IHCL

The Indian Hotels Company Limited

Investor Meet – 7th July 2021 , 11:00 AM

- **Moderator**

- We are delighted to welcome you all to the IHCL's Investors' Meet 2021 being hosted by Mr. Puneet Chhatwal, Managing Director & CEO IHCL and Mr. Giridhar Sanjeevi, Executive Vice President and CFO, IHCL. This is a phygital event wherein we have investors and analysts joining us from across the world along with the people present here. May I request those present to please turn their phones on silent as we now commence the presentation. Post the presentation, we will open the floor to our audience to cater to their questions. As a reminder, all online participants will at present be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please raise your hand. May I now please invite Mr. Chhatwal to take the event forward.

- **Mr. Puneet Chhatwal – Managing Director & CEO, IHCL**

- So good morning, everyone. Welcome to our event, for those who are present in this room and those who have dialled in and using the digital format, we are very happy to see people back in the properties, and very happy to see so many people showed up also in-person. Definitely it exceeded our expectations by a couple of people I would say. The theme of today's presentation is Creating Value and Shaping the Future. I would share the secret with you. We had the same theme three plus years ago when we actually prepared as management the journey of aspiration 2022, which we then made public. But we never gave up on it. We put it on hold and whatever we call it going forward and that is what we will walk you through, where we are coming from in the pre COVID, what happened during COVID and what is our plan going forward? So, the four agenda points; aspiration to execution post our announcement, the COVID impact creating value, shaping the future, as well as our last one slide of our investment thesis. What we thought was, what if a company, which is a hundred plus years old, what if it reimagined itself? And that give way to the three 'R's, which we had as a part of our strategy reimagining, restructured and re-engineering. I think were one of the trendsetters because after that, a lot of people started using, the connotation of 're' it started coming up in a lot of strategies. So, we announced this somewhere in February 2018 and the meeting that I said of the top leadership team happened on 30th of November and 1st of December in 2017. We came up with a very simple pyramid. This is easy to remember, which said we will grow by 15 hotels a year. We will grow our margins by 800 basis points, and we will have a hedged portfolio because our past was owner operator that we will grow the asset light part of the business, use our strong brands to gain management contracts. And we said while doing so, we will build on our core values of TAJ as well as TATA's; TAJ standing for trust, awareness, joy. TATA values are well known to all of you as investors and then our key enablers being our strong pan-India footprint, our presence and palaces, safaris and also our very strong brand equity, which you keep seeing again and again. And then we said we will reimagine our brandscape, we will restructure our portfolio by selling non-core assets by simplifying our things that we had collected over the last 50-60-100 years, and to start simplifying the structure and re-engineering our margins, changing our cost base and all this is a bit relevant for today's discussion or for today's presentation, because we had started doing this pre COVID. It came very handy when COVID hit. Had we started it then, it might have been a bit too late. So, we started re-engineering our margins with the ultimate objective of being the most iconic and most profitable hospitality company from South Asia.

- So, I think the plan was very clear, very simple. One pyramid says it all. We promised as I said on the pyramid, to be most iconic, most profitable that we would grow our portfolio, we will have a portfolio which is well hedged with 50-50 balance at the end of 2022. And from a branded house, everything being a bit of TAJ, we will create a hospitality ecosystem and unleash the potential of all the brands. I remember when I came, I saw that there were a lot of things disturbing the Taj brand. If we got rid of those, Taj automatically becomes more iconic. That is a short term and a quick strategy to put Taj in front of every promotion, in front of every brand, by calling it by Taj, or Taj something. But long-term, it hurts the very backbone of the hospitality business. Because that is, our backbone is Taj, our strength is Taj. So, we need to protect, grow Taj but make sure that that is not getting disturbed because short term "add Taj to anything, it will sell faster". So we didn't do that. And when you look at the backdrop today, if you have added new brands like Ama, like Qmin, there is no reference to Taj. These are all standalone businesses, and that is the journey we had embarked upon. So that was our promise. And what did we deliver? I think all of you can be very proud, not as investors in us, but as a nation we can be proud that Taj was rated as the strongest brand in hotel business across the world. We were also rated number two this year and number one last year by the same group across all sectors in India. So, it became the strongest brand last year in India across all sectors. This year, were displaced and became number two and it is okay. You know, I mean you are number one, you can only become number two, whether you are a tennis star like Nadal or Djokovic, but that doesn't mean that they are not good. They are both one of the greatest tennis stars. So, we are okay to be always among the top three, top five brands that this nation has produced because it is across all sectors. It is not just being the top hospitality brand.

- I think on the other businesses, which we will come to in a bit, we were also able to deliver on our promise quite significantly. So, where were we coming from? This is just an easy review where we were. We were a highly profitable hotel business 15 years ago with returns on PAT that we can only dream of in this business in the world, and a lot of you asked this question, is this going to come back? The likelihood is no. Because we all know the period of 2003 to 2007 was a period that the industry saw rates of $400 plus in Bangalore. You know, the occupancies were great, the supply was short, the demand was high, lot of MNCs coming into India. But more importantly, what led to the sub-prime people were spending money that they did not have possibly. So, that led to our collapse of Lehman and everything else that happened. So, that 3-4-5 year period is an exceptional period just like the last 18 months is an exceptional period and maybe another 6 months. So, these kinds of things don't last forever. And then where did we land? We landed into almost a loss-making company for 10 years. That is when we announced our Aspiration 2022. We took some low hanging fruits, took a short term gain and then we turned the company into profit mode in that very year of the announcement and then kind of doubled and tripled and went to 3.5x of the profit. But if we took the total of the three years versus total of the previous three years, the shift was significant. So all was going well. We were also feeling great. And then we come to what happened. On the terms of growing our portfolio, if you look at this chart, you will see how we grew by more than 70 contracts in that period of pre COVID, of the three years' time and 2019 3,582 new rooms added with almost, 40, I would say, 51 contracts in two years, that's 25 a year. That means more than two contracts a month, all on the asset light model. So, I think this was very significant close to, 70 hotels signed in three years' time, is something which we had never heard of. Very important and these are the slides which are new, which you have not seen in this form before which we are presenting today is the shift of the portfolio from being asset heavy to asset light. So, if you look at where we were, even in 17-18, let's not go to 07-08, 05-06, where we were in 17-18, and where went very recently is removed from management contracts of 32% to 46%. We had promised 50-50 by end of 22, but the total portfolio had a significant shift.

- Our company is a bit special. Most of our management contracts before this period are coming through our joint ventures and associate companies. These were not single owner management contracts. So, we made that shift from creating joint ventures and gaining management contracts to doing that single owner management contract, which is far more tougher. But it helped us because then there was no capital employed directly or indirectly. And this is what we did to our brand scape. We unleashed the potential of each of our brands and a lot of our brands were reimagined. If you see here, even a flight kitchen business Taj SATS that's a new logo, that's a new style. Ginger was reimagined. Vivanta was reimagined. We launched SeleQtions as a part of our portfolio, which will be very interesting to watch now. When you get a lot of distressed assets on the market and they neither fit into Vivanta or Ginger or Taj, they could be a part of the collection of the names in any city, as long as they are in the top three hotels of that destination. One thing is very clear as Indian Hotels in any segment that we will operate, we will be a premium product. Because indirectly we never want to hurt Taj because Indian Hotels is the corporate entity. It is how we are listed. But we are popularly still known as the Taj Group. So, we cannot allow any of our brands, or we should not allow any of our brands to be considered as cheap. It has to be premium in its marketplace, in its business model. So, if you look at all this that we have done these are all premium. In some of these businesses, we will talk about in the subsequent slides. And after having achieved all these things we got into a COVID situation where 10% of contribution of global GDP, 10% of all jobs created were all kind of demolished by this crisis of its own and I think we are all aware of those figures. They are depressing enough. I will not go too much into detail, but just say that the global tourism sector lost $4 trillion. India lost Rs. 90,000 crores in revenue, almost 30 basis point drop in occupancy, 20% drop in average rates and that meant approximately 50-60% drop in what we call the RevPar. And this line clearly shows our domestic revenue, how we came off the cliff to April last year, not this year when there was a complete lockdown after 24th of March, we almost got to zero revenues. Then slowly-slowly we started recovering November, December, Jan, Feb was looking good and then came again the next big blow to us with the second wave. And I think June, all those who would be interested to know is gone off quite well. In leisure destinations, there is a new WhatsApp floating around on investor groups. There's a shortage of beds this time not in hospitals, but in leisure destinations in hotels. So, actually it is true. If we have looked at our own portfolio in Shimla, in Rishikesh and many such destinations and as you have seen in the news, people flocking into Himachal Pradesh, the queues that were there in Panchkula for people driving into those kinds of leisure destinations, that the memories of the second wave have been far shorter than the memories of the first wave despite of 4X number of cases from 90,000 to 400,000 to such a devastation that it caused, especially in places in north of India, that things have recovered faster. Unfortunately, human beings are like that and fortunately also because we are very adaptable. And I remember what happened in the aftermath of 9/11, it took us 18 months. Then came London bombings and came Madrid bombings and came Paris then came Nice. Every time our memories keep getting shorter and we start getting used to that these kinds of things happen and life moves on. But let's hope that life really moves on and there is no third wave coming, which everybody talks about.

