



February 7, 2024

BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code: 500850

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Scrip Code: INDHOTEL

Sub: Transcript of the IHCL Earnings Call for the quarter / nine months ended December 31, 2023

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the IHCL Earnings Call for the quarter/ nine months ended December 31, 2023 held on February 2, 2024.

The above information is also available on the website of the Company at:

https://investor.ihcltata.com/files/IHCL_Analyst_Earnings_Call_Transcript-Q3_FY_2023-24.pdf

You are requested to kindly take the same on record.

Yours sincerely,

BEEJAL
AKSHAYKUMAR
AR DESAI

Digitally signed by
BEEJAL AKSHAYKUMAR
DESAI
Date: 2024.02.07
15:58:00 +05'30'

BEEJAL DESAI (F3320)
Executive Vice President
Corporate Affairs & Company Secretary (Group)

Encl: a/a

THE INDIAN HOTELS COMPANY LIMITED

CORP Office: 9th Floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai 400 021, Maharashtra, India
REGD Office: Mandlik House, Mandlik Road, Mumbai 400 001, Maharashtra, India
www.ihcltata.com

CIN L74999MH1902PLC000183

T +91 22 6137 1637, F +91 22 6137 1919
T +91 22 6639 5515, F +91 22 2202 7442



A TATA Enterprise



“The Indian Hotels Company Limited Q3 FY-24
Earnings Conference Call”

February 02, 2024



**MANAGEMENT: MR. PUNEET CHHATWAL - MANAGING DIRECTOR &
CEO, THE INDIAN HOTELS COMPANY LIMITED.
MR. GIRIDHAR SANJEEVI - EVP & CFO, THE INDIAN
HOTELS COMPANY LIMITED.**



*The Indian Hotels Company Limited
February 02, 2024*

Moderator: Ladies and gentlemen, good day and welcome to the Indian Hotels Company Limited Earnings Conference Call for Q3 FY2023-24.

On the call we have with us, Mr. Puneet Chhatwal - Managing Director and CEO, IHCL and Mr. Giridhar Sanjeevi - EVP and CFO, IHCL. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '**' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Puneet Chhatwal: Good morning everyone and thank you for joining our Global Conference Call for Q3 2023-24. Indian Hotels delivers best ever Quarter 3, we are pleased to share that our record performance has continued in Q3, making this the seventh consecutive quarter of best ever performance for IHCL.

Our standalone revenue grew 22% year-on-year to Rs.1323 crores EBITDA grew 30% year-on-year to Rs.601 crore, yielding EBITDA margin expansion of 290 basis points to 45.4%. Our consolidated revenue showcases the growth of 15% year-on-year to Rs.2004 crore and an EBITDA growth of 18% year-on-year to Rs.772 crores. This resulted in EBITDA margin expansion of 100 basis points to 38.5%. This further translated to an 18% growth in our bottom line to Rs.452 crores at a PAT margin of 22.6% in the quarter. For nine months 2023-24 we achieved the milestone of Rs.5000 crore consolidated revenue.

We continue to command the premium over the industry across all operating metrics and delivered robust performance across our brands. With the demonstrated RevPAR growth year-on-year in the range of 12% to 15%. We expect our double-digit revenue growth to continue in the next financial year as well, driven by three key dimensions of growth namely:

- Growth in our portfolio.
- Growth in our new brands and businesses.
- Growth in our traditional business, enabled by effective asset management.

Let me begin first with the portfolio growth:

We continue to demonstrate industry leading growth with 28 hotels signed and 16 hotels open on a year-to-date basis. This takes our pipeline to 85 hotels in all. This year also marks the momentous occasion of our reaching the 200 operating hotel milestone, which we recently opened in Jaisalmer in the state of Rajasthan.

Our flagship Ginger Mumbai Airport is now open and had a stellar debut with an average occupancy of 80% and an average rate of over Rs.6500. The hotel has also been PBT positive

from the very first month of operation, we will maintain the space and are well placed to open at least 20 hotels in the current Financial Year '23-24. We've already opened 16 so we expect to open four more in the month of February and March. This is in line with the guidance that we have provided. In fact going forward in '24-25 with 85 hotels in pipeline, the pace of openings is only going to increase. We target to open on an average two hotels every month, or even higher.

Our growth continues to be majorly asset-light, contributing to the doubling of our management fee income from pre-COVID levels to stand at Rs.319 crore for the first nine months of the fiscal year. This means mathematically, we could end very close to Rs.450 crores of management fee income for the current financial year.

Our strong footprint across (+130) locations make us very well placed to capitalize on the sustained demand up-cycle that the sector is witnessing.

Number two, New and Reimagined businesses:

We have been always communicating about new businesses that we started as well as the reimagined businesses which were re-launched like the Ginger brand or Taj SATS. With these businesses as well as our asset light growth, we've embarked on a journey of the diversification of our top line. Our new and reimagined brands, which include Ginger, Qmin, Amã Stays & Trails, the Chamber's, the Taj SATS together showcase a growth of 34% over the previous year in the last nine months. This stood at twice the pace of that of our traditional business, which also grew at 17% in the same period, we expect this growth to only accelerate and our new businesses as well as reimagined businesses will continue to deliver 30% year-on-year growth going forward.

Ginger continues to showcase strong growth and profitability enabled by its Lean Lux transformation at two thirds of its portfolio under Lean Lux today. Ginger should achieve a milestone of over Rs.600 crores and brand revenues in the next financial year. Amã Stays & Trails has continued to grow also and is well-poised to reach a portfolio of 150 bungalows, including 100 in operation by the end of the current financial year, and Amã brand revenues are expected to also double in the next fiscal.

Qmin will also achieve a milestone of Rs.100 crores in its GMV in the current year, supported by its expansion to 34 Ginger hotels till date. As we have mentioned in the previous calls, in the previous quarters this is what we call the Qminization of Ginger that we have all-day dining of all Ginger Hotels will be supported by the Qmin brand in its dining facilities.

Taj SATS has continued its record performance with industry leading revenues, industry leading margins and market share in the segment, and is well-poised to cross Rs.1000 crores in revenue in the next financial year. We are committed to investing in our new brands and businesses

across product, service and digital innovations. In addition, we are working on and expect to launch two brands in the next six months. This is also in line with the guidance we have given over the years that once we achieve critical mass of at least 100 hotel portfolio in two of our brands, we will consider either reimagining some of our brands that we have had in the past or launching absolutely new. So, with the Taj at 105 and Ginger almost getting to 90 hotels we are getting there and we will share that information as and when we are ready to do so.

