November 22, 2024

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 November 18, 2024 w.r.t the audio recording of the conference call on Unaudited Financial Results for the quarter and half year ended September 30, 2024 held on Monday, November 18, 2024 at 4:00 PM IST, please find enclosed herewith the transcript of the conference call with Investors/Analysts.

This is for your information and record.

Thanking You
For Lemon Tree Hotels Limited

Jyoti Verma

Digitally signed by Jyoti Verma
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Jyoti Verma
Group Company Secretary
& Compliance Officer
M. No.: F7210

Encl. as above

Lemon Tree Hotels Limited

Q2 & H1 Earnings Conference Call Transcript
November 18, 2024

Moderator Ladies and gentlemen, good day and welcome to Lemon Tree Hotels Limited Earnings Conference Call.

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

Anoop Poojari Thank you. Good afternoon, everyone and thank you for joining us on Lemon Tree Hotels Q2 and H1 FY25 Earnings Conference Call.

We have with us Mr. Patanjali Keswani, Chairman and Managing Director and Mr. Kapil Sharma, Chief Financial Officer of the Company. We would like to begin the call with the opening remarks from the management following which we will have the forum open for an interactive question and answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation shared with you earlier.

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

Patanjali Keswani Thank you. Good afternoon, everyone and thank you for joining us on the Call.

I will be covering the business highlights and the financial performance for Q2 and H1 FY25 post which we will open the forum for your questions and suggestions.

Due to the high seasonality of the hotel industry, I would request everyone to consider YoY performance rather than QoQ. Lemon Tree recorded its highest ever second quarter revenue this year. At Rs. 284.8 crore our revenue grew 24% as compared to Q2 last year, while net EBITDA grew 25% YoY, translating to a net EBITDA margin of 46.1%, which increased by 53 bps YoY. Q2 FY25 recorded a gross ARR of Rs. 5,902, which increased 12% YoY. The occupancy for the quarter stood at 68.4%, which decreased by 328 bps YoY. This is translated into a RevPAR of Rs. 4,035 which increased by 7% YoY.

In Q2 FY25, if we exclude the increase in renovation expenses of Rs. 8 crores beyond that spent last year. In Q2 our net EBITDA margin would be around 49%, 340 bps increase YoY with demand growth expected to exceed supply growth in the next few years accompanied by the structural tailwinds in discretionary consumption of branded hotel rooms that India is now starting to witness. Our increased investment and renovation will allow us to better position our hotels going forward to capture better pricing and position Lemon Tree as the preferred brand of choice in the mid-market segment.

Fees from managed and franchise contracts for third-party-owned hotels stood at Rs. 13.4 crore in Q2 FY25, which increased 28% YoY. Fees from Fleur Hotels stood at Rs. 18.4 crore in Q2, which increased 35% YoY. Total management fees for Lemon Tree stood at Rs. 31.8 crore in Q2 FY25 which increased 32% YoY. Our debt decreased by Rs. 90 crores from Rs. 1,912 crores as of 30th September 2023 to Rs. 1,822.6 crore as of 30th September 2024. Cash profit for the Company stood at Rs. 69.8 crore in Q2 FY25 which increased 43% YoY.

During the quarter, we signed 19 new management and franchise contracts which added 1,373 new rooms to our pipeline and operationalized 5 hotels which added 193 rooms to our portfolio. As of 30th September 2024, the inventory for the group stands at 112 operational hotels with 10,318 rooms and a pipeline of 75 hotels with 5,220 rooms.

Going forward, we are very confident of the Company's ability to sustain this growth in the coming quarter by focusing on the following growth levers, stabilization of Aurika MIAL, which is already EBITDA accretive, accelerated growth in our management and franchise portfolio with proportionate increase in fee-based income, timely completion of renovation activities in the owned portfolio to be able to further improve gross ARRs and occupancy. Please note that the increased investment allocation and renovation expenses will continue into FY26 until the entire portfolio of all owned hotels have been fully renovated and refreshed. Post this, renovation expenses are expected to be between 1.5% - 1.6% of revenue on an ongoing basis.

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.