- This is the time when the management team of our company came together and said, we cannot rely on hope; hopefully it is all over, hopefully the lockdown will finish end of April, hopefully it will finish end of May or June. We said, this cannot be our strategy. We have to be perseverant and we have to demonstrate resilience like never before, because we felt that this would go on for longer and as management we should control what we can control and the rest we have to just accept because we have no control on it. So, this is the time we came and launched what we call Reset. We said, this is not time for aspiration. There is no time for ambition. We have to press a button of reset and we have to do it with stragitlity which is the combination of this new strategy, which is executed with unprecedented agility in a very-very legacy company with over a hundred years of history, we have to move fast. And what we did was we came up with very simple things. What can we do as a revenue initiatives? What can we do on the excellence front in terms of making sure that people who we are hosting feel safe, secure, and comfortable, and what can we do in terms of spend optimization when the revenues crash? The only thing you can do is control the costs with all the core values, protecting the core values of trust, awareness, joy as well as the TATA values, how we can control our spend, effective asset management. Effective is very important because we could have sold assets very cheap and we would have looked very bad today because the prices have bounced back to 70-80% of the level. But at a time like this last year assets were selling at 40% of the replacement value and the gap between the buyers and sellers was huge. So, we kept going on whatever we could call under effective asset management and being thrift and financially prudent. Checking on every spend that we made and you will here see that also in the forthcoming slides. A short film, instead of me on what we did on reset. I think this movie captures a lot of initiatives that we put into place.

- ***[Video playing in the background from 21.38-26.30]***

- The RESET initiatives gave us on the revenue front Rs. 264 crores, on spend optimization north of 400, on effective asset management around 70, and by being thrift and financially prudent another Rs. 135 crores. I think all this is explained quite well in our quarterly calls that we have in the announced results. I think one of the key focuses with this agility that we went on doing things and doing various kinds of campaigns helped us to gain more market share than the industry average, without exception in any market. There were certain markets when they opened up like Goa. Between November and March, Goa did for us more revenue than pre COVID levels. I mean, it is not a secret, that is how it was and this was very significant. I think Goa almost contributed 46% of the EBITDA of the company and we are very pleased that we have around 18 different outlets amongst all brands, which includes four Taj, one SeleQtions, three operational Ginger properties, several Amas now, and we are very pleased with that. I think the same happened in Rajasthan. Rajasthan with Jaipur being the favourite destination, especially for people from Delhi, it was an easy destination to drive to, especially if you come from the area of delhi NCR, like Gurgaon you could be there in a couple of hours in your own car. So, that was quite strong for us so was Udaipur. And when we opened Jodhpur, it picked up also quite well. I think the challenge the industry has although we did well is on the right side of this chart. The day we get business back in Delhi, Mumbai, and Bangalore to more than 60% versus where it has been, then the industry would start thriving again. Because we have changed our cost base, but these are big machines of Delhi, Mumbai and Bangalore, especially in our portfolio. We have a significant presence, as we all know we are here in TajLands End but we also have TajMahal Palace Tower. We have several other properties like Santa Cruz President, Ginger in Mahakali, Ginger in Kalyan, Andheri etc. but Delhi also with Taj Palace, TajMahal, you know Vivanta; and Bangalore we have six plus properties also in operations. And these are big machines, these are also part of our IHCL standalone business. So, I think this is very important not just for us, but for the industry that these three cities come back. We are seeing first signs, but this is not enough. The good thing is Delhi has recovered a bit more in terms of opening of hotels, opening of bars as was announced two days ago, and Mumbai is still a bit more on a careful trajectory and that is fine, but as long as we get that opening towards the second half of the year.

- Our key strategic imperatives on this front was capitalize on the business recovery as and when it came. So, the last 15 days of June were very good. July is looking very-very good. So, we have to capitalize and not just sit back. So, that's what we did even in the months of November, December till like 15th of March. And kind of following this graph, the whole recovery business is also related to the graph when it peaks the business drops. When the graph starts going down, the business starts picking up. So, it is a very important direct correlation of a kind of which we have not seen in this form before. There is always a lag, but this is almost a direct correlation. A lot of people that I know personally, and I have met, they would rather go and take a trip today because God knows when maybe there is another lockdown, so let's get on the road or fly or whatever do it now. So, this is something which is very special. What is also very important is we tend to be very tough on ourselves. But actually India has vaccinated more people than any other country in the world and this vaccination drive will help this business to become sustainable. Otherwise we will keep having this stop-go, partial lockdown, partial opening and restricted openings as we go forward. So, India leads the way on vaccination.

- But having said that we are using three terms here short-term, mid-term and long-term. Let me start with short term. We do see certain restrictions staying on in certain states. Now, the challenge we have in the opportunity is, if there was an alignment on the kind of rules, protocols, regulations that became common for the country, then the recovery and travel would be easier and faster. But every state seems to still have different kinds of norms, and we are working very hard to different associations like CII, HAI, FAITH etc. to get some kind of alignment on that front, just like we had for the health and sanitation norms of mask or disinfection, that what should be the travel protocol or learning from Europe, how they are doing it out there, how they are opening up. Corporate demand will be a challenge in the short-term. Eventually it will come just like we have all come together here. So that part is going to happen. But it is going to in the short-term stay a bit flat. International travel will still be restricted although the last three days of announcements have been positive. I have been extremely positive as announced by the German government, as announced by the Swiss, as also the announcement made by UK and some more is expected on the 19th of this month. So, I think that is important for us. US is important for us because we have significant assets. London is a very important market for us. We even consider it as a domestic market because for people to go to London from India is like going to Bangalore or Chennai. It is just a longer flight, but they consider it as like a national travel. A lot of people actually know London more than they would know other big metros in India.Domestic leisure will still lead the recovery in the short-term. It is not going to be any change on that front. Domestic leisure is very strong also in light of the fact that 25 million people who were traveling abroad are unable to travel the way they were doing it in a pre COVID level. So they have to go somewhere. That is what is driving the domestic leisure and the domestic demand. Vaccination coverage will improve and there will be, I think for all of you that is a very important one and we put it as the last term. There will be some consolidation, some M&A activity beginning in a three to six months period from now, because the impact on the industry has been devastating and this will only accelerate as and when the moratoriums, run out and I think it has always happened. M&A is a part and parcel of any kind of business, any kind of industry, but certain periods when there is extraordinary growth, or there is extraordinary downturn, they tend to accelerate the M&A activity.

- In the medium-term, we expect travel to rebound completely. We also expect our international hotel performance to pick up. What we can share here definitely with a lot of confidence is, London and New York and San Francisco on an average occupancy today are higher than Delhi, Mumbai or Bangalore. Last year, same time they were shut down and also with the social security laws that are there and the contributions that come from the government side, it makes the cost of employment a bit cheaper, which is unfortunately not a system that we have on the domestic front. In the medium-term we also see a lot of rebrandings and conversions as people will want to get market share, but the stronger brands will dominate the markets. There will be first recovery in occupancies. Once it reaches a certain level 60 plus, in any given market the rates will follow and we have seen that in markets like Rajasthan, Goa in the hills in Shimla or Rishikesh the rates are not under pressure once the occupancies exceed a certain threshold. And we think 60-65 is the threshold for the rates to bounce back.

- In the long-term, obviously we have to, at some point go back to the pre COVID level and also build in the inflationary impact. They will be improved profitability in the sector. This sector has had a one-time opportunity to adjust and relook at a lot of its costs, including us, and I think that will help the sector become more profitable. A new segment will emerge in which we are already participating that is homestays. I think the pandemic has taught people that we must have another second or third home to go to should there be a problem so that you can operate out of there, whether Mumbaikars went to Aamby Valley or they went to Mahabaleshwar or the Delhiites went to Uttarakhand or Himachal, lot of people were operating out of the second home if they had or they booked a home stay for 15 days, 20 days or even a month. Sustainability focused, the companies that will not focus on sustainability will become history. So this is a long-term trend we see. Digital being the new way of life and the corporate will also face a new normal. So, I think if you look at this year, it is still a bit of survival, but could also be revival. We have not put it on the slide. It could be revival in a good way if the third wave impact is not there, or if there is no third wave at all. I think it is anybody's guess whether there is or there is not, there is a high probability that there will be, but it is not about the wave, it is about the impact that it had, especially the second wave. Definitely revival is around the corner because we have 18 months of this pandemic behind us and if we add the rest of the nine months in this financial year, then it gets closer to like 30 months. So, revival has to happen at some point any kind of calamity should be over, although there are no guarantees for it. And eventually it will be a phase of thrival because in all this period, the supply side is either stagnant or becoming or witnessing a negative growth. When hotels are being shut that supply is going out of the market. Some of them may never open again. So, when demand begins to come back, you enter into a thrival phase very strong, because again, we have the same situation of demand being stronger than the supply side. And we feel that we are rightly positioned by being an operator in all possible segments to capitalize on it in the form that we had planned even before the pandemic.

