The Indian Hotels Company Limited

IHCL Earnings Call – Q2 FY 2021/22 Results

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Management :

Mr. Puneet Chhatwal, Managing Director & CEO

Mr. Giridhar Sanjeevi, Executive Vice President & CFO

Operator: Good day and welcome to the Indian Hotels Company Limited Q2 FY 2021/22 earnings call being hosted by Mr Puneet Chhatwal, Managing Director and CEO of the Indian Hotels Company Limited, Mr Giridhar Sanjeevi, EVP and CFO, IHCL. As a reminder, all participants' lines will be in a listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to turn the conference over to Mr Puneet Chhatwal, please go ahead, sir.

Puneet Chhatwal: Good afternoon, everyone I am here with my colleague Giridhar Sanjeevi our Executive Vice President and Chief Financial Officer to share with you our Q2 results for the quarter ended on 30th September. Let me first begin with the news about the Taj Lake Palace, the most photographed hotel in the world. It celebrates 50 years this year and we are very proud and we have extended our partnership with the family, with Fateh Prakash which we announced and opened a year and a half ago, which is also being renovated. The pool, the spa, the gym have opened there and we're extending our partnership about which you will hear within the next week to 10 days.

Going on further, I think it would be nice to mention that at the latest IMF forecast India is expected to grow at 9.5% this year, in this financial year, and the world economy also at approximately 6%. This is important, especially for our sector, which relies very heavily on the growth of GDP.

Not only GDP, but today is a very historical moment and important date and we've completed hundred crores of vaccinations. Since May there is a 90% drop in active cases from COVID-19 and positivity rate has fallen to less than 1.5%. The air traffic is increasing by leaps and bounds in the last six to eight weeks but at the moment approximately 70% increase. The ease in travel restrictions and measure is driving the revival of room nights in our business. So all in all, all these factors have been contributing positively in the second quarter.

We all know that quarter one was a washout for us exactly like quarter one last year because in the first quarter, April and May, had serious disruptions because of the second wave. And before travel could start again we were almost towards mid-end of June, and the real momentum we saw coming was first in the month of August, many surprise positively in the month of August. We recorded the highest revenue in the month of September as this chart depicts both at the enterprise level as well as at a consolidated level we see this trend continuing in the month of October. So as I speak to you today, if we looked at the month to date revenue in October, it's experiencing a similar trend as we saw in the month of September.

For recovery in Q2, this was a bit unexpected because we thought the second wave, the aftermath of the second wave would derail the industry for a longer period so we are very pleased that in this quarter we've had a significant increase in revenue, getting us back to more than 70% of the pre COVID levels, to be precise 73% and 77% respectively on consolidate and at an enterprise level. The consumer sentiments turns positive in terms of travel and the booking window were short but a lot of travel at least, especially as I mentioned before, in the leisure, people really thought about doing the travel right here right now. Because there has always been that inherent fear of the third wave and things shutting down again, which is diminishing as we move from week to week, in the last few weeks. But further the outlook has got strengthened through wedding and MICE has kick started. As I speak today, a large conference is happening at the Taj Palace in Delhi. A week or 10 days ago there was a large conference at the Taj Palace in Delhi. And we did a few more bookings at some of the Taj properties for larger events of approximately 200 people, and that has got the hotels and the lobby and the restaurants pretty busy. And we are noticing another trend that the Brands are benefiting, not just in hotels sector business but generally the COVID impact has been lesser on the Brands. So the Branded Hotels are gaining more and more market share. And definitely with our Taj brand we're very well positioned to get a higher market share, definitely on the Indian subcontinent.

One picture which was negative for a long time, which is beginning to turn positive is on this chart, if you see the industry recovery and the recovery of IHCL. So on the right hand side of the slide, where the recovery is slow, and I've mentioned that a few other times, today Mumbai, Delhi and Bangalore are back to 75-80% of pre COVID level revenue, and the Leisure State has a disproportionate share, it would exceed the pre COVID levels. We are saying RevPAR is coming very close to the industry level, and it's beating the industry level. In some of the other markets you might see that we're falling short where we have performed very well, like Goa we expect a 50% increase but we have some new Hotels so it's not like for like comparison. They are not like for like. -- It might be showing that we are a percentage point behind, but I don't think Taj Fort Aguada and Holiday Village in the last decade have performed as well as they perform now, including Taj Exotica, they are already above pre COVID levels. So, that's positive news. And also on all India revenue, it's good news that we are having the highest share as a greater of all the percentages on this chart versus the industry level. And the source of this chart is STR Global.

Moving on to the next slide is, we took the decision not to compare to Q1 and not to compare to Q2 of last year. I think it would be fair compared to Q2, pre COVID levels. So pre COVID level we're still down 23% on expenditure, 19% on total fixed costs and 16% on corporate overhead. So very healthy decrease, because as we start to come back in terms of Top Level Revenue, some of the cost, especially the variable costs are bound to increase. And our job will be to keep a strict control not only on variable cost but not allow our fixed cost to increase that high Some of the rent payables negotiated with our landlord and some of all the other payments negotiated, these will certainly go away. So some of the fixed cost will also climb back to where we were coming from, and that's why it's showing a 90% decrease. Which is a very healthy decrease because it’s compared to Q2 of 2019 and 20.

As we move on further, our staff to room ratio, we mentioned that on a few quarterly calls, the industry has had a one-time opportunity, not just on optimization of manpower but in optimization of all cost. Because of COVID there was enough time to review each and every cost and, as you will notice the Taj brand, the manpower ratio reduced from 2.17 to 1.6. I recall very well saying some of you might think that 1.6 is still very high when you compare to other brands but I don’t think no brand in India has the kind of balances we have or have the kind of Safaris we have and we definitely require different room to staff ratio. We’ve been able to bring down the room to staff across the board, in all the brands so that IHCL consolidate is going down from 1.5 to 1.1. So I hope this will increase as more and more business comes back, maybe to 1.2 or 1.22, we’ll hire some contractual and some fixed term contract manpower. So it will again go up, which is normal because the business is fully back, but we have been able to optimize this ratio without disturbing the quality of our service, without disturbing the quality of our brands and by eliminating things which were not needed or areas that were not needed.

Going further, I think it’s very important to us, it is very important for Tajness. It is very important for the culture of who we are, as we define Taj as a brand that stands for trust, awareness and joy and our staff magazine Tajness is one of the hallmark of demonstrating Tajness at the staff level. So that they can deliver the service of Tajness to our customers. We have recently launched an employee app. This was done just 10 days ago on My Taj, so that employees can easily communicate with each other.

This was done as a Taj function, which we have, in which some great exampalariesare honoured and recognized, which we call the Managing Director Club Award Ceremony and to top this all up, our vaccination drive has been very successful; 82% of our staff is fully vaccinated and almost 100% partially vaccinated.

In terms of unlocking value and new brands and businesses, this has been our area of focus since last 16, 18 months. Qmin has expanded its presence in 19 cities. Today here are four lakh app downloads which are converted into four times more in orders, so 16 back orders, 75% orders are from the top five metro cities. In the secondary and tertiary markets still the penetration of Qmin is not as strong as it has been in the metros. And at the enterprise level in the first six months alone, Qmin was able to generate 50 crores of revenue. This, of course, includes all of their efforts on Meals To Smile, which we thought was a good service to the community in the way our Founder had laid down in the philosophy when Tata Group was founded but also a way to market the brand and taking it into the different distressed areas so that people not only get healthy food and that they get the supply in time but also get associated with our brand.