Our new brands and businesses will help to support our asset light initiatives, will help to support our margin expansion and make us less volatile to the cyclicity of the business.

Moving on to the third important factor that is effective asset management, which has been a key pillar of our strategy, and we continue to invest in our assets which results in not like-for-like growth. Asset management has enabled significant growth in our big machines and reinvesting smartly in our products has helped to drive premiums and to unlock value. In the past six years we've invested close to Rs.2500 crore in capital expenditure on a cumulative basis. Our iconic Taj brand marked its 120 years of legacy this quarter and Taj continues to be our backbone and the key revenue and EBITDA driver for us. The hotels which we invested in to upgrade from Vivanta to Taj are contributing positively to the brand's performance. The total contribution of these 24 hotels exceeded Rs.1200 crores in this fiscal. A clear success story of effective asset management is that of the iconic Taj Mahal Hotel, New Delhi a lot of us also know it more as Taj Mansingh where we have completed renovated the hotel and results are viable are visible and the whole financial model has become viable and it is all visible in its financial performance.

Moving on to the other three factors besides these success factors is our strong balance sheet:

Our strong balance sheet enables us further from a growth and resilience perspective. Our free cash flows continue to be healthy, and gross cash reserves at over Rs.1800 crores enables us to invest in ROCE accretive opportunities and will help us to shape our future.

The second important factor there is customer loyalty and customer centricity:

Our journey on the Tata Neu loyalty platform continues to deliver results with 24% of our enterprise revenues coming from loyalty members. Our loyalty base has continued to expand and stands at over 5.1 million members today, till Tata Neu was launched we had a base of 2.2. So, we have more than doubled in the last 20 months with the support of Tata Neu. This allows us not only to reach more customers and directly engage with them, but also helps us to do tactical marketing campaigns in the shoulder periods. Our NPS scores have been on a continuous rise over the years and our brands and hotels continue to be recognized at the global stage, most recently by Condé Nast and Travel + Leisure.

Finally, PAATHYA – our ESG plus initiative, we have achieved significant milestones so far and our core ethos of doing business, the responsible way. We are on track to deliver our 2030 ESG targets. We recently inaugurated like this week on Monday, our 32nd skill training center in Ekta Nagar located in close proximity to the fame statue of Unity. The center will offer courses in food and beverage service, and front office with on the job training. Post course completion, learners will be provided assistance for employment in the sector. In summary, and in conclusion, we continue to focus on delivering robust performance on the back of healthy fundamentals, and are well on track to achieve our AHVAAN 2025 targets. Thank you so much for your attention. We now open the floor for questions.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Binay from Morgan Stanley. Please go ahead.

Binay: My first question is on the double-digit revenue guidance that we've given for next year. In that we do see that the new brand and Ginger are going to grow ahead of the core business. Could you tell us a little bit about the core business and how are you looking at that in terms of ARR versus occupancy. Like how much occupancy scope do you see in the double digit. Similarly, if you could also talk a little bit about the cost side? Ideally this business has very high leverage, is there any major cost items where you see inflationary pressures are coming up and lastly, if you could just give a number for investment for next year in terms of the hotel side that you are looking at. Thanks.

Giridhar Sanjeevi: Hi Binay, Good morning. Thank you for your questions. You're right, we have guided an overall revenue growth of double-digit next year. This is based on both the core business and the new businesses. The question that you're asking is what is likely to be the RevPAR increase actually. The way we look at RevPAR increases is that number one, the macro tailwinds are very strong in terms of the demand supply. We have seen, there is no new capacity coming in all the key markets actually, we continue to focus on micro market leadership in all these markets. Secondly, if you look at our customer mix actually 58% of our customer mix is from transient actually, and these are the non-negotiated customers, which is where the maximum ability to charge revenues are there. So, my own view is that you should wait for our specific guidance on RevPAR in the next couple of months. But nevertheless, it will be strong, and we will make sure that between the two, we will kind of drive double digit growth. And the other point to know is that, when you talk of RevPAR guidance, please bear in mind that, that represents only about 45% of our business actually, the rest of the business is all coming through F&B and all the new businesses. And hence, when you look at all of those, we have every opportunity to sort of maximize, the occupancies are strong 76% is standalone, even the consolidated is also very strong occupancy growth. So, with these kind of occupancies we will continue to focus on maintaining our ARR position, because that flows through to the bottom.

Binay: Thanks for that Giri. And also, on the cost side if you could comment, because ideally there should be a lot of operating leverage in the business now at these levels.

Giridhar Sanjeevi: We don't see any significant challenges in cost actually. We had a bump up post the pandemic when some of those wage settlements did not happen. But otherwise, if you look at the cost increases, they are broadly in line with our expectations. We will continue to of course invest as part of these cost initiatives on digitalization, and on the new businesses actually. But other than that, I don't see any particular challenge in relation to cost. We don't see anything, so therefore the leverage will continue.

Binay: And lastly just from the CAPEX for next year any number to give?

Giridhar Sanjeevi: CAPEX for next year, our guiding principle is that as far as renovation is concerned, we will be in line with our requisition numbers and our green fields on top between the two, it will probably be in the range of around Rs.750 to 800 crores.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Can you talk about the January month, how was the demand and in the key cities and for the Indian hotel, and how is the demand for February month and for March month?

Puneet Chhatwal: So, Sumant Good morning. Demand continues to outpace supply, the January trend is very much in line with what we are seeing in Q3 in terms of top line growth. And business on books is also strong and the pickup that we are seeing is also equally good for the month of February, so that leaves us with March. The booking window has now increased there was, the booking windows had become very short, but now we have a bit more visibility. So, to answer your question till March we are looking good before we could only give guidance on like maximum a month or six weeks. But at the moment all looks good. We also have IPL in end of March till May, again this year. So, all in all the demand is very strong, supply remains constrained and our portfolio, the investments that Giri just now spoke about, which is approximately 4%, 5% of our top line in the existing plus that selective investments we do like we have done for Ginger Santacruz keeps us always very well positioned to capitalize on all possible opportunities. So, as an example, we recently invested in Four Villas in Amã in Goa. So, on one hand, we upgraded the assets as those buildings were there. From the other hand we strengthen the Amã brand and we will continue to take these initiatives and you will continue to see the reflection of those initiatives in the results that we deliver.

