



“The Indian Hotels Company Limited  
Quarter ended 31<sup>st</sup> December 2024 Earnings  
Conference Call”

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**MANAGEMENT: MR. PUNEET CHHATWAL – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER – THE INDIAN HOTELS  
COMPANY LIMITED  
MR. ANKUR DALWANI – EXECUTIVE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER – THE INDIAN  
HOTELS COMPANY LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to The Indian Hotels Company Limited Earnings Conference Call for the quarter ended 31st December 2024. On call with us we have Mr. Puneet Chhatwal, Managing Director and CEO, IHCL; Mr. Ankur Dalwani, EVP and CFO, IHCL. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Puneet Chhatwal. Thank you, and over to you, Mr. Chhatwal.

**Puneet Chhatwal:** Good evening, everyone, and thank you for joining our global conference call for Q3 '24-'25. We are pleased to inform you that we have continued our record performance for the 11th consecutive quarter on the back of continued growth momentum and key strategic initiatives. I'll now outline like in the last few quarters, the 10 key highlights for this quarter. Beginning with number one, strong financial performance. For the very first time in history, the quarterly EBITDA of IHCL crossed INR 1,000 crores. On a consolidated basis, IHCL delivered record performance in Q3 with 29% revenue growth and 80 basis points margin expansion over the same period last year. This is despite consolidating TajSATS as a subsidiary, which has lower margins than the hotel segment.

Our consolidated revenue stood at INR2,592 crores and our EBITDA margin expanded to 39.4% in Q3. Our reported profit after tax stood at INR582 crores, highest ever quarterly PAT in IHCL's history. IHCL's hotel segment showcased 16% revenue growth and EBITDA margin expansion of 230 basis points to 40.9% in Q3. Our stand-alone performance in Q3 was also the best ever with 15% growth in revenue to INR1,517 crores and EBITDA margin expansion by 240 basis points to 47.8%. Stand-alone PAT grew 23% to INR469 crores, taking PAT margin to 30.9%.

Number two, double-digit RevPAR growth. IHCL delivered 13% consolidated RevPAR growth on a domestic like-for-like basis on the back of demand continuing to outpace supply and our asset management initiatives. We have always guided and given details on all our assets that we are either reimagining or renovating or how we have been using capex to drive operating leverage in the owned and stand-alone portfolio.

This strong performance at IHCL command a RevPAR premium of 78% over the industry in the Indian market, thus maintaining the premium positioning in each of the segments we operate in. Our international consolidated portfolio reported a double-digit revenue growth driven by strong performance at the Pierre in New York.

Number three is about our expansion momentum and our growth. In Q3, we signed 20 hotels and opened 8 new hotels. In the current financial year for the period April to December, we have signed 55 new hotels and opened 20 hotels. We have set a new growth benchmark with 85 signings and 40 openings in the calendar year 2024, taking our portfolio to 360 hotels with an industry-leading pipeline of 123 hotels as on 31st December 2024.

Fourth is our combination of capital-light growth with capital heavy, but capital-light growth being a key margin driver. On the back of our capital-light growth strategy, our management fees in Q3 was INR177 crores, an increase of 32% over the same period last year. This was driven by 13% net unit growth in hotel rooms, increase in total revenue per available room, technical fees and new fee income streams such as brand fee.

Number five, new businesses continue to grow, and the growth in Q3 was 40% on the top line. Our new businesses vertical comprising Reimagined Ginger, Qmin and amā Stays & Trails delivered a 40% growth in Q3 consolidated revenue. As of this month, we have also completed the acquisition of Tree of Life, which will get added to the new businesses portfolio.

Ginger's consolidated revenue grew 43% year-on-year to INR157 crores, while expanding EBITDA margin by 200 basis points to 45%. We have guided previously that we expect Lean Luxe and New Ginger's to keep performing at north of 50%. And this 45% is a good proof of the formula that we have guided upon when it comes to this brand.

Qmin has expanded to 60-plus outlets, and in addition to serving as the F&B brand for Ginger Hotels, which we also call the Qminization of Ginger has also established presence in the interim in Q3 in 2 Westside stores through a shop-in-shop format. And further, Qmin has launched operations at Chennai and Kolkata Airports in partner with TFS. Going on, amā Stays & Trails reached a milestone of 250 bungalows in portfolio with 119 in operations.

Number six, is the company's focus on cost and digital. Driven by our continued focus on cost optimization and initiatives to enhance operating leverage, the hotel segment delivered a notable improvement in operating EBITDA margins. For Q3, the operating EBITDA margin expanded by 210 basis points to 39.4%, while the 9-month period, it grew by 220 basis points to 33%. These gains reflect the success of ongoing efforts to streamline operations, boost productivity and deliver sustainable growth.

We remain committed to our digital transformation journey. Following the successful launch of our new website for Taj Hotels in Q1, we recently unveiled the redesigned website for amā Stays & Trails. Progress is well underway on new websites for Ginger and Vivanta, which will go live in H1 '25 - '26. And additionally, significant progress is being made in upgrading our core systems including the migration to SAP for finance and HR functions and industry-leading OPERA on cloud PMS.

