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Lemon Tree plans to list subsidiary to be debt-free

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1 Lemon Tree Hotels, the largest mid-priced hotel sector chain in India, plans to list its subsidiary Fleur Hotels to achieve its goal of becoming a debt-free company in six years.

The management of the hotel chain told investors that 90 per cent of its debt lies in Fleur Hotels. Lemon Tree's consolidated total debt as on March 2024 stood at ₹2,336 crore.

The company has also invested in renovation, digital transformation, expansion of business development and sales teams, and an overall annual payroll increase, which resulted in a lower Ebitda margin on a year-on-year (Y-o-Y) basis. This increased investment will continue into FY26.

"As and when we take Fleur public... naturally our debt will become zero in six years," said Patanjali Govind Keswani, chairman and managing director of Lemon Hotels.

The Keys hotel portfolio's Ebitda margin decreased by about 10 per cent Y-o-Y due to an increase in renovation expenses over Q1FY24, which was a 100 per cent increase.

"With demand growth expected to exceed supply growth in the next few years, accompanied by structural tailwinds that India is currently witnessing, this significant investment in renovation will allow us to better position our hotels going forward to capture superior pricing and positioning, and position Lemon Tree as the brand of choice in the mid-market segment," said Keswani in the earnings call.