Premier, Corbett



Lemon Tree Premier, Hyderabad

# Appendix



Lemon Tree Hotel, Coimbatore



Lemon Tree Premier, City Center, Gurgaon

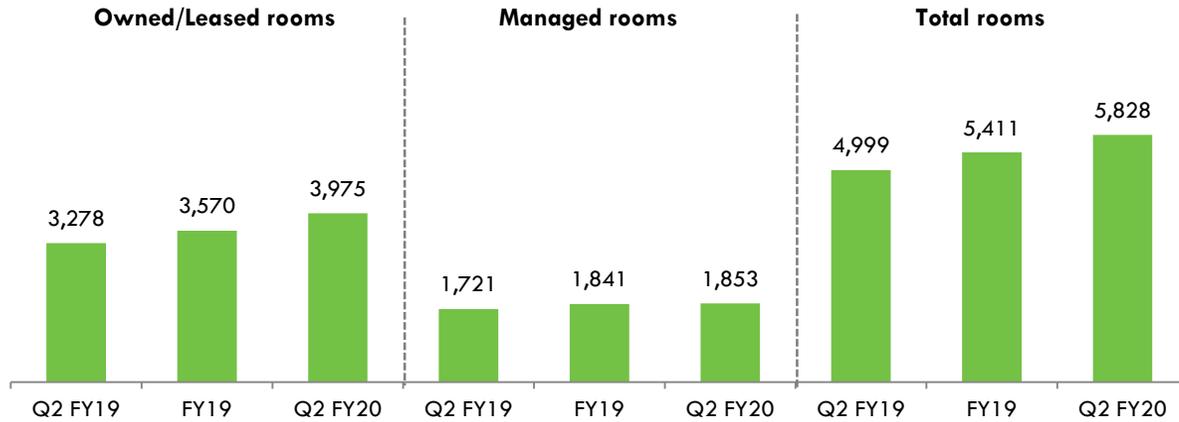


Lemon Tree Vembanad Lake, Alleppey, Kerala

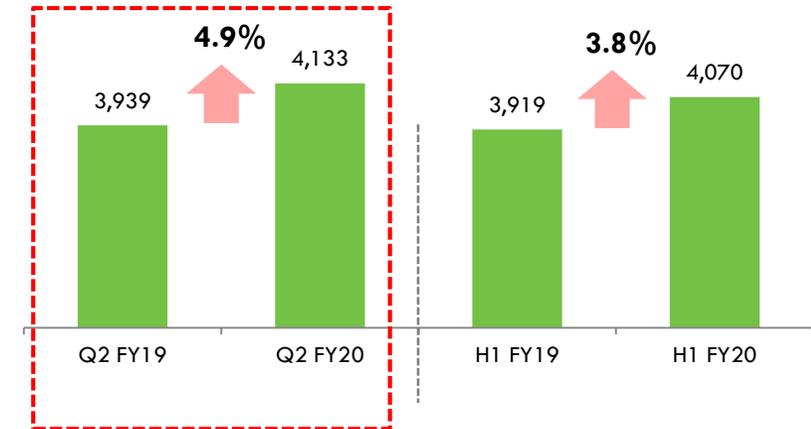
## Latest Performance – Q2 FY20

# Performance Highlights – Operational Metrics (Consolidated)

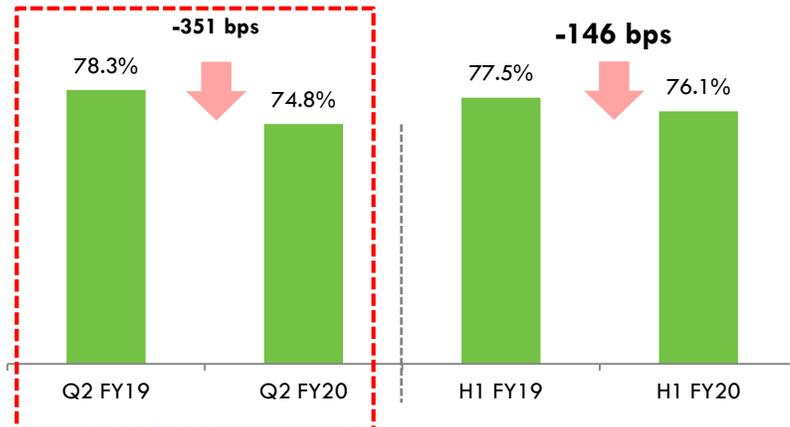
