



**“The Indian Hotels Company Limited Q4 2025  
Earnings Call”**

**May 5, 2025**



**MANAGEMENT: MR. PUNEET CHHATWAL – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER, THE INDIAN HOTELS  
COMPANY LIMITED  
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COMPANY LIMITED**



*The Indian Hotels Company Limited  
May 5, 2025*

**Moderator:** Ladies and gentlemen, good day, and welcome to the Indian Hotels Company Limited Earnings Conference Call for the Quarter and Year ended 31st March 2025.

On the call, we have with us Mr. Puneet Chhatwal – Managing Director and CEO, IHCL; and 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 “\*” then “0” 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 Q4 and FY '24-'25.

We are pleased to inform you that we have continued our record performance for the 12th consecutive quarter, on the back of continued growth momentum and key strategic initiatives yielding positive results.

I would now like to outline the 10 key highlights of '24-'25:

**1. Strong Industry Fundamentals:**

- Driven by strong domestic demand, limited supply addition and favorable demographics, the hospitality sector continues to be in an up cycle. In FY '24-'25, demand represented by room nights sold grew 6% as against supply of room nights available, growing only under 3% versus last year for industry.
- Strong domestic business travel demand, coupled with mega events like Mahakumbh, International music concerts like Coldplay, and a strong wedding season were the key demand drivers this year. This trend, ladies and gentlemen, is expected to sustain in the mid- to long term, with India's continuing to be the fastest-growing large economy and the rise in disposable incomes, with the addition of new tourist destinations and evolving traveler behaviors.

**2. Strong Financial Performance:**

- On a consolidated basis, IHCL delivered record performance in FY '25 with 23% revenue growth and 140 basis points margin expansion over the previous financial year, despite consolidating TajSATS as a subsidiary. I repeat, despite consolidating TajSATS as a subsidiary, which has relatively lower margins than the hotel segment.
- Our consolidated revenue stood at INR 8,565 crores, and our EBITDA margin expanded to 35% in FY '25. Our reported profit after tax stood at INR 1,908

crores. This number, however, includes an exceptional gain of INR 305 crores. Excluding the same, the normalized PAT has grown by 27% to INR 1,603 crores.

- We promised and gave a guidance of double-digit revenue growth at the beginning of the year, and we are happy to share that we comfortably achieve the same, despite Q1 being a muted quarter as we will all recall due to excessive heat and the code of conduct. IHCL's hotel segment showcased 13% revenue growth and EBITDA margin expansion of 220 basis points to 35.9% in FY '25.
- During Q4, the hotel segment continued its strong performance, with revenue growing by 13% to INR 2,206 crores and margin expanding to 38.5% by 230 basis points.
- Our standalone performance in FY '25 was also the best ever with 12% growth in revenue to INR 5,145 crores and EBITDA margin expansion by 260 basis points to 43.9%. Standalone PAT grew 29% to INR 1,413 crores, taking PAT margin to 27.5%.

**3. Double-Digit RevPAR Growth:**

- As we all know RevPAR is one of the key metrics for our sector, and IHCL delivered 16% consolidated RevPAR growth in Q4 and 12% for the full year on a domestic like-for-like basis on the back of demand continuing to outpace supply and our asset management initiatives. This strong performance helped IHCL command a RevPAR premium of 73% at the enterprise level for the year over the Indian industry, thus maintaining the premium positioning in each of the segments we operate in.
- Our international consolidated portfolio reported double-digit revenue growth, driven by strong performance at the peer in New York. The U.S. subsidiary turned EBITDA positive on the back of strong management interventions over the last 18 months.

**4. Our expansion momentum continues:**

- We have set a new growth benchmark with 74 signings and 26 openings in FY '24-'25, taking our portfolio to 381 hotels with 247 hotels operational as on date. Over 95%, I repeat, 95% of these signings are capital light, resulting in an industry-leading pipeline of 134 hotels as on date. This was enabled by IHCL's strong brand presence across market segments coupled with sustained demand buoyancy.
- In alignment with our strategic roadmap, Accelerate 2030, a significant share of the signings was in Gateway and Ginger brands like we had guided, and also reflective of the fast growing upscale and mid-scale segments in India. This year, we continue to build scale in each of the brands with Ginger crossing a 100-hotel portfolio and Vivanta reaching the 50-plus hotel mark. That is due to our focus in building critical mass in each of our brands that we have either reimaged or launched new.

