IHCL

The Indian Hotels Company Limited

Capital Markets Day
Thursday May 11, 2023

Management :

Mr. Puneet Chhatwal, Managing Director & CEO

Mr. Giridhar Sanjeevi, Executive Vice President & CFO

Welcome by Team IHCL:

Good afternoon, ladies and gentlemen. Thank you all for joining us today for the 5th Annual Capital Market Day of IHCL. We would like to extend a warm welcome to everyone present in this room and those joining us virtually from across the globe. Before, we start the event as a matter of good practice, we would like to show you the security brief right now. AV please.

(AV Playing)

We will now commence with a presentation by our Managing Director & CEO, IHCL, Mr. Puneet Chhatwal and Mr. Giridhar Sanjeevi our Executive Vice President & CFO, IHCL. I would like to take this opportunity to invite Mr. Chatwal up on the stage please.

Mr. Puneet Chhatwal – MD & CEO, Indian Hotels Company Ltd:

Good afternoon, everyone. Wonderful to see so many people. This is our 5th capital market day. I remember a few years ago, we hardly had 15 or 20 people sitting in here, so the numbers keep increasing just like our occupancies are increasing in our business and the seats in the aircrafts are getting more and more occupied. Let me start the day with our presentation which is titled as aspiration when coupled with execution creates superlative performance and that's the journey we embarked upon, the journey of aspiration, which we called Aspiration 2022, which we officially announced in the month of February 2018. We did quite well for six consecutive quarters and then COVID hit us and aspiration had to be stopped and reset was launched, which was called Reset 2020 and as a reminder that Reset stood for revenue growth excellence in operations because those days we were very occupied with just sanitizing and following the COVID protocol.

The SET, that follows is something we are very proud of because that started our journey of finding the right cost base for the company the S was for spend optimization, the E was for effective asset management, and T was for being thrift and financially prudent. Sometimes when you go through a crisis it doesn't feel good, you're demoralized, your revenues are zero, but in hindsight I think that enabled us to accelerate the speed of change that we badly needed towards our goals and that's how a company which was traditionally at 15%-16% EBITDA margin was able to give a guidance under Ahvaan 2025 of 33%, more than doubling of that margin and when we started Aspiration 2022, a lot of people thought getting to 25 was a very stretched target, some even said you will never get there.

So, I think that's the setting of the context on how we did, what we did, the good news is we started in 18, so when COVID hit us we were already in that journey and had we started then it would have been very, very difficult. We did promise profitability, but we did not promise record performance and we delivered record performance and these figures say it all. Our enterprise level revenue that means it includes revenue from all management contracts. As you all know, we reported 5,950 odd crores as consolidated, but enterprise level revenue reached 11,000 crores, which was a 1.5X increase. Later in the presentation, you will see where all it was coming from. We crossed 1000 crore in our profit after tax. We had more than 1000 crore free cash flow. The company which was always you know kind of pushed with the pressure of debt for several decades was able to talk about free cash flows and consistently including in the months that has gone by and our market cap increased 50,000 crores. So, almost five years ago 17/18, it was at around 13,000 crores, so it's almost 4X increase from where we were at that point of time.

Each quarter was a record quarter. Quarter one was the best quarter ever, best quarter one in the history. Quarter two was the best quarter two and that saga continued and we hope that this will continue. Also, this year at least, there is nothing that makes us believe that the Q1 will be different than the Q1 of last year. Obviously, Q3 being an absolute record in terms of EBITDA, in terms of PAT, and we did announce that our Q3 PAT itself was higher than the best full year financial result in the history of the company.

Moving on to the next slide, which says our RevPAR growth premium. We were always commanding a premium because of the strength of the Taj Brand which is really the backbone of the company. This used to be around 40%, it moved to more than 70% versus what the industry is doing and this really has happened as I said, I'll keep talking about some of the initiatives that we have done by premium premising our portfolio that means a lot of hotels which were not renovated were renovated, were repositioned, were rebranded. Our brand itself were reimagined that's The Ginger, The Vivanta. A new one was introduced like SeleQtions. Even if we introduced new businesses like Ama or Qmin, in their own market segment in order to stay relevant they had to be perceived as the most premium offering to the competitors that were there.

Obviously, we had the strong brand equity of Taj that really, really helped us. You'll see that in the later slides. Our market share kept increasing. All our companies were doing exceptionally well or there they call it firing on all cylinders and our smart renovations. So, some of the iconic assets have a lot of space and we have never thought of sweating the assets in the way we have done that in the last few years, so it keeps coming back to spend optimization, effective asset management, and by being thrift and financially prudent. From the debt which we spoke about at the peak of COVID more than 3,000 crores getting to almost 1000 crore net cash positive and obviously also in the free cash flows. So, we have one debenture that needs to be paid off in June for which the QIP monies were allocated that will happen before the end of June and after that you know we will stay net cash positive, we have no plans to take on any further debt.

One thing which we promised was unleashing the potential of our entire brand scape. So, we reimagined the brand scape and started delivering performance across all brands. I don't know how many of you remember, so we have the hotels, we have the restaurants, we have the spa, we have the saloons, and a lot of this got reimagined and renewed, and a lot of changes were made to all the brands except for the Taj. The reason being Taj was the most iconic, but was getting disturbed by putting under Vivanta by Taj, the TGH; The Gateway Hotel also very cleverly through some owners became Taj Gateway Hotels or Taj Khazana or Taj Salon you know all this was not working and we consciously embarked on the journey of house of brands versus one branded house.

Ladies and gentlemen, it was a very tough decision because people really wanted everything to stay Taj, but everything would stay Taj then nothing would change and change does not happen that easy or by itself, so in order to deliver on that promise, in order to bring that change, in order to become what we had set out to become being the most iconic and most profitable hotel company from South Asia, the time to change had been long overdue and thankfully it happened before COVID hit us and we continue to invest in our brands. You know it's not that we just changed the names, every change in name needed further investment, needed a different value proposition, and the results were obvious. Taj itself went from 4,600 crores to 8,000 crore revenue and Taj’s contribution to revenue increased to almost 72%.

Now, there is a little story behind it and that you see on the right of the slide because 41 Taj hotels plus nine in pipeline, which was 50 became 81 + 19 in pipeline which means 100. Doubled the size of hotels in operation plus more than double the size of hotels in pipeline. A lot of the hotels were new, but almost 25 got upgraded, which for whatever reasons in the past right or wrong had been downgraded and were not Taj anymore. So, you'll see in another chart which will come later how the migration happened, so the Taj brand was put back on some iconic assets like Fort Aguada, like Fisherman's Cove, like Taj Mahal Lucknow, like Holiday Village, and it was done just in time because when COVID came and we had faced openings, most of these properties, most of these assets were helping us in the revival and in the survival phase of the sector and today with the renovation, with the business being back they're helping us after the survival and revival in the thrival part of the business.

So, we are thriving at the back of Taj, but a lot of that revenue has been displaced from other brands came here and was able to charge premium which made Taj much stronger, but the story did not stop, all other brands continued to grow also, so within SeleQtions, which is very recently launched, in four years of its launch two years we have had almost a lockdown, in two years the brand has grown to 31 properties, and Vivanta despite all the migrations to Taj is also at a portfolio of 47 and total operational hotels being 48 in these two brands. Enterprise revenue contribution of these brands is at a minimal, is at 16% of the total revenue, but it's quite a solid number given that the brands have been cleaned up and have done well.

I come to one of our favorites would become everyone's favorite is the story of Ginger, which is just beginning. So, the story of ginger is beginning because the name is old, but everything else that you see in ginger is totally reimagined and more than 50% of the portfolio is lean lux. Ginger did a revenue of 300 crores an EBITDA of 120 crores, and I think something which we are really looking forward to is unfortunately delayed because of COVID, because of construction stop our flagship Ginger opening inside the cruise on 1st of October of this year, not next year – it is 1st of October this year and this brand is also grown in number of hotels and operation. Despite the fact that we let go of many contracts, which we did not renew because they were damaging the brand. So, the Rail Yatri Nivas kind of proposition is not the new ginger positioning, so we had to let them go and some others also which were really hurting, so this number that you see and also in the coming slides we'll see is about the net growth of the portfolio.

Something, which nobody really talked about so much till 5-10 years ago is the flight kitchen business. We have 50% with our joint venture partners SATS, they are 49, today TajSATS is 58% market share and the revenues hit almost 650 crores at a 20% margin. 20% margin in flight kitchen business is a very good margin, typically the margins in this sector would be between 6% to 15% depending where one would be and we expect to grow this business exponentially also leveraging the group's energies, which will come through the airline sector in the future with the addition of the routings and the fleet craft as you have all read in the newspapers and hopefully we will be the chosen or the preferred catering partner for hospitalities in the sky and average number of meals served per day from TajSATS is 100,000, I mean that's a very big number. Not only that, we also at the same time started unleashing the potential of our strong existing F&B brands as well as added some new brands.

So, if you look at the top you have House of Ming, The Classic Golden Dragon is also a classic Chinese in Mumbai and we have Ming Yang in this hotel from where we are making this presentation, we have Bombay Brasserie and we had let's say Shamiana. There are many more, but today you will find the Shamiana also in Dubai, you'll also find the Machan in Bhopal or at the Taj Westend, you'll also find House of Ming in Bhopal or in London. There is a soft launch of House of Ming that has happened in our property in London, the official launch is later this month in the last week, so that is taking our iconic F&B brands also to other destinations.

What was Bombay Brasserie as one standalone in London, opened up in Taj in Dubai, then at Taj in Cape Town, now we are converting the restaurant in Campton Place which is San Francisco as a Bombay Brasserie plus we are adding hopefully in other destinations Bombay Brasserie also as a standalone concept. So, hopefully very soon we'll be able to share that news also internationally. House of Nomad opened its second outlet in Goa. Seven Rivers opened the second outlet in Goa, all next to the Holiday Village. We also launched Loya, which is our new F&B concept and got the rights for not just Seven Rivers, but also of Paper Moon, which is an Italian concept which we also launched at Fort Aguada in Goa. Not just that, we also were very blessed to have a wonderful spa platform and a brand called Jiva.

Now, Jiva had its limitations, so it has you know kind of transition into J The Wellness Circle, which keeps the elements of the look and feel of Jiva. It has all those services, but this is a brand which we own, now 100% and there is no dispute. There was some dispute on Jiva, which was not making it easy for us to merchandise the way we would have liked to merchandise the Jiva brand and the Jiva brand under the J as the newly reimagined and repositioned spa brand will talk more holistically about the Wellness circle that is created and is a key learning coming from the pandemic for all of us. Other new businesses albeit small, these are businesses for future. We created them only through incremental cost and on incremental revenue model. Now, we have started pushing these, that's our homestay with Ama and Qmin, which is also growing very, very aggressively both as a Qmin Shop, Store, Qmin QSR, and Qmin as a home delivery business.

Some of you might be surprised to know Qmin is QSR is already in 34 outlets, half of them, 17 of them are in Ginger as the all-day dining concept, which has been specially made to fit in Ginger. So, every Ginger Hotel over a period of next two years will also have Qmin. We also very nicely internally call it, the Qminization of Ginger because the Ginger sits in Roots Corporation and the names which were not thought of scientifically, but just happened as an evolution Ginger and Qmin rightfully belong together under the umbrella of Roots and this is a slide I was talking about 17/18. If you look at Taj, the enterprise level revenue was 4,000 crores, which doubled. Not only the number of hotels doubled, but the revenue also doubled and despite all the migrations Vivanta and SeleQtions still stayed at the same level at what they were contributing.

So, if you take out high performing, high revenue hotels like Holiday Village, like Fish Cove, like Fort Aguada, like Taj Mahal Lucknow, and still maintain the level of revenue that you had before, it's a level that we are satisfied with of course it can always be more and Ginger was 200 went to 360, TajSATS was 4/20 went to 640. What used to be a 7,000-crore enterprise level revenue became 11,000 crores. So, I think there is a lot of strategic decision making, a lot of science, and a lot of art that went into the last five years despite the lockdown to bring around this change.