- When it comes to focusing on new brands and new businesses, I think it is very nice to see, I mentioned before how we reimagined some of our brands. Ginger in the lean luxe segment, Taj SATS very interesting, we will show you some statistics. The Chambers after 40 years is a private membership club. It has always been a part of our portfolio, but never looked at it that way. Our spa brandJiva and we might even come up with another connotation on Jiva as this is becoming health, fitness, rejuvenation, energize. These are things that are become more important than ever before, and Khazana, we have to do something. We have not done something very drastically different, but that is something which we have parked and we will be sharing that news soon. On the new businesses Qmin, has worked very well for us during this lockdown period. See the new businesses, all of them have one thing in common. They are all built on incremental cost and incremental revenue and incremental profit model. There is no capital outlay that we have had to build these businesses. We had the kitchens, we had the chefs, we had the staff so, it is typically a variable cost model. So Qmin order gives us at least a 50% margin. Ama gives us around 70% because it is built on a hub and spoke a business model. So if you are in North Goa then the general manager of Holiday Village and Aguada takes care of those villas with this team. And there is some kind of a cost allocation that we have come up with so that it is a clean cut in terms of what has been done but you don't have to deploy staff. And the way we are managing that business is we take like, any other service provider, 15% of the revenue is fees. And because again it is on incremental cost that fees up to 70% gets converted into our EBITDA and also, creates a very high margin. Niu and Nau is our new saloon business and I will share some numbers on where we expect it to go. And Anuka is the non-aviation food business that Taj SATS has started. So it was important that Taj SATS is also not only 100% airline driven business that it is maybe 70-80% airlines driven and there is 20% non-aviation business in that.

- The reimagined Ginger, something which we are very proud of. This building has been demolished and now the basement works are on. Anybody passing by on that road from Santa Cruz, you can see this, these works are happening and that old dilapidated building is gone. This will be 371 rooms as we speak today. But more importantly, Ginger achieved more than 60% of its pre COVID level revenue and we see no difference in that trend in this year either. I think if anything, that 60 will grow much higher, and that is a kind of a guidance we can give. But in that segment, both corporate and leisure travel is happening. It is only in the top end of the market where business travel is subdued. So, in the top end of the market works very differently than the corporate demand in that sector. Because of a new F&B concept, we have been able to double our food and beverage revenue. We were outsourcing food and beverage, which is okay when you are doing it in the US, when you are doing it in Europe, because it is a low margin business, very high labour costs. But I think in places like India still make a lot of money on food and beverage. And I think we took it back and we are doing food and beverage now ourselves. So it has doubled over F&B revenue.

- We had positive EBIDTA for Ginger also. Last year, we have actually been having positive EBITDA and hopefully we will have net positive this year despite COVID. That is a high possibility because of the change in the business model and we are also getting rid of some of the assets as we have communicated, two of the Ginger assets were sold in the last six months' time. There are 78 hotels now of which almost 50% are getting into close to the lean luxe model and it is one to be a hundred hotels portfolio very soon. So, there is a strong focus on growth and a very strong focus on scaling up Ginger. It is easier and faster to do and in a heterogeneous country like India you could have in this segment thousands of hotels, not necessarily all as Ginger. But if you look at UK and you look at Premier Inn, Travel Lodge, Holiday Inn Express, Hampton these are like 3000 plus hotels. If you look at Germany with Motel One, IBIS etc. or France with IBIS and other such hotels in this category, this is a very big business. So as India grows from a developing to strong growth to a mature market, some of these brands and these trends will solidify themselves and establish themselves in a very different way than we know it today.

- Going on to Taj SATS. In March actually Taj SATS did more flights than in the March pre COVID, and Taj SATS almost got 50% of the market share because of one or the other airline catering provider leaving the market. And then as I said before, focusing on non-aviation business and on Anuka we think this is a very good business which we had not focused on earlier and we have very good partners. SATS is as good as it gets in this business in this world possibly and we have a very good JV, a very good governance with our partners from Singapore and a very important thing is the use of digital and technology the way they do.

- The Chambers in something else we have focused on. In Delhi the Chambers at the Mansingh was launched. I can say that with a lot of pride that, of what I know of, this is the best private membership club any hotel or luxury brand has to offer on the Indian subcontinent. It is just outstanding and I would encourage all of you to just visit it. If you happen to be in Delhi, please let us know through email or phone call or whatever and we will facilitate that entry. Today we 7 in operation, 2 more are about to open. The 8th one which is opening in a week or 10 days' time will be in London at our St. James Court in Buckingham Gate. So we are very very pleased with that. We have converted this whole Chamber's membership into a global membership, and that will give not only access to Dubai (which was available till now), and there is London, and we do have a plan to do it at our property also in New York. We have almost 2,000 members, and our plan is as the footprint grows, this can take up to 4,000 members. There's a key drive on membership. And just on the annual fees and the new members coming in, this has the potential to become almost 150 cr. business, but again, with an 80% flow through. So if not 80, atleast 100 from the 150 is a flow through because this does not include the consumption within Chambers of any kind of food, alcohol meeting rooms, etc. That goes into the hotel's P&L. That's been the norm for the last 40 plus since Chambers was launched.

- Qmin again, 40 cr. business in its very first year. Expected to get to 500, that's what we're aiming for in terms of GMV. Now it is in 15 cities, we target to have it in 25 cities. 3 lakh plus app downloads. And very interestingly, since we launched this business on the app, we have served less meals, but actually we have almost touched 1 million. And also, in the second wave, all the meals supply that we did to the hospitals and other institutions as Meals to Smiles was done under the Qmin brand. So all the packaging, all the stuff that was provided was under Qmin and that created another 1 million meals. So, I think Qmin this year should definitely get a 50% growth on the figure of the previous year, which had 9 months of the launch figures. On the enterprise level and what we consolidate could be a lower number, but on the enterprise level definitely this is also… Actually the figure of 100 is becoming very interesting for us, the century. We want amã soon to get to 100, Ginger is getting to 100, you will see Taj brand will be getting to 100, Qmin revenue will be getting to 100. It's just a coincidence, it's not something that has been planned for this presentation or was a part of our strategy when we started doing this business.

- The Bungalow is Yours. Again, a potential of almost 500 cr. of revenue if we keep scaling it up. Today, it is at 44. Potential is at 500. 44 has been done really in the pandemic times. So in good time we can do much more. Even in our own portfolio we have several assets where we own the land, where we have the additional FSI. We can create a small amã portfolio on the existing properties. For eg. In Taj Exotica, we could do a certain portion. It is such a large piece of land, that we could have a kind of a multi-brand on the same piece of real estate and that could include amã. We have some land in Kumarakom, we have some… there are so many places where we can do it on our own. So, if you own the land, the incremental cost of building a villa is no more than 3-5 cr. So, I think this is a very very good potential for us, and up till now we have not spent any money, except for 2 first properties in North Goa. One was a social centre which we were running, which belonged to us, so we owned it, so we refurbished it. That's the Braganza House. And the second one was a Cardoza House which for 20 years operated as a piggery. By spending 4-5 cr. we just got a valuation done and this is a 5-6X increase if we were to sell it or lease it back to manage it and putting it… So, I think it's a good business model to be in there.

- And significant value creation is possible through these brands, and one can see that. In 2017-18 Ginger was 52 hotels, today it is 78 going to 100 or to 150. The Chambers was 2,000 members going to 4,000 members. Qmin, as I said, the gross merchandise value, the amã properties. And 7Rivers is something we are very excited about. This is a partnership which we did with AbInBev; the brand belongs to them. This is the only brand that we don't own in our portfolio but we run very successfully. So the brew kit, the brew master, some of the investments come from them and we put the first one in MG road and it was a roaring success from day 1. Our margins in that Brewpub went on by 4X. It was a new product, it created a buzz around the brand, because for some time we had de-branded or taken it down to Vivanta and then we brought it back after renovation to Taj. It was the most buzzing place in Bangalore. So I think this is something exciting. We'll be doing another 10-15. Ideally we would do even more, but there are license issues and we want to be realistic. It takes time for a micro-brewery to get a license and there are other complications attached. So our target is not unrealistic.

- In terms of Asset Light Growth, I'm glad we are also HVS Anarock represented based on their report in 2020, both on brand signings and on brand openings, on rooms, on number of hotels. Indian Hotels ranked No. 1, far ahead of any other domestic or international brand by a huge huge margin. I don't see any change in that trend, unless there was some kind of a consolidation or merger that happened globally, and that changed the scenario. Our Asset Light pipeline, if you look at operational and if you look at pipeline, that's how that 46% management contract number comes from on the right hand side of the pie. But what is important is that 94% of our portfolio is asset light. The 6% that you see is very few, like the Santacruz property that is under construction which is not on the light model. So we have a few of those exceptions, and they are good because they are to build our brands for the future. They are the ones which are going to drive these brands and help in the repositioning of these brands going forward.

- As I said, this chart says it all. If you look at it, Taj is 75. So another 25 and then it gets close to 100. And the Gingers you see is also another 22, it gets close to 100. We have 150 hotels in operation on the domestic front. The total globally is 221, and 50 hotels we have in pipeline which is very very strong. There is always some form of washout of the pipeline, but there is also some conversions that come in, existing hotels that can be branded. So, that would balance would that, so I think this figure of 200 is realistic and is also those contracts that are signed, where we have a legal commitment and have been communicated to the market.

- Obviously, this has helped us become the No. 1 hospitality ecosystem in India in terms of number of locations, in terms of number of hotels. We are on 90 plus locations with 150 hotels in operation; nobody has that. And if you look at it globally, today we are present in 100 plus locations. Very interesting, and I know my colleague Giri is very fond of this slide The Asset Light Model test is ultimately the test in how much your management fee, income portfolio has grown. Although we de-grew a bit and then it went down because of the COVID crisis, this what we have today has a potential to go up to 350 cr. So, that is the kind of strength we have with the management contracts in the pipeline for the growth in this portfolio, and this is very important because that is what drives your EBITDA margin. As all of you know, because you also deal with certain other global majors and you analyse those, you see that their performance has been a bit more resilient even in a pandemic, because if your management fees is typically 5-9% depending on the contract, the size of the hotel, the market you are in, and if your revenue goes down by 50%, the 5-7% also goes down by 50%. In a worst case, you still have your 3% base fee, your 2.5% base fee and another 2.5% reimbursables or marketing fee. So, you get that amount, whereas if you own the P&L, that is the whole thing about Asset Heavy and Asset Light, and your revenue drops by 50-60% and you did a margin of 15%, then you're in a huge negative territory of -15 to -25% because of the nature of fixed costs in the hotel business. So I think that is the interesting part of how management fees correlate with a downturn and an upturn. In an upturn you don't gain a lot. So that's why we were very happy to go for a hedged portfolio, because then our big machines in an upturn like a TajMahal or a Taj Land's End or a West End or a Taj Palace in Delhi, they start performing very high and our managed portfolio keeps adding the amount that is needed, but at a very high margin and that's what gives that percentage growth in the EBITDA figures.