**5. Capital-light growth, a key ROCE driver:**

- On the back of our capital-light growth strategy, our management fees in FY '25 was INR 562 crores, an increase of 20% over the same period last year. This was driven by 11% net unit growth in managed hotel rooms, an increase in RevPAR, technical fees and new fee streams such as brand fee.
- 6. **New businesses delivering consistent growth of 40%:**
  - Our new business is vertical comprising Ginger, Qmin, Ama Stays & Trails and now Tree of Life delivered a 40% growth in FY '25, resulting in a consolidated revenue of INR 602 crores. New business continues to be margin accretive with a consolidated margin of 37% as against the overall consolidated margin of 35% for the company.
  - Qminized Ginger or as we call it, the Qminization of Ginger continues to be the mainstream of the new business, contributing about 95% of the new business revenue. In the first full year of operations, the flagship Ginger Hotel at Mumbai Airport closed the year with a revenue of INR 97 crores and is expected to comfortably cross the milestone of INR 100-plus crores in this financial year.
  - Qmin on the other hand, has expanded to 72 outlets and in addition to service as the F&B brand for Ginger Hotels, has also established a presence in Westside stores in Mumbai and Bengaluru through a shop-in-shop format. Furthermore, Qmin has launched operations at Chennai, Kolkata and Bengaluru Airports in partnership with TFS. Ama Stays & Trails reached a milestone of 300-plus Bungalows in portfolio with a second consecutive year of 100-plus villas signed during the year.
- 7. **Our Continuous Focus on Asset Management and Investing for the Future:**
  - We remain committed to investing in our assets and building our capabilities for the future, thus strengthening our competitive advantages. IHCL in FY '24-'25 spent over INR 1,000 crores towards CAPEX, out of which half was used for renovations, routine maintenance and very importantly, digital initiatives, while the rest half was used towards greenfield projects.
- 8. **Tata Neu:**
  - Our Tata Neu loyalty program achieved a milestone of 10 million members with points earning contribution, which is members booking through direct channels, rising by 43% year-on-year to INR 2,200-plus crores. The unwavering loyalty of our customers is visible in our increasing enterprise NPS scores, which stood at 74 for '24-'25, up from 73 last year.
- 9. **Paathya:**
  - Under our ESG Under our ESG plus framework, Paathya, we marked a significant milestone in FY '24-'25 with 51 hotels drawing power from clean energy sources, including 13 operating on 100% renewable energy, through a mix of on-site installations, off-site sourcing and strategic power purchase agreements. IHCL standalone, which represents two-third of hotel consolidated revenue now uses 54% energy from renewable sources.

- Continuing our journey of eliminating single-use plastic, IHCL has installed 64 bottling plants and achieved 50% recycling of water used.

#### **10. Outlook:**

- We come to the outlook, which we feel is robust for FY '26 and beyond, and we remain confident of delivering double-digit revenue growth. With strong domestic demand, significant potential in foreign arrivals or a recovery from a pre-COVID phase of foreign arrivals and over 70-plus auspicious wedding dates, spread evenly throughout the year, we remain confident of delivering double-digit revenue growth in FY '25-'26.
- We have begun the new financial year on a strong note with April 2025, consolidated revenue growing by approximately 17% over April 2024, and strong business on books for Q1. IHCL has liquidity of INR 3,000 crores, which will not only help us tackle headwinds, if any, I repeat tackle wins any kind of headwinds, if any, but will also give us an advantage for any consolidation opportunities that may arise in due course.

#### **In summary:**

We expect to deliver strong growth with sustained margins and continued portfolio growth, with a target of opening 30-plus hotels in FY '26, 3 of which will be on our balance sheet, we are well on track to achieve our committed guidance of double-digit growth. Our focus also remains on scaling our new businesses, evolving our brandscape and strengthening our competitive advantage with prudent capital allocation and strategic opportunities.

Reflective of the company's sustained financial performance, a dividend of ~20% of consolidated PAT amounting to INR 2.25 per share is proposed, subject to shareholders' approval.

Finally, thank you so much for your attention, and we will now open the floor for questions.

#### **Moderator:**

Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Karan Khanna from AMBIT Capital. Please go ahead.

#### **Karan Khanna:**

Good evening, everyone, and thank you for taking my question. And congratulations to the team on a great ending to an exceptional year, and also for the growth sustaining in the current quarter as well.

My first question is regarding greenfield hotel openings. Puneet and Ankur, you have in the past spoken about how current economic rates are still not viable for greenfield asset development. But if I look at recent industry reports, more than 50% of hotel signings in CY '24 were in the form of greenfields. How much headroom do you think still exists before we start seeing a lot

more conversions in the form of greenfield additions? Or rather at what rates do you think these projects should start looking more viable?

**Ankur Dalwani:**

Yes. Hi, Karan, thanks for the question. What we have referred in the past is actually with reference to buying out land from scratch, and actually taking approvals and going through the whole process of setting up a greenfield. This is like a pure greenfield asset, which we had talked about that in the Capital Market Day, we had said that at that time, the rates will give you an attractive IRR.

To that extent, our thesis has not changed, because if you see whatever has been announced is either a combination of assets where, for example, in our case, the land is coming to us in the form of lease at attractive rates, making the proposition viable or if it is an existing parcel of land, which is being put to use like we did in the case of Ginger Mumbai Airport.

So, if you step back and look at the larger picture, even if you look at the first quarter for this financial year, it is looking strong, both as far as ARR and RevPARs are concerned, it's a good beginning. Of course, we have the benefit of a low base of last year. So as such, there doesn't seem to be any direction to say that ARR has peaked. There's a good momentum which shows up on the portfolio.

**Puneet Chhatwal:**

I would just like to add, see, there is no 1 size fits all. The greenfield opportunities in Tier-2, Tier-3 cities or new markets are quite interesting. For example, we are going to open this year greenfield in Ekta Nagar Vivanta and a Ginger, both together. Now that opportunity is very interesting because of so many visitors going to Statute of Unity every day, but also how that Ekta Nagar is going to evolve based on the entire infrastructure development program that the government has put in place and the importance that the government has given there.