- Some of you are analysts, some of you are very good at modeling, and everything is obviously related to the RevPAR, but only focusing on the RevPAR and projecting that in your modeling for future is in our system with the way we are growing as a fast growing company would be a kind of an antique model I would say. So, I would only encourage you when you have questions please come you asked because a lot of the data that you are looking at may not be that relevant because you have to break it into like for like and not like for like. When you have high growth, you're opening the hotels, we are opening on the day one, they're not at a stabilized phase. So, your RevPAR premium might look like as if it's going down because last year we opened 16 hotels, this year will definitely open more than 20, that will have some impact and every hotel will not open with 70% occupancy and a rate of 7000-8000 plus that is needed for the portfolio.

  So, I think that is something which one needs to carefully consider and also in terms of our new businesses in the kind of source of income, which Giri will show you later in his more detailed financial slides that a lot of our income will be coming through our management contract model. Those numbers may not be that large, but their conversion to bottom line is very high and that creates the percentage impact, so today in the hospitality ecosystem, the House of Brands that we have built, the kind of business model that we have built, we are benefiting from the operating leverage from the own portfolio coupled with the asset light growth which is driving the margins, this was a strategy which was very clearly thought through and the speed and the acceleration of change of the set from the reset of spend optimization, effective asset management, and being thrift, and financially prudent and getting rid of the debt, is what is driving premium performance for our portfolio.

  Of course, we had promised expansion. I remember in May at the hospitality forum, I had already mentioned and some consultants were saying you know all foreign brands are the fastest growing and this one is there and that, I said it's all right. Everything that has been presented is true, but as of today it will be false. So, this is what happened and we did not embark on a journey of just adding rooms and hotels, that's not our strategy. We communicated way back in 18, Smart, which every industry every sector has a principle of Smart, we have stuck by that, we are still doing development, which has to be strategic, has to be margin enhancing, it is driven with the same principle of asset management, which you heard on the set, it is driven by relationship building, so that the same owner is giving you more and more contracts and doing more business with you and continuous tracking, you said you will do X, what you actually did, how you measure that and keeping close engagement with our owners because that is the fundamental of asset light growth otherwise that goes for a toss.

So, I think this is the principle, which we have done and if needed we will never be 100% asset light because with Ginger itself, we have changed the concept and you know we said we'll go more for operating leases, so operating leases is technically asset heavy, but why would you want to do business at 7% or 8% of our top line which is very small then to and Ginger can do 50% to 60% EBITDA margin you might as well go for the revenue share where you give 25%, 30%, 32% to an owner and keep the rest 20% or 25% with you instead of being with the 7% that would not move the needle neither on the revenue because you're only accounting for the management fee income nor for your profitability, so that's why we changed that model, but if there are strategic investments like we have done in the past in the history of the company in building a destination then in the spirit of nation building, in the spirit of the good business propositions like we did for Goa 50 years ago, like we have done for Andaman maybe you know embarked on the journey 10 years ago, we'll continue to do that and that is also what differentiates us from the rest of the pack, that is our competitive advantage and from time to time we will invest in our competitive advantage. That's where we are today 263 hotels if we account for hotels in the pipeline and the rooms in the pipeline, we are already at a 50:50 balanced portfolio.

But this is not for what is in operation for that number, we will have to wait for a couple of years and if again we separate from that companies in which we have a promoter holding whether majority or minority, then we have to wait another few years to get to the real 50:50 because then we don't have an ownership stake in that company. very well positioned with almost 100 hotels in a brand like Taj, which is very, very unique. There are very few luxury hotel brands I think to the best of my knowledge together with us it's only three brands that are 100 plus in this segment and something very difficult to achieve with the kind of iconic portfolio we have and the kind of presence from the two top lodging markets of the world New York, London, to the palaces and the safari portfolio.

We are also getting very close to 100 with Ginger, the 59 in operation, but the total portfolio of 85, and together with SeleQtions and Vivanta 78. What does this mean, what we have always said I'm going to reemphasize it today, this means we are now ready to add another brand in the hotel portfolio. Once you have built critical mass in two of your four key hotel brands, then you can afford and start thinking of adding one more not just because you've got the numbers, but because the space to grow starts getting limited. There is only so many Taj Hotels that we can have in Jaipur, in Delhi, in Mumbai. We can have maybe 20 Ginger Hotels in Mumbai or even 50, but you cannot have 20 or 50 in Mumbai, so there is slowly space is becoming relevant and also free to add another brand and over the next six months, nine months depending on how the market continues to evolve on the kind of opportunities that we keep getting, if there is an ideal fit, we have certain preferences on where we want to go, what kind of brand we want to launch, but we'll also see what is it that we can afford and what will best serve the needs of our balance sheet as well as our

P&L. Of our growth journey below is on the gross where it shows 50 to 100 for the Taj and the Ginger at 85, but you see the net growth of both the hotels in operation as well as in pipeline.

Interesting is, look at more than 3.5 or 3.7X increase in the pipeline in the last five years and net growth in hotels because some assets as I said you don't want to be in, you want to get out of those, some get you know they come to the end of their term and maybe it made sense when you signed them it doesn't make sense to renew them, so from a net growth perspective going from 145 to 188 hotels or 43 hotels net growth gross growth of 53, so 10 were taken out is a number that we were satisfied with because the two years of COVID not much hotels could have been opened the way they were. So, now since the last financial year when we opened 16 and we think going forward it will be 18 to 22 hotels as of this financial year that will open consistently across our brands and number of signings, I mean as I said 18-19/19-20 we were doing fine, then comes COVID you go down, and then last year absolute, absolute exception. Even we don't feel and we don't believe that 36 contracts is that easy to sign as it is just unthinkable, actually it is unthinkable that it took us almost 115 years to get to the first 130 hotels as a portfolio and only five years to get to the next 130, so it says we have signed more than 120 agreements ladies and gentlemen in the last five years and consistently rated, I see also HVS has joined us here as the company with the highest number of signings.

We would have also been rated with the highest number of openings, but there is a technical issue in there where some renewals are considered as also openings, so it depends, but normally a number of hotels signed a number of hotels opened at the moment no one can match up on that with us and some of this is also foraying into new destinations, very important building new destinations, building new sports like we are going to Ekta Nagar also properly called where the Statue of Unity is in the city of Kewadia, it is also partnering with the government on certain bits, that's also how Kewadia happened, that's also how Lakshadweep has happened, and also deeper penetration into key markets, which I just alluded to that we have certain markets which we own, there are certain which we don't own from our supply perspective, but we would like to own. So, I think it's always going into market, the depth of the market as well as the width.

The width comes through brands like Ginger and Vivanta and the depth will come through both the iconic brands as well as the other brands of our portfolio and a very clear focus currently we have is on the Northeast. We have already announced that in 2025, we hope to have 25 hotels in the Northeast either in operation or under development and half of that number we have achieved, it's a very high growth market, we have seen the success of Vivanta in Guwahati. We are also seeing a very successful start of Vivanta in Shillong. Very soon will be opening a Vivanta in Tawang in Arunachal and this year the Taj Guras Kutir in Gangtok will be coming. We already have a Vivanta in Pakyong. So, all this will keep going on and not to forget that Ginger had one of its first hotel in Agartala and there are two more Ginger's going to take place in Guwahati.

So, from our strategic maybe there is space for one or two Taj properties in the short-term in the Northeast, but every state capital in the Northeast should have a Vivanta and a Ginger and every other commercially relevant city in those states must have at a minimum a Ginger branded property. New openings as I said from 5 accelerated to 12, fell back to 7, accelerated in back to 16, some of the very nice new openings include two hotels in Jaipur, both Taj branded; one is a Mahal opened within the premises of the Rambagh Palace called Taj Sawai Man Mahal and another one a very good mice and a wedding destination and that is the Taj Amir and also there is Taj in new city center in Kolkata as well as another resort in Kerala.

I'll give you a snapshot of how some of these openings look as you see on this slide show with Vivanta in Shillong, also the Vivanta in Katra, in Vaishno Devi and many, many, many more to come one nicer than the other one more strategic then the one which was already present, so that we get a higher market share, a deeper penetration and remain customer centric as well as profitable. By doing all this, we have never been shy if you want to be iconic, you have to invest in your assets. Our CapEx, we have been spending is at a pretty high level and that is also needed because if we don't do that, we don't get the RevPAR premium. If you want to get that extra premium then what the market is paying you have to continuously invest in your assets. In this very hotel where you are sitting, there will be a new auditorium opening, there are new chambers that is gone under renovation.

So, reimagined chambers will be coming back as our private membership club in three to four months from now. There are 60 rooms under renovation in this property just now started and that is the need of the hour and I think again we have to find the right balance, the right amount of displacement, the right amount of revenue generation, the right time to renovate, we don't do renovations in November, February, March, you know these are very high performing months, so the time to do it is always Q1 and Q2, which are traditionally the 3rd and the 4th weakest quarters, not Q3 which is the strongest quarter even for all the key metros that we have in India. This gives also the impact of not only renovating, but smart renovations that we spoke about. On one of the earlier slides, it gives you an idea of how we have reimagined the Taj Club.

Those of you who have time I would encourage you to go here in Lands' End that's one place where we have redone the Taj Club, we've done it in Coromandel, we have done it in Taj Man Singh in Delhi. We keep doing a lot of this new club proposition, the Taj Resort and Convention Center in Goa or the Taj Exotica in Dubai, they all have a club proposition which is fantastic and the last picture on which the slide stopped is going to be the new spa, which will open also within a month in this hotel. So, we'll have a new spa, a second pool on top of that spa. We already did the new one now. We'll have the auditorium at the back of the reception and ladies and gentlemen, actually if you have time I would also invite you those present here to go and see the Lands End Cafe, which was done for the staff, so that the staff meals are in as beautiful an environment as for the guests who are going to dine in some of our iconic restaurants in this hotel.

We are very well poised to reach to reach our Ahvaan 2025 targets. I don't know how many of you noticed when we started Aspiration 2022, it was a five-year plan, but this time we did it on purpose three years because we were missing the two years of COVID on the journey that we had embarked upon and so we added just one year and said this is what we'll do, we'll have 300 plus hotels and spread well across different brands. Hopefully Ginger will be at our 125, Taj already achieved the 100, have a balanced portfolio of 50:50, and continue to grow other new brands. The one where we might be shy of reaching the target is Ama where we had said we would want to have 500 homestays and given the success or given the image of Ama, we have taken a step back and want to take it even further premium and instead of the scale the advice and the customer feedback that we got from the who's who, who have used our properties was to be more premium and more selective and maintain that level and that standard instead of just planting different villas and get into that service concept.

Also, we think that although we have given a guidance of 300 plus, the potential based on if there was some M&A activity that came or some kind of a consolidation in the industry that target could even be increased to 325 plus and Taj doing 10% more and so would Vivanta and SeleQtions, especially SeleQtions being the conversion brand. Now, one thing we said is profitability, but the second is iconic hospitality and the iconic hospitality cannot happen without customer centricity.

So, we are very pleased to share, we took permission from Trust You is a portal that does this kind of data. On the net promoter score, we are ranking the highest. We're not only the world's strongest hotel brand, we're liking the highest on NPS, and also the metric that they use to calculate the ratings on TripAdvisor booking and Google, we are ahead of the pack. So, I think that's very important, it's not just profitability, it's also customer centricity, it's iconic hospitality, it’s our operational excellence that we deliver with our heart and soul. Further good news for us, it's very interesting we tried 20 years with our own loyalty program, which we still have, is not that we don't have, but thanks to Tata Neu, The Super app created, which is really helping us, it's only one year and one month in operation, it will take another two years to get to its right potential in terms of delivering business, but our loyalty led revenue has almost doubled. So, 2,200 crores of our 11,000 crore enterprise level revenue came through any source of loyalty that we have, that's how we measured it and that is doubling of that revenue including doubling of the members, and I think if we were trying that on our own for the next decade, it would have been quite a task to get there. So, with the success and with the more and more companies joining the Tata Neu platform most recently Titan, Chroma is already there, we were the founding members, we were the first ones to join. And we are very happy, very pleased to have this source. And, it really helps us in weak periods of business, because, we can very quickly come up with promotion on Tata Neu and really market our hotels and get a higher share, especially now, that we have onboarded Ginger. Ginger, with BigBasket, Ginger with 1MG, on that platform, stands to benefit a lot going forward, in getting this source of business.

