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CORPORATE OFFICE: 7 SHAM NATH MARG, DELHI - 110054, INDIA / TELEPHONE: +91-11-23890505/ WEBSITE: WWW.EIHLTD.COM

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The National Stock Exchange of India Limited Exchange Plaza, 5 th Floor Plot No..C/1, G Block Bandra Kurla Complex Bandra(E) Mumbai – 400 051. Code: EIHOTEL	BSE Limited Corporate Relationship Dept. 1 st Floor,New Trading Ring Rotunda Building Phiroze Jeejeebhoy Towers Dalal Street,Fort, Mumbai-400001 Code:500840
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SUB: TRANSCRIPT OF THE EARNING CALL HELD ON 15th NOVEMBER 2021

Dear Sir / Madam,

This is reference to our letter dated 9th November 2021, intimating about the Earning Conference Call held on Monday 15th November 2021.

Transcript of the Earning Call is enclosed.

Kindly take the above in your records and host in your website.

Thanking you,

Yours faithfully

For **EIH Limited**

Lalit Kumar Sharma
Company Secretary



“EIH Limited Q2 FY22 Earnings Conference Call”

November 15, 2021



MANAGEMENT: MR. VIKRAM OBEROI – MD & CEO, EIH LIMITED
MR. KALLOL KUNDU - CFO, EIH LIMITED
MODERATORS: MR. AMIT AGARWAL - NIRMAL BANG EQUITIES

Moderator: Ladies and gentlemen, good day, and welcome to the EIH Limited Q2 FY22 Earnings Conference Call hosted by Nirmal Bang Equities Private Limited. As a reminder, all Himanshu Upadhyay 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 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. Amit Agarwal - Research Analyst at Nirmal Bang Equities. Thank you and over to you, sir.

Amit Agarwal: Thank you, moderator and good afternoon ladies and gentlemen. On behalf of Nirmal Bang Institutional Equities, we welcome you all to the second quarter FY22 results call of EIH Limited. At the outset, we would like to extend season's greetings to all and trust everyone is keeping well and safe. The EIH management today is represented by Mr. Vikram Oberoi - MD and CEO and Mr. Kallol Kundu - CFO. At this point of time, I would like to hand over the call to the management for their opening remarks followed by the question and answer session. Over to you, sir.

Kallol Kundu: Good afternoon ladies and gentlemen, thank you for attending this Earnings Call For quarter 2 for EIH Limited. I am Kallol Kundu and Mr. Vikram Oberoi is with me on the call. I will quickly take you through the presentation that was uploaded some time back on the stock exchanges and on the website. Just to give you an overview of where the industry landscape stands as of now, we have seen domestic air traffic increased by about 5.4% month-on-month in September which takes you to about 73% of the pre-pandemic level with easing of travel restrictions especially in October. Decline in COVID cases and aggressive vaccination campaign in the country, things appeared to be on its path to normalcy. The hotel industry recorded high nationwide occupancy rate since the onset of the pandemic. Now, Chandigarh, Goa, Pune observed the highest occupancy growth year-on-year and a gradual resumption of corporate travel is assisting in the recovery of hotel demand in cities like Bangalore and Pune, of course we are present in Bangalore which was previously underperforming. These are all statistics from HVS Anarock and the increase in demand is assisting in the recovery of average daily rates in almost all markets.

There are some slides and some information which have been reported in various news articles which have been captured in the presentation that we have uploaded, but to give you a sense of the Indian hospitality industry, vis-a-vis FY21, the EDR of the industry as a whole considering medium and as an average was around Rs. 2000 to Rs. 4400 in the month of September which represent 20% recovery from last year and occupancies have increased by about 30% percentage points and the RevPAR has effectively increased by about 164%. If you look at EIH, the recovery has been cheaper both in case of hotels which belong only to EIH Limited which is about 200% plus ranging from 200 to 400% vis-a-vis our performance in the last year same quarter, but also in case of if you take all the domestic properties into account which includes managed hotels as well, so effectively if you would on the right, the last year RevPAR index EIH was at 1.34 and if you took all the domestic hotels, the RevPAR index would have been 1.2 which is currently

above 1.9 respectively. So that is the overall picture in the industry. Our outlook, we will continue to follow our mantra of Endure, Revitalize and Flourish. We will continue to have robust balance sheet, net worth steady, strong asset base which of course in the years to come recovery increase. Total debt is marginally higher as compared to 31st March 21, but again with increasing cash flow this is yet to improve. The weighted average cost of debt as on 30th September 2021 was 7.35% which is a reduction of 9 basis points in the last one year.