From our point of view that land came at a very compelling proposition and to build straightforward greenfield assets was at a very reasonable cost. So we expect very quick payback of projects like this, which will definitely not exceed 7 years. If we are lucky, it could be in 4 to 5 years' time. And such projects, we will always pursue in the ethos of Tata Group in terms of both nation building, but they are also very important in deploying our own capital and we will keep increasing our return on capital employed.

**Karan Khanna:**

This is helpful. Thanks. My second question, in Slide #26 of the investor presentation, we can see that the share of bookings from your own website has increased by 100 bps to 15% in FY '25. Could you highlight the savings that accrue to you from change in this mix? And what aspiration or plans that you have to increase this share going ahead? And if you can also quantify what cost efficiencies do you expect accruing because of that?

**Puneet Chhatwal:** This number is a little subdued for last year. This number will go up because we have only relaunched the new website of the Taj brand. And we have also done that with Ama. But almost every 6 weeks, we will have best-in-class websites getting launched.

And we hope to get more and more traffic with the combination of the new digital initiatives as well as Tata Neu initiatives to get more traffic through our website, and each percentage increase or each room night that we don't have it going through there saves us anything around INR 1,000 to INR 1,500 based on the total mix. But as the growth is coming more in the upscale and mid-scale brands, so you can safely assume around INR 700, INR 800 per booking that is channeled directly through our website.

**Ankur Dalwani:** Yes.

**Karan Khanna:** And then lastly, on Taj Bandstand, if you can update how the construction is expected to progress in FY '26? And as a follow-up, have you elaborated on the structure for this asset? Will it be entirely on IHCL balance sheet? Or will you be looking to nurturing some of your existing partnerships such as with GIC or with an external partner for this asset?

**Ankur Dalwani:** So the second part is easier to take. Right now, it is being planned to take this in our subsidiary company. So not on standalone, but on a consol basis, it will be 100% owned. As of now, that's the plan. The GIC partnership, as you know, is a partnership which actually has got over, but we continue to be in dialogue with them if there is anything interesting which we can do together. But for now, the plan is to do it on our balance sheet. One positive development, which is actually likely to come up is that spur to Taj Bandstand and Lands' End, the road from going to the ceiling is likely to get approved, which will actually get the connectivity to these hotels much, much superior than what it is today. And that's obviously something which we are also tracking closely.

In terms of approvals, we have made good progress. In the next few weeks, we expect to hear some good news in terms of the CRZ approval, which is the next milestone as far as this asset is concerned. And once that is in place, then it's then awaiting 1 final note on the height, because we already have a height approval till 145 meters, and we have now applied to take it to 165. Once that comes through, we are in a position to start construction. So somewhere latter part of this year, construction can actually start towards the end of the year.

**Karan Khanna:** Great this is helpful, I will come back...

**Puneet Chhatwal:** Also for anyone else who might want to ask the same question. When we discussed this 2, 3 years ago, we said we don't have to build it on our own. With the cash that we have generated and the reserves that we have, and the expected cash that we will have, it does not make sense to partner, but that's a very luxury position to have.

If need be, we can partner both from within Tata Group or outside Tata Group like with the GIC or anybody else or with another developer or with Tata Projects. Everything, we have all the options in our hand. But as things stand today, given the change in our position from being net debt free and generating so much cash, it makes absolute sense today to do this on our own.

**Ankur Dalwani:** We may derisk the project, like Mr. Chhatwal is saying, we may derisk it by getting a turnkey contractor. But as far as ownership goes, it probably makes sense to at least start having it under our belt, and then we'll see how it goes.

**Moderator:** Thank you, sir. We'll take the next question from the line of Binay from Morgan Stanley. Please go ahead.

**Binay Singh:** Hi team. Congratulations on another very strong quarter. My first question is, how should we think about CAPEX next year? And what are the key areas that you would be spending it on?

**Ankur Dalwani:** So we have guided in the press release that firstly, in the context of the CAPEX, this year, we have spent close to about INR 1,100 crores. This is on a consolidated basis, INR 1,074 crores number, which is evenly split between greenfield and renovation and routine and digital. The greenfield also include, by the way, the money we put out for securing the FSI for Bandstand. So that was a large portion of that CAPEX. We have in this current year, we have a few projects which are going to get to completion, Ekta Nagar the 2 projects.

We also have Banaras adding brownfield expansion of 100 keys, that will also get done this year, which is being done through our subsidiary. And a few other smaller projects, which includes small in terms of outlay are also going to incur CAPEX this year. So overall, we have guided towards INR 1,200 crores plus CAPEX for the year, and we feel comfortable about that.

Given that we are also wanting to scale up assets on the balance sheet as quickly as possible. Of course, there's a physical constraint on how much we can build. And so out of the INR 1,200-odd crores, we would think almost there's also large renovations planned in some of our assets, including Taj Palace in Delhi, Fort Aguada in Goa, St. James in U.K., Taj Kolkata, so Taj Bengal.