## Operational Inventory



## Average Daily Rate (Rs.)



## Occupancy (%)



## RevPAR (Rs.)

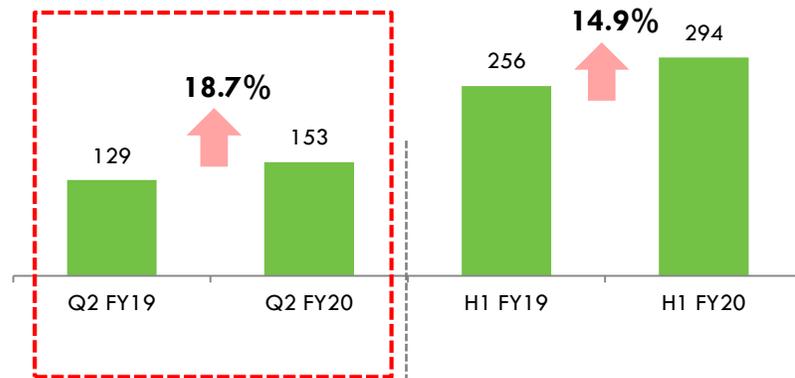


Note:

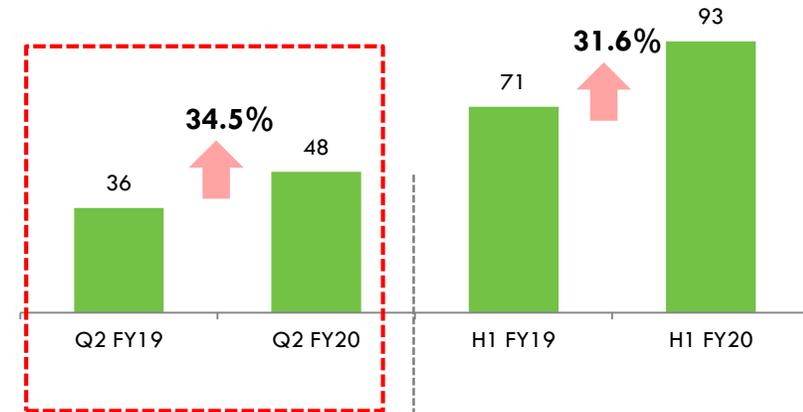
1. ADR, Occupancy and RevPAR are for our owned and leased hotels only.
2. The results of this quarter and H1 are not indicative of full year's performance due to seasonal nature of the business.

# Performance Highlights – Financial Metrics (Consolidated)

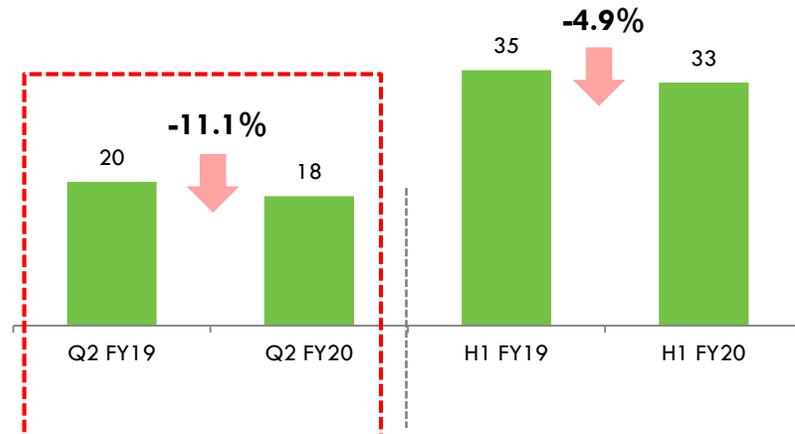
Revenue from Operation (Rs. Crores)