So that was about Qmin but when we get to our homestay brand, Ama, we have like almost 60 properties, 59 to be precise, in 30 locations across India. This year alone, we have signed in the first half year 21 new villas, and 15 of them have also opened. So our portfolio is 59 of which 34 are in operation today and we expect to achieve our guidance that we have given on operating as close as possible hundred Ama properties before the end of this financial year or immediately thereafter.

Moving on, I think Ginger is a very important part of our business and our Brand going forward. We have worked a lot on Ginger in the last three years. We've communicated consistently on Ginger during our investor day, in all our investor meetings. Today

Ginger has a portfolio of 80 hotels. And in Q2 Ginger actually achieved 84% of pre COVID revenue. So that is significant development, as far as Ginger is concerned. The EBITDA was not only positive in Q2, but also positive for the entire first half of the year and very, very important is the Q2 margin of Ginger was higher than pre COVID level. And this coming to a different mix because the new properties that we have opened are in that category with the new reimagined and repositioned Ginger. And that is driving much higher margins so that makes the Q2 margin higher, and going forward, we do not see any change in this kind of development, if at all it will only continue to increase as far as the Ginger brand is concerned.

A very important development, today we have got the approval from the Board of the Indian Hotels to make Ginger 100%, I mean Ginger was 100% brand, always owned by Indian Hotels but Roots Corporation would become as 100% subsidiary or wholly owned subsidiary of IHCL. We currently hold 60.2%. We'll buy out the remaining 39.8%. And we think it's an opportune moment when the brand is well positioned for growth and has a huge scalable potential in all possible tiers, not only tier one, tier two, tier three but Ginger can be present in every location and could boost a significant presence in any key metro city with more than 10 properties in one city.

Moving further is the financial performance of Q2. We were up 132% on revenue on the top line and 180 crore EBITDA from a negative to a positive territory. But I think very important is that July, August, and September, all three were EBITDA positive months, of course, September being the best one. And we expect this trend not only to continue but to exponentially grow in the month of October, and what will happen in November and December should not only be better than October, the only thing we don't know is uncertainties in the macro environment or anything else that may come up which we are not aware of today.

Going on further to the revenue and EBITDA snapshot for IHCL Consolidated for the first half year, I think it's a bit challenging to first have because we all know the first quarter was a washout but still compared to last year, there was 125% increase on top line and almost 300 crores to be precise, 292 crore improvement at the EBITDA level even when comparing the first half last year.

The same picture we see on the standalone, the percentage is a little lower in terms of increase in top-line but again, an improvement 180 crores at the EBITDA level for the first half of the year and all trends, there's all these last three charts that we've shown to you are moving in the right direction.

I think that there is a strengthening of balance sheets has been a key priority and there has been an increase in consolidated net debt, so it is still up 86% from the pre COVID level. We were at Rs 1,900 crores and reached Rs 3,500 crores, a marginal reduction from Rs 3,600 crores to Rs 3,500 crores, but that's where we said. And that's why we will be very focused on strengthening of the balance sheet because of the rise in debt level. Therefore, the board has today approved an equity issuance to build a healthier balance sheet. And we normally want to reduce debt, our aspiration would be to bring the debt to zero level, not only through the rights issue or QIP but also through internal cash flow because this amount is larger. So we are looking Rs 2000 crores Rights Issues and Rs 2,000 crores QIP. Part of these monies will be used for consolidation as we just saw share purchase of Ginger or other companies, which is in line with the strategy of the company to drive simplification of our business model and also provide the necessary capex and for the growth of our portfolio and the renovations, which are needed in the portfolio on an on-going basis. With that I will hand over to my colleague Giridhar Sanjeevi.

Giridhar Sanjeevi: Thank you Puneet. I think going into some more detail, I think as Puneet had introduced, I think essentially if we see the Q2 performance, there's a significant recovery as compared to the 19-20s. So the Rs 481 crore top line in Standalone represented as 77% recovery as compared to 19-20.EBITDA was positive at Rs 80 crores and PAT was minus Rs 54 crores. The consolidated numbers at Rs 752 crores of Revenue which represented 73% recovery as compared to Q2 of FY 19-20. And the good news is EBITDA was positive in all three months of Q2 resulting EBITDA of Rs 97 crores and PAT was minus Rs 121 crores as compared to minus Rs 230 crores in the previous year.

Similarly, if we look at the H1 performance, the H1 was, of course, covered by the second wave of the pandemic in Q1, so at Rs 707 crores in standalone shows 57% recovery as compared to the FY 19-20 period and Consolidated Revenue was Rs1123 crores which depicts 54% recovery. EBITDA was positive at a standalone revenue for whole H1, and EBITDA at the consolidated level was at minus Rs 26 crores. Overall, the PAT has also dropdown to Rs (398) crores in consolidated and to Rs (244) crores in standalone level.

This is an interesting chart, which is at an Enterprise Level, which talks about what is the pattern of recovery. And I think the way to read this is chart, is if I take the top box which is domestic hotel and the bottom box is international hotel. In the top box, in Q1, we were Rs 415 crores t the network level, which represented 38% recovery as compared to FY 19-20. In July, August and September, from 38%, it went to 80% in July, 88% in August and 88% in September, overall we did to 86% recovery as compared to the same period in FY 19-20. And on international hotels, we were Rs 176 crores in Q1, 37% recovery as compared to FY19-20 and that jumps to 58%, 63% and 66% respectively in each of the months from July to September, overall we did

62% recovery as compared to FY 19-20. So therefore, I think Q2 has been a dramatic shift in terms of recovery.

And if you see the performance in the different cities, it mirrors exactly the same, which is 66% recovery in Bombay as compared to 33% in PY. In leisure cities like Goa 121%, Rajasthan 122% recovery respectively, I think very strong recovery in the leisure cities, strong recovery in the other cities as well. So we have seen clearly a very strong recovery Q2, just continuing in October as well.

And if you look at the international hotel recovery as well, the USA recovery jumped from 13% to 56% in Q2 of FY 21/22 vis-à-vis FY 20/21 of the same quarter. UK recovery was 56%. And those two geographies matter because those are consolidated numbers. Maldives is an associate with 108% recovery. Dubai 136% recovery and it's on Management Contract 40% recovery for South Africa which is a small subsidiary and Sri Lanka is gradually coming out of the pandemic in terms of recovery, it's also a very small business for us. But overall very strong recovery in international city as well.

This slide covers total revenue, EBITDA, PBT and PAT. We just discussed at EBITDA at Rs (123) crores for Q1 and at Rs (26) crores at H1, FY 21/22 as compared to Rs 318 crores in PY. And Q2 EBITDA was at positive at Rs 97 crores. Similarly standalone trends that mirrors the consolidated trend with very strong EBITDA of Rs 80 crores coming through in this quarter (Q2) and overall positive EBIDTA and the PAT coming down to Rs (244) crores.