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

Archana Gude I have 3 questions, first one is on the ARR, while we had this 12% increase in ARR, which is pretty impressive, this occupancy declines of 328 bps to 68%, I am sure this is because of renovation of property. My second question is on this Aurika Mumbai, what kind of growth you have seen on occupancy and ARR on both sequential and YoY basis?

Patanjali Keswani You have to keep in mind that one of the reasons that the occupancy was low, of course, as you said was that about 9% of our inventory was shut in Q2, about 530 rooms. Some hotels which could have gone full obviously were unable to sell those rooms. Second is, Aurika itself did about a little over 50% at a little over Rs. 9,000 ARR. As a result, because it is about 15% of inventory, the weighted average occupancy was deflated by I think about 3%.

Archana Gude And sir, this you said on YoY?

Patanjali Keswani I am talking about Q2.

Archana Gude Q2, last year Q2?

Patanjali Keswani No, I am talking Q2 this year. Last year Q2, there was no Aurika.

Archana Gude And sir, sequential, has there been some improvement in terms of corporate contracts for Aurika? And maybe some color on rates for corporate contracts?

Patanjali Keswani Yes, because you will see that from Q3 onwards. Aurika is starting to do very well, actually surprisingly well in Q3.

Archana Gude Sir, how is this wedding season for us in terms of pre-booking for Aurika Udaipur and Bombay?

Patanjali Keswani I think we have booked 21 or 22 weddings this year in Aurika Udaipur, and they are some more under negotiation. 21 or 22 are confirmed. I reckon we close by about 25 weddings. It has been good for Aurika Udaipur.

Archana Gude Sir, may be one book keeping question, sir, you mentioned your opening remarks that we paid roughly Rs. 90 crore debt. Should we consider it as an ongoing phenomenon and the debt reduced by roughly Rs. 400 - Rs. 450 crores on bi-yearly basis?

Patanjali Keswani Yes. See, first is Archana, we are spending a large amount of money in renovation. As I said, in 3 years, we will spend Rs. 250 - Rs. 300 crore instead of what would normally have been say, Rs. 20 crore a year, instead of Rs. 60 - Rs. 70 crore, we will be spending 3.5x that. So, that will anyway get over next year and I think you will start seeing the results from ARR jumps from Q3 onwards. Once that happens, free cash flow will be enormous in Lemon Tree. I think we are sticking to our guidance that in the next 3 - 3.5 years, we should be debt free, but if we list Fleur before that then we will be debt free that much earlier.

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

Jinesh Joshi Sir, my question is again on Aurika. While you highlight that the occupancy is 50%, if I remember right, in the last quarter you had stated that we let go some low yielding crew business to occupancy in Q3 and we are almost like halfway through the quarter. Is it possible to share some color on occupancy or pricing in the first 45 days?

Patanjali Keswani Let me just say this, we let go low rate crew. It does not mean we are not interested in crew. There is also high-rate crew, specifically some international crews. We have tried to get that because the average rate of that crew is higher than in fact the Rs. 9,000 ARR, I just spoke about. We are focusing on taking some crew. It is basically a churn, think of it this way, any higher rate business, which has a predictability of demand we will be taking. Now, as far as Aurika goes in Q3, I do not want to give specific figures, but we are doing quite well, but let me say, it will be over 60%.

Jinesh Joshi And second question is on our management fee income, I think the number stood at about Rs. 25 crores in H1 and given the seasonality impact. I think H2 should be better than H1 and perhaps we may end the year with about Rs. 55 - Rs. 60 crores in terms of revenue, but this is a bit lower than what we have been guiding in our past call whereby the numbers were I think if I remember right between Rs. 75 - Rs. 100 crores. Is there anything that one needs to be aware with respect to our management fee income revenue guidance?

Patanjali Keswani See, my basic point is if you look at last year, we did Rs. 50 crores of third party. But if you remember in Q2, we did Rs. 10 crores. So, that was the multiple that is whatever we reflected in Q2, we did roughly 5 - 5.2x of that, if you look at H1, last year, we did Rs. 20 crores, but in the full year we did Rs. 50 crores. You can see, you can do the math, if you say 30% - 35% is the growth in third-party fees, then obviously we will be north of Rs. 65 more likely to be Rs. 70 crores. It is not your numbers, it is closer to 70 because of seasonality. Remember a bunch of our fees also comes from incentive fees when your gross operating profit crosses a certain hurdle, which obviously in winter with higher rates and higher demand, those hurdles are cost progressively.