Sumant Kumar: Okay. And in PPT we have mentioned the launch of new hotel brands for Tier-2 and Tier-3 cities. So, is Ginger is not sufficient or Ginger brand is not sufficient for Tier-2, Tier-3 cities?

Puneet Chhatwal: Ginger brand is very good for every district capital of India. So, we are going to accelerate the pace of growth in Ginger, but we want to maintain our brand scape as very pure. So, a Ginger hotel cannot do a lot of banqueting and weddings, etc . Also, in Tier-2, Tier-3 cities, you need more like a full service brand and Taj with the capital cost of Taj is not ideal for every possible

market. That's why we went from Taj to a multi brand strategy and because of the heterogeneous nature of Indian market, and we feel now that we need a full-service brand and also in other segments as India story changes, as India has embarked on such a strategic GDP growth. There will be new needs and new wants that arise, now instead of being reactive, we will be proactive and work so that we are rightly positioned to take advantage of the changes that will happen in the marketplace over the next three, four, five years.

Sumant Kumar: So, this is going to be done in couple of years, what is the target, how many hotels we are focusing on Tier-2, Tier-3 cities and what are the price points we are looking for?

Puneet Chhatwal: We are Sumant already present in a lot of Tier-2, Tier-3, tertiary markets, etc depending on the brand. Our growth is almost we are signing as we signed this year already 28 hotels in nine months, last year we had 36 hotels for the full year that we added to the pipeline, we see no change in the speed of growth, it's only the quality of growth that also changed from asset heavy we went to asset light, 76% of our portfolio is totally asset light and if we take the heavy part and take Ginger out of it because we consciously took the decision to do operating leases for Ginger, so only 6% of our portfolio is on the company owned site. So, that kind of journey will continue further and when we launch any brand we will look at getting to minimum 50 hotels in that brand in a very short period of time otherwise, with this 10, 15, 20 hotels in a brand we will not launch and whenever we launch a brand the starting will be a minimum of a double digit number before we launch.

Sumant Kumar: On price point?

Puneet Chhatwal: Price point will be somewhere close to Vivanta so we're looking at more like Rs. 8000, Rs. 9000 average achieved rate positioning. So, just a little below the Rs. 10,000, higher than Ginger but lower than Taj somewhere in between but a full-service brand. See Vivanta is upscale, more we want stylish, vibrant and again not something that caters to mass market. So, we need a brand alongside Vivanta which will help us cater to the mass market of 400 to 500 million Indians who are also not in metros but in Tier-2 and Tier-3 cities.

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

Achal Kumar: So, first question is around the ARR, just want to understand about the sustainability of ARR of course demand supply equation is favorable, but ARR is already very high. So, how do you see ARR going forward do you think these ARR levels are sustainable, or do you see further growth in ARR and if ARR stay at these levels do you think the further growth will come in the occupancy level, so how do you see the overall combination of ARR plus occupancy?

Puneet Chhatwal: See, someone asked me this question yesterday, what has happened is that the sector has seen a reset in terms of rates, rates did not move a lot for last 7, 8, 10 years. So, if you took where the rates were 15 years ago, and where they are today, then it's a marginal increase only. And, when

you say that rates are already very high, I don't think that is in line with the STR reports and presentations yesterday we saw one at an event at the Taj in Vikhroli STR was presenting. Even Mumbai and Delhi are still very low compared to other cities in the Asia Pacific region. So, not even at like anywhere close not even at 70%, 80% of what those comparable cities would be achieving. And with the Bharat Mandapam with the Yashobhoomi in Delhi, with the addition of Jio with very limited supply increase in Mumbai, I do not see any reason why the ability to charge would not be even higher than what you have seen till now. So, not just inflation, but is either even a premium. And we also feel that we are able to charge more because of our effective asset management initiatives that we have been putting in place for the last five, six years the Rs.2500 crore investment that I spoke about. So, our ARR in Taj Mansingh or Taj Mahal Delhi are more or less doubled. And it's not just because of G20. It's because of the comprehensive brand management initiatives that we undertook the room sizes that we increase, the number of room from that we brought down, the new facilities that we added, all that also leads to the premiumization of the product. The Lean Lux Ginger when we say two thirds of the portfolio has become Lean Lux it starts showing in so all that investment that is going in also the all-day dining, getting streamlined with Qmin increases your ability to charge. So, we still have a long way to go especially as demand will continue to outpace supply, supply growth cannot come in suddenly there is a reality of a marketplace it takes time to build hotels, and all that was under construction is getting completed, but not new supply is going to get added at the speed that it got added, let's say in 2010 to 2015 or 2016.

Achal Kumar:

Right. And then about your revenue growth guidance, you said the double-digit revenue growth. So, basically, would you mind breaking this growth please, because I can see that room inventory itself is growing by about 10% next year, in the next financial year so this top line growth, would it be more mainly driven from ARR or occupancy levels or how do you see, if you could please help to understand that?

Puneet Chhatwal:

As Giri mentioned, so firstly it's a very good observation that 10% may just come in the terms of inventory, but that cannot be consolidated on the top line, because most of it is coming through management business. So, only the management fees get consolidated so, it has to be driven by ARR occupancy, and as Giri mentioned, (+50) percentage is non-rooms revenue and how we optimize the potential through asset management on those spaces also will play a very important role. So, you would see in the presentation what has happened in Taj Mahal Delhi, how the top line has grown, it has been re-launched. Now, we are going to re-launch in the next few weeks, we've opened but not officially launched the Usha Kiran in Gwalior. And we are also launching officially the Mumbai, the Ginger Mumbai, Santacruz on the 8th of February which is less than a week from now. So, all these activities and many other operating leases that will be opening will help support the growth and towards the end of the year, we will also be opening the airport hotel in Cochin that is our own property. So, all this will add up the not like for like growth, and through management contracts, and the normal increase in food and beverage driven business as well as through the rates and occupancy. So, it's all metrics, we expect growth, I don't expect any metric to slow down.