If you look at the slide on RevPAR recovery and this slide is basically recovery, it is not the actual RevPAR, it is recovery, so you would see that the Oberoi Leisure segment has really the blue one, the blue line has recovered a lot, almost to 100% followed by the Trident Leisure and thereafter into Trident Metro, Oberoi Metro and the others. So the recovery has been quite solid in the current quarter. The recovery in domestic properties as a whole as compared to 2019-20 which was a normal year, pre-COVID we are inching towards close to that if we take all the domestic properties into account. Then as we speak in July, August and September, we have ranged between 50% and 53% at an ARR of 8500 roughly against an average of about 65% in the normal year versus about 9300 odd average room rents. So we are moving in the right direction. If you look at city wise, you can see the recoveries. We have seen the maximum recoveries in Himachal Pradesh and in Rajasthan followed by Karnataka and then the other states, Uttar Pradesh, etc.

Moving on, if you see in case of the domestic properties that we have including all management contracts, the recovery versus quarter 2 in financial year 19-20 has been the highest at Trident Leisure and the Oberoi Leisure property, Trident Leisure, but as we speak, the hotels are also beginning to pick up better. I think as a brand, as a company, we manage the two brands of Oberoi and Trident and the brand promise of being the best continues to hold for us thankfully as well as on revenue generating index, which is above 100% and you can see the lines in the graph. The other icing on the cake has been F&B revenue where it is seen very good recovery in fact in quarter 2, it is almost 450% and quarter 2 revenue in the current year is higher than last year by almost close to 100 crores.

Overall Leisure, I don't want to repeat this, but it has been outperforming expectation. If you can locate the two dots in between which is quarter 2 of FY22 versus quarter 2 of FY20. We will see quarter 2 of FY22 in better place than even quarter 2 of FY20 which is a very healthy sign. Domestic properties, again overall RevPAR recovery has been shown here. Overall, the first half witnessed the sharper recovery in RevPAR as compared to the first wave.

Moving on, I think in terms of revitalizing, our safety standard continue to be premium, hasn't been rated as Platinum by the Bureau Veritas. We have also got Editor's Choice Award and the Best Safety and Hygiene Protocols. 100% of our eligible employees have been vaccinated, in fact 89% of the employees are already double vaccinated, the rest of the 11% are not yet eligible and as soon as they are eligible they will be vaccinated too.

Moving on, I think we continue with efforts of transformation in terms of technology where your center of excellence continues to improve and various aspects as indicated here in procurement,

financial planning and analysis, tax compliances, the accounts receivable, payable and financial closing, there has been substantial improvement including management of treasury which really has helped us keep our interest cost etc., steady and of course dashboarding and data analytics which has helped our management across properties and at corporate office to monitor performance. I think on an overall basis, on a consolidated basis, financial agility is the way to go and we have as a company been able to demonstrate that. So on a consolidated basis where revenue has increased about 192%, the expenditure has grown by about 39%, so which is healthy in our sort of estimation, for the standalone basis even better where the revenue has grown by 213%, expenditure has grown by 37% and in our previous earnings calls, we had mentioned about fixed cost reduction and how much of that would be sustainable, we are happy to state in the quarter 2 as things stand, the fixed cost have come down by effectively 17% which we believe is going to straight away at the same rate, it is not going to increase, so hopefully we have been able to come to a front line which is more or less steady.

The next slide will show you efficiencies in expenses, total expenses is down 21%, fixed cost has been down 16% overall and corporate cost has come down by 28%. All of this resulted in a positive EBITDA for the company in quarter 2 or be it a small one, but I think it is a starting point. Our digitization and automation efforts continue in maintaining and creating more automation in terms of document management systems, processed work flow-based processes, seamless consolidation and so on and so forth. The overall group's philosophy has been to move towards ESG initiatives in a big way and in reducing our carbon footprint, this has really resulted in two solar plants being commissioned at the Oberoi Vanyavilas and the Oberoi Udaivilas and there are two other properties that are mentioned here which belong to EIL associated hotels which is managed by EIL Limited. So we are expecting to generate about 4.2 million units per annum thereby reducing the carbon footprint and our next slide would show you that even under the current circumstances hotels like Oberoi in New Delhi continues to maintain a quality which is better than the standards of more settings in the world.