Jinesh Joshi Sir, one last question from my side. If I look at our RevPAR for Keys, it is flat on YoY basis, and this is one segment of our portfolio where some kind of renovation is required. And ideally, after renovation we should see some kind of an uptick in pricing which essentially is missing. So, can you please share the reason behind it and once the entire renovation size is complete, what can be the steady state EBITDA margin increase, because I think that is pulling down the overall EBITDA margin of the consol entity?

Patanjali Keswani See Keys, we have shut 25% of the inventory and we are renovating it, as I said, fairly aggressively. Certain hotels are being renovated to very superior standards and certain hotels are being renovated to what I would call hygiene standards because the whole portfolio was in shambles when we acquired it. First is, there was an impact of availability of rooms in certain markets like Pune and Visakhapatnam and in Bangalore, but once we finish the renovation, I will give a broad guidance that after we stabilize it, we are looking at an EBITDA of roughly Rs. 60 crores from the portfolio, which means about Rs. 6.5 lakhs a room.

Moderator Thank you. Next question is from the line of Kaustubh Pawaskar from Sherekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar Sir, my question is on the renovation part. In your initial comment, you mentioned that in FY26 also you will be doing some bit of renovation. How many rooms are we planning to renovate in FY26? Do we have any ballpark number for that? And also, post this renovation activities, what kind of increase you are expecting in terms of room rentals on a base of 100 maybe 1.2x or 1.3x. What kind of revenue room rental increase are you expecting post the renovation?

Patanjali Keswani Kaustubh, these are actually separate questions. Let me say firstly that we are renovating Keys Hotels non-stop, at any given time 20% - 25% of the portfolio will be shut. I reckon that the full portfolio will open perhaps next financial year end. So, really, the impact will be felt for the full portfolio from FY27, number one. Number two it is difficult for me to give you an aggregate figure but let me put it this way. Many of the hotels in the Keys portfolio were, as I said, most of them, not most, I should say all were in very bad shape. So, when we renovated it, we had a two-pronged approach, where do we think we will be able to re-price and increase occupancy that is where we invested more money and where we felt we had to maintain brand standards, minimum standards and although we would not increase pricing, we would increase occupancy over the other hotels like Cochin and Trivandrum and Ludhiana and so on. What is our expectation? Our expectation is that whatever we invest in renovation, every year we should be able to recover it in 2 years. Put another way, if we over 3 years invest Rs. 250 crore or say Rs. 80 crore a year, we think we will be able to recover this after 3 years in incremental EBITDA of Rs. 125 crore each year. Am I making sense to you?

Kaustubh Pawaskar Yes.

Patanjali Keswani Think of it this way, in normal renovation is just to maintain standards, which is about 1.5% - 1.7% of our revenue. This renovation we are doing is to reprice and reposition, our expectation is we invest 100 bucks, we want 50 a year increment.

Kaustubh Pawaskar Sir, my other question is in the markets where you are doing most of the renovation or investment, how is the supply scenario over there? You must have assessed the demand supply scenario over there and you must have taken this renovation strategy. Can you just give us some perspective on the same? How is the demand supply scenario? And what are your expectations over the next 2 years?

Patanjali Keswani See, where are we investing the maximum money, Keys, of course, is going to take some amount, but we are investing a lot of money in our hotels in Delhi, the two Lemon Tree and Red Fox and in Hyderabad, the four hotels there. We think both those markets are very deep markets. And I will give you a simple example, we renovated I think about 120 rooms in Lemon Tree Premier Delhi, we spent about Rs. 10 crores - Rs. 12 crores on it. Rs. 10 crores, its ARR is already north of, I think about Rs. 10,500 - Rs.11,000, and it is doing 100% occupancy since we opened the rooms. So, that is our expectation where we put money is where we think there is more pricing power and therefore also high demand. That is a very basic strategy, but we have minimum spends anyway in all hotels to catch up for the COVID time and then an extra spend where we think we can reprice.

Moderator Thank you very much. Next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar Can you talk about the growth in October and November? How it is going on?