Achal Kumar: Right. On your employee cost I just want to understand we have shown significant efficiency gains in the third quarter last year, your employee cost was about 25.2% of your sales and which has come down to 23.9 so almost 1134 point gain. As we grow do we see further efficiency gains in employee cost or was there any one off this time?

Puneet Chhatwal: There is no one off what you are seeing is that as Q3 is the strongest quarter, there some of the percentages look more efficient than they look in Q2 for example. So, sequentially, the picture would look different, but we are at a very good optimized level in terms of the cost, whether its employees or its raw material or its other costs. And in fact, as we have guided in the last quarter, we are spending more money and also Giri mentioned just now on our new businesses. No, the cost show an optimize level in Quarter 3 being the best quarter, in quarter two they don't look as good, but if we take averaging through the year, cost at all levels have been optimized, they will always be depending on revenue at what level of revenue we are, there could be a further marginal decrease, but generally speaking we have been very focused on all our costs initiatives from pre-COVID when we had announced the aspiration 2022. So, we are standing at a good level, at a healthy level given the kind of brands we have with Taj still being the real backbone and a luxury brand it has a different kind of cost structure.

Achal Kumar: Right. Finally my last question, I'm referring to Slide #63 which is actually very interesting where you have shown the occupancy levels and the performance versus previous year for different brands in that just want to understand a bit under Taj brand occupancy levels for the overall business and leisure was up, palaces was flat. And I assume that palaces will have significant contribution from inbound international tourism. So, how do you see the performance of palaces in the context of the recovering inbound international tourism. And then similarly in Vivanta, you are showing 4% decline in your leisure occupancy levels, do you see a kind of a change in the consumer behavior where people are actually moving to Taj, taking a notch up, because Taj leisure occupancy level is 5% up. So, basically, just want to understand this slide a bit if you could please help?

Puneet Chhatwal: It's a good observation but don't only look at occupancy go a little to the right and you'll see there is a 24% increase in rate. So, it has gone to Rs.55,000 is the average achieved rate. So, in the third quarter, occupancy levels obviously will improve further, as the foreign tourist arrivals increase and go back to the pre COVID level. But palaces we have to maintain, we don't take any and every kind of business in the palace proposition, because maintenance of palaces could be very expensive. So, in order to offer that world-class experience, which nobody else in the world has the capability to offer, we cannot just look at the occupancy level, that's number one. Number two, this chart is a proof of what I was saying that we upgraded 24 hotels, from Vivanta branding to Taj. So, there some of the leisure properties have been repositioned and that's why it is showing a marginal decline, because some of the trophy assets over the years have moved back up to the Taj positioning and we see no change actually the leisure demand is on the up is going to rise further. And also when you see in selections, it is really the Taj Cidade de Goa which, the part was the convention center which we have rebranded as horizon and the old part

is rebranded as Taj heritage. So, that has moved from selections to also Taj, and to better yield as Taj is the strongest brand that we have. And the owners were justified in asking for Taj as the property had been fully renovated. So, these things will keep happening, important is that Taj produced an average rate close to Rs.18,000 and it is 75% occupancy that is the key messaging as long as our focus is very clear that it has been always making Taj more pure and more significant and not just our crown but the crown of the nation.

Moderator: Thank you so much sir. The next question is from the line of Kumar from Jefferies. Please go ahead.

Prateek: Sir my first question is on your number of hotels. So, we talked about like 300 hotels soon, so how do you see this present theoretically in terms of number of large cities in India where you want the presence in terms of number of hotels across brands, this 300 hotels can theoretically grow to about number maybe 10 years down the line?

Puneet Chhatwal: Good question Prateek this number will keep growing this is not that its 300 and it's the end of the story, that was the guidance we gave for the current business plan, when we have the next capital market day will give the further guidance, we should achieve the 300 number at least one year in advance of our 2025-26. But especially the growth with the Ginger brand, and other brands Vivanta, Selections, and whatever new we will launch should put us on a growth mode in perpetuity. So, if we say 85 hotels are in the pipeline, and even if we were opening two hotels a month, so next four years, without signing any new properties or next three and a half years we could go on for opening two plus hotels every month. And there will be some conversion opportunities that will come, there will be some other inorganic growth opportunities that will come and obviously new signings that will come. So, that will keep taking this portfolio further up and we will provide that guidance. We are very ambitious targets especially with the Ginger brand and the success that we have seen with the first two months of the operation of Ginger Santacruz.

Giridhar Sanjeevi: And they have given the size of India Prateek, the opportunities are immense and we have gone to Tawang as an example, these are all virgin territories we've gone to new itineraries have been created, all these are happened because one the growth of India infrastructure development and our presence everywhere, so given the size of India the opportunities for growth cannot be constrained.

Prateek: Sure. My second question is on your timeline for launch and the recently talked about popular destinations like Lakshadweep and Ayodhya we have two in Lakshadweep and three in Ayodhya now. So, what are the timelines for launch of hotels in these locations?

Puneet Chhatwal: Ayodhya the first hotel should open in less than 12 months. It's a brownfield site where the third floor construction is already finished. We are also looking at large homestay opportunities in Ayodhya, the Vivanta and Ginger combo hotel will take another 20 months to open. That is also

well underway in terms of development. Lakshadweep will take longer because of the nature of the development, it's not just building hotel its developing two islands, the islands of Suheli and Kadmat so that would take anything between three to five years depending on when we get the planning permission, the access, the weather, all the things that are beyond our control. So, depending on all that our ambition and aspiration would be to do it in three years' time but islands like this, which are remotely connected, could easily take longer than we think.

Prateek: On your Sea Rock so you have given like Rs.700 to 800 crore CAPEX guidance so do we expect any CAPEX going into Sea Rock also next year, as you said like?

Puneet Chhatwal: Prateek, as we have guided we will try to get a strategic partner and everybody's knocking at our doors whether we have that from within the group or outside we will not be, we will keep the majority but we have no intention of spending further Rs.800 crores of our own, from our own cash reserves but definitely we want to make this as the icon of India as the second gateway after the Gateway in Colaba.

Prateek: On pricing on Ginger airport hotel, you've talked about Rs.6500 seems slower than what like we anticipate like Rs.7000 range?

Puneet Chhatwal: Prateek, it's the first two months, we expect it to be Rs.7500 also. So, give it 100 days, the first 100 days we cannot have a full hotel fully occupied and the rate also at the full. This would be, we have to treat it carefully get the base right, and then get to the stabilized rate that we have aspired for.