Moving on, performance highlights, I am sure all of you would have seen the performance results as reported and in the stock exchange or in the website, but just to give a glimpse, our total income was 217 crores on a standalone basis as compared to 69 crores of last year and we did an EBITDA of 3 crores as I mentioned before, but at a PTT level it was a loss of 33 crores with exceptional items which we have chosen to take a conservative position and we have impaired about 27 crores worth of expenses of one of our assets. Resultantly, the PAT is at -50 and it is against -115 in the quarter of the previous year. On a consolidated level, the total comprehensive income is better because some of our subsidiaries and associates have performed exceedingly well, so one of our subsidiaries which is Mashobra Resort Limited, has actually contributed very positively and therefore the overall comprehensive income, the loss has come down.

On flourishing, I think one of the things that would be important for us to state and I would request Mr. Vikram Oberoi to add wherever he thinks is necessary, so we are looking at a very strong brand positioning and with very clear focused areas to make sure that the brand is more visible in the luxury segment and driving of brand preference, so all our initiatives are geared towards these in terms of digital marketing, in terms of other forms of reaching to the customer

and all of this has actually resulted in dominance in the direct segment, both with offline and online, but what could be heartening to know when this graph that has been shared here is the blue line which is the OTA while that has risen, there is an increase that we have seen in the trends in the Oberoi contact center which basically takes our offline homes and our own website which has been on the growth trajectory and therefore this is of particular relevance to us.

The brand website as you can see in the next slide has actually gone through a steep increase and there are various promotions that have been offered here some of which are available only if the bookings are in the branded side. The brand websites also offer a best rate counts and overall the company continues to dominate large corporates and medium enterprise. So one of the major initiatives that has been launched and coming months, one is going to see an increased sort of footprint and this is a subscription program which is called the Oberoi Select. So here basically this allows our customers to benefit by buying a package or buying a set of room nights for a standard period of time at very attractive rates and this hopefully is what the major pillars that is going to be in the coming future.

Customer loyalty and brand alliances continues to strengthen the Oberoi One, enrollment trend has been on an upward trajectory again. We have increased the number of alliance partnerships with various luxury brands and that is also yielding a lot. Finally, I think one of the most interesting initiatives that the Oberoi group has ventured into, in fact it opened on the 7th of October which is the next quarter, but because the cost was incurred and it was already in place, therefore we are covering it in this presentation itself. So this is our first outlet, a Patisserie Cafe at the Jio World Drive at Bandra Kurla called Cou Cou which essentially looks forward to building affinity with the millennial and the next generation, but also for everybody else. So this really targets a segment of customers that one would assume it is something that the company would like to venture in going forward which includes next gen luxury, premium millennials, luxury loyalists, the modern executives and so on and so forth. So what exactly is Cou Cou it is a modern French-style patisserie to satiate your cravings for everyday indulgences and it is very different from what is normally in the market. The slides will give a glimpse what kind of food is available and what kind of experience is available and the day of the launch we had, it was very successful and we look forward to see in how this segment pans out.

Finally, the corporate structure and the number of keys remain unchanged as of now and that is all from my side. If there is any, of course there will be questions and we will be happy to take on any questions. Mr. Vikram Oberoi, if you want to say 2 lines and may be, otherwise we can go ahead with questions and answers.

Vikram Oberoi: No, I am fine. Thanks a lot.

Kallol Kundu: Thank you very much. Over to you, Amit.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Agarwal who is an Individual Investor. Please go ahead.

Amit Agarwal: My first question is regarding the Bandra Kurla property that is coming up, when it is supposed to be launched and what is its operation, how much addition we do to our topline for the full year?

Vikram Oberoi: Amit, that is going to open next summer. That is a managed hotel, it is actually quite small 70 camps resort and there will be management fees payable from that but I can't imagine just given the size of the hotel that the rate will be very high and the obstacles therefore will be strong just given the small room count management fees won't make any substantial difference to EIH in the scheme of things and the overall scheme of things.

Amit Agarwal: So there is no property that is coming up in next 2-3 years which will add to our turnover because rate increases can go increase and top 10 to a certain extent, not beyond that. You need some room additions year-on-year which is happening in next 2-3 years, am I right?