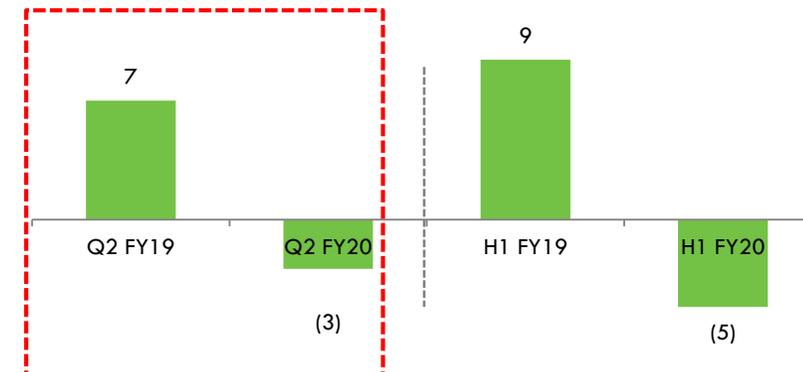
EBITDA (Rs. Crores)



Cash profit (Rs. Crores)



PAT (Rs. Crores)



Note: The results of this quarter and H1 are not indicative of full year's performance due to seasonal nature of the business.

# Profit & Loss Statement (Consolidated)

Rs. Cr	Q2 FY19	Q2 FY20 Before IndAS 116 Impact	YoY Change (%)	Q2 FY20 After IndAS 116 Impact	YoY Change (%)	FY19
<b>Revenue from operations</b>	<b>128.7</b>	<b>152.8</b>	<b>18.7%</b>	<b>152.8</b>	<b>18.7%</b>	<b>549.5</b>
Cost of F&B consumed	11.9	13.2	11.7%	13.2	11.7%	49.8
Employee benefit expenses	29.6	36.6	23.9%	36.6	23.9%	120.5
Other expenses	51.2	62.5	21.9%	54.4	6.2%	210.4
<b>Total expenses</b>	<b>92.7</b>	<b>112.3</b>	<b>21.2%</b>	<b>104.3</b>	<b>12.6%</b>	<b>380.7</b>
<b>EBITDA</b>	<b>36.0</b>	<b>40.4</b>	<b>12.2%</b>	<b>48.4</b>	<b>34.5%</b>	<b>168.8</b>
<b>EBITDA margin (%)</b>	<b>28.0%</b>	<b>26.5%</b>	<b>(53)Bps</b>	<b>31.7%</b>	<b>372 bps</b>	<b>31.9%</b>
Other income	5.4	0.9	-82.7%	0.9	-82.7%	9.9
Finance costs	19.8	26.3	32.8%	35.3	78.4%	84.7
Depreciation & amortization	13.2	16.1	22.2%	19.6	48.2%	54.1
<b>PBT</b>	<b>9.4</b>	<b>1.5</b>	<b>-84.3%</b>	<b>(3.0)</b>	<b>-131.5%</b>	<b>45.3</b>
Tax expense	2.8	1.4	-51.1%	0.1	-98.0%	(111)
<b>PAT</b>	<b>6.5</b>	<b>0.1</b>	<b>-98.7%</b>	<b>(3.0)</b>	<b>-146.1%</b>	<b>56.4</b>
<b>Cash Profit</b>	<b>19.7</b>	<b>16.2</b>	<b>-17.9%</b>	<b>17.5</b>	<b>-11.1%</b>	<b>110.5</b>