At the same time, we also remain the custodians of Indian hospitality, that's a claim. The group has had… that's a claim Taj has had for several decades. I think we are the main partner for G20. More events for G20 are happening with us than with any one else. Of course, also because of the assets we have. So, G20 kickoff meeting of the G20 Sherpa was in Andaman, Havelock, which was with us. The second was on the terrace of Lake Palace, which is a right place to do it, was with us. The third one was at the Chamber's terrace at the Taj Mahal Palace/Tower in Colaba. So, I think we are very blessed to have such a wonderful platform and such a wonderful portfolio of assets, and coupled with that service, it helps us not only to host dignitaries, not only to host government delegations, not only to be good partners of G20, but also something that we very specially do is, promote the warmth of Indian hospitality. The warmth of Indian hospitality, if one wants to see, if you go check-in into different hotels in London, and then you come and stay at the Taj in London, you would see what a difference it makes.

Also, integrated marketing campaigns. I think, we have done more campaigns in the last 3-4 years than we did in maybe last 20 years, the one most successful being 'She remains the Taj'. The second most successful being 'Dekho Apna Desh', also many other campaigns. During COVID, our 4D which was Dream, Drive, Discover and Delight. So, you dream that I want to go out, I'm shut in a lockdown. There is a window to leave, then you 'dream' of that. Then you get into your car, you 'drive'. You 'discover' a new destination and 'delight' yourself. A very strong campaign which helped us in the survival phase in the COVID period.

Also, one of our key enablers is our culture and our ESG. As a Tata Group company, our founder Jamshedji Tata, who also built the Taj in Colaba, said that community is not just another stakeholder, rather the purpose of existence of any business. So, when people did not even know what purpose meant, this purpose got defined by the founder of Tata Group. And we continuously work on those principles today, maybe it's called EGS, but this has been a part of the DNA of all group companies, especially us as the oldest operating company of the group.

On the culture part, we define this also around 17-18, our core values being Trust, Awareness, and Joy. We say these three letters in name TAJ stand for Trust, Awareness and Joy. Trust of all our stakeholders, awareness of our communities and what is happening around us,and joy in doing everything that we do. And, we kept this as the core value across all brands and across all businesses.

Our culture of camaraderie – we also are known for providing Tajness, which is a part of our DNA. We created 24th of March, which was the date of lockdown, as the day of Tajness. And, it was celebrated in all our hotels in India and abroad as the Tajness Day, as a special day to celebrate the spirit of resilience, the spirit of responsiveness of our colleagues, and the spirit of resurgence.

Also, our responsible business just celebrated one year with a program called Paathya. We were doing responsible business before also, but we introduced the six key differentiating factors of Paathya, the six Ps of Paathya. And basically, they are built around 100% getting rid of single-use plastic, 100% recycling of waste water, 50% of our energy coming from renewable sources, 100% of waste management, going green on green meetings, and also using EV charging stations as well as doing all the things in the community with the right level of governance. And, that's why we have been consistently rewarded with both corporate governance awards, as well as, risk management awards.

Very interesting for me to share with you is that, our 'temple of hospitality' as I call it, the Taj Mahal Palace and Tower, is now 100% green. 68% through renewable energy that we got with the help of Tata Power, 32% we could not, because, you know how this whole distribution works! So, for that, we bought certificates through Tata Power to claim that we are 100% green.

I think, this would the right time… instead of me to keep talking about Paathya, is to show you what all happened in 365 days a year. A program that was launched in March 2022, how that has evolved within a year's time.

Video starts at 53.00 mins

Video ends at 55.49 mins.

(applause)

With that, I would like to call my colleague, Giri, for delivering responsible, profitable growth. And, I'll come back after his session. Thank you.

Mr. Giridhar Sanjeevi - Executive Vice President & CFO, Indian Hotels Company Ltd.:

Good Afternoon! It's always nice to see a lot of you here. Thank you for coming, and for all the people who are watching us online. So, moving on, in terms of what all of this means, in terms of the strategy and the execution, in terms of the result which is really driving responsible, profitable growth.

Just a recap, and I think it's important to, sort of, say the recap, because I think, when we announced the Aspiration 2022, it was about building belief actually. As Puneet said, when we said we were at 16% EBITDA, when we said we'll go to 25%, a lot of people said, 'How will you do it, actually?' And now, when we say last year that it will go to 33%, and people say, 'But, have you not already done it, actually?' And, I think some interesting numbers. We were 665 crores of EBITA in FY16-17. And, when we hit the pandemic year FY19-20, we had nearly doubled it to 1,100 crores, actually, for a change in top line, which was less than 15% actually. And now, when we look at FY19-20, to go to FY22-23, that's almost doubling of EBITDA for a change in top line, which is 1/3rd, actually. So, I think, that momentum has been lovely to see, in terms of how the strategy and the execution has, kind of, come together. And, as we talked about the various aspects… and we'll go through some of the details in terms of how this is building on as we go forward.

Really, there are three things, and we always talk about it in all our meetings. Really, you talk about the revenue, which is the revenue side of the P&L. The second is the Expenditure side of the P&L leading on to margins. And, the third is the balance sheet. It's a fairly straightforward story. And to a great extent, we believe that our story mirrors what's happening in India. Like for instance, the GDP growth continues to be strong, which reflects in the strong consumption story. I think what is happening today, is not just the youngsters, the demographic dividend in terms of spending, it's also the baby boomers, the people who are born in the early '60s, as the terminology is used in the US, they've also become empty-nesters and they're spending, actually. In fact, there are studies in the US which say that, in about 15 years' time, when eventually the present generation inherit from the baby boomers, that will be one of the largest wealth transfers which will happen in the US. And, the same story is going to repeat in India as well. So therefore, I do believe, that there is a secular consumption story which is playing out, not just in the key metros of India, but also in the interiors as the government pushes through infrastructure growth and roads and smart cities and all of that.

And, what we have seen post the pandemic, is the challenge in terms of demand-supply. Industry estimates, of course, say that the demand is growing by maybe 7% plus, supply is growing at 5-5.5%. And, this is not likely to change in the short-term, in the next 3-4 years. And this too is a bit of a misnomer, because, when you talk about a 5.5% supply growth, where is the space in South Bombay for another hotel, as an example? It may come near the airports in Navi Mumbai, but not in South Bombay. So, if you look at where the micro-markets' supply potential is there, if you look at that, I think the position is even more starkers i.e. to say that the consumption will continue to, sort of, surprise, the demand is not matching up to it actually.

And, a lot of the growth also, when you talk of the supply, is also coming beyond the metros. That is where I think, as Puneet was talking about the RevPAR, when you talk about occupancies and say how much can an occupancy grow by 1%, that's also a misnomer, because you're considering the occupancy in totality. A lot of the occupancy is coming up not in places like Bombay, but the occupancy is actually happening in the other cities where the hotels are growing. And hence, the blended occupancy will always be an average. So therefore, I think, those are factors which have to be considered as you look at models. And, I think the biggest story for us, as the business development pipeline shows and the asset-light growth shows, is not just the like-for-like story, but it is the not-like-for-like story, because, that will continue to build momentum, and that has to be understood when you look at us in terms of understanding the financial model.

When I talk about asset-light growth, one of the things I do want to emphasise, it is not just asset-light in terms of investments, it is also about growth which is now cycle independent. And what do I mean by that? We know that the hospitality industry is a cyclical industry. But, some of the actions that we're taking here, are actually stretching the cycle. Like, Puneet spoke about the auditorium which is going to come up in Taj Lands End, behind the reception, which is hopefully become the place where OTT premier screenings will happen. And, that has nothing to do with the hospitality cycle. Which means, the OTT screenings in the auditorium will feed into F&B, will feed into auditorium business, will feed into room revenue, and that has nothing to do with this. We spoke about the new spa, the newly renovated spa, and we launched a spa program on top, that once again, has nothing to do with the cycle. In Taj Mansingh, for instance, we have a long-stay floor. We say in the pandemic, that Wellington Mews had an 85-90% occupancy, even during the pandemic. So, when you add a long-stay floor in a diplomatic area in Taj Mansingh, I think that will be resilient, independent of the cycle.

So, a lot of actions that we are taking, Chambers and all of those, are actually becoming stories which is building resilience in terms of it being independent, in terms of the cyclicality of the hospitality industry. And, that builds the resilience!

As far as margins are concerned, and I will talk you through some slides in terms of sweating existing assets. I think Puneet once again spoke about it, and we'll see some numbers here in terms of how we continuously improve. Like, we are not satisfied with the profitability in an existing property. And, as we set up the auditoriums here, and as we renovate this past, and as we do all of those things, we continue to drive profitability and RevPAR growth actually, and that is a great way in terms of adding to the profitability. And you saw that in last year's numbers. There was a chart that we had put which said that our margins from the pre-pandemic period to March 2023 actually grew by 9%, from 24% to about 33% or so. And of that 9% growth, 6.7% came through the existing property driving more profitability, which is really the asset sweating. Share of high-margin business is clearly going up, which is all the Chambers and management fees, etc. Enhanced productivity that is coming through the expenditure side in terms of staff-to-room ratios, and all the ratios that we show quarter on quarter. Zero interest cost. Of course, we had 300 plus crores interest cost on the balance sheet, and that is gone now and we intend to say net debt zero. And therefore, that is a very big freedom we get in terms of the P&L management.

On the balance sheet, we will continue to focus on simplification. ROCE clearly is a big area of focus. Free cash flows is something which is kind of being driven through, and you saw what happened last year in terms of a thousand crore free cash flow. And, we'll continue to have robust cash reserves as a strategic reserve.

Now moving into some of the details, I think what is very important to understand, is the diversification of top-line. That is at the core of our strategy. The asset-heavy business, like these as an example, is great in times when the business is booming, because that adds to profitability. It's a simple cost-volume-profit equation where a certain fixed cost needs a certain volume to breakeven. But, once you've hit that, anything incremental in terms of top-line, just adds to your profitability. And therefore, the asset-heavy business, in times of an upside, really drives the leverage, which is what we are experiencing now. But, the growth in asset-light businesses, will give us the resilience whenever the cycle changes. You see on this chart that the asset-light business grew from 10% to 14%. And bear in mind, 10% and 14% are not in the same base. The 14% in FY22-23 is on a much larger base. 1% of the 6,000 crore consolidated revenue is really about 60 crores or so, whereas, the base in FY17-18 was different. And, as this base goes up, and this we believe will continue to grow, will kind of provide us the resilience in terms of the P&L. And more importantly, because these come without any significant capital employed, it also adds to ROCE as well. So, the diversification of top-line really becomes the heart of the strategy for us.

So, what are some of the elements of the diversified top-line… sorry the pipeline? Let me come to the pipeline. The pipeline itself… we spoke about the pipeline in terms of the number of properties we're opening. But, what does it translate to on a year-by-year basis, in terms of the number of rooms we're opening? And, I think that momentum is only going up. We opened 16 hotels last year, and as you go forward, the pipeline is improving. 2,300 rooms in FY23-24, and you see in FY24-25 nearly 2,500 rooms. And when you see FY25-26 dropping to 2,200, it doesn't mean it drops, we still have time, in terms of conversions, to bring in. So, there is the momentum in terms of new openings coming up, which is great in terms of driving the top-line growth, and most of it is asset-light growth, of course, some asset-heavy activities like what we are building in Lakshadweep and Kewadia, will also add to it.

Management fees, and I think all of you have been seeing the growth in management fees. We have seen a very very good momentum in terms of growth in management fees, and many of you have been asking saying that you did announce last year that you will hit 400 crores in terms of management fees by FY25-26, and we achieved that number as of 31st March of 2023. Where is it likely to be? So, we looked at our pipeline and we believe that it is fair to give a guidance that this is likely to go to about 550 plus. Which means, if you go back to the FY19-20 levels, the pre-pandemic level of 213 crores, we are talking of more than doubling to take it 550 crores actually. So, that's the first part of how we see the management fee structure going, and how it will add to the incomes and the profitability.

If you look at Ginger, and I think Ginger is clearly a very exciting story in terms of how it's growing. We have the potential to reach 100 operating hotels, and we believe that we will achieve it. And you saw the growth, the jump. In March 2022, we had a top-line of about 179 crores, and an EBITDA of about 46-47 crores or so, and that jumped in March 2023 to 307 crores, with an EBITDA of 120 crores, and the margin really jumped to about 39%. And that, we think, will grow to about 600 crores plus as we go towards the AHVAAN 2025 period, giving us more than 250 crores in terms of EBITDA. We're very excited about the opening of the flagship hotel in Santacruz, and that single hotel will contribute to around 100 crores in steady-state, as compared to the 300 crores which the entire network of Ginger contributed as of 31st March 2023. And, that is going to be another significant driver in terms of the growth in top-line, as well as profitability. And if you go back to, compare it to the FY21-22 where we had 46-48 crores of EBITDAs, that going to 250 plus is clearly a bump up of more than 200 crores.