Vikram Oberoi: We are looking at management contract, if you are asking 2-3 years, you are right, there will be no substantial change, but one of the focus is to grow topline and flow through to profitability through management contracts and we will be working actively on that. We also have courses you know we don't have a development which is going to start very shortly in Hebbal lake like in Bangalore about a million square feet will be commercial and the luxury hotel and Oberoi Hotel and also we have a very nice site in Goa which is a 55 acres site where we will also be developing in Oberoi Hotel.

Amit Agarwal: What is the timeline we are expecting for the Goa property?

Vikram Oberoi: I hope it is within the next 4 to 5 years, planning is already on the way.

Amit Agarwal: And that would be owned by the companies, right?

Vikram Oberoi: That is correct.

Amit Agarwal: Does management contracts add separately to the bottomline or topline or just 5 foot square per annum to the profit line?

Vikram Oberoi: Management contracts have the potentials to add significantly and some of the things that we are looking at, Kallol talked to you about Cou Cou, our endeavor will be to scale Cou Cou and also we are looking at some other opportunities which are still, I can't discuss them now, but we are looking at, even shorter-term initiatives that will drive topline and bottomline performance.

Amit Agarwal: Whatever I got it from your presentation was that Cou Cou is a Cafe, right?

Vikram Oberoi: That is correct.

- Amit Agarwal:** And how many cafe are you going to open in a year, is there any prediction or is there any ambition you are achieving or is there any other hotel chain around the world who was doing the similar thing, opening cafes around the world?
- Vikram Oberoi:** So let me answer the first question first is, what is the plan for growth and I can find locations where we feel there is potentials for Cou Cou. That exercise has been done. What we would like to do is just wait and see how it performs and learnt from that before expanding and it would be premature for me to give you a number because this isn't available in the public domain, but to answer your question we would like to scale this and we would like to do it well, just to give you a perspective, cafes, I just googled Starbucks for example, Starbucks, I think last I looked was in 170 location across the country, so there is an opportunity and we won't be a Starbuck, let me also to clarify that but there is potential to scale Cou Cou.
- Amit Agarwal:** But this is higher than cafes I suppose right and all the joints will be owned by the company or it will be a franchise model?
- Vikram Oberoi:** At the moment, that will be owned by the company, who is to say whether we look at a franchise model in future or not, but certainly to begin with they will be owned and operated by us.
- Amit Agarwal:** Any number you are targeting from this 2 years like 10, 15 or 5 per se?
- Vikram Oberoi:** I don't want to comment on that, but again I think I have given you a clue in my answers in Starbuck which is in locations.
- Amit Agarwal:** Is that similar thing around the world, like Hyatt Regency or many other Marriott or something like this?
- Vikram Oberoi:** I can't comment on others, so it is best for, I would be wrong for me to comment on what others are doing.
- Amit Agarwal:** And my next question is regarding the property Hurghada in Egypt is it company owned associate or it is just a management contract?
- Vikram Oberoi:** It is a management contract and we have 14% equity in it.
- Amit Agarwal:** 14?
- Vikram Oberoi:** Yes, a small equity participation.
- Amit Agarwal:** Which other company is having this 14% equity in the company?
- Kollal Kundu:** No, we are only a minority shareholder there, so therefore it is very, if you are looking at it from a consolidation perspective that is not really, it is basically the management thing. The reason of our presence is because the contract mandated small equity ownership by the company which was managing the hotel.