Patanjali Keswani Now, it will be seen in same store, so to speak, because in October last year, Aurika was launched. I would reckon that we should be north of 15%. Now, obviously we have our number in mind, but let me just say our revenue should be north of 15% and our EBITDA should be north of hopefully 20% YoY.

Sumant Kumar And when we talk about the growth of everybody is talking about and how the market for wedding, how much benefit we are going to get in particular in the coming month and how the 15% growth contribution is there for the wedding?

Patanjali Keswani We have two types of weddings. We have destination weddings which we get a share of because of the Aurika Hotel in Udaipur. Then we have regular weddings, which we get in our banquet halls in some cities where we have large convention facilities. But as a Company we have not had a heavy focus on banquets. Going forward, we identified certain markets where we felt there would be heavy demand and in fact we are renovating those banquet halls also, which is why as I said, it has affected some demand because in some hotels, we are renovating restaurants and moving the restaurants to the banquet halls and in some hotels, we are renovating banquet halls and therefore not getting banquet business in both. My view on weddings is it is an annual high value business and as a Company, we have reoriented our strategy towards trying to capture that. But we are a midmarket Company by and large. So, obviously, we are targeting midmarket hotels that is as far as the wedding business goes, but overall, let me put it this way, Sumant, we are seeing very high demand for our hotels in general and I am quite confident that the next few quarters will be very good quarters.

Sumant Kumar How is the wedding demand for Aurika Mumbai?

Patanjali Keswani We do get on and off, but we have generally a lot of banquet demand in that hotel. It is not only wedding, it is social events, it is meetings, incentives, conferences. So, it is doing very well.

Moderator Thank you. Next question is from the line of Sakshi Chhabra from Svan Investments. Please go ahead.

Sakshi Chhabra My question was pertaining to your Bangalore market. If you see in every other market, you have seen close to a double-digit growth, but only in Bangalore, the ARR has remained flat as well as there has been a slight dip also in the occupancy. Just wanted to understand what would be the reason for this and can you just throw some light on the Bangalore market overall?

Patanjali Keswani Well, a fair number of rooms are shut in Bangalore, I think about 10% of the inventory. And I also think frankly, we have not performed as well in Bangalore as I would like for many reasons, and we intend to recover from that. It is partly poor performance also.

Sakshi Chhabra But how do you plan to recover now from this?

Patanjali Keswani By focusing on improving our performance.

Sakshi Chhabra No, I just want to understand that is the overall Bangalore market down or have we particularly not performed and is there any reason for that.

Patanjali Keswani See, I will tell you Sakshi. I will explain. Bangalore has multiple markets. Today, all big cities have many markets. There is a market in Bangalore along Outer Ring Road, which is a fabulous market where we do not have a hotel. There is a market in Whitefield where about a large part of our Lemon Tree Whitefield Hotel was shut for renovation. Then there is a market in Hosur and Electronic City where we have two hotels where there was a dip in demand because it is very IT dependent and hiring had come down and we depend a lot of the hiring business. So, there were multiple reasons in multiple markets. Unfortunately, the market, which is the best performing in Bangalore, which actually turns and changes the entire perspective, so if I say, Bangalore has 20% of its supply in Outer Ring Road, but 30% - 40% of its demand, then that is part of the micro market skews the overall view in Bangalore. City Centre, Bangalore; Whitefield, Bangalore; Electronic City; Hosur Road might do say X, but Outer Ring Road will do X+5. So, therefore the average is higher than X and we are unfortunately not in that specific micro market which is completely outperforming. So, that is the first point. Second, I think we can do better in some markets and what we have learned is to reduce our dependence on IT hiring, which is where we used to traditionally get a lot of our business from. So, that is how we are also reorienting our focus. And I am confident that from this quarter, we have kind of repaired that as you will see.

Moderator Thank you. Next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani Sir, how many rooms across brands do we plan to complete renovation in FY25 and in FY26 separately?

Patanjali Keswani Let us put it this way, of our total inventory of 5,800 rooms, other than about 1,300 rooms, say 4,500 rooms, we will renovate, last year, this year and the next year.

Prashant Biyani One-third, one-third, one-third would be right?