Number seven, on Tata Neu, our collaboration with Tata Neu, loyalty platform has now 8 million members with loyalty-led contribution in revenue rising to 40% of our enterprise level revenue. The unwavering loyalty of our customers is visible in our increasing enterprise NPS scores, which stood at 74 for year-to-date, '24 - '25, up from 72 in the corresponding period last year.

On number nine, on talent. We remain committed to investing in our talent and capabilities of the future with our industry-leading cadre building and training programs. We have also launched multiple scholarships in association with global universities to help nurture Qmin capital for us and the sector.

Several of our middle management colleagues have completed their executive MBA recently from renowned universities in Europe our ongoing scholarship program of sending 2 executives to Business School in France continues now in its fourth year with partnership in place for the four following years as well as sending our senior executives to IV schools for advance management programs or other alternative programs, which are relevant for their jobs and for the organization are all in place.

And not only this, we have launched a series of programs which are related to hotel development, flight from the hotel school, which we call HTP, also hotel operational training, apprenticeship programs, and they are continuous -- they are witnessing a continuous investment so that we are future ready when it comes to our talent and growth of our people from within the organization.

Number nine, Paathya. We continue to stay focused on achieving our stated goals under Paathya. IHCL now uses 37% energy from renewable sources and recycles 48% of water. We have given the guidance of 50% as a source for renewable energy by 2030, and we are already at 37% and 100% use of recycled water by then by 2030. So all these goals that we have guided on are till 2030.

IHCL also partners and operates 46 skill centers today across 20 states in India. That gets me to the final point, which is point number 10 in terms of the outlook for Q4 and beyond. We are happy to say that we find that the Q4 is also expected to be in similar line as Q3, whether it comes on a top line growth or other metrics. And we are confident of definitely delivering on the double-digit growth that we have promised and guided the market on from the previous year.

And a lot of us would recall that in Q1, which was a little bit impacted by excessive heat and elections, there were doubts on this, but now we've had two more quarters, which have taken us far beyond that number. With large-scale events like Mahakumbh, concerts like Cold Play and the extended wedding season in Q4, we remain confident of delivering all the metrics and the guidance that we have guided the market upon whether during our Capital Market Day or during our investor calls.

In conclusion, we expect to deliver strong growth with sustained margins, continuous portfolio growth, continuous talent growth, continuous optimization on the cost per room basis. And with 20 hotel openings so far, we are well on track to achieve our committed target of opening 25 hotels in the current financial year, which we have also guided would go up to 30 hotels as of the following financial year. Our focus also remains on scaling our new businesses. We are spending a lot of money, as you heard on the new website of amā on the Neu initiatives that we are building with all these new businesses.

And for several quarters in the past, we've been putting more marketing monies to grow and scale up these businesses so that they become stronger contributors to our better hedging of revenues, better hedging of profits and optimizing of our margins. They also help to evolve our brandscape, strengthen our competitive advantage with prudent capital allocation in all these strategic initiatives.

Thank you so much for your attention, and we now open the floor for questions.

**Moderator:** Thank you. We will now begin the question-and-answer session. First question from the line of Meet Jain: from Motilal Oswal. Please go ahead.

**Meet Jain:** So my first question is regarding the occupancy in the stand-alone business. In 2Q versus 3Q, we have seen a flat occupancy, while our ARR has grown by almost 13% Y-o-Y and significantly on a Q-on-Q basis. So just want to understand in terms of occupancy, when we see our historical trends, we see a strong occupancy increase in 3Q versus 2Q. So can you throw some light on the flattish occupancy this quarter?

**Puneet Chhatwal:** I'm sorry that I wanted Mr. Dalwani to answer, but I will answer. 78% occupancy is very high. It is good that it has not gone down. If it's -- if we operate at 78 to 79 or 80, the only thing that happens is the rates will keep going up. If we go back 3 quarters or 4 quarters, the question was, this year, we have G20, we have World Cup, what will happen next year. And you'll see that there is no change in occupancy and the rates have gone up.

And we don't expect anything to change as there are more and more business delegations coming into India. So the demand on both business and leisure remains quite robust, which will help the standalone occupancy. And that is what is creating the higher rate, which in turn is creating higher flow-through, which is helping us get to that 47%, 48% EBITDA margin on stand-alone.

**Ankur Dalwani:** Yes. I think we should -- I'll encourage you to look at RevPAR rather than looking at occupancy because this is a lot of time with a strategic goal to grow via ARR rather than occupancy. And like Mr. Chhatwal said, only at levels of 80% plus for most of the hotels, it's probably prudent to drive revenue growth through RevPAR through ARR increase, and that also increases the margin profile of the -- for the hotel. So I think this is how we look at the business and you look at it hotel by hotel.

**Meet Jain:** The other question is on citywide trends like in Goa. We have seen certain things that Goa when we look at it in terms of travel for the December month. So how was it for our hotel properties? Have you seen such kind of impact on that or because we are seeing a 2% kind of growth in citywide? .