- Amit Agarwal:** I just asked you which company, is it the parent company or it is one of the foreign companies that is having the 14% equity over there?
- Kollal Kundu:** It is firstly a little less than that. It is not 14%, it is less than that, it is 10% but that is owned by EIH International which is 100% subsidiary of EIH Limited.
- Amit Agarwal:** And my last point is regarding the technology that has been used at the website of Oberoi One, I think it is pretty cumbersome compared to getting a booking.com or some travel sites, you need to call the reservation people twice or thrice to get the booking done for Oberoi One, it is simpler to get the booking done at travel sites, just my observation and all the big hotel chains are having a mobile app, we are not thinking something to the similar lines?
- Vikram Oberoi:** So I will answer the question on the mobile app first. If you have a large number of hotel, let me give you an example, Four Seasons, Mandarin, Peninsula etc., they are luxury hotel players, they don't have to scale of let us say, Marriott, Marriott is present in thousands of locations, it is the largest luxury operator and just over 100 hotels and at least our research and the research what we want to stand about in this segment is that unless an app takes real estate on your phone and unless I am using the app regularly, I would not use the app, I need to be using it regularly on my mobile phone. Having said that what we are looking at is something which is slightly different which is rather than a mobile app, it is an app or you can use your mobile phone to activate whether it is your light, whether it is television or all other uses in the room and on the back of that it will also have the ability to work on reservation, but that is our endeavor to do this, it is not underway yet.
- Amit Agarwal:** But getting a booking them through the website, I think it is bit cumbersome, I think technology is not right up to the mark, for Oberoi standards initially a lot of work to be done over there, that has been my observation?
- Vikram Oberoi:** No, I thank you for your feedback and would certainly look at that. I just have a clarification. You told that Oberoi One and you are referring to because I have made reservation on our website and if you go to the Oberoi.com website and make reservation it is very easy.
- Amit Agarwal:** Yes, I am talking about that particular website only because to get that, I am Oberoi One member also, to get my certificates issued over there and to get them adjusted to my future stay, a bit cumbersome, we need to call 3-4 times to get it done, that shouldn't be there?
- Vikram Oberoi:** I thank you for your feedback, we will look that immediately.
- Amit Agarwal:** Yes, because the Oberoi Standard we expect more smoother and must faster.
- Vikram Oberoi:** I think your feedback is very valid, absolutely right and 100% we will look at it.
- Moderator:** Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: My question is, can you talk about how things are panning out in the month of November and advance booking for all the key location like Mumbai and Delhi?

Kallol Kundu: As I mentioned in my presentation that the trend continues to grow and as we see the recovery after the second wave is much faster than the recovery after the first wave, so as things stand things are looking much better, I think Vikram can add something.

Vikram Oberoi: And Sumant, I will talk about EIH, EIH is largely in metropolitan cities like Delhi, Bangalore, Calcutta, etc., and these are the hotels where we have EIH associative is more focused towards leisure locations whether that is what the Oberoi are driving and the Oberoi Hotels and Leisure Hotel that EIH owns and operates are two, that is Udaivilas and Vanyavilas which represents I think 5% of room inventory of EIH owned and operated hotels. What we continue to find is very strong performance in Leisure and absolutely, no resistance to rate to the perception or the misperception was that the domestic traveler is more resistant whether traveling on business on the leisure, certainly what I can tell you is as leisure goes for the right product, the right service, the Indian luxury traveler is willing to pay high rate and we are enjoying record occupancies at both Udaivilas and at Vanyavilas and in fact all leisure all hotels also managed hotels which have a leisure focus occupancies are strong other than the Oberoi Amarvilas while occupancy is strong, but in all other locations occupancy is strong and rates a good and that includes hotels like Sukhvilas, Vanyavilas and Udaivilas. Our corporate business, we do see a positive trend in our city hotels occupancies were starting to go up and so average room rates, but the recovery in the corporate segment is considerably slower than it has been in the leisure segment. So that would be broadly high would define it and EIH of course are larger hotels all in key cities like Delhi, Bombay, Bangalore, Calcutta, etc.

Sumant Kumar: So overall, can you talk about the staff to room ratio talking about your peer they have reduced significantly say 20 to 25% of the pre-pandemic level, so can you talk about metrics for EIH?

Vikram Oberoi: I don't have those numbers with me, so I don't want to misquote a number, but you see that pre and post pandemic, Kallol presented that slide in the presentation that has been uploaded and we have worked significantly on relooking at how we work and numbers will come down. Some of that business picks up will increase, but I think Kallol's slide also covers what we expect to be long-term sustainable reductions. I can give you some numbers if you like that we anticipate approximately 17% permanent reduction in payable to pre-pandemic levels. So I am just giving you Q2 figures, so Q2 for the financial year 19-20 versus current which translates to approximately 80 crores. Some of this will come back with the vast majority of it won't.

Sumant Kumar: So talking about the recovery that we have seen in Q2 the Q3 and Q4 what percentage of business we are expected to recover of the pre-pandemic in the Q3 and Q4?

Vikram Oberoi: Your guess is as good as mine. I don't think recovery would be 100% even in Q4 is my feeling and the other thing Sumant is, you travel on business, I think one of the things that I quote with some of the figures that increasingly we are, what we believe is that corporate business, there will be reset of corporate business and corporate business will be defined by new normal which

would be less than what is pre-COVID and I think people are working differently, people are working online, not everybody is travelling for meetings like we used to do. So I think there will be a reduction in corporate travel and a new normal. What that percentage is we have some internal estimates of that, but your assessment of that will be as good as mine.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: My question was, in some of the leisure properties, where we are seeing the ARR's are above FY20 also, what is the scope to improve the occupancy specially on the Oberoi Leisure, is there any opportunity to further improve the occupancy or how you are looking at that and do you think there is still scope to improve ARR is there or just your assessment?