# Profit & Loss Statement (Consolidated)

Rs. Cr	H1 FY19	H1 FY20 Before IndAS 116 Impact	YoY Change (%)	H1 FY20 After IndAS 116 Impact	YoY Change (%)	FY19
<b>Revenue from operations</b>	<b>255.6</b>	<b>293.7</b>	<b>14.9%</b>	<b>293.7</b>	<b>14.9%</b>	<b>549.5</b>
Cost of F&B consumed	23.8	25.6	7.7%	25.6	7.7%	49.8
Employee benefit expenses	58.7	70.4	19.8%	70.4	19.8%	120.5
Other expenses	102.3	120.1	17.4%	104.5	2.2%	210.4
<b>Total expenses</b>	<b>184.8</b>	<b>216.0</b>	<b>16.9%</b>	<b>200.5</b>	<b>8.5%</b>	<b>380.7</b>
<b>EBITDA</b>	<b>70.8</b>	<b>77.6</b>	<b>9.6%</b>	<b>93.2</b>	<b>31.6%</b>	<b>168.8</b>
<b>EBITDA margin (%)</b>	<b>27.7%</b>	<b>26.4%</b>	<b>(127) bps</b>	<b>31.7%</b>	<b>402 bps</b>	<b>31.9%</b>
Other income	5.6	2.2	-60.8%	2.2	-60.8%	9.9
Finance costs	39.5	48.9	23.8%	66.2	67.7%	84.7
Depreciation & amortization	26.3	30.1	14.5%	36.7	39.6%	54.1
<b>PBT</b>	<b>13.7</b>	<b>4.0</b>	<b>-70.5%</b>	<b>(4.4)</b>	<b>-131.9%</b>	<b>45.3</b>
Tax expense	4.9	3.0	-38.2%	0.8	-84.3%	(111)
<b>PAT</b>	<b>8.8</b>	<b>1.0</b>	<b>-88.4%</b>	<b>(5.1)</b>	<b>-158.2%</b>	<b>56.4</b>
<b>Cash Profit</b>	<b>35.1</b>	<b>31.2</b>	<b>-11.2%</b>	<b>33.4</b>	<b>-4.9%</b>	<b>110.5</b>

# Balance Sheet Snapshot (Consolidated)

Rs. Cr	H1 FY19	H1 FY20	FY18	FY19
Shareholder's Funds	827.1	824.7	814.8	875.0
Non-controlling interests	429.4	430.9	428.6	432.2
<b>Total Shareholder's equity</b>	<b>1,256.5</b>	<b>1,255.6</b>	<b>1,243.5</b>	<b>1,307.2</b>
Total Debt	1,107.3	1,334.9	1,011.0	1,204.2
Other Non-current liabilities	38.5	381.4	34.4	38.0
Other Current liabilities	158.3	258.5	169.3	222.4
<b>Total Equity &amp; Liabilities</b>	<b>2,560.6</b>	<b>3,230.4</b>	<b>2,458.2</b>	<b>2,771.8</b>
Non-current assets	2,412.9	2,979.4	2,320.0	2,575.3
Current assets	147.7	251.0	138.2	196.6
<b>Total Assets</b>	<b>2,560.6</b>	<b>3,230.4</b>	<b>2,458.2</b>	<b>2,771.8</b>
<b>Debt to Equity (x)</b>	<b>0.88</b>	<b>1.06</b>	<b>0.81</b>	<b>0.92</b>
<b>Average cost of borrowing (%)</b>	<b>9.20%</b>	<b>9.62%</b>	<b>9.53%</b>	<b>9.40%</b>

# Discussion on Consolidated Financial & Operational Performance – Q2 FY20

## Operational Rooms & Pipeline

- \* As of 1<sup>st</sup> November 2019, operational portfolio comprised of 77 hotels and 7,786 rooms : 3,646 owned, 1,546 leased and 2,594 managed rooms; Pipeline includes of 656 owned/leased and 2,056 managed rooms
- \* Propose to add another 538 rooms to the operational inventory by the end of Q4 FY20
- \* Plan to operate 84 hotels with 8,324 rooms across 51 cities by end of Q4 FY20
- \* Plan to operate 96 hotels with 9,348 rooms across 59 cities by CY21