So essentially, if you put all together, we would think about 60%, 65% of the CAPEX would get spent on renovations and digital investments, and the rest would really be going towards greenfield assets. Of course, this number will evolve, because it's also a function of approvals, particularly on the greenfield side.

**Binay Singh:** Right. And the second question is the April number that you shared about 17% growth, could you remind us how much of it is due to base? Because I remember May was very weak last year. So was April also very weak last year that you're seeing the 17% on that? If any breakup you



could give on what would be like a normalized run rate? And what is it because the base is very low or any thoughts around that?

**Puneet Chhatwal:**

Binay, since the last several years we speak, we keep talking about this base and growth. It's just the demand is outpacing supply. There are more wedding dates. So April, May will be good. Of course, the base, if we look at Q1 was last year, exceptionally the weakest quarter. So the way to look at it this year would be Q1 plus Q2 combined. The same thing, as we said last year, please look at Q2 and Q1 together. So because we had a low base in Q1, the sector should definitely do a minimum of double-digit growth.

The question is at what level, 12%, 14%, 15%, 17%, 19%. As things stand today, year-to-date, which means 4 days of May, and 30 days of April, we are definitely at 17% plus, but that's a very high number. So if it stays like this, we are very happy. But things don't stay like that always, as you know. So anything which is north of 13%, 14% is a very healthy number because of the business on the books.

And in the current environment, a lot of people are not planning that far to book. So given what happened in the north. So there will be a bit of this, which will create a pent-up demand again for Q2 if there were some misses in Q1. But the way it has started, any of that possible miss would be more than compensated with the performance that we have seen or we'll see in the first 40, 45 days of this financial year.

**Binay Singh:**

Great team. That is helpful.

**Ankur Dalwani:**

Also to add, the growth on last year, April was not that subdued. Really the quarter became subdued as we got into May and June. It wasn't as good as this April, but was a reasonably high single digit or early double-digit number, if I recall correctly.

**Binay Singh:**

And just squeezing 1 more question on the foreign tourist arrival. Pre-pandemic, this used to be always trending up, was a good profit margin business also. I do understand in the near term, we have a little bit of border uncertainty, so it could impact tourists adversely. But is there anything that the industry or the government is doing collectively to take this number much higher? In fact, the slide that you talk about, the FTAs in India are lower than some of the standalone cities globally. So anything that you see in the longer run that the government and the industry is collectively doing to really push this number up?

**Puneet Chhatwal:**

There are 2 ways to look at this, Binay. Technically now in the last few months, the number of arrivals has gone up. But just the terminology, FTA is not appropriate. So that's why when I was giving my 10 points, I called it foreign arrivals and I missed that T, I took out that T. Because as India gains more and more relevance and importance as being the fifth largest economy and progressing towards third largest, there's more and more business interest that is getting generated from outside of India.

And more and more people after G20 are still traveling. It's not that G20 happened once and nobody came back. So people are coming. And the foreign companies that had business established, and I give you an example of Siemens or Bosch or whatever these are German groups or Bayer, they're all growing in size and more and more of their people from their corporate offices from Germany are coming in.

So this is a trend you will see in auto sector, you will see that in the Global capability centers that are being built. So that's one way to look at it that that part is happening. But when it comes to the tourism part, we have not seen us going back to what it used to be pre-COVID.

What we have done is we committed to Indian Association of Tour operators at their annual business conference last year, and we have put in as Indian hotels, committed INR 25 crores to be spent over 3 years in helping promote India outside. We have done that at the WTM in London, most recently last week at the ATM in Dubai, and in March at the ITB in Berlin by hosting the India Day. We'll keep doing these activities.

We have made also for travel agents many other terms favorable by changing their cancellation policy, by including breakfast in the rate component, etc. So that our own community is a bit more incentivized to bring in the business. And because we are doing it, I am sure others will also follow.

At the same time, through the various other organizations like CII or HAI or FHRAI or which is the Apex body and individual associations, everybody is doing their bit to lobby with the government to get some international marketing budget, so that we can promote this wonderful culturally diverse destination to build on the soft power of brand India.

**Moderator:** We take the next question from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

**Sumant Kumar:** Hi sir. So I have seen Taj sets margin in this quarter is lower. So what is the key reason for that?

**Ankur Dalwani:** So Sumant, we put a note also explaining that basically the new contract we have signed in some of the facilities, the way they are accounting for levy change as per the new contract. Earlier it was not a P&L item. Now the levy flows through the revenue and also through the cost. Essentially, that impacts the margin per se, because firstly, it increases your revenue without changing your EBITDA.

Also in some of the facilities, there is a levy on levy. Essentially, if it's a part of your revenue, you have to pay levy on that as well. So both of these factors actually have impacted the margin. And if it was not for that, for example, this quarter, the margin would have been actually lower by only 0.5%. That also is explained because there were some one-offs in their P&L last year. And if you were to knock off that one-off, which we haven't talked about it here, but it would actually be a positive quarter for them.