- So, through Asset Light Growth, as we said, we are aiming now from 220 to get to 300 hotels over the next 3-5 years. Managed portfolio mix of almost 50% and management fees numbers I gave you already. So this is something we feel… if we could add 70 contracts during and pre-pandemic in the 3½ years, there is no reason why we can't add another 80 in the next 3-5 years. So, our portfolio then becomes a portfolio of 300 hotels.

- Continued Spend Optimisation, this is something I eluded to at the beginning of the presentation. Very very important. Our operating costs have gone down by 45% during this period. This had a big portion of variable, but it also had a fixed cost. You see the fixed cost is also down by 28%. And staff to room ratio, through our strong growth in portfolio, we have been able to redeploy a lot of our associates, give them opportunities to grow, they have all got promoted also a lot of them, and in doing so we have been able to optimise our staff to room ratio. And look at the one on Ginger. It is a very very good business model and that's why it is resilient. On Safaris or Palaces it is high. That's why my request to all the people who analyse our portfolio, please don't forget we have two USPs in our portfolio i.e. the Palaces and the Safaris. But they tend to mislead on the ratios when other people present. We can't run a Lake Palace or an UmaidBhawan Palace or a Falaknuma and provide palatial services, including in Rambagh or Jai mahal in Jaipur, and staff them like an ordinary business hotel or a luxury Taj hotel. This is something special and unique. It drives those rates but also needs that kind of service level. Something that we are very proud of is our ability to have reduced last year our corporate overhead by almost 40%. This is something which lot of us would not have thought is possible, but we have done so. As you all know, there have been no layoffs or anything. This is also for redeployment within the group, within the system and being very very thrift or frugal as we said, is a part of the recent strategy. We think this number, and we will share that with you in the next weeks or months… the exercise that we are doing now is what was our corporate overhead per available room and what is our corporate overhead per available room going forward or per operating room also, or per operating hotel? So these three metrics. We are very confident that this number should not exceed, in the short term, 250 cr. and we are coming from a 350 number. And we have more brands, we have more advertising, we have more digital presence. So, I think this is something which has made us very proud.

- Very important, we always get this question – So what about New York? So what about New York? Yes, we have been able to restructure that lease during the pandemic, and as a result, we have a $5 million kind of change in the annual savings that has come by giving away a part of our premise back to the landlord which was the Barney's next door, and redoing the banquet hall. By redoing that, we have a different cost base on the labour cost, on the F&B side. Such a large ballroom was nice to have, but it was occupied only max 12 or 15 days in a year. So I think this will help us to get to a very healthy growth in the US. San Francisco had turned profitable pre-COVID, so we are less worried about that. It's a small property and pierre was the issue, and I think we are very happy to have this property. Definitely the 2 largest… there are 3 largest lodging markets in the world. Instead of spending money on marketing and sales and whatever in these markets, if you have a real good asset, it helps drive business also into India; the inbound which is not coming today but which will come at a certain point of time. So, a hotel overlooking the Central Park with our flag flying there or a hotel behind the Buckingham Gate is the best advertising you can have for the brand. I think our job as management is to rationalise the cost structure, is to do whatever is possible to get to a flat or atleast a plus-minus cash situation of zero, and we are very confident that whenever we meet next, we will be able to guide you more on that front.

- Strengthening the balance sheet with focus on return on capital employed – we are committed to bringing down debt to the pre-pandemic level, and that is our target, even taking it down further, if possible, so that if there is another pandemic or another downturn, we are not impacted that way. We were doing quite well, our ratios were quite good. And then, the figure that you see does include the consolidation of Cape Town, which got a significant number, but otherwise the increase in real debt terms is about 700 cr. last year or till now. So I think, the management remains focused on bringing it down further to definitely pre-COVID levels if not further lower.

- Our Capex focus remains very selective. The Ginger Santacruz, I spoke about already. TajMahal Delhi is a very important asset for us, and COVID actually helped us to renovate this hotel faster, otherwise the renovation would've dragged on. There is another 9-15 months of work left, but the majority of the hotel would have been renovated by the end of this year. On 31st December you could safely say that 70% of the hotel would've been renovated and 30% is left. That would be a problem of any hotel that we have for a long time, that 20-30% needs to be renovated. A few floors needs to be renovated or a few restaurants need to be renovated. So that's positive. The St. James, the coffee shop and the Chambers is opening soon. And the Pierre as I eluded, the ballroom, is undergoing renovation.

- Return on capital employed – on hotel assets, on standalone as you can see, is positive. It's the other assets which drags it down. And Consolidated on hotel assets we come to 9%, but on domestic we come to almost 15% on the return side. Reshaping the financials… Revenue recovery, what is expected, I think what our people are plotting is like a W-shaped recovery and we feel that there will be support coming from the domestic leisure. So March 2021 was more or less the same as December 2020. Then again in May it dropped down because of the severe impact of the second wave. In June you see it starts going up, and we feel by December it should go up to the February 2020 levels. As I said before, the pattern is a bit different. People are not looking for which month, except for weddings. There is a certain time when weddings happen as per the calendar. But if we take that out, if people are getting an opportunity, they are doing what they can.

- Our turnover in Q1 2021, the quarter that we just finished, should be like Q2 of last year. And theQ2 should be like the Q3 of last year. And as I said, it's all dependent on the change that could happen because a third wave came in. Because you're coming from such a low base that Q1 last year when majority of the countries were in a shutdown or in a lockdown, the revenue base had dropped to 12 to 15% of the Q1 pre-COVID level. So, going to 25%, 30%, 35%, 40% depending on which brand, which markets you are in, is a given. I think that part is definitely happening when I also talked to colleagues in the Hotel Association of India or in the CII Tourism Committee level. On the spend optimisation, we are continuing to work on redeployment and multi-skilling. So we are working a lot on skilling people so that they can do different roles within their shift in the hotel. And we are very very prudent on resource allocation. On the overhead, at the regional level, at a corporate level, we are doing everything like a cluster approach, like shared services, like digitisation to keep that cost under check. That was much needed and I think, as I said before, the hotel industry has benefited that you have had a chance to adjust the cost base.

- Reshaping the financials – I think on the revenue side we will continue to do high margins and asset light growth. So you will not see our revenues growing by… if we took the pre-COVID level at 4,500 cr., we're not saying it will double to 9,000 or 10,000, because that's what we did from 2003-04-05 and actually became loss-making. We will be more focused on high margin revenue growth. So the revenue might not show as kind of exponential jumps, but the EBITDA and EBITDA margin would because of the optimisation of the operational model. So the operational model should help. The profitability in post COVID should go up and the balance sheet size with debt reduction and monetisation of certain assets could be optimised further.

- On leading the possibilities, we would say there is a financial turnaround that is possible. Also, with the help of Ginger, with the help of a reimagined Chambers with 70 new signed hotels; some of them opened but have not reached a potential because of the ongoing pandemic. Still, there are 50 more to open as the portfolio stands today. Managing probabilities is through our Reset strategy. Through certain efforts that we have put in, like a 4D, like a Meals To Smiles or amã or Qmin. These are probabilities. Some of them could become big or permanent businesses. And by delivering certainty by being the strongest brand, maintaining that position, a healthy balance sheet, a healthy return on capital employed, maintaining our No. 1 as the market leader and leveraging something which we call TAJness. That is leveraging the intangible or tangibilizing the intangible strength that we have always had for several decades in our company.

- Taking all this would not be possible if we don't continuously work on the culture of the organisation and don't take it to the next level. So I think we have to take the organisation culture to the next level. Why? Because internally, we tweaked this very famous saying of 'Culture eats strategy for breakfast' by saying 'Culture not only eats strategy for breakfast, but it eats operational excellence (which we are always very proud of as hoteliers)for lunch, and everything else for dinner!' So continuous work on culture is of paramount importance. And I keep emphasising the Tata values of integrity, unity, excellence, pioneering and responsibilty coupled with the Taj values which are common across all the brands; the Taj values of trust awareness and joy. And these are all embodied in our culture that defines who we are in terms of our TAJness which is in our hexagon pin which we are all wearing, which is in our magazines which is called TAJness for the staff, in all our intranet feelings…. The different pillars of the hexagon signify the different stakeholders be it the shareholders, the customers, our employees, colleagues, associates. TAJness is not just a ritual for customers, it's a way of life, a way of doing business at Indian Hotels.