Prateek: And lastly on manpower per room, that number seems to be creeping up to every quarter like probably like near pre-COVID levels across brands. So, while because of very high revenues, the percentage basis it is looking better, but the manpower per room seems to have like normalized now is that right we are reading?

Giridhar Sanjeevi: Prateek, Puneet had to step out for interview. But the point to note is that the increase in prices has to be justified with the asset management initiatives on CAPEX as well as the service quality levels actually, all of these have to come together to make sure it's a combined proposition. Yes, it is we have to say palaces for instance has come near to the 3.14 as an example, but we will continue to watch this. Our overall efficiency looks at the increase in revenues 43% increase in revenues and yet the manpower ratios are just about there, slightly lower than the pre-pandemic level. So, that's more than fair Prateek actually. And we will continue to invest in digitalization and other initiatives which are anyway ongoing, so that will continue.

Moderator: Thank you. The next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Just a couple of questions. Firstly, given the swift pickup in occupancy at Ginger Mumbai, from first month itself, do you have plans of adding more rooms or coming up with another hotel nearby and as a follow up your new businesses continue to do exceedingly well. So, what would your expectation of revenue and EBITDA share for these businesses we see in FY26?

Giridhar Sanjeevi: Yes, so as far as Ginger Mumbai is concerned, yes the occupancies have gone up, but the full inventory is not yet up. It should open up for the next few days actually, it goes up to 371 room, about 260 or so which are operational at this point of time. It's been a great story there in terms of fantastic proposition, great value, new age banquets, and all of those are working. And the beauty of this launch is that it has come without any cannibalization from our neighboring properties whether it is that Santacruz or whether its neighboring Gingers actually, it just shows the power of a good launch as well as the strength of the catchment actually. Are we planning new hotels in that area, at this point of time nothing else actually. But really speaking, airport properties seem to be a very strong value proposition. So, therefore, our plans in terms of Cochin, and Bombay and other places will continue. As far as the new business is concerned, it is growing at (+30%) that's what we have guided actually. So, Ginger for instance we have set next year Rs.(+600) crore. Amã and Qmin, what is happening with Amã Qmin is that the Qmin is getting integrated into the brand top line itself and Amã are yet building up, at this point of time we only collect the fees, except for the four, six Amã that we have which are on our own balance sheet. And that is expected to go up to 15 or so. In terms of other new businesses Taj SATS will do well, next year we have guided to about Rs.(+1000) crores so that should do well actually. So, if you see what has happened in terms of the revenue share contribution and EBITDA contribution of the new businesses, that's gone up already significantly. The EBITDA share has gone up to some 24%, from 16% in 2020. And the revenue share has gone up from 10% to 17% actually, these are very significant numbers. And this will go up actually, this will 100% go up as we continue to do these, and we launch new brands as well.

Karan Khanna: Sure. So, my second question and something that I spoke with Puneet yesterday at this event as well. So, given the continued record performance that we've seen across our most hoteliers, this is likely to induce more supply and competition in the industry as per typical capital cycle. So, how do you see the performance of the industry three to five years out where FY25 cannot be disputed but say 26 to 28 and more supplies are kicking in and just a follow up to that. If we look at the domestic air passenger traffic data that's already crossed pre-COVID numbers, my hotel occupancy are still not moving in tandem with this. And now if we look at the Hotelivate data that was shared yesterday, the supply is expected to grow at 8% CAGR in the next four years. And if I look at the air passenger traffic also projected status of 10% over the next five to seven years. How should one think of hoteliers ability to continue driving double digit growth rates over say FY26 to 28, 29?

Giridhar Sanjeevi: You should look at it a little differently, number one in India hospitality is a very under penetrated market actually. Which means that, the number of branded rooms are 165,000 expected to go to some 220,000 rooms which is nothing, smaller than say New York or any of

these bigger cities in the world, actually. And where is the new supply coming also you should see, key micro market new supply is very minimal to be honest actually. And that you can see reports like Hotelivate report, which kind of actually analyzed the key micro market kind of growth actually. So, where the supply coming up is actually in the beyond the key metros, which is great, because if there is a certain density of branded rooms in the key metros, it's even lower in the non-metro markets actually. And that is playing to the growth of economy the infrastructure development, the new religious destinations, the new smart cities, and all of that is playing to actually. So, from that perspective, if you look at it, the macro picture is really driving this. And hence, the industry will grow in line with that actually, industry has grown in line with that and even the government does not realize the importance of the tourism industry earlier, it was seen as luxury thing and today they are talking about employment and GST and all of those that recognize, even yesterday the budget announcement had strong statements in terms of interest free loans to state to building, tourism infrastructure and all of that. So, the way you should look at it is that, while supply is coming back which is good, because ultimately in India, bear in mind supply is not driven by institutional ownership, it is still driven by individual ownership actually, then come the real estate players who have mixed use development. And finally, the institutional players like Brookfield and all who are there actually, given it's grown by an individual family ownership of properties, it's great that new supply is coming. And so, there should be no problem the whole hospitality industry should benefit as a result of this actually.

Karan Khanna:

Sure. And lastly on your international portfolio we've continued to see united overseas that has continued to lag over last few quarters has seen James Court in London has seen significant improvement. So, what are you expectation from the two businesses in terms of growth and margins?

Giridhar Sanjeevi:

No, as far as UK is concerned doing very, very well. First of all, at a total international level, the hotels which mattered to us in terms of consolidation are US, UK and South Africa, and then beyond it, it's all asset light growth. And of course Frankfurt will be the least which will open sometime in 25 or so. At a total international level our portfolio is certainly profitable, that's number one. Number two is that UK, and South Africa are all very profitable extremely, in fact UK and all exceptionally strong market actually. As far as US is concerned, currently there is a challenge, peer we have focused a lot in terms of controlling the cost. And this year, the New York market has been a challenge and there are specific challenges with the property itself and therefore there is, so what happens with the US is that, our efforts in terms of improving the peer will hopefully present an opportunity to go back to lower losses, if you see the history of peer itself, the losses were higher, we brought it down, because of the recovery from pandemic has not happened, the losses have increased and there have been some specific challenges but these are opportunities that we are working on. San Francisco, we see more as a temporary problem which is driven by the city of San Francisco actually, at the end it's a small property as well actually. So, San Francisco should come back we feel in the next 12 to 18 months actually. And US is a very important market, New York is a very important market for us. And it's the biggest

lodging market actually, any multi store portfolio Karan, there will always be some property which kind of has a small drag actually. As long as that is manageable we are fine with our presence, the presence in US is giving us strong marketing and network benefits actually. So, that's the way to look at it.