As far as Chambers' membership is concerned, that momentum continues. This is just the membership fees, and we have always guided that it will go to about 150 crores. We see no reason to change the guidance. But, what it is doing is, that the opening of the new Chambers in Delhi, the opening of the Chambers in London, and as we go forward, at the Pier in New York and in West End in Bangalore, I think what it is doing is, also adding to other businesses, and you see that. So, when I talk about 150 crores of potential membership business, this obviously does not include the revenues which come, because people eat, people stay, people use conference rooms and all of that is paid for. So, that potential is very significant on Chambers.

In terms of sweating assets, I just wanted to show a couple of charts in terms of how sweating of assets really translates itself. So, we said that, for the year ended 31st March 2023, our margins went up from a pre-pandemic 23-24% to about 33%, that's a 9% growth, of which we said 6.7% came through existing assets, which is asset sweating. And you see 3-4 cities that we want to show. Mumbai – Mumbai was in FY17-18 a revenue of 930 crores… same store, this is all data for a same store, and that has gone up to 1,254 crores. Look at the jump in EBITDA from 316 crores to 522 crores in terms of the jump in EBITDA. All this links back to the smart renovation that Puneet spoke about, where we continuously upgrade the properties, and as you do that, the ability to charge RevPAR goes up, and that drives greater profitability. That's the same story repeating in Delhi NCR as well, where the revenue jump from 378 crores to 546, EBITDA jump from 64 to 164, and the interesting thing is that, since you're comparing from 2017 to 2022-23, this is with Mansingh being under renovation. Which means, how these same store assets have kind of dramatically increased in terms of top-line and EBITDA, is a very strong story, and that I will not underemphasise in terms of the potential of existing assets, to kind of sweat out more in terms of profitability.

Similarly look at Goa. Goa is a fantastic story where the top-line grew from 224 to 356. Smart renovations in Holiday Village, smart renovations in Fort Aguada and other properties, have really helping to ensure that the momentum is there in terms of RevPAR premiums. Look at Bangalore, similarly. 44% growth in revenue, 144% growth. This also has another story here. In India, it shows how much people are travelling, how much people are using the hotels, and the ability to pay. And, I think one of the things that one of my friends in the audience told me, and I think it's very valid here and we also recognise that, is that in India it's a penetrating story in terms of tourism. Which means that, it is going to grow linked to the economy and consumption. And as that happens, the ability of people to kind of spend more, is going up, and that is reflected in the way the performance of properties are happening, combined with smart renovation. So, it is price, renovations, the service quality, all of these have to come together. You just can't increase price without product quality and service levels also kind of not matching up there. And so, if you stay in one of our hotels and you look back to what was offered even pre-pandemic period, the service levels have gone up. We have Taljinder as a brand custodian who is now driving through the service level changes to make sure that the product and the service, reflect the product and the potential in terms of customer service. So, this is a very important chart for us in terms of showing that we will continue to sweat the assets, and our existing assets will continue to drive profitability.

Traditional business – I think this question keeps coming up in terms of how RevPAR growth is going to pan out, and we just wanted to address it upfront. If you see the pre-pandemic period, the RevPAR growth was varying between 2% to 6%, and that was the pattern of growth. We have already seen what has happened. In April, for instance, our RevPAR has grown by 11%. If you compare it last year, the base has settled down. The base that you see in April is at a level which is slightly lower than what ended in March, but the base in April is about 11% higher than what happened last year, and therefore, the RevPAR growth will continue. And our belief is that there are enough tailwinds… and this is just April. April to September, are the weaker quarters. And, as we go towards the next few months, as we go towards the second half, with the G20, with the World Cup, with the tourist season, with the foreigners coming back to… foreign travel resuming back to India, I think there are enough tailwinds to ensure that the RevPAR momentum will continue. And, I don't see why the RevPAR growth this year cannot be more than the historical averages. And this, of course, comes to many of your models in terms of how you model. As we also said, I think this is only one part of our business. If you look at our diversified top-line, I think this contributes to one part of our story in terms of profitability. But, as the asset-light growth grows disproportionately driving greater profitability, I think both kind of go hand in hand, and kind of feeds into the overall margin profile of the company.

In terms of enterprise performance and potential, I think we did demonstrate about 11,000 crores in terms of enterprise revenue. Consolidate top-line was nearly 6,000 crores, which means enterprise revenue is roughly double that of the consolidated top-line. We think with all the activities, the strategies and the execution we are doing, the potential is clearly, approximately 15,000 crores as we go through the AHVAAN period.

Productivity focus, I think we've spoken about it consistently saying that, we are focused on productivity ever since… even before the pandemic. When we announced Aspiration 2022, our 8% growth in margins at that point in time came through a combination of revenue levers as well as cost levers, and that continued through the pandemic. And, we have demonstrated that we are able to continue to maintain productivity. On raw materials, inflation, of course, has impacted, but we have also been able to pass on the price increases to be able to maintain the raw material percentages at similar levels lie prior. On payroll costs, the staff to room ratios are effectively managed. Investments in digitisation and technology have also helping, and therefore, we will be focused on maintaining the productivity in terms of manpower. On power & fuel, for instance, we are very encouraged. Hotel by hotel is implementing multiple schemes in terms of renewable power and cheaper power, and that is helping us. Corporate overheads have been one of our biggest success stories. What was in 2017-18, and what is today, in terms of network, is double. But, it's the same; the corporate overheads have not gone up at all. And, I think the corporate overhead productivity continues to be very strong. And so, the focus on productivity is something that will continue.

Last year, I think we had given a guidance in terms of margins and free cashflow. I think largely the guidance remains intact. People ask us, having achieved 32.7% in terms of EBITDA guidance, is that going to go up? I think anything about 30-32% is a very very strong EBITDA, and therefore, we believe, that's a very fair EBITDA in terms of our guidance. What is going to happen is that, the growth of existing businesses, the growth of asset-light businesses will continue to drive the top-line and the margin profile. So, I think as we kind of model, please, we're not at this point of time saying that 33% EBITDA is a guidance which is fair at this point of time. And, this guidance in terms of how the split will happen from revenue to cash flow, is also broadly correct, and that is something that we'll continue to do.

Moving on, I think capital allocation principles, I think the question from debt to cash, and people have been asking us in terms of capital allocation principles. There are really four broad themes that we have here. Number one, is to build resilience, and resilience means that if there's another COVID, another GST, another demonetisation, we should not be going back to the market in terms of money. So, there is a strategic reserve which is being built. At this point of time, our view is that it's about 750 crores, and this will not come down below 750 crores, it could go up, actually. The second is, the capex which happens in terms of renovations. I think these renovations will happen. And the big picture guidance is that, renovations will be in line with the depreciation for the year. Of course, there may be exceptions in certain years. The third is, dividend. You have seen the jump in dividend. We have not yet announced a dividend which is linked to PAT, but that is something that we are working through and we may come back to the market at an appropriate time.

But you see that dividends will be… because for us, it has not just got to be meaningful, it's got to be sustainable, and we are being steady about it. And in terms of greenfield and M&As, those are part of the plan. I think the important direction from the board on this is that, a greenfield and an M&A, whenever it happens, it cannot happen at the cost of the balance sheet. We have… I think the guidance from the board is that, if there's a great property available, go for it guys if the economics works. But, we will find the money without impacting the balance sheet, and I think that's the big picture message. If you go back into history, 2007-08 when we went into some of our M&A activities and acquisition activities, I think it did impact the balance sheet. Now we are saying that we cannot afford that to happen. And so, the balance sheet protection and integrity is got to be a very important plant of it. As far as greenfield is concerned, we may be open to some level of project specific debt. Like, if we are doing a project in Lakshadweep, we are open to some sustainable financing, for instance, in that project, but that has got to be completely funded at that level. But, those would be carefully tracked at a project level. So, these capital allocation principles will be the cornerstone of how we will manage the balance sheet.

ROCE is something that we have been focussed on, and that has been going up through the years. And, there are some numbers here and there are detailed workings in the slide which gives you the numbers. ROCE and hotel assets is about 16%, and ROCE and domestic hotel assets is 24%. See, if you look at the domestic operating assets, I think, in the last 6-7 years we have built new assets. Maybe, Guwahati has been a new one, we have renovated the Mansingh, we have put up Andamans, we have renovated Usha Kiran and Ginger Santacruz is coming up. So, no significant new greenfields has come up. And these properties, as you have seen in terms of asset sweating, has been very significant. So, the ROCE on domestic assets will continue to be very strong. And, the other thing to note, is that when investors ask me about ROCE, I think there is a historical ROCE on our balance sheet which is getting rectified and improving as we go forward. But on an incremental basis, where incremental capital is being deployed, we will always ensure that the ROCE is strong. So, that's the message on this slide.

On the standalone side, it's even better because those assets have been the cornerstone of the growth of this company. So, these ROCEs are even better.

With this, I think I'll pass it on to Puneet, in terms of the closing comments.

Mr. Puneet Chhatwal – MD & CEO, Indian Hotels Company Ltd:

So, how are we well positioned for the future? I think so, because the macroeconomic tailwinds are positive. There is an India growth story that we should not forget. India is definitely among the leaders in GDP growth, and is among the top 5 economies expecting… and not just expected, but is ambitious enough to try to go among the top 3. There is a lot of focus from the government on infrastructure. The better the infrastructure, the more the number of airports, the more the number of highways, the better it is for our business. So, I think, one of the most important indirect beneficiaries of infrastructure investment is the tourism and hospitality sector. And, India is emerging more and more as a services economy. And, even that would benefit on the discretionary spend in terms of disposable income. So, we do believer that these macroeconomic tailwinds should help us. Earning power and spend patterns are also continuously evolving and moving in the direction of unique properties, experiential tourism, anything which is different gets more attraction, and I think which is one of our very important competitive advantage by being present in 125 plus cities, especially now with also other businesses like the homestays. Also, the spend from the top 25 is actually becoming lesser, and more of the non-top 25 are beginning to invest. So, there is a structural shift also there, which should also help a heterogenous country like us with very different kinds of destinations, and we are very positive about that.

The more important factor, or I would say, the most important factor, is RevPAR. But, RevPAR rate and occupancy is always a consequence of demand and supply. So, as one would have read it, the demand is outpacing supply, especially on our home front, which is more than 85% of our business is India-centric. And, due to lack of supply that was built in the last 3 years, even if some catchup was to happen, in the short to medium term, the expectation remains that demand will continue to outpace supply, which means, higher occupancies, and if the occupancy is high, your ability to charge is higher. So, that's another positive trend.

Now, are we well-positioned to proactively capture this potential? Because, the macroeconomic factors favour us immensely. Demographics, having young age population, which is expected to hit the sweet spot around 2040. The sector itself has cyclicality, and we believe that we're in an upcycle since 6, 8, 9 months. Typically, a cycle does last anything between 4 to 7 years based on the previous history or cyclicality that we've seen in the business. And, this happening in all segments and at all price points. Obviously, the higher you go, the more profitable it gets, because once you cross that famous cost-volume profit analysis chart, then the divide after reaching the breakeven point increases significantly. So that way also, with the premiumisation of our portfolio, we think we are very well positioned as IHCL, we have industry leading RevPAR, we have industry leading growth, we have industry leading margins, and we are a part of maybe one of the top global leading groups, with all possible other verticals which could help us in having a robust, sustainable, profitable growth.

With that, we come to our famous pyramid, the same which we started with in Aspiration 2022. Only the bubbles out there have changed into 300 plus, and the margin guidance from 25% to 33% and the zero net debt. Balance portfolio was always a part of it. The bedrock remains the core values. I always say this, when I have investor meetings, we can change strategy from aspiration to execution to performance, and to calling it AHVAAN, but you don't change your core values every day. So, our core values of Trust, Awareness and Joy, and the five core values of

Tata's, with our enablers of enabling through the iconic assets, through our ESG Paathya as a program, through our One Digital initiative after the other, so leveraging the digital, using One Tata as a source of very strong business, and our continued excellence in operations, would definitely help us, so that we can continue to reimagine our brand scape, restructure our portfolio and re-engineer our margins on a sustainable basis, so that we become the most iconic, which we have always been. And, as our facts would point out now, also the most profitable hospitality ecosystem that South-Asia has to offer.