*The Indian Hotels Company Limited  
May 5, 2025*

Overall, if you look at how we are looking at their numbers, the next year, FY '26, we expect because of this, there could be a 1% impact on the margin, but this will also help in growth in the revenues because this levy now gets added to the revenue itself. So if they were doing 13%, 14%, they could do an additional 3% to 5% because of the levy now going through the P&L.

**Sumant Kumar:** So considering current scenario in international market, do you think the U.S. and U.K. business is likely to see a challenging year for these 2 subsidiaries, FY '26?

**Puneet Chhatwal:** No. On the contrary, see we have only 2 properties in U.S. San Francisco went through 2 very bad financial or 2, 2.5 very bad years. But since January, San Francisco is slowly coming back as it used to be. And on the occupancy, it has reached the level where it was. And on the rates, it's increasing by leaps and bounds.

And we do believe that San Francisco will be a big positive surprise this year. The April was extraordinarily good for San Francisco, but that changes in that city based on the big events that they get.

In New York, our size of the hotels is not that big. These 2 hotels put together are like close to 300 rooms. But our efforts in New York, as I said, are beginning to pay off. And for the first time, P&L was EBITDA positive, and we think this journey will continue in a positive way also this year.

**Sumant Kumar:** Okay. So sir, in April month, you were talking about 17% growth?

**Puneet Chhatwal:** Yes.

**Sumant Kumar:** And which city has driven the growth?

**Ankur Dalwani:** It's actually across the board.

**Puneet Chhatwal:** It's across the board.

**Ankur Dalwani:** Domestic and international. Actually, even international has done well, mid- to high teens across the board. So I don't think it's a specific city which has given the growth. The big cities, the metro cities continue to fire, which was expected, which is Bombay, Delhi, Bangalore and even markets like Hyderabad, Rajasthan have done quite well.

**Puneet Chhatwal:** And the first 4 days of May have also been very good because the commercial capital, Mumbai had the WAVES event, and Delhi had some heads of states visit. And fortunately, for us, one of them we hosted.

**Sumant Kumar:** And majorly ARR driven?



*The Indian Hotels Company Limited  
May 5, 2025*

- Puneet Chhatwal:** Very strong ARR driven.
- Sumant Kumar:** Okay. Thank you so much.
- Moderator:** Thank you. We'll take the next question from the line of Prateek Kumar from Jefferies. Please go ahead.
- Prateek Kumar:** Yes. Good evening, sir. Congrats on great results. My first question is on city-wise RevPAR growth, like we have stopped giving that data, but like in terms of tourist cities versus business cities. So overall, 16% RevPAR growth in the quarter, like how does it show up in different cities?
- Puneet Chhatwal:** Prateek, most of the cities are very strong. The only place which is a little bit under pressure or flat is Goa. But it's still having the highest rates or the highest RevPAR in the country, so at least for us. And if I was to take the growth in Q4 in Mumbai was 14%; Delhi, NCR was 27%; Bengaluru was 28%; Chennai was 12%; Rajasthan was also 12%; Hyderabad, 14%; Kolkata 26%; and also Kerala 16%.
- It also depends what is the base you are coming from. So in Goa, the base was 18,000 for us. Now Rajasthan was 23,800. Hyderabad was also 19,800. But Delhi was only 11,598, and it went to 14,700. So that's how we would like to look, because Goa during COVID and post-COVID was still at a very high level.
- And we are very pleased with the performance of all these Mumbai, Delhi, Bengaluru, all these places, we have very strong presence. The only city that we miss for us, with strong company-owned presence is Pune, which is also doing strong. It is growing very strong, the Pune market.
- Prateek Kumar:** You also highlighted on like people or travelers are generally a bit cautious on booking in near term, immediate term. But how is this general to understand, how is this mix evolved from pre-COVID, like people wanting to book in 1 month or 3 months or 6 months in terms of industry tender yourself?
- Puneet Chhatwal:** Nothing the visibility. The booking window is becoming shorter and shorter. More and more people that travel don't make all these plans so much in advance, except for the usual. When you have school holidays and you have the summer vacation, the Christmas, if you take that out, the rest of the extended weekends, et cetera, are just planned maybe sometimes even 24 hours in advance or 12 hours in advance, versus what we have highlighted since last 10 quarters that when people had to drive themselves during COVID, they got used to a different holiday with the family. And many of them never went back to the old way of using other mediums or other help to drive, they would just get into the car and drive themselves, and that is a lot. So the booking window, except for the main holiday season is becoming shorter and shorter.