Vikram Oberoi: What we find is traditionally in winter months, certainly I will again talk about the two EIH owned and operated hotels which is Udaivilas and Vanyavilas, this is on books even for the winter months is very strong, so these are levels that are higher than what we did in Q2, so Q2 if you see with it, an average room rate was 30,000 at Udaivilas and 28,000 at Vanyavilas and there is considerable upside in both these as we go through the rest of the financial year, both in terms of rate and in terms of occupancy.

Himanshu Upadhyay: And on slide 14, where we have given ARR and occupancy trends, domestic property, if ARR is Q2 FY22, Q2 FY21 and Q2 FY20 or it is Q1?

Vikram Oberoi: We would just read out this is the city wide revenue recovery, domestic properties is that is the slide you are referring to?

Himanshu Upadhyay: No, next to it, the slide next to it where ARR's are given?

Vikram Oberoi: So that is your question?

Himanshu Upadhyay: No, my question is, is there some error in printing means, because ARR it says that Q1 FY22, Q1 FY21 and Q1 FY20, it is Q1 or Q2 means because?

Vikram Oberoi: It should be Q2 upwards, you are absolutely right, it should be Q2.

Himanshu Upadhyay: And one more thing, in the city wise revenue we have seen a pretty strong traction in Karnataka which is basically Bangalore market, but Delhi and Maharashtra are still much lagging behind and our expectation was Bangalore would be a later market to join the race, what is happening in that market or are we doing something which is helping to improve the occupancy in that markets specially in Karnataka?

Vikram Oberoi: Very good question, actually the biggest impact on this is, it is driven by the size of hotel, Bangalore is relatively smoother now with 160 keys and obviously a scope for travel recovery

and we regain that the numbers. It is much easier to fill a smaller hotel than basically larger hotel and is simple as that. Other location hotels have significantly high room inventory.

Himanshu Upadhyay: And one last question, generally marriages it is a big portion for some of our hotels and what we read in newspapers next 3-4 months, dates are chockablock at the hotels, so what is the situation at your end and anything you can relate?

Vikram Oberoi: I think we also kind of achieved from marriages in particularly hotels like Udaivilas, but even in our city hotels, marriage demand is strong and the propensity to pay is high.

Himanshu Upadhyay: And lastly, this Odisha, Tamil Nadu, Kerala in the last bucket, what we have shown in the slide, is it 54% of the revenue recovery rate, what would be your thoughts on these markets, will it take further time period or it is because of Kerala COVID second wave or third wave, whatever we see?

Vikram Oberoi: Kerala is certainly contributing to that. Actually we seeing good demand, so that I think what is dropping the figures because it is all combined.

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

Nihal Jham: Sir, one question from my side, you mentioned about the business on books, specifically what I was just trying to understand is that for leisure properties, is the current business on books at least for the period say post January similar to what it used to be pre-COVID or that is still something that as of now slightly lagging?

Vikram Oberoi: I don't have the figures on me, but I would imagine it is better, but I need to look at the numbers before, but if my recollection serves me correctly, financially better.

Nihal Jham: And that if I have to just bifurcate it, is it apologies, if I can check later also that is it mainly that the room nights or the occupancy is better off or is it that the raise that we have seen even in the off season that kind of improved trends continuing into the key peak seasons from say Jan to March also?

Vikram Oberoi: In Leisure, our forecast indicate that we will do better both in terms of occupancy and ARR and may I just give one clarification, I am referring particularly to the EIH owned hotels, which are Vanyavilas and Udaivilas and I mentioned Amarvilas actually is firmly reliant on foreign occupancy or it will start and we have done various promotions for Amarvilas to attract larger domestic audience, but wedding has been an important segment, but we aren't able to run the same occupancy and ARR at Amarvilas in Agra as we are in other locations. So Udaivilas, Vanyavilas are extremely strong, Rajvilas is somewhere in between and Amarvilas unfortunately occupancies are lagging although with winter for weddings, occupancies will be stronger, but not certainly to the level of Udaivilas and Vanyavilas.