Patanjali Keswani See, I do not have the exact number, but actually it is a question of capital allocation. We were investing more heavily in the hotels we wanted to reprice earlier like Delhi and Hyderabad. And now, we will start renovating some other hotels where the repricing is more limited. Because we decided we would not invest more than say Rs. 100 - Rs. 110 crore per year. The inventory allocation for renovation would probably be higher next year for Keys portfolio. And lower for the high value portfolio, which should be fully renovated.

Prashant Biyani Sir, Hyderabad portfolio has been renovated or it is yet to complete?

Patanjali Keswani No, it is still to be completed. I think I can say about 60% has been renovated.

Prashant Biyani Partial rate hikes, we should start to see for that market from next quarter as well?

Patanjali Keswani From this quarter, yes, Q3.

Prashant Biyani Sir, at the portfolio level, in FY27, when all rooms are renovated, how much ARR increase do you anticipate?

Patanjali Keswani Impossible to tell, but I do not know what the future holds, but I would reckon that 15% - 20% growth in revenue every year is the minimum we would expect and once renovation slows down and cost flat and then this will be mostly operating leverage.

Prashant Biyani Sir, lastly, by when are we planning to come up with the IPO for Fleur?

Patanjali Keswani Sometime, in the near future, hopefully.

Prashant Biyani Any outer timeline for that?

Patanjali Keswani Well, I would reckon within the next 2-3 years at most.

Moderator Thank you very much. Next question is from the line of Nihal Shah from Prudent Corporate Advisory. Please go ahead.

Nihal Shah My question is, if we exclude the total number of rooms that are being renovated, so what would be our occupancy rate not considering those in the inventory?

Patanjali Keswani It would be 10% higher.

Nihal Shah And is this level of 530 rooms that are closed right now, has it peaked out or we can see this number going up in the following quarters as well?

Patanjali Keswani It will come down in Q3 and Q4 excluding Keys. We will not be renovating any rooms. For example, we had decided that till Diwali, we would continue our renovation, which was till the end of October. But in November, excluding these 230 rooms of Keys which are under renovation, all the rest of the inventory will be operational. We will have roughly 5,500 rooms operational in Q3 and Q4.

Nihal Shah And the last question is regarding the debt, so we have reduced it by Rs. 90 crore in this quarter, but as we had mentioned in the previous calls as well that the cash flow generated from activities in Q3 and Q4 will be majorly used to retire some part of the debt. Do we stick with that strategy or have we changed it looking at the high inventory cost?

Patanjali Keswani No, think of it this way, Nihal, the high value renovation got done in Q1 and Q2. Q3 and Q4 will be mostly renovation, which is actually of the Keys portfolio. The free cash flow that we generate will not go towards renovation, it will go mostly towards debt reduction.

Moderator Thank you very much. Next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna Just a couple of questions, firstly, clarification part, in the last call, you mentioned that most of the renovation CAPEX will be front ended in the first half of the year in FY25 and FY26, but earlier on in the call, you mentioned that the renovation CAPEX will continue going until FY26. Just curious to understand if second-half of FY25 will also see a high element of renovation expense or is that something which is largely captured in the first half results?

Patanjali Keswani See let me explain. Renovation, Karan has 2 parts, CAPEX and OPEX. Whatever we are renovating, like you are seeing a number of Rs. 13 crore or Rs. 10 crore and so on, that is the OPEX number, not the CAPEX number. The free cash flow represents post CAPEX, but the PAT and the EBITDA represents post OPEX. The renovation in Q3 and Q4 will be mostly CAPEX because the Keys portfolio requires CAPEX, not OPEX. They will continue to be renovated, but from the P&L perspective, I reckon the impact will be much less.

Karan Khanna And just a follow up, for the part of the renovation that got completed in H1, what kind of improvement in the RevPAR's have you seen in the last 2 months?

Patanjali Keswani Well, in the last month, that is October, there would not have been a big improvement because it was Dussehra and Diwali and that is the period of low demand. But overall improvement, I have given you a broad guideline which is that our revenue from our owned hotels will go up by north of 15%. And I would say at least half of that would be roughly demand led and half of that would be price led.

Karan Khanna And secondly, if you can comment on the same store growth that you have seen in the inventory, which was not affected by renovation?