- Prateek Kumar:** And one last question on demand trend again. Like regarding this global tariff or is there something which you envisage on, again, foreign tourist or overall business sentiment...
- Puneet Chhatwal:** Fortunately, nothing comes to my mind on how this sector could be impacted with tariff. At the moment, I don't know what I could do is increase what GST. That they cannot, that influence cannot come from overseas.
- Ankur Dalwani:** Also...
- Prateek Kumar:** No, I meant from business sentiment...
- Ankur Dalwani:** Yes. In fact, the business sentiment, it could help India because it's one of the beneficiary of the tariff regime is that India has got relatively lower tariff than neighbors. And if those continue to hold, you could see more visits coming into India for doing more and more of outsourcing from here. So that's, in a way, not a negative, but definitely could be a positive also.
- Puneet Chhatwal:** Actually, to the other question, was Binay put in or it could be a great opportunity to channel some of the business from Europe instead of going to U.S. to get them to India. The flying time is not any different. It's the same.
- Prateek Kumar:** Sure sir. I will come back to the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Sameet Sinha from Macquarie. Please go ahead.
- Sameet Sinha:** Yes. Thank you very much. A couple of questions here. First was in one of your slides where you show demand supply by city, it showed Delhi going into negative. Now did that happen at the beginning of the year? Or is that something a new development?
- Puneet Chhatwal:** Delhi going into negative supply.
- Sameet Sinha:** Supply.
- Ankur Dalwani:** Yes, this is more statistical. This is STR data. So we have checked it with them, but it's not necessarily representative of the trend. Essentially, this is probably what has happened. And if you see the supply going negative, some hotels were not available. Effectively, the room nights available have gone down statistically. But in general, if you see across the board, supply is growing in the region of 2.5%, 3%. That's what the trend we picked up. Some of this, I would not really read too much into the minus 1.2% number here, but that's more of a statistical number. Overall, the supply is in that zone which we mentioned earlier.
- Sameet Sinha:** Got it. Okay. Thank you. The second is if you look at the interplay between ARR and occupancy, can you talk about what the incremental margins are on both these drivers, ARR and occupancy?

**Puneet Chhatwal:** See, if the business comes through rate increase, the flow-through is very high. It could be 80%, 90% or even 100%, depends on what rates we are talking about. And occupancy driven, you'll still have the operating cost per room. So finding the right balance and the right mix is a good way forward.

We see that the willingness of the people to pay for premiumization in India has significantly increased in the last 2, 3 years. Previously, we spoke about a few hundred thousand people today, you can easily say more than 1 million people in India are willing to pay for quality, are willing to pay for experiences and are willing to take more holidays or spend on discretionary expenses like hotels and restaurants.

As an example, it was unthinkable that you could have smaller restaurants. It happened in the West, but not in India so much with 10, 12 seaters sold out for 3 months before you get a table or a booking. And that, too, it's not sure because if you are not exactly filling up the restaurant, maybe it's difficult and the kind of spend that you have in one evening out there in such places. So these are new trends that are emerging and something we, as a sector should also observe closely to see if that's what some of our places should look like in our hotels in light of our asset management initiatives.

**Sameet Sinha:** Got it. That makes sense. A final question. If you look at your Slide ##38, where you talk about the opening schedule of the signed pipeline, have you adjusted that number downwards, you said it had gone down by like 10% or so for '26 and '27?

**Puneet Chhatwal:** Downward...

**Ankur Dalwani:** We give guidance on pipeline every quarter. And like we say, also as I put a disclaimer at the bottom saying because a lot of this is a function of approvals, et cetera, for the hotels to come up. So when we give guidance for what will open in '26 and '27, for example, on this page, it is the best available estimate we have as on date, which basically factors in what we know as to what is going to happen with the partners, particularly the managed hotels and also our own hotels.

And this, in a way, talks about the basic concept of demand-supply being in deficit, because it's very hard to put a time line on saying when will this new supply come in. And in a way, this does get updated every quarter.

**Puneet Chhatwal:** You have a point. Actually, we will do a better job next time on this. This is not right representation the way you have asked the question. So see, this, for example, does not include anything which is a conversion. A conversion may come in, in June and may go online like we have now 2 properties which we have opened in Bangaram, totaling 112 rooms. They never hit the pipeline. They come in and then they are straight away going to open. So like we had the Claridges.

Claridges, we signed, we announced and 4 weeks later, we opened. So a lot of this pipeline because of governance reasons, we give exactly what is there, which is signed, sealed, legally valid in doing these projections, but this number does not include the possible delays where a project may get stuck, but also does not include many conversions like a Tree of Life, existing portfolio that came to us. It was not a lot of rooms, but it came and we took it over.

Similarly, there may be other consolidation mergers, acquisition opportunities. We can't list them here because they may not even be in negotiations. There may be no negotiations at this point of time. So we have to extrapolate based on what we know and what all could happen, including based on our past experience of how many conversions that you get to the right number.

**Sameet Sinha:** Got it. If I can just sneak in one more. Previously, you used to give the pipeline number beyond '27 as well, but it's not there. So how should we put that in our model?

**Ankur Dalwani:** The total pipeline is there, which is the total signed pipeline. And effectively, if you see, we have got roughly about 3,000 to 3,500 keys opening in the next 2 years, if you look at the numbers which we have put out, not factoring any potential conversions, which might happen. So essentially, between the 15,000 would get absorbed by FY '30 or FY '31 kind of a number, right, if you think about it.

**Sameet Sinha:** Got it. Okay. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Achal Kumar from HSBC. Please go ahead.

**Achal Kumar:** Hi. Thanks for taking my question. So my first question was about your FY '30 target, which you gave when you're expecting revenue to double by FY '30. So on that, I just want to understand how much of the growth you think will come from the room addition and how much from the other KPIs, other sectors, including RevPAR and all? And do you think most of the growth will be the front loaded? You already reported 23% growth in revenue this year, while the overall growth is like 11.5% CAGR. So do you think most of the growth will be front-loaded?