## Revenue

- \* Revenue from operations stood at Rs. 152.8 Cr in Q2 FY20, up 18.7% as compared to Rs. 128.7 Cr in Q2 FY19. On old hotels basis, there was decrease in F&B and Other revenue. Around 17.2% increase was on account of new inventory addition.
- \* ADR increased by 4.9% from 3,939 in Q2 FY19 to 4,133 in Q2 FY20. On old hotels basis, ARR increased by 2.9% to 4,052 in Q2 FY20. For new hotels, ARR was 4,644 (14.6% higher than old hotels)
- \* Occupancy decreased by 351 bps from 78.3% in Q2 FY19 to 74.8% in Q2 FY20. On same hotels basis it was flat at 78.2%. For new hotels, occupancy was 58.8% (19.4% lower than old hotels)
- \* Fees from managed hotels stood at Rs. 4.7 Cr (3.1% of revenue from operations) in Q2 FY20 as compared to Rs. 3.0 Cr in Q2 FY19 (2.3% of the revenue from operations)

## Cost

- \* Total expenses stood at Rs. 104.3 Cr in Q2 FY20 as per the new AS 116 accounting, up 12.6% as compared to Rs 92.7 Cr in Q2 FY19. As per old accounting the expenses grew by 21.2% in Q1 FY20. Around 16.3% increase was on account of new inventory addition.

## Operating Margins

- \* EBITDA without other Income, as per the new AS 116 accounting, increased by 34.5% from Rs. 36.0 Cr in Q2 FY19 to Rs. 48.4 Cr in Q2 FY20
- \* EBITDA margins without other Income as per new AS 116 accounting, expanded by 372 bps from 28.0% in Q2 FY19 to 31.7% in Q2 FY20