I think the other thing to note is in terms of how we measure the -- non Leisure have kind of perform both in occupancy and ARR. And if you see what has happened in occupancy level, it jumped from 20% in Q1 to 51% in Q2 in leisure segment and in

Non-leisure segment it jump 30% to 57%. And at the ARR grew from Rs 9098 to Rs 10305 in Leisure whereas in Non-leisure segment it increased from Rs 4530 to Rs 5697. So we are seeing consistent growth both in occupancy and ARR in both the leisure and non-leisure segment.

In terms of the key international geographies as well, in terms of occupancies and ARR, we see Q2 occupancy of 41% in USA, 41% in UK, Maldives 59%, Dubai 66%. ARR also have gone up in the USA, UK, and Maldives. Dubai has been of course sort of broadly at similar levels actually. But I think the point is that both occupancies and ARR are showing the growth in international geographies as well.

In terms of the key revenue drivers, if we have to divide the recovery in 3 buckets like Revenue Recovery, Asset Light growth and the new and re-imagined business, at the IHCL Standalone level, in H1, FY 2021/22, the occupancy was 43% higher by 17 pp, ADR was Rs 7,858 higher by 51% 8 and RevPAR was at Rs 3,342 represented 143%higher as compared to H1 of the PY. In terms of Asset Light growth, we continue to sign contracts. We have portfolio if 225 hotels, 27700 room in the pipeline. 13+ new openings expected in FY21/22, Management Fees accrued if Rs 58 crores which is 71% higher compared to PY. In New and Re -imagined business, Ginger portfolio is now 80 plus hotels, Qmin is now present in 19 cities, 37 hotels and 75+ restaurants. Ama has 59 bungalows including the pipelines

On the cost management, very clearly cost management will drive the operating leverage. Our Revenue grow by 125% and expenditure grow by 41% consolidated basis and on standalone revenue grew up by 113% and expenditure grew by 38%. Corporate Overheads has shown 25% reduction in H1, Rs 112 crores in CY as compared to Rs 149 crores in the previous year. Overall, fixed cost per month has been Rs129 crores as compared to FY 19-20 of Rs 164 crores with the 21% reduction.

.Manpower rationalisation continues through redeployments and reskilling. 312 people were redeployed till September 30, 2021. Lease waiver continue this year and we achieve Rs 17 crores waiver during the first half year.

On the international hotel, if you see the performance, the US performance has definitely shown improvement in revenue which is higher by 254% over previous year and more importantly if you see the losses, the losses have come down to Rs 71 crores to Rs 18 crores at the EBITDA level. l. And in UK as well the revenue has jumped to 93 crores with positive EBITDA of Rs 8 crores. In the USA, Occupancy improved from 27% in Q1 to 41% in Q2. ADR of $612 has been higher than the pre pandemic level. The Pierre posted a positive EBITDA in Q2 which has been the result of the cost reduction, in terms manpower reductions, in terms of lease renegotiation and related restructuring. All these has yielded positive results. In UK, the occupancy improved from 14% in Q1 to 41% in Q2 and ADR of GBP 274 is close to the pre COVID level. St James Court posted positive EBITDA in Q2 and H1

On the exceptional items, just a very quick comment. Nothing major in exceptional items, some marginal exchange losses on account of South Africa loans of around Rs 4 crores operating and non-operating revenue includes lease rent concessions of Rs 17 crores

On the standalone level what is important is note here is that since we provide for the cash losses for the Pierre, l, you will see that the Rs 71 crores of of cash losses has come down to Rs 20 crores at the for the quarter it was seven crores as compared to 29 crores in previous year. Nothing else to report except for lease rental concessions of Rs 13 crores in H1.

Performance of the key subsidiaries, positive EBITDA in St James Court, Roots Corporation is positive at Rs 8 crores, in Piem negative EBITDA of Rs 19 crores EBITDA, loss is there and I think that it is also recovering going forward.

In terms of the debt position I think first time we are seeing a reduction in net debt consolidated level. , I think about Rs 3571 crores marginally lower compared to the previous quarter. The point is that see our liquidity and we have one Debt coming up for repayment in the month of November and the first time here we are unlikely to do any refinancing and we will use our own cash to redeem these debentures. Our weighted cost of debt continuously to be competitive and we continuously focus on that.

And Puneet has mentioned in the first part of our presentation earlier, the board had approved Rs 3000 crore Rights Issue and now we have decided to up the amount to Rs 4000 crores by doing a modification to the Rights Issue of 2000 crores and QIP subsequently of Rs 2000 crores. We will do the Rights now and for QIP which will go to the shareholder for approval which will potentially be done after the December numbers. But the bottom line is that we will raise this money before March it gives us not only opportunity for reduction of debt but really do some of the consolidations we spoke about, like the Ginger acquisition of balance equity shares, all of these will be done though these Equity issue]. So I think it's really giving us an ability not only to reduce debt but also paves way for the future growth as well.

The aggregate purchase consideration for the Roots transaction will not be exceeding Rs 500 crores and we expect to complete this transaction by end of this December

Emerging from the pandemic I think what is going to happen now is that we will witness Stronger Revenue Recover than the industry. We will be driven by Asset Light Growth to achieve a Balanced 50-50 Portfolio. We will drive growth in new brands and businesses we will be very, very visible, much more visible as we go forward. We will re-share the P&L with continued interventions, new ways of working and Business Model Innovations. We will re-share the balance sheet, not just through the capitalisation but also through monetisation and simplification of the structure. And we do want to move towards the zero debt balance sheet.

I think Press Release is very detailed. I think it is all there in the consolidated balance sheet in detail. I'm not going to go into the details. I think if there is anything I need to speak I will. I think it's all there for the Analyst to see. Now I think we are open to questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions. We will also request everyone to state their name and the company they belong to before asking a question. We will now to take our first question, please go ahead, caller. Your line is open.

Nihal: Yes. Thank you so much. Good evening, this is Nihal joining from Edelweiss and congratulations on the great performance Mr Chhatwal. Just, three questions from my side first is, obviously we've seen a strong trend of leisure revival probably to call it revenge tourism that has happened. I just wanted your thoughts that incrementally as you look forward maybe till November as I said, there could be a lot of weddings but beyond that is there a possibility that maybe the tourism or the leisure part of it, stabilizes and you see a revival in corporate demand potentially taking you back to the recovery. And a related question to that view, is it that the level at which leisure is happening, it could fall off partially from here, given that there is a one off trend that is currently being seen? So that'd be my first question. I'll come to the other two after this if you want.

Puneet Chhatwal: Yeah, Nihal, good afternoon. I think it would be fair to say, and I mentioned that presenting that, the corporate demand is showing good signs of recovery. One of that is evidence in Ginger which has gone to plus 80% so Ginger is not a leisure driven brand and that means travel is sort of happening and there is direct correlation between the number of vaccinations and travel, we feel more secure or less prohibitive when it comes to travelling now. Also, we are seeing a lot of conference bookings are beginning to come in. So there are still some restrictions of the number of people in different states and different cities in terms of timing. But the positive trend is that every day we hear something which is helping corporate travel recovery, whether it is allowing international travel, whether it is allowance on visa as of a certain date, whether it is people starting to do physical events. So they're combining this physical part with digital. It's not only digital anymore. And I think tourism is very well positioned as an industry, I'm not talking about leisure now. As an industry it helping build the relationship capital that got lost, the relationship and social capital that got lost because we have dug into so much reserve as mankind over the last two years, in trying to do whatever we could on a digital basis or platform, so that there will be an extraordinary need, going forward for people to meet in person because in order to do business for the next five or seven or 10 years, you still have to build the reserves for the future. So, you have to build that relationship capital for future and I think that is what will drive demand besides the normal corporate sector coming back.