**Puneet Chhatwal:** Achal, are you asking us to increase the guidance across the revenue. I remember your question from Capital Market Day. See that we will be doing what is to be done. But your question in so far is interesting. And double-digit growth, let's say, 10% per annum for the next 4, 5 years could be the CAGR that will come. In 1 year, it might be 14%, another year might be 8% to then it's 12% and then it's 11%. These things happen in the marketplace, right? But it will remain strong. Why it will remain strong is it's also coming in new markets, which has limited supply or will not get so many additions to supply. If you looked at our presentation, we have also doubled the number of places we are present in terms of our footprint. Now that's one.

The second will come through what we said our asset management initiatives. Third comes through new hotels. So that is how we keep achieving that high number, despite our base being so high. Look at our base in Jai Mahal Palace or in Falaknuma, it's a very high base.

And on that high base to say that we'll keep having that growth in perpetuity, that means a lot of things in India and in the world have to keep working very positively. But what makes us so confident of achieving that number is our very strong, not like-for-like growth, with 130-plus hotels in pipeline, what we know today and more will keep getting added, so that we are very well-positioned to achieve the guidance that we have given. And in that guidance, Achal, if you remember, we always say we promise, we deliver. And ideally, we keep delivering a little bit more than what we have promised.

**Achal Kumar:**

Agree on that. Agree on that part. My second question was about the rising competition. Obviously, in any industry, if the demand is strong and capacity is tight, new players join in. And recently, IndiGo announced to open additional 30,000 rooms by 2030, along with Accor.

On the other side, if you see the GIC is taking a bit active part, they bought 35% stake in Samhi in 5 hotels, and they are spending almost INR 1,000 crores there. So how do you see the competition rising? Do you think the industry is still expecting this demand versus supply growth or the gap between demand and supply to continue for 4, 5 years? Or do you think things could change? So how do you see the industry structure actually?

**Puneet Chhatwal:**

See, as India gains in importance as a strong economy, more and more brands and organizations would want to have presence in India and a strong presence. And all companies, as far as I can see, have made big plans.

The benefit we have is we embarked on this journey some time ago. And just given our signings of 74 contracts last year has given us a very big boost and an edge. And given that we are today net debt free, having a gross cash of INR 3,000 crores and generating cash as we speak, positions us very well to take advantage of any other inorganic opportunities that might come.

Now what others are doing that is their entitlement to do, but I can only say that we, as management, this is what our thinking has been. And also very important that we are not in the business of counting rooms only. So we have certain legacy.

We have certain commitment through our businesses to the nation, and we will keep doing what we think is right and not follow blindly some other thing, although the consequence of all our growth is also that it is increasing our footprint and number of rooms, number of hotels, but that is not our sole objective. We are going to go for profitable and sustainable value creation.

**Achal Kumar:**

Right. Fair enough. And then my last question was about the cost efficiency. Obviously, you keep rising, your room inventory keep rising, and then definitely, you'll have cost efficiency



playing around. So going back to one of the previous questions around the cost efficiency, so how do you see the cost efficiency could play? According to your plan, do you think 1%, do you think 0.5%, do you think 2%, the cost efficiency could continue to play? And when we talk about the cost efficiency, especially particular this quarter, Q2, going in Q1, with lower oil price, what kind of tailwinds you expect to your EBITDA margin in the next quarter?

**Ankur Dalwani:**

Yes, Achal. Hi. So without getting specifics on margin for the quarter, if you go back to the quarterly history of FY '25, you will see that even in quarter 1, which was the lowest quarter for us in terms of revenue growth, we managed to tweak out efficiencies and get our EBITDA actually growing at close to 10%, 11% versus the revenue growth of 6%. So the endeavor here is to keep a check on costs.

There are puts and takes on the cost side as we have expressed in the past, as we enhance our brandscape. There will obviously be some investment we have to put back on promoting the brands. And also as we move towards a more digital investments, which we keep doing to enhance our competitiveness, a lot of that cost now goes through the P&L, just because the nature of the investment has not changed from CAPEX to OPEX.

So there are things which take away from margin, but also create long-term value. Also, the ones which will aid to the margin today is really the leverage we continue to get, given that a lot of the growth is coming through ARR expansion, and that helps us in passing through any normal inflation.

In any up cycle, we have seen that our ability to pass for the sector to pass on inflation and maybe comfortably pass on inflation, maybe 1% to 2% over that continues to be there. But like I said, every cycle is different. There will always be challenges, and there will always be puts and takes. So overall, we feel comfortable about the direction we are on. And in terms of margin, there is a positive bias, which we continue to hold for this year as well.

**Achal Kumar:**

Okay sir. Thank you. I will come back in the queue.

**Moderator:**

Thank you. We'll take the next question from the line of Abhay Khaitan from Axis Capital. Please go ahead.

**Abhay Khaitan:**

Thank you for the opportunity. So my question is specifically on Ginger brand. So in the slides, we can see that they have seen a RevPAR growth of 8% for FY '25. Now with new initiatives of Ginger, and positioning it as a Lean Luxe model now, would it be fair to expect ARR growth for this segment to be higher compared to other brands? Or do you think it is still some time away?