**Ankur Dalwani:** So if you look at the enterprise growth, which we put out about 5% for Goa as well, I think the good thing is the growth is actually pretty spread out. It's not consolidated on one particular market. I think those markets have done reasonably well. And Goa is already operating at a reasonably high base. So we are okay quite happy with what's happened at the performance of the Goa hotels. There were some renovations which also got completed this quarter. So there was an impact on that, which is reflected as a consol numbers. But I think overall, if you look at various markets, they have done quite well, whether it's Rajasthan, whether it's the core markets of Delhi, Bombay, they have all done well.

**Meet Jain:** And are you seeing a recovery in the Bangalore market?

**Ankur Dalwani:** Bangalore last year, we had high base, but this is -- this quarter, if you see, it's been a 13% growth on consol and 12% on enterprise. So it's actually done quite well. .

**Moderator:** Next question comes from the line of Prateek Kumar from Jefferies. Please go ahead.

**Prateek Kumar:** Congrats for the great results. My first question is on, I mean, outlook. You have suggested in Q4 being strong, I'm sure you will start having questions now for FY '26. And you have given like a 2030 outlook, which is very affirming your double-digit trend. But any early signs you can sort of indicate for FY '26, what you're looking at based on bookings?

**Ankur Dalwani:** So I think we'll come back to you after Q4 results for FY '26. But I think broadly, if you think about it, Q1 has got a good wedding season this year, which wasn't the case last year. So we will see how that plays out. Let's see all the heatwave -- there's a heatwave or not because that was also a factor last time. And so in general, with the continued business demand, which is there in the city hotels, and leisure destinations. I think the momentum continues to be strong. And there are several events which are lined up for Q4, we have listed a few of them. But I think Q1 is also looking good. You want to add anything?

**Puneet Chhatwal:** Yes, Prateek, the supply is not going to catch up that first with the demand. So even if demand softens a bit, still, it will continue to outpace supply. That's one. Second is whether the growth is 6% in GDP, 6.5% or 5-plus, still pretty healthy growth. And if India keeps moving in that direction that it is moving, the hospitality sector is only beginning to write the new narrative for India at 2047. So of course, till '47, there will be some headwinds just beyond the next year and the year after that and the year after that. But in principle, the fundamentals have never been as strong as they are now.

And that is a second factor that is not going to change. But for our portfolio, very importantly, if you look at it, more than 50% of our portfolio is actually in the pipeline. In other words, the pipeline represents more than 50% of the hotel and operations. And with this kind of not like-for-like growth, that to almost 80% on a capital-light model, we do expect to mitigate should there ever be any softness that comes in. And also our continuous efforts on asset management of the previous question was related to Goa also. The Goa in this quarter may not show that kind of huge massive growth than Mumbai or Delhi might show.

But Delhi has had the renovation of Taj Mansingh behind. Whereas Goa, we are continuously investing money in Holiday Village. One third of Holiday Village is left and almost the main block of Fort Aguada So there is some displacement out there and still, we are doing so well. By doing so, we are building a competitive advantage for the future, and we are repositioning this hotel, which is which celebrated 50 years. So a hotel, which is 50 years in the market, the first luxury hotel of Goa is getting a security on its future for the next few decades to come.

I think that's how we are looking at it. We are not taking just a view on a quarter or a half year or a year, rather the long-term competitive advantage. And because we have been doing it for several years now, we think that we are very well positioned. And going forward, these are the

initiatives which will help us to keep having the right mix of operating leverage with margin expansion through a capital-light business.

**Prateek Kumar:** Right, sir. And just for some clarification, Q4 and Q1, particularly they have like soft base, right? So we may have like an accelerated growth in the next 6 months and maybe the normalization in the later period. Is that the right understanding?

**Puneet Chhatwal:** No normalization. We should -- if everything stays same today, we have one more additional source, which has not kicked in the way it should have kicked in, and that is our foreign tourist arrivals. We are still at a lower end on the pre-COVID. Normally, it should in at least 120% of the pre-COVID level by now because -- we are talking about 2019, 2020 figures. And we're in 2024 - '25. So it should -- it's out of minus 10%, minus 15%, which is also very difficult statistics as Indian diaspora has grown very strong outside of India, which may have an OCI or a PIO card.

So a lot of those arrivals are considered foreign tourist arrival, but they're not the real foreign tourists. So I think at some point, post-COVID, in certain markets, you're beginning to see the foreign tourists are beginning to travel. And at some point, those tourism-driven activities will also come to a normalization plus 10% or 15% or 20%, and that would certainly help the luxury side of the portfolio. And for us, our palaces and our presence in key gateway destinations in India.

**Moderator:** Next question comes from the line of Achal Kumar from HSBC. Please go ahead.

**Achal Kumar:** Congratulations on a very strong set of numbers. A couple of questions. First of all, very quickly on the Q4, while you guide on the revenue side, any color on how do we see the RevPAR growth and occupancy levels year-on-year?