Moderator: Thank you. The next question is from the line of Nihal Mahesh Jham from Nuvamā. Please go ahead.

Nihal Mahesh Jham: My first question was, why do we compare our RevPAR performance versus industry, even if I look at a standalone restaurant performance versus the domestic network. And I know domestic network would have some element of mix change, there is still a significant difference that we are seeing over the last few quarters. So, is it that the marquee properties that we own in our standalone is managing to experience much higher pricing power and what are the reasons according to you beyond say the renovations that we may have taken over the last 12 to 18 months?

Giridhar Sanjeevi: No, that's a great question Nihal, because one of the points that we always emphasize is that the RevPAR performance of properties is also driven by the way we manage our properties, actually. Asset management initiatives in a place like Lands End is a great story actually, there have been days when say the occupancy in Lands End has been 95%. And the comparable micro market occupancies maybe have been 65% actually, and that is fundamentally a factor of the, what we are doing at the hotel level. So, hence, especially in standalone since you refer to standalone which are where the big boxes are, the amount of effort that we are putting in terms of making sure we are continuously updated, make sure that we do the investment is very, very strong actually. So, hence, from that perspective the standard alone will continue to do well. And enterprise, of course it's a bunch of new properties also actually, and to your earlier question also Ginger 6500 what happens, these all will build up to be honest actually. But the important point to note is that, our asset management initiatives are exceptionally strong actually. And that plays, you do better banquets, you get room revenue, as an example you add other propositions like the club floor, the club lounges, they revamp chambers, the offering just improves dramatically. Weekend occupancies in Lands End have dramatically improved after all the efforts that the hotel has taken in terms of creating something like an urban resort, actually. So, these are great ways in which the attractiveness of the property goes up actually. And that's a big differentiating factor actually.

Nihal Mahesh Jham: Sure. Second was just a clarification that, if I look at the F&B revenue growth again slightly lower than room revenue while this shows a robust wedding season, so just any specific aspects there?

Giridhar Sanjeevi: No, overall we do see F&B, at an aggregate level is still very strong, F&B for us is in two parts as you can see, number one is the restaurant revenues and the second is of course the banquet revenue. Banquet revenues are in two parts, one is the weddings which are specific to the IR

dates which are there. And beyond the weddings it's all the corporate miles and all of that actually, we're doing well. We manage it well across the different properties actually. But, overall you are right that, when we look at our overall portfolio and say that the room revenue growth is 27% and 22% in the quarter if I'm not mistaken 22%, 23%. And the F&B growth is less than that, we do see longer term opportunities in driving F&B even further actually, so we see F&B as a increasing opportunity going forward actually. And we are doing some very interesting things example we cater to the IPL, the Cricket World Cup, we have catered to the, there was a big event the Prime Minister did at Dehradun 7000 people, we are catering so some of these very, very interesting outdoor catering opportunities are emerging, and we are demonstrating increasing ability. So, you will find that, F&B in India where significant growth can come actually.

Moderator: Thank you. The next question is from the line of Rajiv Bharati from DAM Capital. Please go ahead.

Rajiv Bharati: Sir with regards to Taj SATS, we have reported close to (+40%) Y-o-Y growth in this, is this largely due to Air India or some capacity which is getting utilized, because next year you are shooting for some 14%, 15% growth?

Giridhar Sanjeevi: No, see Taj SATS has been evolving very strongly, number one is the efforts that we have taken within Taj SATS itself in terms of what do you say, the growth opportunities are significant, one is that from a non-institutional catering perspective, whether it is Starbucks and others they are growing very strongly. Air India still not yet a very big factor, we have added international airlines to our catering actually, so that helps us well, actually. So, it's a combination of international catering, domestic airline capacities, and domestic airlines servicing. And the third of course is, institutional catering and the beauty of this growth in Taj SATS is that we are doing it without any significant CAPEX just remodeling, re-engineering the capacities, Delhi as an example capacities have gone up three times with practically nil, CAPEX actually. So, it's a very efficiently managing this business and longer term opportunities are very significant with the doubling in the number of airports from 75 to 150. And the overall growth in terms of airline passenger traffic all that augers well actually. In fact, the supply of planes to India is still kind of muted in fact people are saying that the supply of planes to India will take time to grow. So, hence, Taj SATS is on very strong foot at this point of time.

Rajiv Bharati: Sure. And sir with your Goa specifically, do we have any asset which is under renovation this quarter, because of which the ARR growth number is muted?

Giridhar Sanjeevi: No, there is no particular property which is under renovation, we continued to do the renovations actually. There's nothing which was specific in this quarter. Leisure market, what we saw was you saw the performance where exactly one is the very high base Goa is already on a very high base. And, it's now becoming around the market actually not necessarily seasonal actually. And

we have continued to kind of balance between occupancy and ARR in any case actually. So, that's what you see actually.

Rajiv Bharati: No, why I am asking is, if you look at the last year's presentation same quarter the number which we have reported is Rs.+29,000 which you have revised to Rs.18,000 now, so I was wondering because it's like for like comparison, something is missing here and that's why the number has come down.

Giridhar Sanjeevi: No. You are saying that is ARR coming down in Goa, no it's not coming in Goa.

Puneet Chhatwal: Nothing is coming down everything is only going up and expected to go up further, we need to get used to seeing strong average rate numbers because we are coming from such a low base we understand that there is a feeling that way but given our engagement with other fellow hoteliers, and companies, etc. We expect that as long as demand continues to outpace supply, as long as there is more and more travel happening as 50 new airports, so many new aircrafts ordered by India is going to propel a kind of growth in travel that we have not seen. And government's focus this is second year in a row that tourism got a mention in the budget presentation of the honorable FM and also we've got industry status in several states in India now. So, that makes it a little bit more cost efficient, but all this drive in using or leveraging tourism as an opportunity to contribute to GDP growth as well as create direct and indirect jobs is ultimately going to make the base or the foundation of occupancy and rates pretty solid in the short and medium term.