Nihal Jham: Sir, I think one of the points is that the thing you are looking at business on book and that too for January, which is about 3 months away, I think what is important is that your business book has been mainly reflected in case of wedding and those kind of social function, but in case of the other businesses, other leisure businesses actually the booking window has come down significantly. So therefore, I think to look at business on books, 3 months, 4 months, 5 months away may not be fully accurate in today's world. I don't know if Vikram agrees with that point of view?

Vikram Oberoi: I would say it somewhere in between those because Vanyavilas Hotels have a small room inventory. We find business on books quite strong even there because people know that you want to get reservation, you need to book in advance. So the lead times are slightly longer. It does vary from location to location, Rajvilas, you are right, Vanyavilas.

Nihal Jham: I just had a question which came up that you mentioned about foreign guests, ideally I think for EIH, the proportion of foreign guests was around 70% pre-COVID, is that a right assessment and currently what it would be?

Vikram Oberoi: Yes, I would say it was about 60%, not 70, yes, 60-70, you are right, but 60 is probably closer to what it was.

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

Rajiv Bharati: Sir, I would like to have an update on about the flight catering business, what is the status now, what is the capital employed in this business as of today and what are we doing in terms of ramping up?

Kallol Kundu: It is about 357 crores which is the net block, naturally if that answers your question and I believe you are referring to the India operations?

Rajiv Bharati: Yes.

Kallol Kundu: Yes, so that is what it is and as things are improving as we speak, but obviously with foreign travel still not fully open, meaning it is still on those same bubbles life I think we will have to wait and see what happens there, but losses of course has reduced compared to previous years and with the domestic travel picking up, I think two things which we have seen some traction is our share of the domestic business has actually led some profitable revenues as well as the Oberoi Airport services, the launches that we have in airports.

Rajiv Bharati: Do you have any indicated number for Q2 in terms of improvement?

Kallol Kundu: Yes, I can give you indicative numbers, so against an EBITDA loss, of course we have done an EBITDA loss in this quarter as well, but this is roughly about 30% to 35% lower than what we did last year.

Rajiv Bharati: And sir, going back to your city-wise revenue recovery slide, there Rajasthan and Himachal Pradesh where you are doing 141 and 234% in terms of revenue, now there how much is due to rates alone, swing in revenue?

Kallol Kundu: So Rajasthan again is both rates and occupancies, but Rajasthan has Udaivilas as you know and Vanyavilas, so it both rates as well as occupancies. In case of Himachal also, it is again both rates and occupancy, so really speaking in both these locations, it is both, but I would say a higher ARR. The ARR is actually much higher than the growth in occupancy.

Rajiv Bharati: But historically in these markets, the rates have risen at a very standard rate year-on-year basis because in leisure destination and such destinations you kind of maintain rates and you don't want to have large swings in the rates and if you increase the rate substantially now, in the later season when it goes down, is this divergent from your old tactics, or old strategy of keeping the way that always upward sloping curve?

Kallol Kundu: Rajiv, the first thing is that when demand is there and people are willing to pay the rates, then that is happening, the situation that really panned out in quarter 2 is in many cases, even rooms are not available at whatever rate, so as long as the buoyancy is there I think there is no question on what you need to do with your rates and therefore and you are quite right with your numbers, for example, if I were to look at like Mr. Vikram Oberoi mentioned a while that our rates at Vanyavilas and Udaivilas have grown by at least 60% or thereof. So really speaking I think strategy depends on what the demand supply situation is going to be and I'm sure Mr. Oberoi may want to add to that.

Rajiv Bharati: Sir, lastly on Marrakech, because it was operational for the entire quarter, can you give me the indicative number for what happened there and what was the ARR you are able to comment for the quarter?

Vikram Oberoi: The ARR is very good, but I will just take one step back about Marrakech, what Marrakech in particular in winter get a lot of business from Europe, with much of the UK, all European countries, but UK is a very strong market and Germany was also a strong market as others, for us all Oberoi Hotels across location tends to be very strong and the US as well. Now, what has happened with Marrakech is that when the COVID number started to go up in Germany and in the UK, they closed travel from those markets. So, we had reservations at the Oberoi Marrakech in both the UK and Germany which are cancelled. In terms of occupancies, they are doing that 12% with an average room rate of \$470 approximately.

Rajiv Bharati: And if I can squeeze one, on the Indonesia bit which is still I think has not opened, what is the capital employed there in terms of assets, because this has been under stress for some years now, barring COVID as well?