– So, in summary I would say, clear aspirations, robust strategy, powerful and passionate execution engine can help us to be very confident in delivering on our strategy, and which is summarised under responsible profitable growth which will benefit the strong tailwinds, both from the macroeconomic point of view as well as from the sector. Also our advantage, strategic advantage of being in 125+ locations as well as our portfolio brands, our culture and our capabilities are very strong. 120 plus years culture of Taj, a bit longer when we had all the AGMs of IHCL, our long term focus on sustainable growth of ROCE or Return on Capital Employed and achieving all this in a right and responsible way, we do believe that what we promise, we will deliver like we have done in the past, say for any event which is out of our reasonable control. Thank you very much for listening and happy to take any questions. So we can have the Q&A now?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

Yes.

Moderator:

Thank you Mr. Chhatwal. Ladies and gentlemen, we will now begin with the Question and Answer session. For today's event, we have guests present in the boardroom as well as guests joining us from across the globe online. We will begin with a few questions from those of you present here and subsequently move over to our guests online. Should you wish to ask a question, kindly raise your hand and we will have a microphone passed to you. We request you to kindly introduce yourself before asking your question.

Mr. Kaustubh Pawaskar: Sharekhan, BNP Paribas:

Hello! Ya, good afternoon sir. Thanks for the great presentation. This is Kaustubh Pawaskar from Share Khan by BNP Paribas. I have a few questions. 1st you spoke about smart innovation. So do we have any particular target in a year that 15-20pc of our room inventory you would be focusing on renovating so that you can grab more opportunities from those properties?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Not really. I think it comes with the need basis. It's not that everything is so bad that we will do every year 15pc and in 6yrs. we will be done. So I think a lot of this as we said is also based on certain trends. So if we launch a new restaurant concept like Loya which we have done in Taj Palace. We are changing it in Westend and we are also bringing it in Taj Mahal Palace in Colaba. That's not really renovation only. So it's also introduction of a new concept and kind of a new line of F&B offering. We also have the work, we also have the masala series. So this is a continuous investment. It is done on a very strategic basis and the normal renovation comes under 2 heads. To answer your question the other way round. 2-3pc of your revenue of your property whether managed or owned will go into the general upkeep on an annual basis. There is a painting or polishing, replacing some of the items which cannot be capitalized. The major renovations would be in the same ball park as both Giri and I have pointed out, that is typically in the industry and the sector is 4-5pc of your topline in one or the other year, because we were investing, let's say in Ekta Nagar, it might show a jump but a few years later, it might show less amount because we might have sold that property and taken it on a sale and lease back or sale and manage back because of the way the tenders are structured…..see some of these government tenders, you should have the company that is actually running and operating a hotel, owns a brand but then you cannot transfer immediately. You have to wait for 3yrs to transfer. So some of those things will happen. We don't have the strategy of suddenly becoming asset heavy because of that. But we cannot let go of a business opportunity.

Mr. Kaustubh Pawaskar: Sharekhan, BNP Paribas:

My 2nd question is, you spoke about launching one more brand or adding a brand to your portfolio. So is it like you want to tap tier 2, tier 3 towns? So there you are looking out for any specific brand to come up with or …..?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

For tier 2 and tier 3 cities, we have Ginger and we have Vivanta. You know that will work. Every state capital in India can have a Vivanta and every district capital can have a Ginger, also obviously the state and the national capital. So that is not the reason. The reason would be to diversify your brandscape into another kind of business. So there are many such possibilities that are there which a lot of other companies in this sector, mostly outside of India in the western hemisphere have done and I think very soon, we will get to that. As I said, we are studying various options, we have some of our own preferences but we will see how market evolves. Definitely by next Capital Market Day which is in a year from now, we will be able to tell you what it is.

Mr. Kaustubh Pawaskar: Sharekhan, BNP Paribas:

One last to Giri sir. Sir, you spoke about the EBITA margins that you are maintaining at around 33pc, the guidance has been maintained. We have seen that you are raising up the Ginger guidance to around 650. You are raising some of the other businesses' guidance and also the rule demand supply, we know that the demand is going to be better than supply so from the domestic REPA point of view or business point of view, next 2yrs are going to be good years for us. So then why are we sticking to the guidance of 33pc and not raising it upto around 34-35pc?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

I think as I said, 33pc is a very strong margin actually and I think since we are talking about guidance, I think there is no point, I mean we just want to be careful to sort of say that, it's a very strong margin and growth will happen in anywhere in terms of topline growth and margin growth but we don't see a reason to change that at this point in time. I think that it's only fair to say that measure it in terms of performance, don't measure it against a guidance actually.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

I think, I might want to add something. Firstly, I must compliment you on the question you asked because if you are obviously growing Ginger and you are saying that we will do in Ginger 50-60pc, so mathematically the margin should go up and your ability to charge is there. So all these factors should help. Having said that, 72pc as he said in the presentation is coming from Taj. That's no.1. And so, we want to keep it that way. That's really our backbone. That kind of iconic brand as I mentioned in the presentation requires certain investments, innovations, new F&B concepts, new private membership club and there are a lot of additions that need to be done. But some of you who do the analysis, which I said in my presentation, like for like and not like for like, you should also take standalone and consolidate it throughout. If we take standalone, that's why your question is very good and relevant. We are already at almost 40pc. It could be even go to 42 or 43, that's not the issue. So I think, while comparing which some of you people do, sometimes it really hurts us. We think that some comparisons, like I created a new term. Its apples vs oranges and now we have even added small grapes to it. It has to be so the question is great. Yes, that will happen but standalone is different from consolidated. When you add properties like London, New York, Capetown, San Francisco etc. and that's what we account for. Then that is a very good margin for a company with a more global footprint and those figures get added and get multiplied by 100 for a pound and a 82 for a dollar. So those numbers become very big. So they also create that disproportionate but we would not be the world's strongest brand if we were not present in the top 2 lodging markets in the world. Only Paris is missing. So if we have Paris, then there are 3 top lodging markets of the world, the top 3.

Mr. Kaustubh Pawaskar: Sharekhan, BNP Paribas:

Thank you, thanks.

Mr. Nihal:

Good evening!!

Moderator:

Yes Nihal?

Mr. Nihal:

Mr. Chhatwal and Mr. Giri. First of all congratulations to you all for …this is Nihal here from Nuvama. 3 questions from my side. 1st is, traditionally the hospitality space used to work was that, you have business on books, you have a pipeline and once you had a certain occupancy, you would go for rate hikes. You have been mentioning over the last few quarters that the visibility in the sector has been reducing much. So in that background, how do you see the kind of RevPAR performance you mentioned for April sustaining? You believe you maintain the raised hike, keep taking hikes and believe that the guests keep coming and the occupancy plays out?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

We would like to believe that the 23, if we take that as a base, that you can still achieve close to double digit RevPAR growth going forward. We would like to believe that and there is nothing that we know at the moment that makes us believe the contrary. So especially the events, when they pick up momentum on G20 or the World Cup cricket or when the FTA, not your Free Trade Agreement but the Foreign Tourist Arrival come back to the pre-covid level which was at 60pc last financial year. If it comes back to 100 or goes to 110 or 120pc, that kind of quality for revenue growth is possible and should happen. There is nothing that points out as to why it shouldn't happen. It's not like, a pent up demand is 3months, 6 mths, 9mths. A pent up cannot go on for 15-16-18 months or other people like to call our nice business of providing experiences and unique dining, some call it revenge. This is all revenge travel. I think it's over. I think we are on a very good wicket because of the demand and supply being in a positive sync for the sector.

Mr. Nihal:

A related question there was that, again the share of transient has seen a good increase vs. corporate. You see that normalizing or you believe that, that's the way the mix will be in the future also for you all?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

The share of Transient is 50pc plus if you look at our history. It's always been 50pc plus and we would like to keep it that way. In fact, if you look at our corporate strategy also, I think couple of things have happened. One is that, many smaller corporates have actually moved them to Transient, that's no.1. So I think Transient will continue to be, the non-negotiated segment will continue to be 50pc plus of the business. We don't see that changing actually. And in corporate, as I have explained in the past also, we have made some contract changes where the rates are getting fixed. For many of our corporate customers has the rate of the best available rate which means if the bar changes, goes up the discount of the best available rate also goes up. So those contract changes are also helping us. So I think, we will continue to do those actually. We will continue to do this.

Mr. Nihal:

Just one final question – you made a statement saying that, you don't want IHCL to be associated with any brand which is not premium. You are saying that Ginger is also in a way upscale. So is it that the budget as a category is something totally out and if any thoughts on the positioning of the new brand in terms of where it could place?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

No, that's not accurate or maybe I didn't communicate it well. In every category, the brand in that competitive set must be perceived as the premium brand. So of course, Taj stays at the top. Then we have SeleQtions or Vivanta, then we have Ginger. But Ginger should not be perceived as the way it was launched, as a cheap product which is everybody's possibility for 999Rs. That was maybe right when it was thought through but the world changed. The entire world became aspirational. So I think the Ginger in its positioning, the room size has not changed, it's become more fun, its more interactive, its more colorful and it does 3 things very well – it provides the best bed in town, it provides the best coffee and the best shower in that segment. It's not that Ginger bed is better than Taj, it's not but within that segment, it's the best.

Mr. Nihal:

Thank you so much.

Mr. Rishi:

Hi Puneet, I am Rishi. Thanks for the presentation. I have my question more on the core cities. What would be your strategy in terms of maintaining, let's say growing RevPAR. Could it be more ARR or occupancy and especially in the light of competition also trying to flex muscles there?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

The core cities you are talking about?

Mr. Rishi:

The core cities, let's say the metro cities. Because as you talked about the pent up demand already having played out and the competition also trying to come in there, so what would be your strategy going ahead?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

I think these cities are resilient, you know. I mean you have seen, we have put up the charts for Bombay and Delhi. I think these cities are resilient and they will continue to grow. For instance, take Bombay. Now the Jio World Convention Centre has come in actually, which means you will see lot more conferences happening and when that happens, the hotels benefit as an example, actually. So these cities will continue to be very strong and that's true for any international market. If you see, when you talk about occupancies again, these cities always have an occupancy in excess of 75pc, whether it is from New York to Hong Kong to Singapore, all the cities have strong occupancies and there is enough resilience in term of building it. So there is no concern actually.

Mr. Achal - HSBC:

Hi Puneet! Hi Giri!. This is Achal from HSBC. I had a couple of questions. So first of all, on the capacity, you mentioned that last year, the capacity grew by 4 point something and then you referred to some consultant report which suggest that the capacity is going to grow in that range. So just want to understand, if we break it up between the green field and the brown field, so basically it is the green field capacity that's going to be added. Otherwise, it's just a switch, right? So that capacity was already there so in terms of that breakup, what is the kind of capacity growth was there and what kind of capacity growth do you expect going forward? And especially the green field project, do you really see the green field project would be able to make the returns to offset the cost of capital? Because I think we are talking about cost of capital, cost of capital being very expensive, land is very expensive. So construction cost, do you think really could offset the cost of capital? Sir, can you please talk about that?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

So there are 3 things that you touched upon. Actually you said 2 but there are actually 3. So one is green field which takes anything between 3-7yrs to get built. So that is one of the reasons, there will be an imbalance in demand and supply because what is not under construction, takes this kind of time period. Something keeps happening, because of bad weather the construction stops or something else happens, it just takes a bit longer. The 2nd thing that you said is brown field. Brown field, the way we define is not already in the capacity. It is something which somebody started building and stopped because of lack of funds or something else changed. So you try to get that property, that time to completion is less. That could be 16 months, 12mths,18mths etc. The 3rd, which you are saying was already included. That is neither green field nor brown field. It's a conversion. So either it's an unbranded that gets branded or its changing from one brand to the other brand. So these kind of 3 activities, that's the fastest way of growing, that some people also call it, if it comes in a larger chunk, it's called an M&A or a consolidation in the segment. So these 3 are different. I also agree with what you said. Green field will take longer and the cost of land in hospitality business with your ability to charge makes green field construction not very conducive to the return on capital that is needed. You get it ultimately but after 5-7-8yrs after the property has been in operation, especially if it happens to be in a metro. Sometimes you have to calculate differently. We had the Santacruz Taj Flight Kitchen land for 27yrs. sitting there doing nothing with a dilapidated old Flight Kitchen building. So we are looking at only incremental investment and the return on that incremental investment because we already had the land. Now that's not the only place where we had the land. There are many other spots including right opposite this hotel, where we have the land which is actually not helping us in our return requirement or there are many others where we have the FSI available and we feel that that's how we are better positioned to monetize on those and also propel growth of our brands especially AMA in the home stay. We had not done it because we kept it as a purely asset light model but building on let's say, as an example – if we have Taj Exotica in Goa and we has FSI available and if we create a cluster of AMAs and call it an AMA Village or whatever out there, so it's something which is very positive. So that depends from company to company, brand to brand and your source of capital and whether you are funding it through your internally, a crude free cash flow or you are borrowing money, so in our case, I think all these things as we speak today, are all very green and all very positive and we have all possible options to do that.