**Ankur Dalwani:**

So see, Ginger is actually very well positioned in the mid-scale segment. This is a segment which is relatively more price sensitive as compared to, let's say, the luxury and the upscale segment.

And actually getting a 10% and an 8% growth rates on RevPAR is actually very commendable for this segment, because relatively, the growth rate in this segment is lower compared to the overall hotel segment industry, especially the luxury end of the market.

And also what will happen in case of Ginger is that there is a completion of the Lean Lux program, which will actually get done in this year, which means almost the entire inventory will be fully renovated in terms of getting it to a lean lux position, which will help us in pushing the ARR's through.

And this is actually a great segment or the brand is very well positioned to target not only consumers, but also corporate, where the price sensitivity is a little bit more, but there is a strong preference for them to come under the Ginger brand, because then they become part of the IHCL network, because it not only opens up them to stay in the Ginger Hotel, but next time the person could go and stay in a Vivanta or a Taj.

**Abhay Khaitan:** Got it, sir. Thanks for this. The second question is on Slide 26, you have mentioned the split of travelers, where you have mentioned 55% of demand is coming from transient. So can you please throw some light on how much of this transient would be business travelers and how much would it be leisure travelers?

**Ankur Dalwani:** Well, it's very hard to give that breakup. But generally, transient are people, basically where we have non-negotiated rates. These could be smaller corporates as well. But this would basically be people with whom we don't have a negotiated contract. That's how we measure that segment.

The pricing power is maximum in that segment. And therefore, we feel very comfortable with this 50%, 55% share which we have. This is something which has actually been there for quite some time. It's not a new development. And this will largely be retail, but we don't really have a split about retail and corporate. We don't actually have that separately.

**Moderator:** The next question is from the line of Prashant Biyani from Elara Capital. Please go ahead.

**Prashant Biyani:** Thank you for the opportunity. Mr. Dalwani, how much of the 60%, 65% renovation cost of INR 1,200 crores can pass through P&L?

**Ankur Dalwani:** No, all that is renovation CAPEX. So it will all get capitalized. It will come to the P&L under the form of depreciation as and when it is completed. So obviously, first, it will get spent and then get capitalized.

**Prashant Biyani:** Then sir, just a related question on margin. If most of the renovations is going through the balance sheet, then shouldn't a mid-single-digit or low double-digit ARR increase should lead us to a healthy 150 to 200 bps margin expansion?

**Ankur Dalwani:** Yes. Like I said, not getting into specific guidance on margin. But I've answered this question in the past. I will just repeat that there are puts and takes on the margin side. And then as the year has just started, we'll just see how the quarter goes, given that we are just seeing good momentum first quarter. We are hopeful that the positive momentum which we have seen in the fourth quarter continues.

As mentioned earlier in the call, I guess there is no pressure as such on rates, but obviously, one has to be watchful about the increasing competition, and keeping in mind if there's any impact of the global situation. As of now, for the month of April and early May, we haven't seen anything come through, but we are just watching that.

**Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Aliasgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.

**Aliasgar Shakir:** Thanks for the opportunity, sir. You have partly answered my question. Question is on the ARR. You made a comment, sir, that Goa this year was slightly soft, because of the high base. So in that context, a couple of questions. One is, which are the regions or do you see many of the regions given that last 2 years have taken sharp ARR's would be sitting on high ARR's and probably that could have some factor, because of which our RevPAR could be at a peak level.

And the second thing is that you also mentioned that you are premiumizing a lot of your properties. So how much of this ARR could be because of upgrades and how much it could be entirely just price increases?

**Ankur Dalwani:** Well, on RevPARs across the cities, like was mentioned, even for this year, it's been a pretty secular growth across the cities, especially the big cities. Goa for us is on a consol basis is effectively very small number. So it doesn't impact the overall RevPAR numbers for us, which continues to be very healthy. If I look at the April RevPAR, it's a comfortable mid-teens a number.

So in general, in a portfolio which has close to 250 operating hotels, you will always have some city doing better and some city going a little weaker. So that's the way the diversification also helps us.

As far as your other point is concerned, which is how much is it on account of asset management, that's again difficult to answer. But one way to think about it is the RevPAR premium we enjoy in the market.

And if I look at the absolute RevPAR premium, which is very high, it's about 70%. So not saying that a large portion is because of our asset management, but it's a combination of a lot of things, the asset management, also the location of the hotel, the brand name itself, the loyalty program and the entire set of corporate advantages, which are out there, which actually attract people to



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May 5, 2025*

come to our hotels. So hard to split this into saying that this is pure industry versus pure our competitive advantage. But all of this goes together to bring us to that kind of number.

**Aliasgar Shakir:**

Got it, sir. This is very useful.

**Puneet Chhatwal:**

With that last question, I would like to thank everyone who participated in the call today. Thank you for your support. We look forward to interacting with you with the Q2 results. And any offline questions anyone may have, please feel free to contact us or any member of our team. Thank you, everyone, and have a wonderful evening.

**Moderator:**

Thank you, members of the management. Ladies and gentlemen, on behalf of the Indian Hotels Company Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.