Kallol Kundu: It is about \$4 million if I am not wrong, roughly, approximately.

- Moderator:** Thank you. The next question is from the line of Amit Agarwal from Nirmal Bang Equities. Please go ahead.
- Amit Agarwal:** My first question is that is it possible to get a split of your topline in terms of room rental F&B and others and secondly continuing on the F&B compared to let us say what was in the second quarter, how do you find the F&B as we speak today as it come back to pre-pandemic levels or still some place to go?
- Vikram Oberoi:** Still March, it exactly recovered to large extent, but it still not recovered to pre-COVID levels. It is marginally below, so food and beverages, just on the 19% is the recovery.
- Amit Agarwal:** And what is the split of room renting to F&B in the second quarter?
- Vikram Oberoi:** That has changed. It is now room is of 47 and food and beverages 45 and if I take financial year 20 Q2, food and beverage was 36 and rooms was 53.
- Amit Agarwal:** So you would expect F&B to help out as we move ahead because I think Maharashtra has also opened up in terms of timing also, so probably that should help in coming back to pre-pandemic level within the third quarter, do you think so?
- Vikram Oberoi:** What we want to say is, what we look at the Q2, our recovery in food and beverages is stronger than rooms and if that trend continues, what you are saying is absolutely correct.
- Amit Agarwal:** And my second question pertains to you got another vertical going in terms of Cou Cou, any other verticals being planned apart from the traditional hotel verticals of F&B and room rental, you have anything in plan?
- Vikram Oberoi:** We are looking at other things as well, but in unfortunately can't comment at this point and one of the things that I may want to just add to that is Oberoi Select, now that is not to Oberoi Select is just looks at a slightly different approach to selling room, so that wasn't what your question was, but I still would like to highlight Oberoi Select, but to say are we looking at new sources of business and revenue and new models, we are, but I unfortunately cannot comment on that, it is premature to comment on that.
- Kallol Kundu:** So Amit, just to add to what Mr. Vikram Oberoi said, I think in our previous earnings calls we had mentioned about few new initiatives that we are taking, one of them is operational Cou Cou and the others are to follow in subsequent quarters, so you would like to watch out for that space.
- Amit Agarwal:** My question pertains to the fact that corporate and MICE were the missing ingredient in terms of room rental, so in terms of corporate, can you say that there are decent percentage, when I say decent, probably 10-20% of total room rental, are they still lower than that? Is it just about starting off? And secondly on the MICE, that is meetings incentives, etc., has the MICE started or you haven't seen any start on there?

- Vikram Oberoi:** We have seen MICE start, it is probably not the large MICE that you traditionally have, but I will just again give you an indication, September-October and these may be indicative of what will come in future. MICE has recovered, it is now back 30% down on what was previously, so pre-COVID versus now for the month of September and October. So the recovery action has not been bad at 72% and to answer your question on corporate, corporate is roughly just on the 40% down compared to pre-pandemic for September and October, but what I would like to highlight actually is the direct segment and this is actually let me, so I will break that down into website and our website is just on the 20%. OTA is marginally up and calls to our contact center are up by 70%. So, it is really, our website OTA and OCC reclassified directly, its customer coming to the hotel, booking through various channel and that is overall up substantially.
- Kallol Kundu:** So again to add to what Mr. Vikram Oberoi is saying, Amit that since the direct has gone up, one is due to the initiatives that has been taken and we are aware of what initiates are leading to what growth, but some amount of this could also be a spillover from the corporates, specially SME segment which may choose to book through direct website which may not have a contracted rate with us. So it is quite possible that there is some fungibility out there.
- Amit Agarwal:** One last question if I may squeeze in, have you started entering into talks with the corporates for rate negotiation, was it too early for that?
- Vikram Oberoi:** We are talking to corporates.
- Moderator:** Thank you very much. As there are no questions, I would like to hand the conference back to Mr. Amit Agarwal for closing comments.
- Amit Agarwal:** At this stage, I would like to thank everybody for having joined the call and especially to the management for answering all the questions in Q&A. Thank you all and we will close the session now.
- Vikram Oberoi:** Thank you very much, Amit.
- Kallol Kundu:** Thank you.
- Moderator:** Thank you very much. On behalf of Nirmal Bang Institutional Equities, that concludes this conference. Thank you for joining us ladies and gentlemen, you may now disconnect your lines.