Mr. Achal – HSBC:

Ya, that's fine. Just to understand, I am not sure if you can break-up the capacity growth expected between the conversions and the green field plus brown field.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

We can. We can. 60pc. you know the one thing which we will change when we do the next Capital Market Day is we will give you more data by brand. By brand, by contract type and by geography. So if we took at all those parameters and say India is the place, then almost a 60pc of our growth will come through new projects, new constructions. Around 20pc will come through brown field and 20pc will come through conversions.

Mr. Achal – HSBC:

Ok, perfect. My 2nd question was around revenue management. So basically, of course ARRs are very strong but how much of that part, how much of that part is contributed by the revenue management efforts from the hotels and how much is driven by the market, basically I think just like airlines. There is a huge scope for flexibility in terms of tariffs, later or earlier you know. So what kind of contribution do you think in this ARR growth or strength you reported is contributed by the revenue management? What revenue management are you doing at the moment? Or are you adding something on that part?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

I am looking at our head of revenue management. He is sitting in the audience so I was wondering, would you like to answer that Brij? Because it's really checking the credibility, is revenue management able to add value in a strong market? Till he gets the mike, I think revenue management is bedrock of any good hotel management company and we have various tools, from forecasting to measuring business on the books to when to launch which campaign for how many days, with which partner or do it alone? Should we go for digital or should we go for print in terms of supporting that campaign through advertising and it's just not the rates. We tend to forget revenue management is a much larger science. It starts, it includes the content, the content on the website. I think, this I can give to you now. Brij, you can take over from me.

Mr. Brij Bhushan Chachra – Global Commercial, Revenue Management & Distribution Professional, Indian Hotels Company Ltd.:

Thank you sir. From a revenue management point of view, I think at IHCL, we are very well poised and what efforts what we are doing is driven towards, you know growing off ARRs as well as occupancies. It's a fine balance. As we move forward, like you also mentioned a short while back, we have a lot of reliance when it comes to the transient bit of it which actually gives us the ability to flex and charge rates based on demand and supply which basically helps to yield up as we move forward. From a tools and technology point of view, I think the growth itself is invested in quite a lot of technological things as we move forward. When it comes to forecasting, we use real value systems and pricing algorithms which basically helps us to forecast as well as predict demand to do the right things at the right time. At cross distribution channels, whether we are talking about partners or whether we are talking about our own royalty programs and that is what we are doing when it comes to revenue management as we move forward. Does that answer?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Hope to give the mike back.

Mr. Achal – HSBC:

Thanks, Thanks Puneet. Last question from my side is, coming back to the question that you like but don't like to answer about your 33pc EBITA margin. So if I look at your chart showing operating cost, especially as you said, the cost and all those things, it has performed so well and the operating leverage is so high, I mean just a small increase in occupancy or the way the growth is structured, EBITA margin should naturally go up from here on, given that your costs are not going to increase and the kind of inventory you have on order or coming up, I mean what exactly makes you to sort of think twice before you know, I mean I keep talking about the margins or anything you know, because as you rightly said Puneet, the numbers add up so of course EBITA margins should go up and especially operating leverage, looking at that, looks like it should go up from here on, right?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

You know as Giri mentioned and we have mentioned, we can always, it's not that we will not strive for more but to maintain the quality of our brands, we have to continuously invest. We are not doing business from one quarter to the next quarter only. I think your colleague also from the table behind had asked, over the next 2yrs., you know in our group, in our brands, we don't think 6mths or 1yr or 2yrs. So if you take a mid to long term view about where you see your brands, where you see your company, where you see all these things, especially when the going is good, it is also prudent to keep investing in the businesses needed for the future and keep removing. As a part of the management of the group, it is an obligation for us to increase the size of the cycle and at the same time decrease the volatility in the portfolio. You cannot do all that by just being focused on one matrix which is margin. That's why that whole pyramid has 3hrs. strategy which is also about reimagining your brandscape. Also it would be fair to say that in the survival and revival phase which we said also, in the reset, the 'T' of the reset was being thrift and financially prudent. When the times are good, also you need to spend more before the bad times come because you will not have the money. So I think its finding the right balance. If we are able to do instead of 33 or 35, we will be the happiest people. Right? So to say, we did that. But we cannot start with 35 and then define the strategy. We follow our strategic course, the markets continue to support us. If the rates continue to increase, occupancy continues to increase, the growth of Ginger comes the way it comes, mathematically the margins will increase. I am not saying it's not possible but the guidance given by us is, this is what we plan as a management company. I think Giri said it rightly – when we started on that journey of Aspiration 2022 and we said we will do 25 and I said it also in my presentation, people said, "No. It's not going to happen", especially the hotel consultants. So now when we said 33, everyone said increase. Nobody believed 25, so it's a very healthy situation. So it's very good to see the encouragement from all of you, go for 35, go for 36, go for 37 – why not? So we take it as a positive. We will work on it but as a guidance, we have to look at the holistic picture. I think it's very important. Is it 33 of a 15pc increase in topline or a 10pc increase in topline or is it 35 of the topline staying the same or even a slight reduction. That's why I am saying, percentage is just one factor. I think the entire theme that you kept saying in the presentation from Giri was the diversification of the topline and how that 8000cr. became 11000cr. enterprise revenue and 11 could become 15 and if you are still maintaining that, kind of good margins, then the absolute amount is a very different number.

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

Ya, focus on the absolute number Achal, I think rather than one single percentage because ultimately what we want is the HDFC growth story as an example, I will just quote. How does the P&L move? The revenue is moving, the absolute EBITA is moving and absolute PAT moving exactly. I think that is actually where I think will be great actually.

Mr. Achal – HSBC:

Sure! Sorry, I just want to squeeze in last question, if I may. I know I will not get mike after that and I promise I will shut up after that. I will definitely shut up. In terms of Tata Neu, I guess, I am actually more bullish than you are, so just want to understand – have you seen any kind of conversion rate that is happening at the moment at the customer level which is helping you out and going forward with more brands joining Tata Neu. What do you see? I mean, at the moment, I guess you mentioned about 25pc of your enterprise level revenue but is that after all the brands join Tata Neu or is that an additional that we are talking about? So if you could please talk about that? That will be helpful. Thank you.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

See, it's not just about what additional you get. It's also maintaining because loyalty is such an important aspect of our business, you could lose your customers. You cannot acquire customers because they are stuck in another loyalty program. I have been with one or the other loyalty program in my life and you know, it's very difficult to move because when you move out, you stand to lose a lot. The great thing about Tata Neu is, its touching all points from a grocery shopping to jewellery to whatever else, hotels…etc…etc…So your cost of customer acquisition is gone. From our point of view, there are 2 things. One – as a hotel company, with the kind of money that we are investing, I doubt if we would have been able to build an industry leading loyalty program or a platform on our own, that's the 1st. 2nd, our variable cost being on that platform is actually less than the money we were spending before. Trying to get those customers, advertising on all possible social media and still not getting the customer to come through your website, the entire sector keeps complaining about 3rd party. SO I think that is the ability, unique ability to do that part. 3rd, is synergizing. Synergizing within the group with different companies is not only about a super app. It is about all other business which doesn't come or would not have come otherwise because all this is bringing you and your teams closer to each other. So your 1st choice or your 1st thought which comes to your mind wherever you have to do a dinner or a party or stay in a hotel etc. will obviously be us. It should be with or without Tata Neu but the likelihood and the strength of synergizing actually starts showing up. And then, as I said, you get a customer who is not necessarily a typical hotel customer. Maybe he is going to Croma or Big Basket but for the Big Basket customers, staying collecting enough Tata Neu coins and those coins becoming an enabler to afford a stay in Taj is very aspirational. So I think it's a holistic approach and we feel that we are very blessed that without making that investment, we are benefitting and also from the know how, see, we are very good in operational excellence in running hotels. Not necessarily, the champions of digital or building platforms. Then we are in the wrong business, right? There are other people who know that best. And you cannot just build it today and leave it. It is a continuous change and investment that keeps happening. So on a weekly basis or sometimes on a daily basis and all the kind of customers, aspirations what they see, we understand what they would like to eat, how the plate could be, how the room should be but not necessarily the digital journey of the consumer on using such kind of apps or super apps. So we need that help. We are very blessed to have a company within the group that is building all this and we are benefiting. You want to say something Parveen? He is our not only head of sales and marketing but he is heading all the initiative on Tata Neu.

Mr. Parveen Chander Kumar – Executive VP, Sales & Marketing, Indian Hotels Company Ltd.:

I think you said most of the things but just to answer your question. Keep in mind, when we started this journey, we were 2mn as our active members. In 1 yr., we are

4mn and today we have access to over 70mn people as part of the conglomerate which will grow above 100mn once Air India and all comes in. So I think the possibilities, the world of possibilities is immense and we have just started to scratch the surface.

Moderator:

A quick note to the online participants – kindly use the 'raise hand' icon if you wish to ask a question. We can continue from here.

Mr. Pranav:

Hi, this is Pranav from Rare Enterprises. Hi! So I have some basic questions and forgive me for not knowing this. Can you just explain because you have been repeating that Mumbai, Delhi, Bangalore, these locations have even larger demand for properties in Taj category. So can you just elaborate taking an example of one city say Mumbai – what could be a potential Taj revenue here if you were to open one more Taj, as compared to current revenue of 11000cr.?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

11000 is for the entire system but if you took the city of Mumbai, then let's say this hotel has close to 400-500cr. If we built right opposite, that could also have 700. Just one property itself could do that kind of because it's a very large development. As and when we get the permission, that's what we would aim for.

Mr. Pranav:

Right, so that means a one category below all the hotels are 100pc occupied?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

No, hotels are never, I wish that was the case where the hotels would be 100pc occupied. It happens but only in service residences because those residences are given for a longer period. Hotels, if they achieve in India especially anything between 70-80pc, you are doing very well because that's what the sector is expected to do – 70pc occupancy in the next few years based on the latest report which came from HVS – Hospitality Valuation Services and as Giri mentioned, places like Singapore, Hongkong, London, New York, Paris, they are all 80pc plus including Mumbai, 80pc plus market and metros like Delhi NCR at 75 etc. So it depends from market to market. And if you get to those kind of occupancy numbers, then you are doing quite well.

Mr. Pranav:

Right, right. So just a question related to this only. Next year, we understand that there are 3 main triggers, that is G20, then there is foreign tourist and probably the World Cup also which can actually help you raise. But if these factors were not there and you mentioned this in your quarterly concall that actually the pace has moved up after a long time, after a long gap of 7-8yrs. and that is why there is a lot of support to rave back but if these 3 factors were not there, then what kind of rave back you can expect in the next 4-5yrs.? on a continuous basis and avoiding one time events.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

You know, there will always be a onetime event. If it's not happening in India, it will happen elsewhere. I have just come last night from London so there was the coronation of the king in London and for one week, it's like the happening place. It will boost the revenue in May. Some analyst was recently writing about another company and Giri and I were having a discussion, there was a major airshow in Bengaluru and our Taj Westend and other Taj properties in the month of March did exceedingly well but next year it's not there. But thereafter, it's there once every 2 years. So it is there. This year, it is G20 and no airshow in March. Next year there will be an airshow. So something keeps happening in the sector and a one off event of course is World Cup soccer or a World Cup cricket or Olympics, these are one time big events. So that benefit is definitely there this year for cricket, also for G20. But if that was not there, just imagine the kind of facilities that have got built. So very soon, the big convention centre in Pragati Maidan as well as in Dwarka in Delhi will be open which were built for this but later starts getting used for other purposes. So in my career I have seen that, when I was a student, we were working in Asian Games Village because Asiad was happening in India. But that village did not move away because Asian Games got finished. That whole complex became a new attraction for that part of town. So lot of stadiums got built and then the stadium started getting used for day and night cricket matches, that's how the day and night cricket and also for music concerts. So lot of things evolve. With time, they get built for one particular event but that facility cannot be moved. Actually it is another improvement in the infrastructure and as I said before, any improvement in the infrastructure has a direct co-relation just like RevPAR has a direct co-relation with our business. Improvement in infrastructure, having that facility, ability to hold 10,000 delegates under one roof which was not there before increases your reach to the world to get those kind of convention.