Rajiv Bharati: Sure, just one I missed out the CAPEX number did you call out because you have already done 470 this year, for this year remaining and for the let's say for the next year what is the number you are shooting for?

Puneet Chhatwal: About 600 crore, but it is also quite possible that this is only showing the spend, we decided to invest in certain properties, but it is not yet showing any exit at some point we will go for sale and leaseback if needed. So, let's say we are building the two hotels in Ekta Nagar, the Vivanta and the Ginger near the Statue of Unity. It's not a big expense, but definitely we don't plan to own it for perpetuity. So, at some point, this CAPEX will get adjusted today we are using it because we are generating enough internal cash flows to be able to support this growth without taking on any debt. So, we are doing that but at some point of time, we will not want to keep owning assets. In non-metro markets where the pricing of the asset is not expected to go through the roof.

Rajiv Bharati: Sure. The Ginger Santacruz Rs. 100 crore target is for FY2025, is it reasonable?

Giridhar Sanjeevi: Yes.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: So, I just have one question. In the initial comment, you mentioned that more than 50% of your revenue is coming from the non-room part of a business. And this particular business is expected to grow because your emerging business or new businesses will grow upwards of 30%. You have a strong focus on F&B. So, in that context of, where can we see margin accretion in the coming years, which part of business will add substantially to the margins?

Giridhar Sanjeevi: See, we have always said with the new businesses will do margins about (+35%). So, that's what we have been saying and we are on track with that, actually. And I know this question keeps coming in terms of will our 33% margin guidance grow up? The way we have to look at it is that the 33, the margin percentage now is an outcome rather than necessarily a target actually. And the way we have much we will continue to grow as Puneet said, and if you can grow double digit top line, with a strong leverage, maybe 17%, 18% growth in EBITDA and maybe (+20%) in terms of PAT, that's the way to look at it, rather than get fixated on whether the margin percentage itself will be 33% or 34%. Look at it in terms of the overall growth in business actually.

Kaustubh Pawaskar: Okay, thanks.

Puneet Chhatwal: Also, I would add, because this is very important, what Giri said, our base is becoming every year larger. So, to keep growing 15, 18, 20, 25% on different metrics is a strong hurdle. But we feel confident of continuing that kind of pace that we have had because of what we have in the pipeline and because of the investments in our new and reimagined businesses, without losing sight of our backbone that is Taj.

Moderator: Thank you. The next question is from the line of Jayesh Shah from OHM Portfolio Equity Research. Please go ahead.

Jayesh Shah: I have some broad questions. Number one is, international business still seems to be a blip when you look at overall consolidated profit, I understand the importance of international business. When do you think it will have a meaningful contribution that it should deserve, I'm not asking for any target guidance, but let's say within three years, five years will this part of say AHVAAN 30 where at least international business one can expect to be at say around 15%, 20% of overall profits?

Puneet Chhatwal: It should, actually it's the way accounting is done, the international business and management fees are accounted in IHCL directly. So, what we can do is offline we can share with you the expectation, if we were to add those fees back, then the international business looks very different that's one. Second, you very rightly said, is not looking as good as it should look for two reasons. One is US, US market is underperforming and what has happened in San Francisco nobody knows it better than the investor community. But San Francisco is now beginning to stabilize and we think that by the end of this calendar year it will start going back to where it used to be. But the last two years have been very tough for that city. And a lot of hotels even

shut down there. And also New York is still not coming back to pre-COVID levels. So, that's an opportunity. At some point, both these cities will come back and both of them are very important for us as we either have a leasehold interest or we own fully the San Francisco property. The other opportunity is the UK. UK, we are doing very well we make profits, it's not but we can make much more but London also for a lot of reasons, as you all know I've been reading has not been as strong, let's say as Paris is, the three top lodging markets of the world is New York, London, Paris. Now see where Paris stands today versus where London is. Now, that will also change in some time. And we have been continuously investing in our London asset. We opened the Chambers there, we open the Chinese restaurant, the House of Ming there, we renovated the spa there, we are doing another 70 rooms. So, that will drive further premiums, but the management fee income from most of the other destinations like Dubai, etc they don't reflect in the way we present the financials based on the accounting policy.

Jayesh Shah:

Right, that's helpful. My second question is, as an investor, I'm very surprised because the ARR, room rates all have exceeded our expectations, so as occupancy, but as a consumer, I do realize that travel and hotels are getting costly, and it is having an impact on the overall travel budget. Now, even if you consider a capital market segment is kind of price insensitive and we can continue to travel but at some stage, there will be an affordability issue which becomes the cap for the average hotel stay because the hotel or even the restaurant kit size is getting bigger for most of the consumers. In this context where do you see this as a constraint while I know you keep comparing with the APAC countries and the other cities?

Puneet Chhatwal:

As we mentioned at the start of the call, actually we're still operating at 60% of the foreign tourist arrivals. And if we convert, the Taj brand achieving in Q3 which is the best quarters Rs. 17700 is less than \$200 there is still some room to grow. This is the way the rate structures have changed globally it's not something only in India that has changed, the way the rates are today in all important lodging markets of the world, we are still at a very, very low end. And if India keeps growing the way it is the GDP, the per capita income we do believe that the rates and the rate increases sustainable.

Giridhar Sanjeevi:

And just building on it, Jayesh business continues to be about 70%, 75% of the total top line actually. So, that is number one, around the business side the right comparison is what is the cost in India versus cost in Asia pack if there's still opportunity, because as a business traveler who comes to India people will still say the rates are far cheaper than what is there in Singapore or other places and people don't say I go to Singapore because cost in India I come to India for business actually. On the leisure side, it is the leisure is growing, people are taking shorter holidays, shorter holidays which means people take two, three days holidays more frequent holidays. And if you look at shorter holidays of two, three days which are going up, then I think the absolute cost of the travel is not significant, actually. Thirdly, it's looked at the Goldman Sachs affluence report, the base of affluence is also going up, which means that when you combine all that, I don't think the current rate should cause any huge concern actually, of course there will be people who kind of go out like for instance, the outbound Indian, people used to

ask us what happens is people go back outside India, which was not happening now, outbound travel from India has reached the pre-pandemic level 99%. And yet, you see very strong performance in India actually, like the inbound foreign tourist has not come yet, but yet you see Palace's the rates going up actually, and the domestic ability to spend is still very, very strong, is what I would say I don't think rate itself should be a dampener at any critical level actually.