Nihal: That's helpful. Would you expect maybe leisure travel slightly moderate from here, and these are obviously trends that a lot of travellers happened together because of severe lockdown was there.

Puneet Chhatwal: It's a difficult one to answer. I personally I can say that personally I feel that it will not, it will only increase. So having myself lived in the western part of the world, I saw a lot of people travelling by road. And it was not happening as much on the Indians subcontinent as it used to happen. So what COVID has done is it's got people out in their own vehicles or traveling by road with family far more frequently than it was evident pre COVID. So I think maybe the "*Bleisure*" and "*Bizcation*" displacement might happen to some extent as more and more people get back to work, but the private holidays of families and the extended weekends will only increase and not decrease.

Nihal: Thank you, sir. Sir, my second question was for Mr Giridhar, that on the cost saving part of it, I just wanted an update that if you compare to pre COVID level, what are the kind of target that you still expect you'll be able to achieve and if it's possible to bifurcate it between the key line item, specifically employees, marketing and maybe other major heads.

Giridhar Sanjeevi: Yeah so I will answer this to headline level, Nihal but in essence, I think, might if I can just look at the overall numbers last year if you remember, the overall fixed cost number reduction is about 28%. And in H1 we have seen the reduction vis-à-vis FY 19-20 until about 21%. And I think -- and for the quarter itself it's around 21%. So I think we will continue to track it, for us this is very important number in terms of making sure that the fixed cost per month is kind of kept at reasonable levels and we continue to focus and not allow this to go back. I think just a very simple number at H1 level, Rs. 164 crores for a monthly run rate on fixed costs for FY 19-20 has reduced and that has now come down to Rs. 129 crores in H1 for FY 21-22.

Nihal: Very well, very quickly just last question. Out of the Rs. 4,000 crores of fund raise, would it be right to understand Rs. 3,500 crores as to purely pay down the debt and the remaining Rs. 500 crores for Ginger acquisition. Is that the way it will be use in the upcoming 12 months?

Giridhar Sanjeevi: I think wait for the documents to come, which will give more clarity. I think very clearly, the Board increased this Rs 3000 crores to Rs 4000 crores for a combination of different factors. Number one is to sort of, not just the reduce debt but also get growth capital, consolidation and all and Ginger is one of them.

Puneet Chhatwal: Nihal, I would like to add, that if we did that then we don't expect to generate any cash on our own. Though, I hope that's not happening for the sake of the industry, not just for Indian Hotels.

Nihal: No, no, absolutely Sir. Pray for the same and I wish you all the best and I am done for now. Thank you so much.

Puneet Chhatwal: Thanks.

Operator: We will now take our next question. Please go ahead, caller.

Speaker: Hello? Can you hear me?

Puneet Chhatwal: Hello? Yes. Yeah, same here. Who is this?

Speaker: Yes.

Puneet Chhatwal: Yes. Now it's okay.

Speaker: Yeah. So, I just want to find out, like the Indian hotel sector moves in cycles, right? Even pre COVID it was a little tepid. So do you think it's a long up cycle from here onwards?

Puneet Chhatwal: Firstly your observation is accurate and that it has some correlation on our strategy on going towards zero debt over time, because of things happening which are beyond everyone's reasonable control. Having said that, there is a unique situation and that is that supply levels are very constraints. So when demands comes back, your denominator is at a constant or at a shrinking level because some hotels might shut down, some of the supply might go out of the market, then the cycle could be stronger because it's not letting people build hotel that quickly, definitely not in this part of the world.

Speaker: Okay. So you think it can be a durable long cycle ahead because of what you just mentioned?

Puneet Chhatwal: See that is anybody's guess, but the fundamental point in that direction, that whenever we come after the crisis, this industry has bounced back far stronger when it went into the crisis. So if we go to 9/11, as an example, in different parts of the world, the sector was weakening and then there were two years of a downfall or a year and a half and then it came on very strong in the years four, five, six, seven. Similarly after other crises it has been a terrible, operation blue star or whatever you want to call it, the sector usually and historically has bounced back always stronger. And the only unknown that we have is the global geopolitical situations as well as the mutation of this virus, how critical it will be or not, are the vaccinations good enough, are they going to hold, that's the unknown, but otherwise, yes, I think you might be spot on that we're in for an uptick in this cycle.

Speaker: My point's like, why don't, like it's a suggestion, you would be knowing better, like in the Indian Hotels company, why don't you form a subsidiary, which has a much wider play and stronger play in weddings, like a wedding being what it is in India, we say shadi ka kam, so, that's one suggestion. Second is like, even the catering part, it can be a much stronger play for you. Can you comment on that?

Puneet Chhatwal: I think they're already acting on both of this, so maybe offline if you contact us, we will be able to show you all of the new brands on catering, all of our wedding services, all our promotional on wedding, if you even take out the latest Vogue magazine, you will see six different pages addressing that. So I think we have to always made sure that we do not dilute the positioning especially of the Taj brand. It is rated as World's strongest brand. So we cannot be anywhere and everywhere. We have to be careful on how we find the right balance.

Speaker: Okay, thanks a lot. Thank you.

Operator: We will now take our next question. Please, go ahead, caller, our line is open.

Amit Agarwal: Hi, Puneet. This is Amit Agarwal from Nirmal Bang. My question pertains to what you've just talked about equity assurance about Rs. 2000 crores and the rights issuance also. I was reading in the press about some of the hotels of ITDC getting sold off. So firstly, are you bidding specifically for, I mean amongst others probably for Ashoka Hotel? So could that be one of the reasons where you're kind of putting some money out there? And secondly, is there a possibility that this Sea rock hotel development could be finally taken up by you instead of having somebody else come in as an equity partner. Thanks.

Puneet Chhatwal: Amit, firstly on ITDC, we are together with LIC, we own 15% of ITDC. So if hotels are sold and we get money back for our shareholdings that would be good news for us. So that's the one thing. The second is Ashoka Hotel, at the moment we have had no discussions and nothing that we have looked at as far as Ashoka in Delhi is concern. And thirdly on Sea Rock, we have not changed our strategy. We will not be doing and we communicated that in the investor day presentations and in previous calls. We will do it in partnership with someone who brings in the remaining equity or who buys in a share of our existing investment in Sea Rock to build that property. It's very large project and I think we need to have a partner, whether we find it to the now existing partnership or outside of that. We've worked very diligently on getting the permission and once we have that we will seek a partnership and use capital from, not our sources, rather from external sources.

Amit Agarwal: Sure. And one last question, probably not focused on this particular quarter result. In terms of Qmin and let's say Chambers membership, etc., as a percentage of total top line, where do you see the next two to three years, if I may ask?