Mr. Pranav:

Right, right. Last question from my side. In AMA, how many of the properties are group company owned properties and are there any 3rd party properties that also we are acquiring? Any strategy out there?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

We only own 2. The rest we service and we typically charge 15pc of the topline as the management fee and 3pc as marketing contribution. However going forward, we might tweak that model and build a few of those on the land banks that we have. We haven't done that as yet and as I said, we were checking the viability but we might do that going forward. Only 2 of the 114 that we have total in the portfolio are owned by us.

Mr. Pranav:

Right sir. Since you mentioned that the land opposite to this building is there, what is the status there in terms of approvals, etc.?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

The status is that the file has been moving for the last two quarters. That's the positive news I can give. It was not moving, it was stuck for several years, but for the last two quarters its moving. And any quarterly call or a capital market day would be incomplete so thank you for asking that question.

Mr. Pranav:

Thanks a lot, and congrats for great performance.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Thank you.

Mr. Karan Khanna:

Am I audible? I guess, I'm. Good evening, Mr. Chhatwal and Giri, this is Karan Khanna from Ambit Capital. I had the first question on the demand side of the cycle and also upside that's still left in the room rates. So, survey by STR that tracks the top reason why people will not travel or perhaps reduced travel until 2022. This used to be because of COVID. But now it's the cost of travel. So do you think that the change in consumer sentiment and the fact that most of the international routes are now fully operational, especially to Middle East Asian and Southeast Asian countries, how should one think about the upside that still left in the room rates. You spoke about double digit, you know, upside in the room rate in FY 24 and some of the other listed hoteliers also spoke about low to mid-digit upside in the room rates.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

See, there are certain events in our life which change or have an impact on the behavior. So, I don't know how many of you in this hall actually, after the first wave, started driving yourself and go on a holiday. Or started combining business with leisure and you know, go to a destination where there is a good Wi-Fi. So, I usually give this figure which is a very easy one, let's assume that it was only 10 million people out of a population of 1.5 billion, who started driving themselves and got used to it. First time was very difficult, because if you had not done it before, second time was less difficult. Third time, it became normal to do that. So, of those 10 million people, if only 10%, which means only 1 million people are doing it permanently in whole of India. These are just fictitious figures and they only spent seven nights in a year, once two nights, once three nights and one more time another three nights or two nights, right? Then that is seven times 1 million is 7 million additional room nights, which were not there before. So that is what is having an impact because the term bleisure was coined maybe 10-15 years ago, but it did not happen to the extent that it is happening now. So, if there is a holiday, there were people also going before, if a holiday was there on Tuesday, you take a Monday off and leave on Friday evening and come back on a Tuesday evening. But the amount of that happening now is higher than it was happening before because there is that change. And also again, through improved infrastructure. I have not done it myself, a friend of mine recently had organized his company's business conference in Jaipur and he drove and he said to me, while he was on that highway called me and said, you actually have to see this new highway which is going to link Delhi and Mumbai and a part of that goes through to Jaipur and this is as good as any other highway you would have seen in the world. So, this is the way things are changing. We are in a very dynamic kind of a situation where demand is back, supply is constrained, infrastructure development is moving fast. Even government is talking about tourism, which was mentioned by the honorable Finance Minister in the budget speech. And we had post budget also meetings as I chair the CII National Council on Tourism, I can say that we have spoken more about tourism and what we can do and a Global Tourism Investment Summit is also planned to be held in Delhi in the next months, the date is to be confirmed. All this was not happening to the extent earlier. So, these are for a sector like us it's a positive and we have not seen so many positives come together and that how what you said rightly is demonstrated in the results that are being announced quarter on quarter by different listed companies that we can all read.

Mr. Karan Khanna:

Thanks for the clarification. My second question is on the supply. So, you spoke about four and a half percent supply CAGR over the last three years. Let's take the number as 1,60,000 branded room inventory in the country today and possibly expected to go to 1,90,000 rooms by FY 25. If I look at the data, so you have close to 5,000 rooms that are getting added. Recently, Tony Capuano when he was in India, he spoke about doubling their hotels from close to 110 hotels in 21, to nearly 250, hotels by 2025. And other hoteliers like Wyndham, Harcourt, and even domestic player like Lemon Tree also talking about very strong pipeline. So, if you can help us understand, you know, how confident are you want the supply continuing to be lower, in fact, significantly lower than the demand that you're suggesting?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

See, we don't know about others, especially the international ones that you mentioned, but as a publicly listed company, when we speak about our pipeline, it is something which is legally binding, contracts which are signed, have been announced and are in different stages of development. So, we are very confident of that supply opening. So that's one. The other thing is you have to go back to the slide, which I showed about smart. In the kind of strategic growth, where we are talking about a balanced portfolio, how we are coupling the asset heavy with the asset light. I think that is far more critical than just doing flag planting and just adding number of rooms we're not in the business of taking rooms to the bank account. Rooms is an enabler. A new hotel is an enabler. So, we tried to find the right balance of asset management, of introducing new brands, continue to reimagine our brand scape and that is the beauty when you own 50% of your portfolio, right? So, you have to take care of that, which drives your operating leverage. And then you talk about the new supply that you keep adding to balance that risk, in case there is a downside, or in order to expedite growth. If you build everything yourself, you cannot have the speed of growth that you have now. So, I think it's a lot of parameters and lot of pillars that need to come together to build this house of brands in the way that we are building and still keep like Achal was saying and still keep aiming for higher and higher margin and absolute growth. So, it's a combination of a lot of things and I remain confident that we will keep having our growth.

Mr. Karan Khanna:

Thank you. Last two questions for Giri. Giri firstly, on the GIC platform. Any update on acquisitions there and whether there's anything in the pipeline that you're working on or is it likely that it will be status quo and any plans to extend the same beyond 2024, given that adding 2000 rooms in one year could prove to be very difficult?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

No, I think it is status quo. We continue to kind of engage and kind of explore opportunities. But at this point of time, I think I would more look at it as one of the opportunities for acquisition rather than one single platform. So, I think that's the way it should be, they're great partners, and I think we will continue to do so.

Mr. Karan Khanna:

And lastly, I think in the last capital market day, you spoke about 35% of EBITDA coming from the new businesses, including management contracts does that number still hold true or is there any changes to that?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

But that is true, isn't it? Because I think the management contracts do add a significant flow through. And I think what we're saying is that, as we add these new asset light businesses, they need to be able to contribute margins in excess of that 35% and that's true. And I think we spoke, I think, Ginger we spoke about, we spoke about management contracts. So that is true actually.

Mr. Karan Khanna:

That's it for my side. Thank you and have a good day.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Just I will add to what you asked earlier is on the consolidation opportunities, they will come in near future because that ECLGS scheme that we tried to get for the sector, which we got and then the improvement, you know, ECLGS 1.2 and 2.2. That's the emergency credit line guarantee scheme, which basically replace to your old debt from a new one at some better terms, but the debt is not gone. So, at some point certain of those variables need to be achieved. And because of that, some opportunities will come. And that was very good for the sector, but it will not help 100%, it could help maybe 90-95% still 5-7% will come and that positions us well together with GIC to have a platform, so should something come up at least we have a platform that has the capability of absorbing that supply or well positioned to take advantage of that growth, that is possible.

Mr. Karan Khanna:

Thank you and best of luck for the year ahead.

Mr. Jayesh Shah:

Hi, this is Jayesh Shah. My question is to Puneet and Giri both. I think the whole presentation focused more on the non-hotel revenues, which is my primary interest. And in a way, this revenue stream actually takes away the cyclicality. So am I thinking right when I actually look at the numbers now that Ginger plus SATS plus Chambers is actually more than the net profit of the company. And given the aggressive growth rate that we have for these three businesses, in the next five years, they can actually marginalize the hotel revenues, if I can put it lightly. And these are the stable annuity kind of revenues, which can keep growing without any cyclicality, which also means that there are different challenges and upsides and how do you see this whole mix changing and I'm talking of next five years more qualitatively?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

See today, I don't know the exact number, but I don't think this is higher than 15 to 18% of our total EBITDA, the new businesses, what maybe we have not achieved fully, that's why you ask this question is any new business that we will enter into has to have a threshold of 35% or more EBITDA margin, because then I'd rather focus on a 30 or 32 of the existing assets that we own. We don't expect this to change, our ambition or aspiration and with all the possibilities that we have on execution, make us believe that in three to five years, what is today sub-15, if it grows to 30% of the total EBITDA that we have, then we would be extremely pleased because that 70 that has been achieved or more than 70 that is coming today has also come over almost a century. Even if we discount the first 70 years because first 70 years, we had only one hotel. In 73, the second Taj hotel opened. So, if we take only the last 50, these brands need to have at least 5 to 10 years to become stable. There is a consequence of keeping the same name as I said we kept Ginger because it's a good name, it's sat in the right company, it was very relevant in the Indian context. But for us it's like a totally re-imagine new brand. And if Ginger plus AMA plus this private membership club business which was always there but it was only to support the Taj. So, this membership club business and the Qmin, if four of them together become 25% of our top line then the diversification of the top line would have happened in a very great way. Because Chambers membership fees is 85% flow through. A good Ginger is definitely above 50% margin and a very good Ginger in Mumbai could be above 60% margin. So, these high margin businesses will take away and AMA is a 60% margin business. So, and Qmin is already basically sweating your existing infrastructure. We have not spent any money in either building an AMA or a Qmin. So, it's all, so it's reflected the profitability of Qmin is at both the hotel level and at a corporate level because it sits in a different company and it pays a fee. So that's why we cannot exactly take it out either how much is coming here we can always give that guidance and number. So, it is integrated approach because it is improving and re-imagining your brand scape. So, a Qmin in a Ginger is helping a Ginger. But that all-day dining was always there. It's only got, you know, becoming a more cookie cutter, more standardized, more premium and more stylish. So that's how also those investments are also needed which will always, you know, in the existing 59 Ginger hotels if 50 are relevant or 40, will add 40 Qmin they don't come for nothing some cost is there whether you paint or you add new furniture or you add in a swing or whatever we have to do out there.

Mr. Jayesh Shah:

I thought Ginger at 400 and Chambers at 400 means 800 crores revenue at almost 50 to 60% net margin if I had PBT level it makes a significant difference and probably these two businesses can scale up into 2x or 3….

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Sure, but the rest is not sleeping that's also… The Taj as you saw went from 4,000 to 8,000 is 4000 crores and if Taj is doing a 30% margin that is 1200 coming from there alone. So that's and there are 19 more Taj hotels expected to open and a lot of more asset management. So that is the top line diversification we talked about that it will keep growing and in that high growth story, if the new brands or newly re-imagined brands can take a significant percentage of it, then we are in a very, very, very good position to face any kind of downturn that comes.

Mr. Jayesh Shah:

And my second question is when can your international hotels hit the company level EBITDA margins, qualitatively? I'm not asking you to commit to a particular year or a deadline. But do you see that visibility, are you internally confident say it will happen in three to five years?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Okay, I'll answer it the way it is. One is an accounting challenge. Our international hotels do not get, I'll let Giri answer the second part, for tax reasons and other reasons wherever we get a management fee, it gets accounted in IHCL stand-alone out here. It is not accounted in the international. So even in London, a part is in the profit and the other part is coming as fees. So, the picture looks diluted when all the analyst and investor community sees it. Second, it is not possible to drive 40% EBITDA margin in New York City. It's just not, it's not doable with the kind of food and beverage we have. It's not happening in the industry. I mean, there may be a few exceptions here or there but for various reasons. But if you're a well governed company, and you're following all the rules, laws, practices, 280 room property in New York cannot do 40% margin. And if it happens to be the pier overlooking the Central Park, because, again, very iconic, more than 100 years old asset it has certain investment needs. Same thing is on the salaries, costs and wages. The site costs in operation in a European context, the labor cost is almost double than that in India. But it is not because the person is earning more in that context, maybe earning the same. But it's all the pension system, the Social Security, the health coverage, the unemployment insurance, that's why when they went through COVID, they could follow people because the rest you could get from the unemployment insurance. And that's why we didn't do anything because you take away life and livelihood of people so that was a very different context but you also pay in that context. Everybody has a deduction from both employee and employer point of view, that's why those kinds of margins are not possible in a Western Hemisphere context.