**Ankur Dalwani:** I think the same trend which we saw in Q3 in terms of high single-digit to low double-digit kind of growth on RevPAR, which is what we did in Q3. That trend on the domestic market should hold up. There are -- like I said, there are no -- I think on our horizon, which makes us feel that there is a dip in the RevPAR expected in this quarter. So we remain confident on that front. And -- so I think from a trend perspective, that should hold up.

**Achal Kumar:** Right, right. Perfect. Otherwise -- I mean, of course, we've been talking about the tight capacity and that is driving the RevPAR growth. So -- I mean, if you look at, of course, we all have started economics, there is a term called price sensitivity or demand elasticity. Now of course, -- how do you see the pricing today? I mean the pricing are already very high. Do you still share the same thoughts? Or do you think the price -- there is still a scope for the prices to go up despite the fact that the capacity is very tight, how do -- do you think the price will continue to go up? Or do you think we have very close to the peak in terms of pricing now, of course, the scope to play with occupancy levels?

**Ankur Dalwani:** So I think we talked about long-term factors in our Capital Market Day where we said the pricing today is actually not sufficient to attract greenfield sort of capacity land acquisition, which is

basically the case which continues even today. And this I'm talking about in general because obviously with some markets where we feel good, but in general, this is not resulting in a gold sort of rush in terms of supply coming up from people buying land and then putting on new assets. So I think that's point number one.

I think the point number two is that even if you look at on a dollar per room night basis, we continue to be lower than even what we were 15 years back or 16 years back. I think that's a very important factor as you think about the economics of this sector. And I think thirdly, if you look at the currency tailwinds, actually, in a way, favorable from our perspective because it makes it cheaper for people to come in and it also makes it difficult for people to go out. So I think that's another factor place to our advantage.

And at the end of the day, if people have to travel for business or for -- come to meetings in Bombay, Delhi, Bangalore, or any of the big cities. It is not an event which can be postponed forever. They may defer it, but that's really not a discretionary sort of item and that has always been the case.

In our case, as you know, actually, a large portion of our portfolio drives revenue from city hotels, which makes us much more resilient and then makes us sort of play into the tailwinds for the sector. On the leisure side, I think with the factors which Mr. also referred to arrivals and the fact that the fact that we are having the currency tailwinds now in our favor, that should also help going forward.

**Achal Kumar:** Actually, actually, that was my question also. I mean, I wanted to ask because I think if you look at Delta recently reported its results, they said they talked about the currency -- favorable currencies since U.S. dollar appreciated. Have you really noticed that in terms of increasing inbound international tourism, or is that or is that just a bit of a theoretical thing as of now, and we have not seen in the numbers?

**Ankur Dalwani:** Yes, it's too early because this is -- the rupee movement has happened very recently. But it's only also one of the factors. It's not the only factor, as you know, for a foreign tourists to make a decision. But I think from a competitiveness of the sector, it only helps. I think that's the point I'm trying to make, and it will eventually also -- I mean, there are many factors which think about. This is one of the reasons -- one of the factors, which will probably help us. And it's also effectively also makes Indian domestic tourists more inclined to travel in India than going aboard.

**Moderator:** Next question comes from the line of Abhay Khaitan with Axis Capital. Please go ahead.

**Abhay Khaitan:** Firstly, I would like to congratulate you again for another strong quarter. So my question is on RevPAR growth. So I can see the quarters saw 13% growth Y-o-Y. But is it possible to see the sequential momentum of growth at RevPAR as in what was the growth in October, November and December separately because overall economic indicators have seen some weakness in the last quarter. So I just want to correlate if you see a similar trend for hotels as well?



**Puneet Chhatwal:** No, the growth in -- see, the growth base December is the highest. So the growth in October and November was stronger in percentage terms than in December. If I remember correctly, as the team looks for the exact numbers, I think it was like 16%, 15% and 13%.

But I would also encourage you to note that when you are especially looking at India business, rooms revenue is just half of the total revenue. The other half, which has a very serious impact is especially the food and beverage. We still have a lot of strong F&B business in hotels, conference business in hotels, but also we have the weddings. And especially going forward, next year will be one of those first years after 3, 4 years, with the number of wedding dates actually increased by 5 or 6 more days in the next financial year. So I think the -- also going forward, if we look at next year to do such high revenue with like the base that we have done this year in December, in the percentage terms will be possibly lower than in October or November. Because it is technically always as long as I can remember, being the best month in several, several, several years.

**Ankur Dalwani:** Broadly, October was a lower month among the 3 months in terms of RevPAR. I think December was second and November was the best. It's also play off when Diwali is and Dashehra is also a function of all of that. And therefore, it's -- we don't really get into monthly statistics because that's -- it's become comparisons become difficult.

**Puneet Chhatwal:** I think his question was more if there was some witnessing of slowdown. We have not witnessed any kind of slow down in December. Having said that, I found one new development. This, I would like to share with the -- all the people attending this call. I happen to be in Goa for the new year. And usually, Goa starts getting empty because everybody is asking about on the 2nd of Jan.