- In order to foster a culture of service, growth and performance, we will continue to reward performance, we will stimulate the culture of collaboration, both within our organisation and also within the industry. I think this crisis has brought the industry also together. We will encourage innovation. I think the best example of innovation definitely is Qmin or amã. This is the people or the culture that made it happen. And by empowering and making an agile organisation this is possible, and we will definitely retain the values of TAJness. Continued focus on our employees. Care – we don't talk much about it but we did a lot for our employees. The salary cuts that we took went into Taj for Family. We had helplines to help people, counselling them, family assistance plan for people who passed away. Around 30 of our associates passed away in the last 15 months. What we can do for their families, employment of their children, getting people through the university education, etc. And the Taj for Famiily, as I said, the monies went into Taj Public Service Welfare Trust which was mandated to provide up to a little less than Rs. 50,000 per employee… not our own employees, these are people who could be… As an example, if there is a limousine contractor who has a contract with the hotel to provide limousine services, if he laid off his staff, we contributed to almost 2-3 months of salary for that staff through this fund. Of course, we did a lot for the medical staff. We hosted 75,000 rooms, more than 100,000 bed nights, and those 4 million means that you have seen, all coming through the Taj Public Service Welfare Trust. Actually, the trust was able to raise and disburse more than since the time it was founded. It was founded in the aftermath of 26/11, but what it did in the last year was more than all the cumulative amounts that had happened previously. On the development front, for our associates, multi-dimensional development so that it provides career progress, options and opportunities which ultimately leads to rewards and recognition.

- In order to sustain the growth we have, the aspirational growth and all the figures that I have shown you with our colleagues, we realise that we have to work on an organisation for the future. One thing is talking about so many hotels in pipeline, 300 hotels, so many brands, but we have to continuously at the same time, not only work on the culture, but build a sustainable organisation for the future. So that is one of those focus areas where we are finding new ways of working. We have an internal program called AI which provides this multi-skilling initiative with a lot of focus on digital. Dual roles and responsibilities – Those who follow us would see that some of our established leaders for 2-3 decades in our system are getting additional roles, new responsibilities so that they are not only growing, but they are contributing by way of their experience and knowledge to the system. Everything has one IHCL to synergise more and do more and more cross-functional projects.

- Finally, on ESG, this is very important to us. Water conservation, almost 900,000 kilo litres was conserved. Our people say that it is equal to 363 Olympic sized swimming pools. Our greenhouse emissions - on total CO2 around 35,000 which is a very good number that we achieved. Recycling of waste - almost 1,400 tons of organic waste was recycled. Renewable energy – 27 IHCL hotels were powered by renewable energy getting away from plastic to the extent possible; 15 hotels already going plastic free. One of the premium brands and companies to have EarthCheck certificate and Platinum Certified. 47 hotels were total certified being more than almost close to 80 properties.

- In summary, creating value and shaping the future. It will be focused on capitalising on the business recovery. We will also focus, at the same time, on new brands and new businesses so that we're able to scale them up faster. We'll continue the pursuit of Asset Light growth and also monetisation of certain non-core assets or non-strategic assets. We still own hotels either directly or through our subsidiaries in markets that, if we were to spend money today, we would never go and buy one. So I think we are happy to trade off for a management contract or a lease in return. Strengthen the balance sheet – continuous focus on return on capital employed. We will like to reshape the financials coming from such a pandemic; we have to do that. Taking our organisation culture to the next level so that we have not eaten up our strategies. And all this will happen simultaneously when we build the organisation for the future.

- So, that leads to the last slide of our investment thesis, and that is, an iconic brand like Taj and a portfolio of iconic brands, that we are in the journey of creating, driven by operational excellent with strong portfolio growth. At the same time, with strong governance through ESG, should help us become the most iconic and most profitable company which we were, which we have to sustain now during COVID and take it to the next level when we enter the trivial phase in the post COVID era.

- With that, thank you very much and we would be now taking questions.

- **<u>Q&A Session:</u>**

- **Moderator:**

- Ladies and gentlemen, this Q&A session will include questions from both our investors who are here in the ballroom as well as those of you who have logged in on webex. We shall begin with two questions from our investors in the ballroom, and then have two questions from our investors who are online. Investors in the ballroom kindly raise your hand and we'll have a mic handed to you. Those you are online, kindly show us a raised hand icon should you wish to ask a question. Also requesting our investors on webex to kindly switch your cameras on while asking your question so that we can see you on screen. We shall begin the questions for those of our investors in the ballroom.

- **Mr. Nihal – Edelweiss:**

- Good afternoon Mr. Chhatwal and Mr. Giri, this is Nihal here from Edelweiss. A couple of questions from my side to start with. First is, in your presentation you've obviously highlighted in detail about all the new initiatives like Qmin or amã stays. As you mentioned, in terms of revenue, they are not going to be that significant, but the incremental contribution is much higher. So, is there a thought about what is the potential EBITDA that these new initiatives could make up in the next 3-4 years? You've given a number of say 350 cr. for the management contract part of it. But in your plans, is there a number to the other initiatives? That would just help in putting a perspective to these initiatives. I'll come to my second question after this one.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- Thanks Nihal for this question. I think as we said, this is an incremental cost and incremental revenue model, which means there is no Capex. So if I sort of talk about Qmin, Qmin is a business which is done in the legal entities of our hotels, the restaurants in our hotels for instance, and also the management contract hotels where food will be served. So at one level, the margin on these businesses are very high. On an order of say Rs. 4,000, it's a 50% margin actually, because that's the way the business works, there's no incremental cost. As far as the Indian Hotels legal entity itself is concerned, on every order that is sold through Qmin, currently about 22% of it is captured by Indian Hotels actually. Which means that, to the extent that there are orders which are generated from hotels which are outside the Indian Hotels system, you'll get 22%. And, as far as the orders generated from the hotel itself is concerned, that's a straight 50% margin. Which means, if we are talking about, let's say, an enterprise… A GMV this year of let's say 70 cr. as an example, then I think the probability that the profit will be about 15-20 cr. is very significantly there for the current year. And as this grows, this number will only grow up actually. So that's No. 1. And as far as amã is concerned, once again it's an asset light model. We are not investing anything at all. We collect 18%. 15% is straight management fees and 3% is a pass through for marketing expenses. That 15%, if I say is GMV is going to be say even… on an average if I say it depends on the villa… let's say it's a 1 cr. villa in terms of top line, 15% is 15 lakh. So therefore ideally speaking, 15% on a potential GMV of say 500 cr. as we have said, could be as much as about 75 cr. actually. So that's the kind of economics in both these models actually. And now what we are trying to do is to scale it up rapidly.

- **Mr. Nihal – Edelweiss:**

- So this 350 cr. on the management contract side is just based on the existing pipeline that you currently have?

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- And the new ones as well because that 219 came down to 89 cr. Now this will start going back up one, based on organic recovery of business, and secondly the new management contracts that will come in. So that's a place holder to sort of say that that's the kind of potential that we can look at actually.

- **Mr. Nihal – Edelweiss:**

- Sure. Just one last question from my side. On the balance sheet side, you did mention M&A opportunities potentially coming up. Would that be via the GIC platform. And also on your initiative of reducing debt, are there any external initiatives that you may want to consider to bring that in, considering that organic achievement may take a few years? And finally, any update on Sea Rock?

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- I think as far as the M&A opportunities are concerned, I think very clearly speaking, right now with the debt on the balance sheet, we will not add to debt to buy any other asset, that's very clear. Clearly we have the GIC platform which can enable us to look at acquisition. So that's No. 1. No. 2 as we have always stated, monetisation of assets has been on the agenda, and as Puneet mentioned in his presentation, the asset values last year, while we tried to monetise, were much lower. And now, it's been a significant recovery in asset values. So there will be a restart in terms of monetisation now. And we are open to all of these, to be honest. And as far as M&A is concerned, I think… I don't think anything will come in the next 6-9 months' time. That's when we expect some fo the M&A activities to pick up and then we will see how we can participate in a meaningful way using the right capital, and not through debt.

- **Mr. Nihal – Edelweiss:**

- Sure. Best wishes.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- Thanks.

- **Moderator:**

- Okay, anybody else here who would like to ask a question do raise your hand and we'll have a microphone passed to you.

- **Sumant – Motilal Oswal:**

- Hi Puneet, Sumant here from MotilalOswal. My question is for the strategy of leisure hotel expansion. What is the mix we are looking for business and leisure hotels over the next 5 years? The second question is, the MICE is critical for business hotel. How do we see a recovery in the segment in the mid-term?

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- Sumant, I think what we have to look at is not just business and leisure. So we have to do it by brand and by geography. So, international may be… I don't see any leisure hotels coming except for Dubai which we have in pipeline. We are opening in November this year at the Palm. It will be a very large Taj property. It will be a Taj Exotica. So then it comes to domestic. Within domestic, Taj will continue to be the brand that will drive the leisure portfolio. We will not be driving leisure through Vivanta which is an upscale brand targeted at tier 1, 2 3 cities where it could be almost the best hotel in town, especially in tier 2 and 3. Ginger is not a leisure brand. It can happen to be in a market like Goa, but this will not be a leisure hotel, it can have leisure travellers. So really Taj would drive that and Taj will continue the legacy of creating leisure destinations like it has done with Goa, with Kerala, with now Darjeeling area and may be very soon on the side of the South East coast of the country. On that side I think we will continue to do that. So, the portfolio as a percentage, may become smaller as there will be exponential growth, especially in the Ginger brand. But in terms of contribution, leisure hotels will continue to contribute 50% of the revenue in the short term and maybe 40% in the mid-term and 35% in the long term, because the pie will become larger. And you had a second question also. The second question was on the MICE. See, what we feel is that the MICE segment will come back. Whether it comes back in a phygital way or a physical way, it will eventually come back and maybe there is not such a big need for large gathering, but up till now the human behaviour is not showing any difference. They are only not meeting for business, but when they go out on leisure or they go out for a KumbhMela or they go for… there is no such issues that is happening anywhere. So why would it not come back in conference business, that's the first. And even if it doesn't, then we'll have to remodel our spaces and look at other segments. Let me take a different analogy. For eg. People talk about corporate travel going down. What is happening is, the bleisure or the bizcation segment is growing, that they take families with them on a holiday where you are working 3, 4, 5 hours a day in front of a screen and the family is having a good time. But actually, you are not working out of Mumbai or Delhi or Bangalore, you might be working out of Goa or you might be working out of Kodaikanal. All you need is a strong wi-fi. So, that's a trend that is there to stay. And I think that is more than compensating for the corporate demand. Large MICE events will be directly correlated to the percentage of the population that is vaccinated. And first and foremost, our own staff has to be so that people feel safe. I can very confidently say that over 90% of our staff has had at least one vaccine, and very soon they will be all vaccinated. The second thing is the more and more the population gets vaccinated, the more and more the MICE segment will start coming back. So it is really something which is not, it is really something which has to be forecasted or seen with the amount of vaccinations happening.