Puneet Chhatwal: We see that as a percentage of our target for what we call the new age businesses, is around 25% of the top line and the contribution of around 35% to the EBITDA. This is the ratio we work on. And today they have less than 5-7%. But as we add more brands, as the previous person had asked some question about catering and the other verticals that we have, and as these branch, grow and stabilize, we think they can get to 25% of the total revenue.

Amit Agarwal: Sure. Thanks. That's all for my side.

Operator: We will now take our next question. Please go ahead, Caller. Your line is open.

Sumant: Hi Puneet and Giridhar. Sumant here from Motilal Oswal. So my question is, we have seen a good recovery in the month of September and August and as per the PPT, 86-88% of the business has already recovered from the pre pandemic level, so can you talk about what is the gap of 14- 15%, how is the F&B recovery compared to pre-pandemic level? And occupancy side, we are seeing a good recovery, but ARR side, when we can reach at the pre pandemic level in the coming quarters? Thank you.

Puneet Chhatwal: Sumant, as and when the occupancy has stabilized at the higher, the rate will recover, so you see that in the leisure destination. If the demand for leisure is high, most of the leisure destinations are doing higher rates than the pre COVID level. So whether it's, let’s say a Taj in Rishikesh or a Taj in Corbett or Taj in Theog Shimla or in Goa, or in Coorg, we are performing at a higher level than pre COVID, both on rate and on RevPAR. When it comes to F&B, it’s because of the restrictions, and most importantly restrictions that we have had in Mumbai and in the state of Maharashtra, also in Delhi in terms of events. So we are still -- as a company, I would say, we are still at, 50% on food and beverage of the pre COVID level. So 50% of the recovery on the pre COVID level in terms of the, MICE, the Meetings, Incentive, Conference Wedding that kind of business, the restaurants are more or less back. And the more we open up, including in Mumbai, we see that the pent up demand is so strong that the visitation to restaurants is very high. That is when the norms get relaxed toward 50% seating capacity, etc. I think, these numbers that are expected to grow. So the trend is positive. The trend on larger meetings is also positive. It is positive because we are starting over from zero level. So the restaurants for a major part of the first half in Mumbai was only open until 4 in the afternoon, then we were allowed to open until 9 in the evening, then we were allowed to open till 10 pm. So I think, once everything opens up fully, this should not take a very long time to come back.

Sumant: So overall leisure destination has already crossed the pre-pandemic level and overall occupancy and ARR side also we have seen a growth, I think from the pre pandemic level. And talking about the business destination, can you talk about the Mumbai and Delhi market? How things are happening in the October month and September month?

Puneet Chhatwal: So October should be better than pre COVID. Why, because pre COVID October had the Diwali and Dusserah the same month. So it's not a real like for like comparison, but we're expecting that for our portfolio we would have a better October than in October FY 19-20.

Sumant: Can you talk about the New Delhi and Mumbai market, how is the occupancy in last month and ARR how things are moving?

Puneet Chhatwal: Yeah, the Delhi and Mumbai markets are lagging behind and also Bangalore is lagging behind but it is recovering faster than before. So the occupancy rates are increasing rapidly, which will obviously lead to higher rates. So like three months ago in Mumbai in some of our hotels we did a rate of Rs. 3000, currently we did a rate of Rs.9000 but we're still far away from the Rs.15000 or Rs.16000 we did pre COVID level. So the recovery here from Rs.3000 to Rs.6000 or Rs.7000 or Rs. 8000 has been like the three month period on a hundred days. We have to see what happens in the next hundred days. It's very difficult to predict but, yes, the occupancy levels are very high.

Sumant: And the last, what do you think about the MICE activity? How things are happening?

Puneet Chhatwal: Sumant, I have answered that question a few times, so the MICE activity is picking up. All big events that are happening. They're happening in physical and digital formats, both of those formats are happening. There is kick start in Delhi and Mumbai which is very good, very encouraging. As I said before, there was an event which as I speak today, a very big conference is happening in Delhi in Taj Palace. There is a NASSCOM, there is EPITHON there is lot such events today there is a part of Government Delegation that has gone to Banaras from a Foreign Delegation that has come in. There is CII event being held in Delhi, it's the first time after two years in digital format on the 4th and 5th of November and in one of our hotels only. So there is a lot of activities or reservations and inquiries, which are coming in and are getting confirmed which are, incremental, because they are not just the weddings, there are actual meetings and conferences happening. They were not happening in the last two years.

Sumant: Thank you so much.

Operator: We will now take our next question. Please go ahead, Caller, your line is open.

Shaleen: Shaleen this side from UBS. Can you hear me?

Puneet Chhatwal: Yes.

Shaleen: Many congratulations sir, on the very good set of numbers, really pleased to see them. A few questions, I could notice that Pierre is profitable in second quarter and when UK businesses is profitable both in second quarter and first half, so can you talk about the sustainability?

Giridhar Sanjeevi: Yeah, sustainability is good. In fact I think it is indeed, I have always told you that as far as the US is concerned there are two things that we must note. The cost control measure I think is very significant. In that, number one is the reduction in headcount for which we will save something like $2.5 million. The second is the giving up of the Barney's banquet space and lease negotiation with the Lessor. All these efforts have brought about a saving of around $5 million dollars of annual savings in expenditure. So that's number one. Number two, I think what had happened is that, we are managing the property adequately in terms of lower F&B, the restaurant in hotels that has allowed us to even manage cost actually. Third, I think, we've seen demand also being more forthcoming but ARR have also we kind of maintained actually. Our view is that the US performances, they will be sustainable. In fact, if I just talk about cash losses we hope we can come back at levels of cash flow which are not very different from were there pre pandemic year. So therefore, I feel the US recovery position is sustainable in that manner. As far as UK is concerned, UK we never had any doubts because, the UK market has bounced back from these challenges in the past actually, and we have seen that come through. So I think -- so both of these markets, in my view are strongly sustainable actually. And now that we have introduce Chambers in UK it should help improve operations.

Shaleen: Thanks. So my second question is, there has been a reasonable amount of cost prudence -- can you hear me?

Giridhar Sanjeevi: Yes, I can hear you.

Shaleen: Alright, okay so there has been a good cost prudence from our side but do you think that, there would be some need of increase in investments towards a brand building, maintenance Capex going forward? We might not be doing during the pandemic time, and that may increase the total cost from our side?

Puneet Chhatwal: No Shaleen. I think the cost prudence we have done in a very clever way, is we are not cut into the bones. It's just stopping the wastage because we have an obligation to protect the brand. On the contrary, if you recall, we upgraded 19 of our Hotels before the pandemic broke out, some of the Vivanta's to Taj. We are putting significant amount of money in Taj Mansingh, and the Chambers in Mansingh is a model for private membership clubs. If anyone has seen it, they would confirm that to you. And this is what we continue. We are building the flagship Ginger with our own money in Santacruz that too 371 rooms which shall be ready by December of next year. We have upgraded a lot of Ginger properties to lean luxe is what we call them, in the newly reimagined and repositioned Ginger., As one of the exceptional companies, we not only treated of our staff with care and respect they deserves, but we kept our growth growing. So, off course we ensure for our capital to grow, we were doing it more on an asset light basis but still there is time and money that gets spent in doing contracts and doing travels to these places, to have negotiations with owners. So we have been spending money and looking at the mid to long future of our company and our brand cannot do any short term drastic measures then I think Giri said from the slide if you recall, that we redeployed more than 300 people. We never said we got rid of 300 people. We had redeployed within the other group companies so that we are more agile and fast and less heavy in the corporate overhead. And finally if you recall the figure that we had last year for the 39% reduction in corporate overhead. We may not be able to maintain 39 because some of the travel and business and all that is back but we are still very confident to keep that figure at north of 30%, even in this financial year. So that is what you will see also the corporate overhead reported in the first half. They are more or less the same as last year. So I think some of these cost savings, we'll want to keep because they have changed the way we work. And also once we acquire 100% stake in Ginger, the Roots Corporation, and integrate it into IHCL, that does not mean we destroy jobs but we don't need to have different infrastructures, so it will make us more efficient organization in terms of corporate overheads.