And we saw a lot of arrivals and Goa was sold out till 6th of Jan. Instead of 2nd or 3rd that it starts getting people start going back. There were a lot more check-ins happening on 1st or 2nd of Jan, maybe where people celebrated New Year at home and decided to come on 1st or 2nd, which was good for our business, because we were not empty on New Year's Eve, but we got 3, 4 days of extra business in Jan. So that is something new that we have not seen definitely in the previous 5, 6 years.

**Abhay Khaitan:** My second question is on Ginger. So we see around 29% growth in Roots revenue, but how much of it will be driven by addition of new hotels? And what -- how is the ARR and occupancy growth trending there? .

**Puneet Chhatwal:** See, Ginger is all of the nice turnaround stories from where it was for so many years and from where it came to because we reimagined it and we opened the first reimagined Ginger, and 8, 9 months later, it was COVID times. So Ginger has really -- the reimagine, Ginger has had only 2, 3 years run and properties are in different phases of renovation and refurbishment to be upgraded to the new avatar as we call it, the reimagination.

And we expect Ginger to keep doing well, but that is true for not just Ginger, for the entire portfolio. I outlined in my opening remarks that our growth, especially not like-for-like growth,

with the hybrid of capital-light and capital-heavy model and capital-light and heavy both influencing the Ginger brand is going to help us drive growth in all our brands, but definitely after Taj, our second most important brand in the next few years to watch. As I've said in many previous conference calls, will be the Ginger brand.

And with the Qminimization of Ginger, that means adding an all-day dining in all Ginger properties, it has given an image uplift and also an offering which is creating a very good price value relationship, especially in all new Ginger hotels that are opening.

**Ankur Dalwani:** Yes. And just to add, I mean, a significant growth in RCL is also the Qminization point. This is what Chhatwal just referred to, that itself, we would have contributed almost I would think, if you look at the actual figures, it would almost be 25% of the revenue for RCL coming from F&B. And the room business has actually grown both on the back of RevPAR growth and new additions.

So kind of evenly split between the two, maybe the new addition in Ginger is higher because it's something we turnaround can be faster. And RCL actually does not include Ginger Mumbai Airport. If you look at the consolidated Ginger revenues, it's almost 45%. And we gave that number out in the presentation as well.

**Abhay Khaitan:** So can we expect a similar sort of ARR growth for Ginger as we are seeing for the other brands? I mean something like a high single digit or low double digit?

**Ankur Dalwani:** So again, like I said, brand-by-brand strategies are different. Ginger could be occupancy driven, but RevPAR growth is again high single digit to low middle digit. And again, within Ginger, we monitor what's called the renovated Ginger portfolio and what's the non-renovated Ginger portfolio. And the non-renovated-Ginger portfolio will do much better than the non-renovated portion.

**Moderator:** Next question comes from the line of Shaleen Kumar with UBS. Please go ahead.

**Shaleen Kumar:** Congrats again for a pretty good set of numbers. I think I've been congratulating you for the past many quarters. And I hope this will continue. So sir, just interesting to see Qmin in Westside and Airport. What are you thinking about it? Like is there some plans around there, you want to go out and talk into F&B or just an experimental mode right now?

**Puneet Chhatwal:** Not really. I think Qmin started as a brand during COVID with the home delivery. And as the business came back, home delivery was not as much in demand from hotels as was the case during COVID. So the the love for the brand has been immense that we have seen. And when we put it in Ginger, it was a big success. And the companies that have gone into partnership with us, TFS runs a lot of F&B in different airports on a franchise model.

So it's something that they are scaling up, which is good. So that's why you create brands so that you can leverage your brand strength and other people grow on it. And Westside side coming from within the group, obviously, there is also a lot of love because they were all Qmin

dependent during COVID time. So there's a good memory. There's a good recall of Qmin. Then also the business model is very important. So our business model is not based on any fixed rents. So either we are getting a brand fee or a franchise fee from a franchisee like at the airport. All we are just doing a revenue share.

And we have a lot of other queries also from within the group to leverage the Qmin even more significantly, whether it's in the Taj Sats for institutional catering or it is big basket. So we are exploring as and when these things become real or this thing, we will obviously share with you, Shaleen, like in the past.

At the moment, they are still on the drawing board and the brand in its GMV has crossed INR150 crores, and we -- it's very good because these brands have been started with 0 capital investment. And whatever we are getting is incremental and is also helping us develop good name for the brand, but also helping the image of other brands like Ginger, as I said earlier.

**Shaleen Kumar:**

I'm just changing gear here, I want to ask one more question. Again, there a little bit more -- a bit of a fundamental question. as we're talking about RevPAR and obviously, into the street always have a question, can we grow RevPAR and contribute to RevPAR? But if you little beneath that...

**Puneet Chhatwal:**

Shaleen, it's very difficult to follow you. There is -- like last quarter, we have some challenge in hearing you clearly.

**Shaleen Kumar:**

Sorry, sorry for that. So I was saying I just want to ask one fundamental question here. So there is a worry around RevPAR -- not worry actually. I just thought process at how the -- how long can the RevPAR grow and demand elasticity, but if you go a little under that, there are type of customers who we have a very low demand losses, can say they are not to the price.