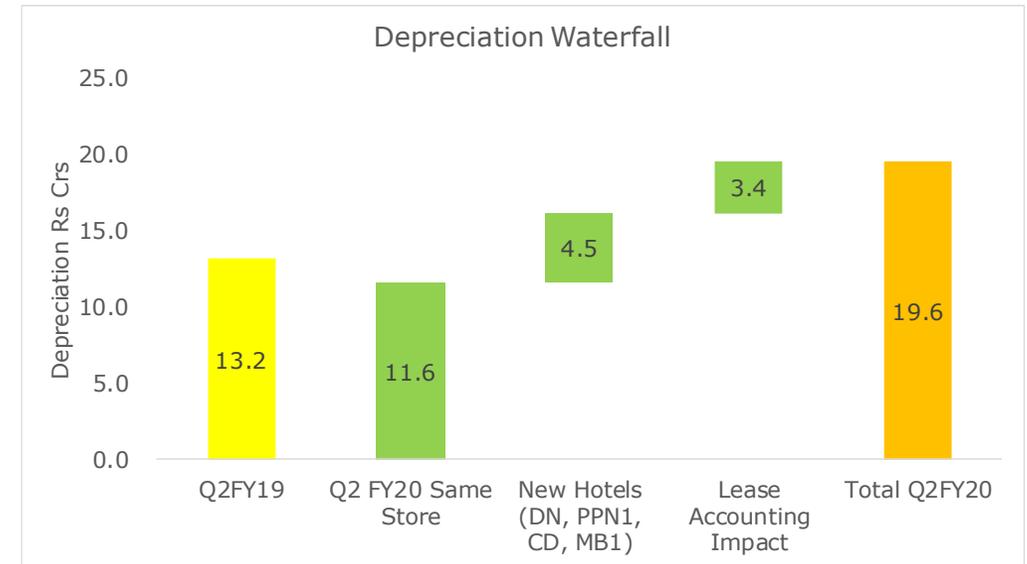
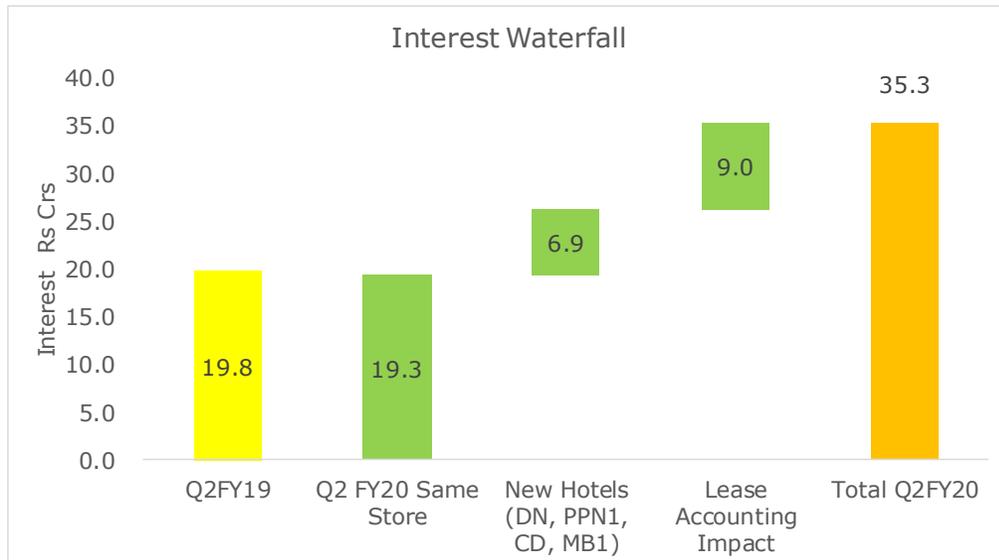
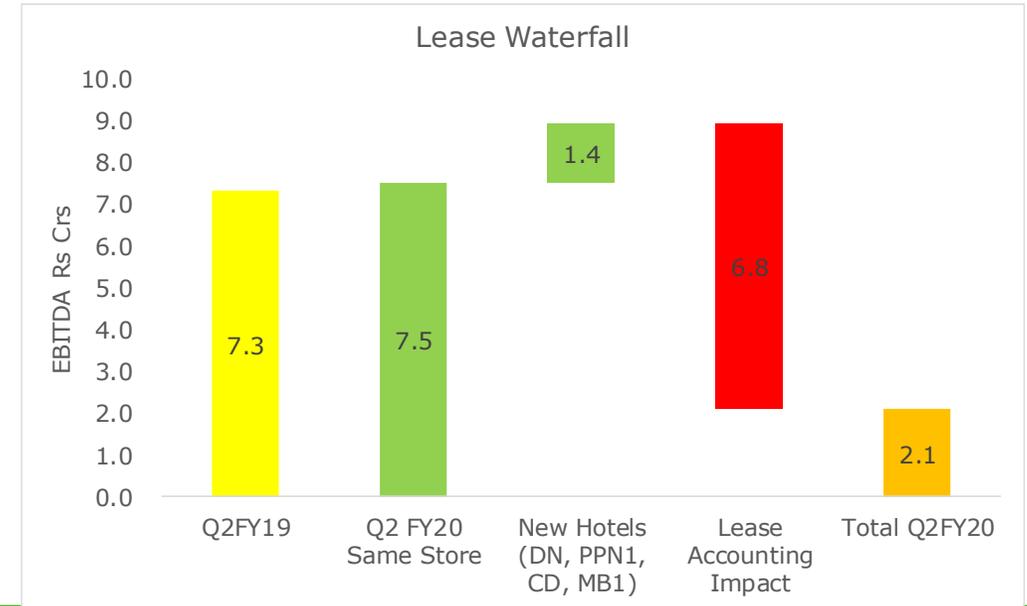
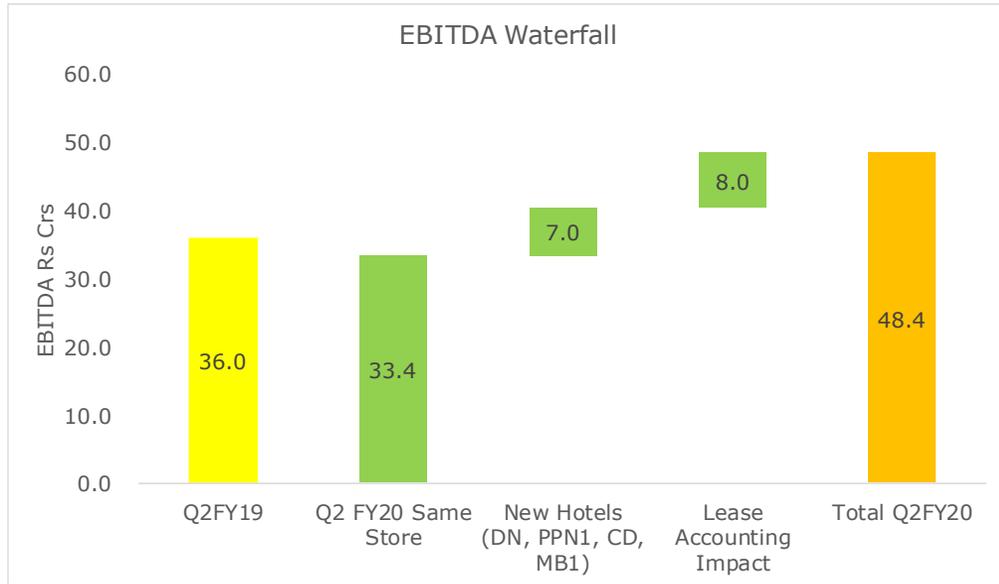
## Profit after tax