Shaleen: I just want to understand consumer behaviour towards Qmin. Since things have like opened up and even, it's also about, experience when we go to a premium restaurant of like premium brand of Taj. So the month on month trend, for Qmin, like, my fear is that it shouldn't reverse. Like people prefer more while it will be credit for you, but people prefer coming to the restaurant than ordering, is the reverse happening or you're using strengths in both the places?

Puneet Chhatwal: It's a very good point to raise Shaleen and you seem very, very aware of that and that's why we introduced, we started with food of the Taj, restaurant we got, which we're still doing but we introduced three month or four months ago Qmin comfort food so it brings down your average but not number orders. On the contrary, we expect Qmin to stabilize at the level it was and also Giri add at that, on this slide at the first half, we did an enterprise level revenue of Rs 50 crores or so. That is all that we did in the last year, nine months that Qmin was open. So we already crossed the first nine months of revenue in the first six months of this year. And we target to somewhere, anywhere between Rs 80 to Rs 100 crores for this year and if we get to that level it is good because it is built on an incremental cost and incremental revenue, incremental cost revenues. It's not some kind of upfront capital cost building a long Kitchen, building is you know taking over a third party app, paying a third party as a commission. So if we are all doing it on our phone, then it makes it highly profitable. So with a revenue of anything lower north of Rs. 50 crores we expect Qmin to contribute north of 50% in terms of margin. So that's why it is an interesting business. That's why we say even with some of these new age businesses, it may not be that big as a portion of the revenue, their contribution to EBITDA would be far higher as a percentage.

Shaleen: Understood. Thank you Puneet, thank you Giri. That's it from my side gentleman. Thank you so much.

Operator: We will now take our next question. Pease go ahead, Caller. Your line is open.

Achal: Hi, Puneet and Hi, Giri. This is Achal from HSBC. First of all, nice numbers, thanks. That's a great result, so congratulations. Sorry your voice was echoing so I didn't get much of it but I'll touch base offline on some of the questions. But couple of questions here. So first of all on the Qmin, Puneet as you said, you've done Rs.50 crores in the first six months, but what is the latest trend? So coming to the last question, of -- the first six months was fine, but then in the month of September and in sort of August and September, how the trend looks like in Qmin?

Puneet Chhatwal: It's the same. We have been able to stabilize. Actually it's not the month of September that is so critical. I think it's whenever we have festivals. So when we have Diwali, when we have a Parsi New Year, when we have Dussehra, when we have Bhai Dooj or whatever, the sales increase more during that time. So there's a direct correlation where we are seeing the Qmin either with a lockdown, when people are doing work virtual celebrations and a lot of celebrations are happening virtually, that is slowing down and that is not happening to the same extent but celebrations of festivals and getting that food at a reasonable cost is still happening. Don't forget one thing, there is a certain trust in the brand, where the food is coming from, how it is packed and who was delivering it. That trust we enjoyed. So we have not seen a big volatility in the Qmin sales. It's more or less stabilized at the level that we have had month on month basis. Of course, as I said, we have to learn to replace virtual corporate celebrations, not the private ones. Also we expect Qmin Food Trucks Qmin trailers etc. to pick up. We had some initial starting challenges in terms of, licenses, in terms of getting it passed in different buildings but I think this time we are also had our learning and we should be able to exponentially grow also the Qmin shops. We only had one in Taj President but we expect to open at least five more before the end of this quarter, if not more. So the Connaught place will open, Ambassador will open in Delhi, -- we have opened also in Taj Wellington Mews building and that's already four. And then we are identifying the fifth one. It doesn't take that much longer time to do a fifty Square meter shop in the property that we have.

Achal: Right. And could you quickly talk about the chambers, I mean, you had some positive numbers. So how are you growing? I mean, are you expected to grow at 10% per annum in terms of additional number of members? I mean how are you doing on the chambers?

Puneet Chhatwal: The Chambers is doing quite well for us. Giri you want to --

Giridhar Sanjeevi: The Chambers, I think the Global membership is doing well. Around Rs.5 crores a month at this point in terms of Global membership. And I think with the new, Chambers in London and also Delhi Chamber I think they are definitely getting the response. And in the current year, the 156 members in the first half in new members. So this is a very strong set of numbers. And previous year full year was 164 members. So compared to 164 per year last year, this year is 156 in H1. So therefore I think a very strong demand for Chambers.

Puneet Chhatwal: We will adding the Chambers in Bangalore and eventually also in a year or year and a half in New York so I think this whole proposition of Chambers will keep becoming more and more important and critical. It is again a very high margin business when it comes to memberships.

Achal: Right. Right. Fair enough. I wanted to understand, Puneet last time, I think you said, that the average length of the stay has increased because people are actually driving down, so they are spending more times on the road and hence they are spending more time in the hotel. So the average stay length has increased. So how the trend looks like now, is the trend continued, or do you see the change in the length of the stay has come down? How do you see that? And similarly, bookings window, has that squeezed or do you think -- or still passengers are really, -- sorry, has that extended or are the passengers still booking at the last minute? I mean, very close to the date, I mean, how the trend looks like?

Puneet Chhatwal: So very good question. So that has changed in both the booking window. It's starting to increase because especially the leisure properties as they're getting fuller and fuller, people are now trying to book in advance because the last minute deals were very expensive and people want to plan for Christmas, New year etc. So that window has increased in the last few weeks. Before the pickup was a very short booking window. In terms of length of stay, I think that will -- there are two trends. One is the QTA flights (Quick Turnaround Flights) that you go from Mumbai to LA to sign a contract and come back, they will not happen now. Because it's still, with all the vaccination, with all the checks, whether quarantine or no quarantine, it's also a health issue. I think those kind of travels gone down may be 90%. Only 10% would be -- I even think 10% would be an overstated figure. It would be almost anything between zero and 10% as we speak today. So not many people are travelling for like a two day trip three day trip, as it's still considered risky to travel. So if people travel, they will try to combine other businesses, whether they do it in different countries, let's say if you were travelling to Europe or you were travelling to US, you would combine the East Coast, West Coast and not go it into different trips. So that makes your length of stay in the country or in Continent longer. When it comes to domestic, that is getting balanced out because on leisure you were staying longer but the bizcation will go down. Why does it go down because there is a call by a majority of companies post Diwali for people to come back to work They cannot just work from wherever they are. I think it's not just Diwali. It's a global trend where people are being asked to come back. So I think that really will balance out that. But because people will come back to work, there will be more meetings, conferences and business travel at least, so it will be one segment replacing the other.