So when you look at your mix of customers, transient, corporate, Do you think they can give us a scope for some changes here, right? There is a portion of customers which continue to grow bigger and bigger so that you can easily increase your RevPAR? Can there be some structural changes that can happen over there?

**Puneet Chhatwal:**

I'm not sure we understand, maybe we can take this offline, but all I can say is the only brand we have in the mid-market or the lower side is Ginger, all our other brands traditional ones and the new ones are in the upscale, upper upscale or luxury. There the sensitivity to pricing is lower. Even in Ginger, we're trying to give that Lean Luxe kind of feeling with the art and the design that we have put in there.

So the premiumization, I think, would be the right word. The premiumization of brands is a trend that one could say is common across sectors. It doesn't matter which sector you're in or the feeling of premiumization. And I think there, we are very well positioned because we are dealing only in the premiumization. The only brand which was not dealing with premiumization 10 years ago or 8 years ago, 15 years ago was Ginger, which we have completely changed and evolved. So I think we are very positive that the value proposition has to be there.

You must feel that you're getting value. But if you're getting it with the premiumization of the brand, this will be fine. The same is the story with Gateway. We have re relaunch the Reimagined Gateway. The Gateway that we have reimagined has nothing to do with the Gateway of past. So that -- we expect the same trend what has happened in Ginger over 3, 4 years to also happen with the Gateway brand over the next 3 to 5 years.

**Ankur Dalwani:** Yes. If you look at the internal data we put out, Shaleen we put out actually in the presentation. We look at how the brands have grown over the last 5 years consistently and also quarter-over-quarter RevPAR growth.

**Shaleen Kumar:** Just let me explain what I was asking. I was asking in your customer mix, like you have transient, your corporate, your leisure, right? So can we continue to see the change here? I'm like maybe leisure is on who are the most intensive. So you think that leisure can continue to grow faster and the proportion of, let's say, transient or corporate will shift towards more leisure or towards more MICE Do you think that way? So that was my question like how the customer mix will change?

**Puneet Chhatwal:** Towards more MICE is possible in some key markets like Delhi and Mumbai because of events that are beginning to happen in Bharat Mandapam or Yashobhoomi or Jio, we have seen when Jio has a good event or BKC is having a lot of activity, then within 5-kilometer radius, everything is sold out. There's no rooms again. So that, I think, is just the beginning, especially for Delhi.

And more such places, I think a lot of states and big convention centers, and that will attract business which has not yet coming into India. So there will be new events, new congresses, new big global conferences happening because there was no space to host 3,000, 4,000 people and if you have a hall, then you don't have a place to put up 3,000, 4,000, 5,000 people or even events. So these things will evolve over the next 3, 4, 5 years.

**Shaleen Kumar:** Just last one, updates on Sea Rock?

**Puneet Chhatwal:** It's a very good question. I was wondering up until now no one has asked us about Sea Rock. We have received one of the most important permission, which is called IOD, Intimation Of Disapproval. We have received that. Now the last permission that is left is the CC, which is the Commencement Certificate. And we need an approval on the additional height that we want from the airport authorities. So basically, we think that we have got very close so that construction could commence in the second half of this year.

**Ankur Dalwani:** The height approval has already been received up to a certain level. Beyond that, you need to apply for additional height approval. So I think that's also progressed from the last time we had given an update.

**Puneet Chhatwal:** Which is again in line Shaleen what we had promised that by the end of the year, we will have something. And the delay was because there were things happening in the state. All have been done. So there are certain things that cannot happen in a certain period. And that's how we had

given that guidance, and that's where we are. I'm very happy to report that we have moved the needle in a very big way for Sea Rock. .

**Moderator:** Next question comes from the line of Rahul Jain with Phillip Capital. Please go ahead.

**Rahul Jain:** I just had a couple of questions for you. The first one is on how do you see the U.S. and U.K. subsidiary performing in the rest of FY '25 - '26? Is there any demand outlook? Any significant change as the EBITDA performance for especially the U.S. market is on the positive trend? So is there anything that you can elaborate on?

**Puneet Chhatwal:** Very good question, Rahul, because we -- I think the world has had a very challenging situation with San Francisco. And we have a hotel there, The Campton Place, which has also been -- there was a big labor strike out there. Our hotel was not impacted, but with all the 3, 4 months of protests that were going on in that part of town. It had a serious impact on business. Then safety, security and all that has been an issue.

We have all seen it on television and news channels and in a beautiful city like San Francisco. It seems that it has settled down now, and things will start improving, which will really help us. What we can share is that yesterday, the JPMorgan conference, the annual one in San Francisco concluded. And we -- as our hotel has done marginally better than last year, which is not about how we have done, which means that the market must have done better and there was the ability to pay, which is very positive news for us.

Then on the second, we are hoping that this time the Q4 will be better than normal Q4. It's because of the swearing in of the new President and a lot of people would be traveling to the U.S. now or later. And then if you're going to Washington, you might combine New York with it, which brings an additional business. So you must have noticed in our Q3 and the Q2 and actually, throughout this year, we have done pretty well with Peer in New York, and we don't expect that to change.