- **Mr. Sumant – Motilal Oswal:**
- Thank you.
- **Moderator:**
- Okay, we now move to our online participants, we have one hand raised, I can see one of Mr. Vikas Ahuja, Mr. Vikas Ahuja, you are now unmuted, could you please switch your camera on and ask your question.
- **Mr. Vikas Ahuja – Antique:**
- Thank you for the opportunity. Congrats on becoming the number one brand. And sorry for not meeting you physically this time, it is always great to meet you and Giri sir in person. My first question is adding to Nihal's question, the incremental revenue that you talked about Qmin, is it possible to give us any timeline on when we are planning to see that. And roughly what could be the total incremental revenue. Also I know as you said it could be margin incentive, the margin is very, very high but should we consider that necessary when you are ramping up the margins would be lower and it would be increased over the period of time.
- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- Yeah, Vikas, good to hear from you. I think currently the way we see is around 5% from the new businesses should be the incremental revenue which will go upto 10 over the next 2-3 years. So if we were looking at pre Covid level 4500 then 450 is what we will look at in 3 years from now, through all the new initiatives that we are doing that includes the Chambers, the AMA and the Qmin, that's a very realistic number given on where we stand today and based on the presentation that we showed that in three years from now that number should be possible. Further up would need certain investments and a concept of taking this scaling to a totally different level, if the investments were happening because the market had come back and we were cash positive, then we can scale up further and that 10% could become 12 or 15%. But these businesses have been chosen to drive our margin and optimize the sweating of the assets that we have. So on one hand you are looking at revenue, and I remember in this very hall when we had the last event, when you mentioned in the break to me that the top line is important, I said to you that look at the EBITDA. The important thing is the combined impact of that 5 or 10% growth in this top line will bring 60% flow through to EBITDA that we don't get in a normal business. So we have to look at, restructuring and reengineering, so restructuring of our revenue line and reengineering of our margins so that in a normal business you would need 1000 crores revenue which would mean almost at least a minimum of 20% of pre Covid level of what we consolidated to come to 100 or 150 crores in the EBITDA, that would be what was happening before. So that is changing, so you say, okay, I don't need 1000 I can get to the same number probably doing 400 crores of revenue or 500, if that doubled and became 1000 and we could still maintain the same margin, that where it becomes very interesting but on that we cannot give any guidance today. We will do that next year because that would need some form of investment of coming in which we have not planned for.

- **Moderator:**

- Still with our online participants, we have a question from Mr. Achal Kumar, Mr. Kumar, you are now unmuted, could you please switch on your camera and ask your question.

- **Mr. Achal Kumar:**

- Thank you so much, and I am Achal from HSBC. So I have actually three questions if I may. First of all could you please update on your planned capital restructure. The last time you said that it is not the question whether it will happen or not, it is the question of when. So where are we in terms of capital restructure. And second thing I also wanted to understand about what sort of impact do you see from the recently announced government's initiative regarding around ECL, around offering 500,000 free visas and all, I mean do you see any significant impact or there is no impact as such. And finally, you are probably bit more confident about the corporate demand, as unfortunately I could make it but you are sitting there in the hall and enjoying this morning. So have you started discussing with the corporates or the corporates, have you noticed the corporates coming back regarding renewal of their agreements and all those things? What makes you more confident about the corporate demand recovery? Thank you.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- As far as the equity structuring is concerned, yes, it is not a question of 'if', it is a question of 'when'. I think we are at a fairly advanced discussions internally, we will come back, give us a little bit of time before we come back in terms of what shape and form we will take and what quantum and all that. So we will come back on that, that's absolutely true that we will have to do this, so that's number one. Your second question, Achal, was on corporate demand, I think on corporate demand what I would say is that at the luxury end as Puneet said, it is still slow, at the Ginger end it is picking up. Right now the corporate negotiations have been more or less on renewal of the previous rates actually. And I think my sense is in the next few months as confidence around travel improves you will see some start to coming back up. But in the short term we do expect the comeback in corporate demand will still be limited actually.

- **Mr. Achal Kumar:**

- And my third question was around the government....

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- I will answer that for you, Achal. So first I would like to add to what Giri mentioned on when, see we took a conscious and informed decision as management because imagine if we had gone for some kind of restructuring before second wave, and we would not have accurately assessed the needs and wants, and we have been following all the news about the 32 to 38 week period before the third wave comes, we are almost into it, at least for Maharashtra and Mumbai. So we want to carefully assess and then see what is the impact and how much is it that we need. So I think that's something I wanted to just add to what Giri said. And the corporate demand part also I will add that at the different segment like Ginger of course, it is becoming faster business as usual than we would have expected. What we are missing is what Sumant had asked earlier, is large meetings and incentives and conferences of corporates of 300-400-500 people or that 1000 people wedding that is what is completely missing and let's see when that comes back. Finally on the visas I actually find it not at all helpful because the international travel is shut. It is not open. And those 500,000 visas are only valid till 31st March 2022. And I don't know except for the NRIs living outside of India wanting to come back to meet certain relatives or families of people who have lost some close and near and dear ones, I don't think there is such a pent up demand of people wanting to visit India. And the value of that 500,000 visas is no more than 100 crores. I think the good thing is that in all these announcements tourism for the first time found place and I think that's the beginning. At a certain point when things begin to become normal there will be other announcements coming because India has not been alienated from the globe. Even in India if you add the organized and unorganized sector, the contribution to jobs is more than 10%, the contribution to GDP is more than 10%. And now somebody has to come and replace that, either that a industry comes and replace that figure or this industry gets a kick start again so that the projected GDP growth numbers are achieved. That's my take on it, that's what I lobby for when we talk as not wearing Indian Hotels' hat but Hotel Association of India or CIII Tourism hat and that is because the impact of the multiplication of jobs in this sector is significant. It is not the visas and the visa cost that is going to help. It is the jobs that are created for the guy who is running a shikhara in Dal Lake or the one who is doing your river rafting boats or the one who is helping you with hiking, is the rickshaw driver in Benaras, you know, takes some European tourist, around the Kashi Vishwanath temple and gets a dollar or a Euro for that 10-15 minute ride. There are a lot of these kinds of unorganized sector jobs that are dependent on this activity. And the more focus and the more attention that we get from the government, the better it would be for the sector and the better for employment and better for the GDP growth of the country. So yes, from a signal point of view, positive. But is that 500,000 free visas suddenly going to drive traffic, answer is, my best guess is 'no'.

- **Moderator:**

- Okay, thank you. We will come back to online investors very shortly. If any of you want to ask questions, please raise your hand. But in the meantime we will come back to our investors in the ballroom. I can see a couple of you with hands raised, we are passing you a microphone.

- **Ms. Archana – IDBI Capital:**

- I am Archana from IDBI Capital. I have two questions. Sir, your last interaction you spoke about the international business seeing a recovery from May. You did mention that the recovery is better than Delhi, Bangalore, Bombay, is it upto the mark or is there any negative surprise on that front.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- No, there is no, is there a negative surprise on the international business?

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- Sorry, we did not understand your question.

- **Ms. Archana – IDBI Capital:**

- Sure, my question was that in the Q4 call you said that maybe the international business will see recovery from start of May. So you said that it is still better than Delhi Bombay and Bangalore, our US properties, but is it upto the mark or is there any negative surprise like you are maybe expecting 50-55%, we are still lagging.

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- No, I think it is positive because it was, what I said was a relative thing versus last year, last year same time these markets were shut very badly, right. And there was negative contribution in a large extent. As we see today they have started off better and the way they are improving in relative terms is better than Delhi, Mumbai or Bangalore because these markets had started to improve and then came the second wave. So they were thrown back whereas London and New York and San Francisco are step by step moving faster on the positive front. Having said that, I also said that the relaxations announced in Delhi are a big help including two days ago when they announced for the openings of bars and restaurants till 3 am in the morning. So that part is positive. And I also said that in Mumbai it is a bit more cautious and we are only open till 4, and Saturdays Sundays shut, so the moment that opens up I think it will open opportunities, and Bangalore bounces back quite fast. I think Bangalore we are less worried about. The more important is Delhi and Mumbai that Delhi continues and is not surprised by a third wave, and Mumbai keeps opening up slowly.