Mr. Jayesh Shah:

And are they possible under management contracts?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Yes, it is possible, which is not in the hotel P&L, those margins on what you account for, because we are only accounting for the management fee. But a hotel level is very difficult.

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

And I think Jayesh, I think in any portfolio, you will always have portfolios which are revenue drivers and portfolios which are profit drivers as well, actually. And I think and therefore having a New York and London property is very good in terms, you know, you need to balance it and that's where the capital allocation also comes in. When you look at revenue, profit and capital, you need to look at all of it together actually. And hence, and that's the way we will manage actually.

Mr. Jayesh Shah:

Thank you very much. That's all, yeah.

Mr. Kunal:

Hi, this is Kunal from CLSA. Puneet, you highlighted earlier that you know Greenfield capacity is difficult to put up today because of the high cost…

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

I can't hear. Can you speak louder? Yeah.

Mr. Kunal:

You highlighted earlier that you know Greenfield capacity is difficult to put up today at the current cost levels because the returns have long gestation. But my question is like if not today then, when you know because like you know if you look at the industry level the margins are at their peak levels or rather like record highs, ROCE are pretty healthy. And like you highlighted in your presentation that you know there are macro tailwinds behind us. So, would you even at the current profitability levels, will you not anticipate any, you know, addition?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

No, we said that's why we are very confident of our pipeline because we are a very strong brand. We command RevPAR premium so people who are building with us will continue to build and also, they will get funding because our name is there. It's not that easy to get funding for hotel business specially when banks are still not out of the challenges, they have because of the COVID with other partners, right? So, it's a… but not for us, it's not an issue. And that is why we open 16 hotels, we're opening 20 hotels, or maybe even more in this current financial year, it's because hotels are getting built and as I said, myself, 60% is new built, and 20 is brown. So, it's 80% of that what is coming in, if it is going to be in some form of new construction, then obviously the supply gets built, but the speed will not be the same as it was, let's say, in 9, 10, 11, 12, 13, 14, 15, I mean, that time the supply rate growth was much higher.

Mr. Kunal:

And relative question to that is, you know, because of the high profitability of the industry, like how is the competitive intensity on the management contract side, because, you know, your peer group is also going through management contracts. So how is the competitive intensity then?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

I think it's not something that we keep doing like kind of a price cutting to get a management contract, you know, when somebody comes and wants to tie up with us. And if everything is right, the site is right, is a right fit for the brand. Then in a scheme and scope of things with the given what a project costs, I don't think is the fee is such a sensitive thing for any owner. I think is more important is are you the choice, preferred choice, as a brand or as a partner so with Taj, we never face any issues. Anybody who could get Taj would always prefer a Taj, including by the global majors in a recently held conference in Bangalore, a global CEO said, you know, when we try to compete, we find it difficult with a Taj or we recognize whatever words he used, but something like that. So, of course, with our new brands, we have competition, we have competition with Vivanta, but with Ginger, again, our business model is different. We are putting the money where our mouth is. If we are saying we are going to do an operating lease, then that is a rent agreement, then you are like a landlord, and you're a tenant. So, I don't think it's also not always just a management contract, it’s also the business model and which brand we're talking about.

Mr. Kunal:

Sure, thanks. Yeah.

Mr. Sumanth:

Hi, this is Sumanth we are from Motilal Oswal

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Just a… Sumanth. We’ve completely neglected the online.

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

No, no, I think no, somebody's tracking, Mohit is tracking there. Do we have questions or online at this point of time?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Okay, so we continue?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

Yeah.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Okay. Sumanth.

Mr. Sumanth:

So, can you talk about hourly basis charges in hotel industry and how it is helping Indian hotel industry and Indian hotel for ARR?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Sorry Sumanth, excuse me in the back, can we somehow increase the volume of the mic because it cannot be that everyone who speaks we can't hear.

Mr. Sumanth:

So, can you talk about hourly basis charges for hotel and how it is helping Indian hotel industry?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Hourly basis?

Mr. Sumanth:

Yes.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

You mean like Nirata, airport hotel with two hours or four hour?

Mr. Sumanth:

Yeah.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

It's very small, it's just 10-15 rooms out there. You know, that is like the German expression is where the fish not flies. It's neither fish nor meat nor anything. It's like a drop in the whole sector, how much we want to Sumanth that is not a model. There are other models like this in the western hemisphere for our label, that's for a very different segment, which will not enter into.

Mr. Sumanth:

Why I'm asking, the kind of, the way rate is increasing and the business travel, you might need three four hour stay for hotels. So, do you think the trend is going to increase from here?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

I think the airport hotels will do, like if I take Taj Santa Cruz as an example. The occupancy there is more than 90% and I think being where it is next to the airport. I mean, I think I know that that hotel also does day use kind of charges actually but as Puneet said, it is specific to that hotel actually. So, I was in Tirupati the other day where you know where people go from Chennai and other places to Tirupati they just need the hotel for a few hours. So those opportunities may be very specific to certain contexts actually. So, and I think hotel general managers will take those opportunities in terms of doing it. But is it going to be the bulk of the occupancy and rate? No, I think it will just add to the cream is what I would say, actually.

Mr. Sumanth:

Thank you, Sir.

Mr. Amit Agarwal:

I'm Amit Agarwal from Nuvama Wealth. My question pertains to your strategy Puneet, I mean, in the current context with the markets always looking good in terms of hospitality, you have a very aggressive growth strategy. So, first question is, what are in your mind, what would be the key risks to this strategy because the situations can change very, very quickly, we seen that. My second question comes to, with this aggressive growth strategy, which you have, how are you good at maintaining the quality control, because end of the day people are paying for the Taj brand, and the quality control gets lost, you lose the brand image. That's all thanks.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

So, second one is easy, we have that whole focus on culture, on trust awareness, joy across all brands, and all the things that we do consistently with or without COVID, or in a boom or a doom time, our focus has been very strong on culture. We can boast of a very strong culture that has been created, which we also call Taj-ness for generations now, I think it's third or fourth generation. So, and it's in the DNA of the of the group and within the group in the company so that part is quite intact. On the growth, aggressive growth, I think that actually helps to keep the culture, you know why? When people don't get growth, they leave the organization. So, what has happened is that a lot of our people, including the current management team, that you see at the executive committee level, or one level lower, they've all got promoted at least once or twice. If somebody was a Senior Vice President then is today an Executive Vice President, if somebody was a VP is a senior Vice President, including the person sitting in this hotel, when I joined was a General Manager then he became an Area Director. He was from one hotel is now having 35 hotels. So, what is the risk? There are risks because not every person is able to grow to that role. The question is, how can you mitigate that risk by giving them further education, training, experience, exposure, etc. Because one hand is great, you're able to retain, have people you grow from within. But otherwise, those terms would not have existed, that there comes a ceiling for everyone at some point of time. Where so that's one risk is how you grow from within, keep the culture and still absorb that kind of growth. So, the question is very relevant. Second, risk, which is, when you become a very high growth company, sometimes one gets carried away. So, I hope it does not happen, at least we will not let it happen, it's not a part of our strategy, then you start buying assets or buying companies here or there, we don't have any such plan. If there was anything, it will be communicated. But that is obviously the risk because most of those mistakes in the sector have always happened traditionally, at the top of the cycle. So, when you're in a cyclical business everything is going great. You just tend to think you can, you know, dance on water or, you know, do things which are not normal, and then the next downturn is around the corner, and then it comes in hurts. So, it's not, I'm not talking about us, I'm talking across the globe, across the sector's history, that has been the case. And that's why a lot of people call hotel investments to be anti-cyclical. You should try to invest when it's the cycle is not that strong, so that by the time you finish building or renovating or re-imagining, re-positioning, hopefully you start hitting the upswing, but you also did not pay a fortune because you went when the cycle was weak.

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

Just conscious that people have been in the room for two and a half hours. Do you want to continue this over coffee? Just online, is there any question online?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

No, no. One last question, if anybody wants then otherwise, we continue our coffee. Yes.

Mr. Prateek:

Yeah, good evening, this is Prateek from Jefferies, I have couple of questions. So, inflation in broader economy seems to be like sort of cooling off. So, does that tow into our margins, given we are like looking at slightly higher Revpar growth vs what inflation is trending currently, and also in that context how's the staff shortage currently in the industry verses what was looked at a year back?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Good question Prateek. Inflation cooling off is good at least we don't have to work on the raw material cost so that will be a positive. More important internally where especially because of the Ukraine issue, the energy cost have gone through the roof. So, I think that would be a big help if that comes down also. Shortage of, you know, there was always a shortage of people. Good people is very difficult to find so that's why what we have done is we have launched a series of programs and we have tripled our L&D budget. We have Gaurav who heads our HR and we are even encouraging people from non-hotel training, if they have a good business degree and have up to five years of experience to come and become within five years a General Manager of a hotel which was you know, 10, 20, 30 years unheard of. So, I think we are doing a lot of things, apprenticeship, scholarship, sending people abroad, giving them exposure, Dubai people coming here, our people going to Dubai and London. We just sent a task force because there was a shortage of people to London. We might be doing soon some of that in the US. But that shortage is more applicable the way I'm looking at it is really in the West. I mean, even now the airports, if you are having a connecting flight the likelihood that your baggage does not make it is very high, it's not 50%, it's like more like 70% unless there is lot of time for connecting flight. So, things are a bit difficult, lot of people left the sector but that's really for countries which don't have the kind of younger population and kind of you know people very excited to go and do something. We don't have that issue here. On the contrary we have seen the kind of loyalty that we have seen from our people of course a few left when they were offered higher salaries or, you know, like they got better proposals from the outside but most of the people did not and they did not because of the way we treated them during COVID. Them, their families, the community, everything and I think your generation and the one generation after you these things matter to people a lot. They always mattered but they are becoming more and more important including your commitment to ESG, all those kind of programs that we have in place that kind of that's not a customer loyalty with Tata new that is employer branding and employer loyalty which you get by doing the right things.

Mr. Pratik:

Right, one last question, this is just to understand the deadline, so on pricing. When we compare the current period verses 2004 to 2008 period so in terms of like for like pricing in various segments where are we currently verses that period and also probably if we can understand the pace of growth what we saw that time in terms of year-on-year growth and RevPAR pricing that time how does that compare to what we saw in FY 23?

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

See that you are always modelling when you are asking a question so what to put in a model. You know there is one thing missing, at that time if Bangalore had 400 dollar as a pricing, the dollar was 40 or even less. So, if you took the rupee equivalent, we are there, almost there today. So, it's not adjusted for inflation, it's back there in despite a humongous amount of supply that is gone in as an example in that market. So, there is but if you take it in dollars then we are far behind. But I think most of our cost is in rupee so let's look at it in rupees only and we have a way to go so I think a further increase if it was to come this year and next year would get us closer to the values which you could compare it to 2006 or 07.

Mr. Pratik:

Okay sure, thank you and all the best.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Thank you everyone. Okay, this is the last question otherwise later we take everything outside.

Speaker:

The only question I had is if you have an update for the Port Trust demand. Is there updated status that you have?

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

No, I think, no. I think we are very clear, if you have seen the balance sheet and all that what we have been disclosing, I think, what we pay is in line with an agreement with Port Trust way back in 2004 and the bases our entire case. So, there is no update. There is no update and we believe that our case is very, very strong.

Speaker:

Thanks

Mr. Giridhar Sanjeevi: Executive Vice President & CFO, Indian Hotels Company Ltd.:

Thank you.

Mr. Puneet Chhatwal: MD & CEO, Indian Hotels Company Ltd.:

Thank you everyone, if there are more questions, we will take them outside.

Moderator.

Thank you, Mr. Chhatwal. Thank you, Mr. Sanjeevi. Thank you everyone for your participation today. We now have a Hi-Tea outside in the pre-function area and we would like to invite all of you there. Have a pleasant evening ahead. Thank you.

(END OF TRANSCRIPT)