Achal: Right. Fair enough. Finally, I also wanted to understand on the point which you raised last time about the loyalty members and that could actually increase your business significantly. So how are we doing on that? I mean, Super App yet to be launched, but otherwise how are we doing, and then now of course, being Air India holding to Tata, I mean, I think Air India itself has 1 million members. So how do you see the loyalty program playing in this and when do you expect to see some results from that?

Puneet Chhatwal: I think as a hospitality company and one of the largest players, I think we are very well positioned to benefit both from the digital initiatives of the Group as well as the airline business, we already benefit because of Vistara and Air Asia as and where Air India comes in, it will be very beneficial for our airline catering business. We already do almost -- like in Delhi we do 50% of Air India flights already before even such a new scheme. But getting other businesses with delayed flights, catering flight, home stays, I think -- and we are hopeful that we'll be able to synergise that. So yes, of course at the group level we hope, and we will do everything possible that we are well positioned to benefit from such possibilities.

Achal: What is your timeline in terms of a Super-App.? Do you have any timeline?

Puneet Chhatwal: We are IHCL, we don't have a timeline on this. That is a question to be raised to a different company. But we are one of the members that are very keen for this to come as soon as possible. And I am sure it will be communicated by the right people, in the right time, in the right fashion. It has been launched for the staff. It is coming out every day in the press for the internal people to use it and that is for test and that is important is so that when we go market everything works seamlessly. But I would prefer if you ask this question to the CEO of that company.

Achal: Okay, perfect. Thank you so much. And good luck

Operator: We will now take our next question. Please go ahead, Caller. Your line is open.

Himanshu: Yeah. Hello. Good evening. Am I audible? Himanshu from PGIM Mutual Fund Hello? Yeah. So my one question was on the capital raised, what we have. And we plan to be debt free. Generally the way we look at hotel industries, the return on capital employed is, across the cycle if we average five years and 10 years, it is high single digit and low double digit. And if we even do not keep any debt on the balance sheet, will not we be return on equity will be, I'll say in the similar fashion? And is it right for us -- so we have seen a very tough period, but do you think you will be happy for an ROE to be between high single digit and low double digit? What is your sense and what are your thoughts on that? Something you can share your thoughts?

Giridhar Sanjeevi: Giri here, Himanshu. I think, you will have to look at our overall debt and multiple different way. So number one is that as we highlighted in the beginning of the presentation, I think because of the cyclicality of the business, basically coming down to a "zero debt" kind of position is useful, that's number one. But beyond it to answer your question in terms of economic capital employed and the return in equity, what are we doing there! So number one is our growth is largely asset light, which means to add to the asset for growth is kind of minimum. Growth will largely be on Asset Light So that's number one. Number two, is that if you look at the shape of the P&L you'll see in some of the changes to shape from the P&L being driven by cost reductions. And now as the new businesses start to begin, which have high margin, you will see that revenue line are also giving us the diversity beyond the room revenue, F&B, and

Chambers and Qmin and Ama and Ginger, and all of those actually. So the Revenue Base is getting stronger, asset Light, High Margin. The expenditure is reducing, so our profitability should go up. That is the second one. The third one is really from the Balance Sheet perspective, I think it is not just about the capital rate. I think we're also focused on simplification, which means Ginger is one of them, but I think you will see monetization kick start now. You will see some more simplifications, kind of hopefully happen in the next few months. So the net results is, if take all of these together, I think what you really see is that we don't expect the challenge to return on capital. In fact, in the 7th July investor call also, we segmented the balance sheet into domestic assets and other assets. Domestic assets, as you know, return on capital employed 20% actually, whereas we are having challenges in some of the other assets whether it's the Sea Rock investment, whether it's some of the International Investments and those we are addressing on a systematic basis. It could be a monetization of a property, it could be the statement that we are not bringing in new investors. I mean, bringing in more capital in Sea Rock we will be doing it through partnerships. So I think, the whole approach to P&L balance sheet and growth has to be viewed in totality. And I think what we're doing in terms of the liquidation at Rs. 4000 crores to come down to zero debt is really one part of it. The other thing is that it is not just driven by the capital raised, very clearly, we believe that this is going to be sustained, the recovery Hospitality industry performance. I think what you're going to see is the cash generation, free cash flow as Indian Hotels will grow up. So it's a combination of all of that, Himanshu. So don't look at this narrow view.

Himanshu: So yeah I take your point because if we see the last 10 years these three are the best years, even 2010-11, the numbers were not very high or significantly higher than 12, 13%. And, so that is the reason this whole question and thought. Secondly, we have this Amas and Qmin and all those ventures, which we are doing. But for our size of revenue, do you think all these measures can be significant EBITDA or bottom line contributor? Even if we have 100 ama, what type of service standards will we be able to deliver? And with those service standards,] can we make a significant amount of money, which can change our ROCE profile or keep our profile ROCE higher? So, some of these measures and how are you focusing on those measures? If you can put some light on them.

Giridhar Sanjeevi: Okay. , I think the New Age Business, as we call them New Initiatives and if you take Qmin as an example. I think we are not a Swiggy which delivers foods at location. We are doing in a way our pricing has not come down. The profitability on Qmin is still at 50% level actually, so therefore this has the high margin business. And as Puneet said we are not building infrastructure. We have existing infrastructure already in place. The people are in place. Using existing infrastructure there is no incremental investment and therefore the margins in Qmin will be higher. It is not going to go. So that is numb one, without capital expenditure. Similarly, Ama is the completely asset like model, where we charge 15% on Top Line as management fees and 3% on Top of it as marketing & reimbursement fees And now we are already at 59 property being signed. And as this grow, in terms of service delivery we are now placing them close to our Hotels. So therefore there'll be supervision from the nearby hotels. And because it is asset light, even if I assume that an average top line of an Ama is about Rs.50 lakh or it could be higher. Let's say Rs.50 lakh, 50%occupancy is Rs 7.5 lakh of Management Fees. If you have 100 villas, that is about 7.5 crores actually. And therefore as we ramp it up, as we have stated in the 7th July Investors meeting, aspiration is to really taking up something like 500 villas. So the net results is that will be significant amount. So Qmin will be high margin. amas will be completely asset like, Chambers is high margin. So all of these really speaking, I think it's very important to understand that the new initiatives being asset like, Management Fees as we spoke in the Investor Day. So the net result is that all these initiatives should have significant to the profitability of the company. It's a very deliberate shift in terms of the way we are approaching the traditional business growth as well New Age Business and new initiatives growth.

Himanshu: And one thing, we had the properties, we had a large number of foreign tourists used to be there on the tourism space. Have we seen domestic tourists taking over those places, or the occupancy has a reached what we were having even when the foreign tourist was allowed with some of the premium properties or do you think there is still lacuna in those properties but others are doing well and hence the tourist is looking better. So some light, if you can throw on there.