- **Ms. Archana – IDBI Capital:**

- Sure, sir. My second question is that there are many opportunities for management contract because of this pandemic. You said that maybe a premium property comes from the management contract, you will see where it fits in either Ginger or Vivanta or SeleQtion. Hypothetically a situation arises that it is better than Ginger or maybe it doesn't fit into Vivanta, are you open to maybe come up with a new brand in the mid segment leisure travel?

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- We have that, you see this on the board SeleQtions, it is a collection of hotels so that really is made for that purpose, not try to fit a brand into another brand which is very clearly defined. So Ginger, Vivanta and Taj are our clearly defined brands. SeleQtions is more like a distribution platform where people can benefit from our sales and marketing from our procurement synergies because we can buy materials cheaper from our website distribution, from our contracts with OTAs, if you are a part of us then it costs you less than if you are an independent hotel. So that kind of opportunity will go into the SeleQtions brand which is stretched between both mid market and up market.

- **Ms. Archana – IDBI Capital:**
- Sure, sir, thank you so much.
- **Moderator:**
- We have a couple of raised hands.
- **Mr. Shobhit – Anand Rathi:**
- Hello, Shobhit here, sir, from Anand Rathi. Sir, any update or a plan on a joint venture with GIC?
- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**
- No, I think the platform exists and we tried last year in terms of some monetization opportunities, the pricing was not right so we have not done it. But now with the opportunities for M&As that we spoke about we will see how that goes in terms of using the platform but certainly the platform is available. In the past we had explored acquisition of a couple of properties, but those because of the pandemic could not go through. So we continue to explore is what I would say.
- **Mr. Shobhit – Anand Rathi:**
- Okay, sir, thank you.
- **Moderator:**
- Thank you, we move back online, and we have Mr. Hitesh Mahida with a question. Mr. Mahida, you are unmuted now, could you please switch on your camera and ask your question.
- **Mr. Hitesh Mahita:**
- Sir, thanks for taking my question. Firstly you had couple of interesting slides like on cost, I mean what proportion of cost initiatives taken in FY21 are sort of sustainable going ahead, once things normalize.
- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**
- As we said we are doing a 360 degree approach to cost reduction. Last year you saw that we were able to reduce fixed cost by about 45% which is a combination of both fixed and variable cost. And on the cost fixed we have reductions of over 28% actually. So therefore I think there are two parts here, one part of it is some of the fixed cost reductions that we got last year were on account of some of the wage subsidies that we got and some of the forced measure concessions that we got last year. Some of those will go back. But if we look at the sustainable steps that we are taking, there is a big cost culture in the company. One of the things that we are doing in the manpower is redeployment of people, that's the biggest effort, we have as you know management contracts, hotels being opened up, we have redeployed about 206 people so far, that's number one. There's a huge effort on reskilling people through a project called A1, where we are multi skilling people to do different jobs and that will help us to manpower planning going forward. Shared services in revenue in finance, and HR are all being set up to sort of drive through some of those cost relation.

Corporate overheads we spoke about in terms of a 39% reduction last year and that will now settle back at levels which are sustainable and more importantly as we expand the number of hotels that are opening up, corporate overheads will get spread over so much more actually. So I think all these efforts are sustainable. The initial efforts were more variable but now it is getting onto much more fixed cost driven, reshaping service standards, focus on digitization. So all these are emerging and I think watch just quarter on quarter to give us an update in terms of how we progress on this actually.

- **Mr. Hitesh Mahita:**
- Can you give some record numbers, sir, on cost.
- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**
- I think, no, wait, I would talk about it at the end of quarter in terms of the progress made in this quarter actually.
- **Mr. Hitesh Mahita:**
- And, sir, continuing on the cost front, as furlough benefits come off in UK/US, how do you see cost coming back in this geography?
- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**
- So as far as US is concerned we have put up a slide which have 5 million dollars in terms of cost saving, and those are three elements actually, one was the manpower saving, some permanent manpower we let go and those will not come back actually. That's almost like about 2.5 to 3 million dollars of savings which is not going to come back, that's number one. Number two is that the way we operate the hotel also, currently it is operated because of low occupancy without the F&B offerings actually. So that's giving us tremendous savings in terms of cost. And we will only open that up with improved occupancies actually, that's number two. And as far as UK is concerned some of the furlough benefits will start dropping off after June but having said that we are also working, business recovery is happening but if business recovery should get delayed I think we are anyway planning to switch from 42 hour week to 32 hour week which will also help in terms of reducing the cost. So we continue to be very carefully focused on cost in these jurisdictions.
- **Mr. Hitesh Mahita:**
- Okay, sir. And on the supply side do we, are we sort of getting some feelers from the industry as to there will drop in valuations, are there some assets already available and for what timeframe you think some of these assets will be available for you to think about.
- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**
- Yeah, there are such opportunities coming up as you have been all reading in the newspapers also, I think we can afford to wait still. There will be more, much more coming and the pricing level as the gap is narrowing is making deals more possible. But at the same time I think still there is some benefit of ECLGS, there is some benefit of other moratoriums. Once that goes away I think there will be a further price correction.
- **Moderator:**
- Thank you, Mr. Mahida. If there is anybody else online who would like to ask a question, do raise your hand, in the meanwhile we will get back to the ballroom for questions from our investors present here.

- **Mr. Shaleen Kumar:**

- Hi, Puneet, hi, Giri, thank you so much, this is a very, very interesting presentation. So I have a bunch of questions. I think your turnaround strategy on Ginger is very attractive and very interesting. But we also have a financial partner here who has been invested with us probably for a decade, right, so they might be looking for some kind of an exit, so do you have a plan even medium term, what kind of exit strategy do you have over there. It could be a value unlocking for the Group as well if you tap the capital market, or you take over, because Ginger can be a very interesting asset over medium term or long term.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- No, I think you are right, Tata Opportunities Fund has been a partner for us for 10 years actually. And I think there are discussions around the timing of exit for them. There are really two options for us, one option is that given the potential for Ginger, in terms of taking it up to 10,000 rooms and 100 hotels, I think it could very well be a potential company which can IPO actually. Now the question is ahead of that, not today it may happen 3-4 years down the line, but ahead of that I think there are two choices, one choice is to really, our preference if you ask me, is whether we can just buy out that shareholding and make it a 100% subsidiary, that we believe is strategically of greater value going forward actually. The other option of course exists which is to get somebody else to buy them out. But we have not taken a call on any of these. But if you ask me the preference is more to sort of buy them out and let's see how the discussion goes forward. No discussions right now but yes it has to dovetail into what makes the best strategic sense for us. I think this is what it is.

- **Mr. Shaleen Kumar:**

- Just some clarification on Qmin, this GMV of 50 crores is a revenue for us, right.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- No, GMV is the, because the Qmin happens in a hotel say like Taj Land's End out of their restaurants, and Taj Land's End is a hotel, restaurant, hotel in the Indian Hotels legal entity. It could also happen say from Taj Gurgaon which is a management contract property actually. So when we talk of GMV it is what it is. So what happens is to the extent of revenue happens from here, the margin of 50% flows through to us. But for others we do collect 22% fee from all the restaurants actually and that comes through. So if we have 1 crore of revenue from a particular restaurant so you will get 22 lakhs, so that's the way it works. So the blended margin is what you get. So if you have 60-70 crores in terms of GMV, a blended margin is what you will get.

- **Mr. Shaleen Kumar:**

- Understood, just one more clarification, that permanent cost saving of 5 million dollars per year, is it outside of the fixed cost rationalization that we have done or separate, or is it a part of the same.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- Some of it is coming through now, in the sense that like the banquets, so there were three parts to it, one part of it was the manpower rationalization which we did last year, so that continues, that's number one. Number two is some of the lease rental savings that we did with the 795 Corp. that is permanent now, it will start coming through, some of it came last year, some of it will flow through from now on actually. And the third bit is the banqueting space which we gave up, the one which was belonging to Barney's from the neighbouring building and that's a permanent saving because we have given up space actually. So those are the 3 parts to it. So you will see this year for instance all the three coming through in that sense.

- **Mr. Shaleen Kumar:**
- So that 28% reduction in fixed cost part of, is it separate out of this or?
- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**
- Part of it has come in the previous year. So when we said fixed cost last year, 163 crores was the run rate pre pandemic, it came down to 118 which had an impact of all of this as well actually. Not completely, some of it will flow through like the Barney's will come this year.
- **Mr. Shaleen Kumar:**
- Understood, thank you.
- **Moderator:**
- Anybody else for questions in the ballroom?
- **Male Speaker:**
- I reckon your asset light strategy is a permanent kind of strategy, right, it is not response to a crisis right now, if you can confirm that. And this 50:50 number, is there a map to it, or want to go up to 70-80 at some point.
- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**
- Firstly it is a permanent strategy because we come from a very asset heavy past. 50:50 what you see is the total portfolio, and eventually the day we have achieved that it will become total portfolio and operation also to get to 50:50. So portfolio includes hotels in pipeline so the contract type base that we have, and eventually it will go into hotels and operations.
- **Male Speaker:**
- As you grow beyond this incrementally will you do 80-90% on management contract and not set up hotels yourself.
- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**
- The pipeline is already 94% so there will always be some strategic asset which will be 5 or 10, but the pipeline growth will be mostly asset light.
- **Male Speaker:**
- In a related question if I am a potential or an existing asset owner, what are the competitive advantages you have relative to for example a Marriott or a Hyatt or a Hilton who can pitch their brands to the same guy in terms of say OTA exposure or distribution or?
- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**
- See it depends so one is again as I just said international versus national. Today's biggest competitive advantage we have with Taj especially we are the strongest hotel brand in the world. So at least that's a force to reckon with, that's not the other names that you mentioned. Number two we are a company with 100 plus years of legacy, ethical, ESG,

belonging to Tata Group, you know, financing etc., becomes easier if you are a partner of a group like this. Number three, we have the pan India footprint of almost 90 plus locations very soon maybe 100, which no one else, we have sales offices, we have distribution network, we have procurement synergies, we have better rates or maybe the best preferred rates on the OTA platforms, etc. So there is a lot of talent available, there is a lot of policies and proceeds which are not like an international fit but you have to fit domestically. We have different accounting standards, we have different ways of doing things. So once you are a partner with us, you have a lot of benefits. But also it is a very good cultural fit. The test of relationships comes when the times become very difficult. So in the recent times I don't think you have heard anything coming from our group which went negative or wrong. But you would hear from others because it is difficult times, and this is a very important our home territory is very important to us. This may not necessarily be the most important territory for others because they also have a certain home somewhere else, a home market of someone else might be different. So there is definitely a lot of advantage that is there for investors, for all stakeholders, in working with these strongest domestic player that is available.