- \* Profit after tax, as per the AS 116 accounting, stood at Rs (3.0) Cr in Q2 FY20 as compared to Rs 6.5 Cr in Q2 FY19. As per old accounting the Profit after tax stood at Rs 0.1 Cr.
- \* Cash Profit for Q2 FY20 stood at Rs 17.5 Cr, 11.1% lower than Rs 19.7 Cr in Q2 FY19

# Impact of Ind AS 116 on Consolidated Q2FY20 Results

Profit and Loss Statement Impact (In Rs. Crores)	Before Ind AS 116	Ind AS 116 Impact	After Ind AS 116
Lease Rent	8.9	(6.8)	2.1
Other Expenses	37.5	(1.2)	36.3
<b>EBITDA</b>	<b>40.4</b>	<b>8.0</b>	<b>48.4</b>
Interest Expense	26.3	9.0	35.3
Depreciation	16.1	3.4	19.6
<b>Profit Before Tax</b>	<b>1.5</b>	<b>(4.4)</b>	<b>(3.0)</b>
Tax	1.4	(1.3)	0.1
<b>Profit After Tax</b>	<b>0.1</b>	<b>(3.1)</b>	<b>(3.0)</b>
Cash Profit	16.2	1.3	17.5

# Impact of Ind AS 116 on LHTL Q2FY20 Results as Waterfall



# Operational Performance by Brands & Region – Q2FY20 vs. Q2FY19

## Q2 FY20 vs. Q2 FY19

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin		
	Q2 FY19	Q2 FY20	Change (bps)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (bps)
By Brand												
Lemon Tree Premier	84.8%	86.5%	166	4,833	4,921	1.8%	2.6	2.3	(8.9%)	47.3%	44.7%	(264)
Lemon Tree Hotels	73.2%	72.7%	(43)	3,835	3,948	3.0%	1.1	1.2	10.5%	31.6%	34.5%	293
Red Fox Hotels	80.4%	78.8%	(169)	2,946	3,044	3.3%	1.2	1.1	(13.9%)	45.0%	41.2%	(386)

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin		
	Q2 FY19	Q2 FY20	Change (bps)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (bps)
By Region												
Delhi	84.5%	86.0%	152	4,296	4,312	0.4%	2.2	1.7	(21.5%)	44.4%	38.6%	(582)
Gurugram	75.1%	77.9%	276	4,004	4,078	1.9%	1.2	1.2	(1.2%)	31.1%	30.9%	(12)
Hyderabad	86.8%	83.7%	(309)	3,817	4,293	12.5%	2.1	2.2	9.0%	49.9%	51.0%	117
Bengaluru	83.6%	80.1%	(356)	4,239	4,370	3.1%	2.0	2.1	5.2%	45.5%	47.5%	201

Note:

- 1) These performance results do not include LTP Mumbai, LTP Pune, RFH Dehradun and RFH Chandigarh
- 2) The results of this quarter and H1 are not indicative of full year's performance due to seasonal nature of the business.

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Thank You