We think we'll keep doing better based on the seasonality, the quarter, the way it is. So Q4 of last year versus Q4 of this year in peer should be definitely better. But more important is San Francisco, which was struggling as a city, which none of us would have ever thought of. So that takes care of the U.S. Then we have London. London is -- has a double impact for us. One, the market is a bit softer, as we have all read. There is a lot of new supply that has gone into London.

We've still been able to hold ground because we have very strong brand equity in London, especially Indians traveling to U.K. or to London prefer to stay at the Taj. We have not seen any change in that trend. But the growth in London is not expected to be the way we would have thought maybe 6, 8 months ago for the next few months. But if we can hold our grounds, and that brings me to the second reason is we've been spending a lot of money in upgrading that asset, which has helped us to show those results with a very beautiful courtyard with the addition of House of Ming.

We added the chambers there. We added the new all-day dining there. So we have plans to renovate the Quilon. We have plans to increase the size of chamber. So there is a lot of activity which is happening in London because it is the second, after New York and London are the 2 largest lodging markets of the world followed by Paris. So these are the top 3. So both these markets are important for our brand. And we think that in this quarter, we are in a better position because of San Francisco's positivity. If London stays the same, peer keeps improving like it has done in the last several quarters than it should look better for us going forward in the next quarters.

**Rahul Jain:** Got it, sir. Sir, my second question is regarding the hotel that you're opening in Uttarakhand in Q4, in the franchisee model. Is there any -- could you highlight any key differentiation from our current operating models? And how does the franchisee differentiate from what we are currently doing?

**Puneet Chhatwal:** So I'm glad you picked it up. So with the same group, we did the one and only franchise before, which was Pilibhit House in Haridwar. And after 6 months, they came back and said convert into management contract. However, and having said that, they are very professional and an experienced hotel group, which has given us other properties like Taj in Corbet, Pilibhit House, in Haridwar in this property. And we think as they operate only Uttarakhand, that they are very strong in that market. And we are very happy. We don't think India is really that mature to get into franchise model.

We are not -- we have never been so keen. But with an existing partner where we have had a relationship over so many years and a very successful one and with a common understanding and coming from the same background because they are in this business, we think it is worth trying out and they know this property, they have had it and they've been running it. So why don't give them our brand and distribution and network strength and see if this one works out better on this model than why not. But this is not a model we are going to open to every single individual owner. That's not...

**Ankur Dalwani:** It's an exception.

**Puneet Chhatwal:** It's an exception. And we did one for Taj, if you would remember. We did that with Chalet for the Delhi Airport terminal linked development. We are very, very excited equally about that because you're dealing with very professional organization, another publicly listed company. They know how to work with brands. So I think the -- these are like one-offs, but we are not going in very strongly with the franchise model.

**Moderator:** Next question comes from the line of Amit Kadam with Canara Robeco Mutual Fund. Please go ahead.

**Amit Kadam:** Three questions from my end. First is just one observation from the presentation, Slide number 35. I see some churning in Vivanta's portfolio in terms of operational rooms where the latest number is 3,681 versus last quarter, what we have seen almost like 4,062. Any specific reason

for this particular churn? That's question number one. Second is just like in the managed fees, we have reported other fees as INR10 crores. Can you just throw some light what is it about?

So that's question two. And third is just like a in terms of as we are focusing more on managed hotels. Is there a change in the I would say, profit share in that particular maybe the percentage of revenue, what we have seen in last couple of years or may see in future? Yes, that's it.

**Puneet Chhatwal:**

I'm not sure if I understood all the, but I'll answer you the first one and then my colleague will answer the others is -- the first one was related to the Vivanta, right? We have had two hotels where a lot of investment has gone in and they have been upgraded to Taj. One is Surajkund the other Srinagar, also to get the best impact on rates and the bottom line. So there has been an extension of Srinagar with number of rooms, and Surajkund is another one.

And also properties like Devi Ratan in Jaipur, we might say, although it was not Vivanta, it was in the right Selections. So we have done that consistently over the last 5 years. As for whatever reasons in the past, because of financial duress or -- some of the properties were taken off the Taj network. So we got them back. We have explained that in various quarterly meets and Capital Market Day, how that has worked very well for us and for the Taj brand and in driving the right value. What was your second question?

**Ankur Dalwani:**

We could not follow the question. If you could repeat.

**Amit Kadam:**

The question was on -- in the managed fee section, you have reported for the quarter INR177 crores. In this particular slide only, you have reported INR10 crores as other fees, which have been observing for the first time, hence wanted some more color.

**Ankur Dalwani:**

So this other fee is basically pertains to -- it's also operating fee, which is basically coming from brand free. If you recall, we had announced a branded residence project, so we're starting to earn fee on that as well as technical fee, which we have earned from new signings. So this is -- essentially, we're just calling it out to give a little flavor of the growth. Technical fee has always been there, but it's kind of stepped up as you've done more signings. And the brand fee is a new element, but both are expected to sort of -- they are not one-offs. So to be clear, they're not one-offs. They're expected to continue. But it will vary depending on the signings we do and the units sold by the residential projects.