- **Male Speaker:**

- Are you saying you are number one choice when he is presented with a Hyatt, Marriott, Hilton and Taj?

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- See I don't think we want to make those claims personally, I think that is the answer customers should give. We are definitely a preferred choice because the market data, if you check the data on Goa, you take STR which is the benchmark we all use, what is the STR data saying and how much is our revenue growth index. So you will see that our RGI in certain markets you know if you do 20% more, 30% more as a brand, a strong brand including all international brands are great brands is very good. But in certain markets by virtue of our location, by virtue of our heritage, by virtue of our design we just tend to outperform anyone else by a very, very big margin, that's one. Second what we have noticed is something I have not seen before, for me personally or us as a company, during this pandemic people were very scared so we did feel that we were a preferred choice. For example Fort Aguada has been there since 70s, or Holiday Village in Goa, but the kind of market penetration we saw with these hotels or with the Taj West End in Bangalore or with the Palaces in Rajasthan, we always did very well. But it significantly improved in the pandemic and that is very evident if you look at the numbers I don't know about the international ones, but there are companies that report results, and you can always see that how much is their revenue recovery versus pre Covid and how much is ours. And it is not coming because there is a big growth in the market on revenue, you can only grow your share. And I think we have definitely demonstrated an ability to grow our market share very strongly. And that can only come from customers. So I have not answered directly but you take the, if you try to match the dots and draw some parallels it cannot come from somewhere dropping from an unidentified source, at the end of the day it is the customers.

- **Male Speaker:**

- Sure thanks.

- **Moderator:**

- Okay, we can take one more question here before we move online. Is there anybody else, I see a raised hand there?

- **Mr. Rahul Arora – Nirmal Bang:**

- Good afternoon, Puneet and Giri, Rahul Arora here from Nirmal Bang, in the context of what happened with Sea Rock, what were the learnings that you could potentially take forward into future M&A. We have seen what's happened with the Hyatt next to the airport. What are likely to be sort of predetermined factors that would govern potential acquisitions, would you have a preconceived ROC in mind before making an acquisition or are you happy to over pay if it gives you an entire market. I am sort of trying to reference it from what happened in the multiplex industry where we had a north based multiplex player that over paid, I mean in the context of market valuations, we felt overpaid to acquire a very significant south India player but was happy to draw it out because he felt he got the entire market. So just your thought process on the learnings and how would you apply it and what are the governing factors, because I am sure a lot is going to be thrown at you over the next one year. Thanks.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- Rahul, I think number one is that we continue to be asset light so therefore I think the bulk of the growth will come asset light, that's number one. As far as M&A opportunities are concerned we are conscious that M&A opportunities and we don't have the capital at this point of time, we can't take borrowed money to do it, that's very clear. We have a GIC platform which we need to activate to sort of do it actually. And you are absolutely right that when we work with platforms like GIC I think what happens is that there is automatically a return expectation threshold which has to be crossed before you buy to be honest. So there is no question of over paying for acquisitions. I think Sea Rock the learning was the approvals, I don't think anybody anticipated that the approvals will take so many years. Maybe the learning is we want probably want to do Brownfield and Greenfield to build, maybe we will hesitate is what I would say. I don't know whether you want to add to that.

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- First of all Rahul, I was wondering why no one has asked a question on Sea Rock, it is good. I think there is a key learning all the time as things keep changing and evolving. So today as a company would we go and buy a property in this kind of magnitude the answer is, no. Not only we, would any other hotel company go and do that, I would say 95% of the companies would not do such a thing. Because for that amount you could buy hotel companies with 50-60-70 hotels on the asset light model because nobody is owning hotels, people are seeking an exit. So why would you put all your money in one project? This whenever this was done 15-16 years ago driven by the success of what we did in Land's End, it was a very normal choice. So if we took the value of what we bought Taj Land's End for what it is worth today, then you did business that way. But buying single assets as a hotel company is not seen that often any more in the last 7-8-10 years across the globe, and this is a trend that is also coming very strongly on the Indian sub continent because all the players who have been around for 30-40-50-60 years that was the model that was there, you were the owner, and the operator of the asset. And now that is not needed because there is enough capital available, it is not that the capital is not available. Before you had to bring in the capital also yourself. So there is enough capital available if you can provide a good brand, a good service, people are ready to invest. But in the 60s, 70s, 80s there was no one, this one got done in 2000 but I think what would have happened at that time would have been the success of Land's End and also you can't look at that property in isolation. Whenever we do something and whatever we do, it would be building the next landmark for a city of Mumbai together with this property for the next 100 years. So would we do that on our own now going now going forward, no, we will not. So that statement we have made in the previous calls also. We will bring a development partner because as a hotel company we are not going to make that kind of investment in a development risk in the whole real estate development. So Santa Cruz Ginger is being built by Tata Projects, we are not building it on our own. We would do small renovations in hotels that, but previously we used to build hotels also on our own. So that is a big shift but a very normal shift in the sector. It is not just an Indian Hotels thing, it is a sectorial shift which has happened and will even get stronger and stronger in the years forward because we have to move as a sector we have to move from being a very capital and labour intensive sector.

- **Mr. Rahul Arora – Nirmal Bang:**
- Thank you.
- **Moderator:**
- Okay, we will move online, we have got a question from Mr. Bharat Sheth. Mr. Sheth you are now unmuted could you please switch your camera on and go ahead with your question.
- **Mr. Bharat Sheth:**
- Thanks for the excellent presentation and opportunity. On this asset light I have a question whether you are looking more for premium hotel, that is one point. And second is because of the pandemic lot of people are opening leisure hotel which is within drivable distance, so any thought process on that.
- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**
- See we have a very good footprint of leisure hotels and it is growing and it will continue to grow, and it will not grow in every brand so as I have answered that indirectly before, do you want to add something.
- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**
- No, I think with our footprint when you look at management contract hotels, we are not necessarily saying it is leisure only of business only, so look for the right opportunities and the right returns and right potential to sort of go in. So you will see hotels coming across I suppose in both in leisure and in business. Did I answer that, was there anything else you asked, maybe I missed parts of it.
- **Moderator:**
- Mr. Sheth, has your question been answered.
- **Mr. Bharat Sheth:**
- One more question, in locations where there is restriction on travel distance so people are preferring more on within the driving distance say 2-300 kms. Can you give your view on that please.
- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**
- I think as recovery from Covid has been happening people have been taking holidays to drivable destinations to begin with, that is right. I think that's how we saw Goa and a lot of these places people driving around. But we have also seen airline passenger traffic improve as you must have seen, you know yesterday the government announced 65% capacity back in the airlines. So as confidence in airline travel picks back you I think people will be willing

to fly and take holidays and we have seen that, we have seen people flying for holidays as well. So I think that should not be a constraint as we look at new management contracts.

- **Mr. Bharat Sheth:**

- Okay thank you.

- **Mr. Puneet Chhatwal - Managing Director & CEO, IHCL:**

- See Mr. Sheth, I will add to that when you say 2-300 kms I think most of the leisure destinations in India are covered by us within that 2 to 300 kms drivable distance. There are very few left which are not, either they will get covered through the hotels which we have in the pipeline or through new initiatives that we will take but that is definitely a part of our plan with or without Covid, because this thing about driving and taking a vacation with the family driving to a holiday is going to stay even if Covid goes away. Because this is how life works on the western hemisphere so it will eventually also work here as the qualities of, see the government announced in its budget significant investment in infrastructure, as the infrastructure improves, road quality improves, all these kind of destinations will start coming up and will benefit. And we are rightly positioned with all our brands to take advantage of it.

- **Moderator:**

- Okay, we come back to our audience here at the ballroom, do we have anybody still with a question. One last question maybe, nobody okay. Mr. Giri, Mr, Chhatwal, over to you.

- **Mr. Giridhar Sanjeevi - Executive Vice President & CFO, IHCL:**

- I must thank you all for coming and attending this presentation today. We were honestly when we started off we began it as a physical event and then we made it phygital to the extent we may perhaps have been the first one to have done it like a phygital event. Thank you for those of you have come in and thank you for those who have kind of dialled in, not just from India but I can see some names from outside India as well. Thank you so much. And of course we are available for any questions subsequently, so happy to interact, so thank you so much. And in terms of lunch there is lunch organized in Salcette, so please stay back those who are here and have lunch with us. Thank you all.

- **End of transcript**