Jayesh Shah: Hypothetically a 10% to 15% upside in ARR, next year will not surprise you?

Puneet Chhatwal: Jayesh

Jayesh Shah: I am listing the thought process, I am not asking you to commit on the ARR growth, that's it.

Puneet Chhatwal: No, it should not surprise us. I do believe that India remains a very strong destination with all the events that are planned. And the change in infrastructure, you have 50 new airports coming, you have centers like Bharat Mandapam, Yashobhoomi, you have the Jio in Mumbai, it's just beginning to change, the ability to have an event for 2000, 3000 people never existed. So, if you get only one event, every quarter, entire city of Delhi is sold out, you get one event every month in Jio a 5-kilometer radius around Jio is all sold out. So, when the area's sold out, you can also charge more. So, there is a massive change in infrastructure and the kind of roads and highways I was on a Monday evening or Tuesday morning I was in Delhi on the new highway, which is connecting the Gurugram and that Mumbai, people have stopped using the other one to go to Jaipur and are using this one because it's like two hour journey. So, somehow all these places have also become more accessible. And that makes it what Giri was saying going for a little longer weekend, driving yourself, things like this were there, but with a very limited percentage of population. Of that grace is increasing every day and that is helping. So, if there are only like 10 million more people traveling on an extended weekend, or five nights a year, then it is 50 million room nights, but the number of rooms are not increasing at the same pace. So, there is a fundamental shift out there.

Giridhar Sanjeevi: And the other point is also the way our portfolio is, our portfolio is across every price point actually. Ultimately when you look at us, that also helps actually because when you are present at every price point, you have an opportunity to service the customer at whatever price point you want actually, so that also helps.

Jayesh Shah: Yes, so Ginger, Vivanta, ARR can actually perhaps not so much at the top level, but maybe that's where I'm coming from?

Giridhar Sanjeevi: Watch this space Jayesh.

Puneet Chhatwal: Are you happily satisfied as investors, you said as consumer you are not or you are worried, you are dissatisfied, you are concerned right?

Jayesh Shah: Correct. The way I would put it, we are definitely very surprised as investors, very happily surprised, not at all anxious at all. But as consumer Yes, I'm looking at a share of wallet. That there is an x amount that one would spent on a travel budget and higher proportion goes for international travel and then the domestic travel keeps getting expensive. That's the airlines and everything's keep getting expensive. So, at some stage does it raise the affordability issue. Basically Indians are value for money.

Giridhar Sanjeevi: Yes, but equally Jayesh you look at the demographics and this we have discussed Jayesh before it's not just the youngsters who are spending who are taking the shorter holidays it's also the baby boomer are spending, what is not fully recognize the baby boomers actually. People are recognizing more they spend in health care and all that but baby boomers ability to spend is very significant actually. And midweek, they can spend midweek because they are retire actually.

Jayesh Shah: Right, you caught me there. The last question is, how many iconic hotels one could expect over the next five years or is this something that you would reveal at Avhaan 30, I am saying you have a Taj Mansingh, you have Bombay, you have Lands End at maybe Goa but would you have more iconic hotels besides Sea Rock coming up in your five year plans?

Puneet Chhatwal: Anything between seven to 10 is realistic, we have very nice hotels in pipeline. So, even the latest renovation of Usha Kiran Palace in Gwalior is world class. And really worth visiting, because we are used to only going to Rambagh, Lake Palace and Falaknuma, we are building a very iconic hotel with a partner in Chennai. We have just opened a very iconic hotel in Gangtok, the Taj Guras Kutir following the success of Chia Kutir in Darjeeling, which is been a runaway success. So, there are lots of such properties that are coming the Taj Puri will be in Jagannath Puri will be a very nice property also. So, all in all you can expect every year, let's say one and a half to two real iconic Taj assets getting added as I've been in the past, Taj Rishikesh as an example is also very iconic. And same was when we did the whole development of (+500) rooms at the convention center in Goa. So, unfortunately, it opened at the time of COVID, but the largest convention center of Goa and the largest capacity of (+500) rooms is with the Taj brand, so this will keep happening.

Giridhar Sanjeevi: Can we take just one more question please?

Moderator: Noted sir. Ladies and gentlemen, this will be the last question for today, which is from the line of Saurabh Patwa from Quest Investment Advisors Private Limited. Please go ahead.

Saurabh Patwa: The question is related to F&B and Taj as combined and also is linked with the new brand which we are trying to open in, which you plan to open in Tier-2, Tier-3 cities. In the past you answered this question, but wanted more clarity on when you also highlighted that one of the reason why you look for a mass kind of hotel in a smaller city is also the banquet and opportunity there. So, what's your thought process that how much you expect, what kind of strategy you would operate around in the newer brand which we are planning and with Taj SATS as a key pillar for that?



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Puneet Chhatwal: Not Taj SATS, Taj SATS obviously has a different strategy on non-aviation business, we tried to get to 15% of total Taj SATS revenue to come from non-aviation driven businesses. Having said that, the new brand will be a full-service upscale brand. And we are in the process of finalizing all the details, but it will be something that serves the needs of mass market, but higher than a Ginger positioning. So, Ginger is a 20 to 22 square meter room, this will have 26, 27, 28 square meter room, it will have a couple of restaurants, it will have large banqueting spaces which can accommodate weddings of 300 to 500 people easily and at an affordable price, it will not be in the same pricing segment as a Taj brand would be. So, somewhere in between Ginger and Taj, I would say upper midscale, upscale that is the positioning we are aiming at because the target market size as I mentioned earlier, is around 500 million.

Saurabh Patwa: Understood sir. And F&B, how important is F&B in these kinds of hotels?

Giridhar Sanjeevi: F&B the second and Tier-3 market is going up because of the weddings, lot of weddings. In fact, that is why we are saying that the format of some of these properties will be a little different, but maybe increased F&B, banquet spaces and all of that.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to Mr. Puneet Chhatwal for closing comments. Over to you, sir.

Puneet Chhatwal: Thank you, everyone. Thank you for joining the call and thank you for all your questions. We really look forward to the full year results in April with you, and hope to deliver, continue to deliver on our promise. Thank you very much. Have a wonderful day and a great weekend ahead.

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