Patanjali Keswani See, I will give you an example, Karan, when we shut hotels in Delhi and Hyderabad, I would say that half the days we were turning business away in those hotels. There the reduction in inventory mattered, similarly, when we did it in Pune and in Chennai, but in some markets, it did not matter so much because the turn away was less and, in some markets, it mattered a lot. But we still went ahead with it. The impact of this in terms of loss of business, I would say would have been about Rs. 10 crores - Rs. 12 crores. That is a broad guess, and this is something we were quite happy to accept because we felt we would catch up. That was in our mind some form of investment also in the product. I think what you have to really look at is our performance in Q3 and Q4 and it will answer your question as far as RevPAR growth goes, as far as operating leverage goes, and what I can tell you is the numbers will be better than we expected.

Karan Khanna And my last question on Aurika Mumbai, do you still expect to increase the share of retail and corporate to let us say, 200 rooms by H2? And if yes, how do you see the margins evolving in the Aurika Mumbai?

Patanjali Keswani See Aurika Bombay, I expect will do EBITDA margin of 60% plus in H2.

Karan Khanna And the mix, will it be about 200 rooms for retail corporate in the second half?

Patanjali Keswani I think we are quite clearly moving towards that. Actually, what we have to really look at Karan is the right balance. There is what I call bread and butter. Bread and butter business is that is round the year, preferably also over weekends, which is crew, but obviously we do not want crew business which is low rate. So, that is the tradeoff. Think of it this way, getting one room from Monday to Friday at Rs. 15,000 is earning Rs. 75,000 and getting one room from Monday to Sunday at Rs. 11,000 is actually also the same amount. The tradeoff is really on RevPAR. So, one is we want to basically churn our crew portfolio, and we would really like it to be about 150 - 200 rooms around the year. We would like retail to be another 200 and corporate meetings, conferences, etc., to be 150 - 200, so roughly one-third each. Some we will achieve earlier, some will take a little longer, but that is, I would say the one year forward perspective.

Karan Khanna And just to follow up on Aurika Mumbai, have you onboarded the new General Manager for the property or is it still in process?

Patanjali Keswani No, we have a General Manager there who was the Deputy GM who is actually a very good guy. We are very happy with him.

Moderator Thank you. Next follow up question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani Sir, for Delhi, Bangalore and Hyderabad market, all high value renovation is now complete?

Patanjali Keswani No, Delhi, we still have about 40%. We have done about 60% or maybe we have done 70% actually in Delhi. Hyderabad, I would say that in the Lemon Tree Premier, we have done 70%, but in Gachibowli and Red Fox, we have done maybe less than 50%. For different hotels, different levels of renovation have occurred. But Hyderabad and Delhi, we will continue next year, in summer and Bangalore, we will focus really on Lemon Tree Premier Bangalore. Whitefield will continue indefinitely till the end of FY26 and LTP Bangalore and Lemon Tree Whitefield will go under renovation next summer. But these are low-cost renovations. These are not high-cost renovations like Delhi and Bangalore.

Prashant Biyani Even for Hyderabad market, for existing hotel where we are not 100% complete in terms of renovation, those also will be low cost or low value renovation?

Patanjali Keswani Well, the highest value renovations, Prashant were in Delhi and Hyderabad Lemon Tree Premier where next level was Keys Pune and Keys Whitefield. Keys Pune is now practically complete. End of this month, it will be fully renovated. Wherever we felt we could start earning earlier is where we allocated the first round of capital. It is difficult for me to tell you that it was evenly distributed. It was distributed where we felt we could start earning earlier.

Prashant Biyani Sir, would it be fair to say that renovation expenses would have peaked out in Q2? We will continue with renovation, but the capital contribution to that will be lower from here upon?

Patanjali Keswani In Q3 - Q4, yes, but it will shoot up again in Q1 - Q2 next year.

Prashant Biyani It is likely to be same as H1 this year or more than that?

Patanjali Keswani More or less.

Moderator Thank you very much. As there are no further questions, I will now hand the conference over to the management for closing comments.

Patanjali Keswani Thank you once again for your interest and support. We continue to stay engaged. Please be in touch with our Investor Relations team for any further details or discussions and I look forward to interacting with you soon.