**Puneet Chhatwal:**

And how many residential projects?

**Ankur Dalwani:**

Yes. And how and obviously, if you add to that, it will add to this.

**Puneet Chhatwal:**

Number three, you had a third question also.

**Amit Kadam:**

Sir, third question is a little broadish on this particular part as we are focusing more on managed hotels, what I assume -- what I understand from the business is that we take X percentage of the revenue pool for managing it. So I just wanted to know that over the years, maybe last couple of years or maybe as we sign more hotels, this X percentage has -- how it has behaved like as we're

able to leverage our brand more and able to get more X percentage of that particular X plus Y something over the year?

**Puneet Chhatwal:** No, no, no. I think it's driven by market. It's driven by size. In metros, if you get 6% to 8% fees you are doing very well. In smaller hotels, if you get 7% to 9%, you are doing fine. If it's a franchise, you're getting 4% to 5% to 6% of total revenue, 4% to 6%, let's say, you're doing very well. When it comes to within a metro, is it airport terminal linked location? Or is it somewhere 5 kilometers from the airport.

Similarly, in city center, is it in the heart of Delhi or Lutyens Delhi, like we just did the Ginger in Chanakyapuri We got it on the lower spectrum, but we would take it because how do you get the Ginger in It's like what call a gift from heaven, falling into your lap. So even if it would have gone for another 10% lower fees would have grown for another 10% lower. So it all depends. It's driven by brand, by the macro market, and within the macro market, what is the micro market for it and how much you are willing to do to -- based on your knowledge, what it can do for the brand. So there is no like a formula which could work for the entire portfolio and the entire brandscape. It's very different by brand, by geography and by the opportunity given the size and scale of the project.

**Ankur Dalwani:** There are no secular trends to show that fees is coming down or there is pressure on the fees. I think just to add, we continue to be a preferred partner of choice across owners in India. And with that is shown by the repeat contracts we sign with existing owners.

**Moderator:** The last question comes from the line of Achal Kumar with HSBC. Please go ahead.

**Achal Kumar:** Perfect. I just had one quick question. So on the loyalty member side, of course, while the members are growing, just wanted to understand, do you have some kind of analysis or have you looked at how many repeat customers are you getting? And similar to what big airlines track or whatever it is that my 40% customer stay 10 nights or whatever.

So have you done some kind of analysis or some kind of spending on your know your customer basis where you can say that so the repeat customers are increasing and the number of clients they take are also increasing? So I just want to understand any trends, any color on that, please?

**Puneet Chhatwal:** Nothing at the moment, that we have analyzed. I think we will start sharing this as of next quarter. All we can say broader trend at a large amount of success is also coming from depending on which brand. Like for Ginger, the loyalty is very important. There's a lot of repeat business and almost 40% of the enterprise level revenue of Ginger is loyalty led. So that is an extremely positive sign.

When you talk about palaces, I mean it's not really those who go and stay in a palace in Jodhpur or Udaipur or Jaipur, they are not going there because they're getting loyalty points. If you have to stay in Ram Bagh, you stay in Ram Bagh. You stay in Lake Palace, you stay in Lake Palace. If over and above, you get some loyalty points, it's fine, but that's not how they're going to decide the next stay because the entry point is so high.



Then when it comes to other brands, I think the good news is, it took us since the launch of Taj Inner Circle, which we had. It took us almost 20 years to -- or 17 years to get to 2 million. And since we joined with Tata Neu, it has taken us less than 4 years to have a 4x increase in that base. And within that, also the active loyalty users, where your absolute repeat has increased by the same pace. That has increased even 5x as Mr. Dalwani mentioned.

So that part is very positive, and we are very happy with Tata Neu because this kind of know-how of digital and the kind of investment needed, we could get being a founding member of that, it would have been very difficult for us to do all this on our own.

**Achal Kumar:**

Actually, that's what -- that's what my objective was to understand that because I think these days, a lot of hotels and airlines, I think they believe that know your customer is very important and that helps them a lot in the repeat business. And then secondly, of course, we had a -- people are taking a lot of short breaks as soon as you have a long weekend.

And so we are taking repeat holidays. So it was not probably was not -- it was not like whether I'm staying at Taj Palace or what, but whether I'm getting a repeat customer, whether coming people are coming again and again. I mean -- so that's what I wanted to understand how that will be...

**Puneet Chhatwal:**

You're right, Achal, people are coming again and again, it's becoming a very strong leverage for us. And we have 8 million, we expect to get to very quickly to 10 million once we have that it becomes the largest program. It's a very strong program on the domestic front. I doubt if anyone would come close to that. So let's see. Let's see how all this evolves. It looks very, very good and very positive at the moment.

Well, thank you, everyone, for joining the call. Thank you for your questions. We look forward to further interactions with you both offline or through other investor phones. And we look forward to the next investor call, which we will have in the month of May this year. Thank you very much. Have a wonderful evening and a wonderful weekend.

**Moderator:**

On behalf of The Indian Hotels Company Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.