Puneet Chhatwal: Well, that's a very god question because and I will also answer the previous question but let me first answer this one. There were around 25 million people also travelling all of India who were unable to travel as much as they travelled before. So if you look at one of the slides where we showed Rajasthan, they're so much better in this first half and also the last year. And recently, the Secretary Tourism or one of the government official of Udaipur were seen in the news saying that the number of room nights was the highest in the last 10 years. Goa saw a very big recovery and then very good rates, so that's also what we said consistently. The same is true for most of the leisure destinations, the ones which have suffered is really are still having a need to come back up is Delhi, Mumbai, Bangalore, these are kind of big metros, but the trend is positive and the people who are not able to travel out they definitely more than compensated for the lack of foreign travel that was happening. So for us our palace in Jodhpur, in Udaipur, in Jaipur, in Hyderabad have done relatively well and have exceeded our expectations also. Now the other question which you had asked before. See, when we talk about Ama, 50% of that portfolio is coming from our own Group Company, so it's the Tata Tea or the Tata Coffee. We are also taken on the role of the internal aggregator. So your capital investment, so it's a model based on zero Capex. It's a model based on the same general manager of the hotel booking after a few

Bungalows So, in north Goa we have 6 Villa's it's the same person who's running Ford Aguada and Holliday Day Village who also looks after these villas. There is of course a charge, which is put on each of the villa from a P&L perspective, so we are not adding a huge corporate overhead on other kinds of a cost structure which makes this business very attractive and also very powerful. And we are not going to stop at 50 or hundred because you're absolutely right, if we stop at 50 or if we stop at 100, the 4 or 5 room cannot be converted to 500 room hotels. But our pitstop that we follow, is over 500 bungalows over the next three to five years and if you're having 500 villas, I mean my colleague Giri has looked at the Revenue per villa on average going forward post pandemic. Because during pandemic even villas were shut, so they were not open during Covid. So the effective revenue might have been 50 lakh but it was four months or five months or seven months. In 12 month operation, I think, it will get to a 1 crore. And if you have Rs 500 crores and then you take your fees on it then it becomes a substantial amount of business, without any big capital cost which you are incurring upfront, or any other kind of risk that you are taking on. So I hope it answered both your questions, I think the domestic demand on the Indian subcontinent is strong enough. Now there are new initiatives and new brands, these are supposed to complement what we have been doing well for hundred years.

Himanshu: One last follow up, so on the Amas type of property, where till last year, because of COVID people wanted exclusivity, and want to be at a place which was less crowded. But do you think once the fear of COVID reduces people will move back to hotels? How do you look at that or is there any fear or -- just some understanding?

Puneet Chhatwal: No. See, we don't have a fear -- I think what has happened is that this homestay business is nothing new. What is new is a company like us when it did.so that is only new thing Overall all around the world, this has been a very strong, business model, including in India, there are different other companies which have been running business very successfully. So homestay or having these villas, if you live in Frankfurt and you want to go to Spain, your first choice is not to go to a hotel, it's to go and book a villa with family or two families sharing the large villa together. Or even within Germany I will go to Moscow, east coast or west coast this is what you do, because of hotel in such locations are sometimes not sustainable because it's a very seasonable business. And so people use that as a real estate play. They build a villa, use it for renting, use it for themselves and their family also for a month in a year or two months in a year and rent it out for the rest. What we are doing is just taking away the hassle of security from them, the hassle of sales marketing, and distribution. We provide a brand which helps them in their capital appreciation and still provides them a month of safe and free and whatever else comes out of it we make our fee or money or we are charging 18% of the Top line. So that's why this model is a good model and it's a very futuristic model and is definitely growing. And actually it will grow exponentially in India, even after COVID is over.

Himanshu: Yeah. Thank you from my side. It was pleasure speaking to you.

Puneet Chhatwal: Thank you. Shall we take the last couple of questions now?

Operator: Okay. We will now take our next question. Please go ahead, Caller. Your line is open.

Deepika: Hi Sir, this is Deepika from JP Morgan. First congratulations on a great set of numbers. Just two questions from me. You mentioned zero debt targets, any timeline for that?

Giridhar Sanjeevi: I think what will happen is that I think very clearly you will see with the completion of the capital rates vis-à-vis along with with Ginger we announced and a few other end-users by completing the balance of the acquisition, all that is incomplete, then secondly we will have to start correcting the Debt level at the subsidiaries as well, which means that whether it is Ginger, whether it is in the US, but I think those would be the next steps. So my own sense is that a substantial debt will come down by March and in relation with the subsidiaries, and other entities, I think in some cases maybe another 18 months I would say, 12 to 18 months in terms of going to that level. I think they have to work through the details but definitely it's an aspiration to that in terms of Zero Debt.

Deepika: Got it, sir. And on the new initiative, you mentioned about 25% of your revenue as an aspiration. I mean, that seems like really substantial. If you had to look at some other pre COVID numbers, which of these, I mean, do you think is the most scalable one in your view?

Giridhar Sanjeevi: [It includes Ginger, Qmin, ama, Chambers, and the Management will be there, those are the five streams. And I think, so I would say that Ginger is definitely scalable. I think Chamber is getting up. Ama we just discussed. Qmin we discussed. And Management Fees also we have discussed. I think all these five streams that is what end up constituting the 25% in terms of Top Line

Deepika: Okay. And so this one last one from my side again, do you worry about corporate demand not coming back to full and like the metro city hotels basically lagging and needing to source demand from, let's say lower ADR sort of segments or do you think that all of this should basically sort of normalize with the kind of traffic that you're seeing?

Puneet Chhatwal: No, we don't worry at all. Actually, we are seeing a lot of this coming back and faster than anyone of us have thought. I think it shows in the numbers. All this they're reassuring is not coming only from leisure. There is already some corporate in there. And whatever the gap is, you will see that at the end of quarter three unless that it comes back, as I said before in the month of November or December, you will see that a lot of this demand is coming back because it'll not be just leisure there is already some corporate travel in there. I mean whatever is there if you have taken all of it, 120% and 80% of business comes back, then you go back to 100% of pre COVID levels, so while presenting against different examples of conferences happening or delegations coming back, that is the government business which is needed to kick start activity in Delhi and Mumbai, most typically they come to both the cities, National days of Embassy has started. It never happened or if they happen they happen digitally so okay Qmin was a beneficiary but now 27th of this month, we have the first one of Spain being celebrated at Taj Mahal Palace Hotel. So this is another activity because there are Consulate who will start doing it. So I think it's more like people. I don't believe in the thing that people will only work digitally and only from home. This is not a phenomenon that mankind is built for.

Operator: We will now take our next question. Please go ahead, Caller. Your line is open

Speaker: [inaudible].

Puneet Chhatwal: We can't hear you. We can hear you. Can you come closer to the mic?

Speaker: [inaudible] Hello?

Puneet Chhatwal: We can't hear you. Yes.

Speaker: Hello? So can you tell me the occupancy rate for the last quarter and what's the current rate? I mean what is expected occupancy we see?

Giridhar Sanjeevi: It is there in the presentation, if you can see in what have been uploaded, if you see in the end...

Speaker: Okay. No problem. Thank you.

Operator: It appears there are no further questions at this time. Mr Sanjeevi I would like to turn the conference back to you for any additional or closing remarks.

Giridhar Sanjeevi: Yeah. Thanks a lot for participating in today's call. We remain available, I think in terms of any further questions that you may have please don't hesitate to reach out to us and then we can set up calls. Thank you very much.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.