The Indian Hotels Company Limited

IHCL Earnings Call – Q2 FY 2020/21 Results

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Management :

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Operator: Good day and welcome to the Indian Hotels Company Limited Q2 FY 21 earnings call being hosted by Mr. Puneet Chhatwal, Managing Director and CEO IHCL and Mr. Giridhar Sanjeevi, EVP and CFO IHCL. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your telephone. 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 evening everyone. Welcome to the Q2 2021 results presentation this evening. Let me begin first on a good note, the icon of Delhi the Taj Mahal Hotel Delhi as we popularly call it is now open. And the lobby is fully renovated with the emperor's lounge and the Machan which a lot of Delhi has grown up with, dating back to 1978 is open and running and it's been restored to its old glory. I think this is a very, very important hotel for us, and we're very proud that we were able to retain this in our portfolio.

Now, let me move to a little bit on the macro-economic circumstances. As we are all aware, we hear it in the news, we read it in the newspapers, there is a contraction in the global GDP by more than 4%. And within the global distress that is there, tourism and hospitality has been hit the worst. It is a $5.5 trillion estimated loss in this segment and approximately 200 million in jobs. And when it comes to India, the latest IMF projection was a bit north of minus 10% on GDP and I'll come to the figure for the loss of revenues in India and also on the loss, possible loss in jobs in a minute.

I think it is time that we took stock of where we are coming from. If we go back into this year, 11th of March, I remember very well that the visas were cancelled, and 13th of March, the OCI travel was also cancelled. Then we had a national lockdown which was announced two days post the Janta curfew on the 22nd of March. And then 24th midnight onwards we had the lockdown, initially till 15th of April, but which kept getting extended till almost September in certain States, even in October. The flights then on a domestic front started resuming around the end of May, that's the 25th of May. We had the first unlock one on 8th of June, followed by a very important state for us Maharashtra, allowing 33% of hotel rooms to open and not food and beverage as of 8th of July. And then we started international flights on the air bubble on the 17th of July. In August, the hotels started opening up in Delhi and Maharashtra then announced in September the opening of the hotels. Of course, the restaurants in Maharashtra with limited food and beverage activity on the 5th of October.

Well, when coming to India is of course it's an unprecedented downturn for the Indian hospitality sector. The branded hotels seem to have lost more than 31,000 crores in revenue. And if we have the unbranded also, then it comes to one lakh, 11,000 plus crores. Hotel occupancies when compared to last year April versus this year April fell from 75% to just 7%. And there was a 55 to 60% drop in average rates which is an expectation not for April, but for the calendar year 2020. That means from January till December. And these figures are based on estimates provided by hotel based research, and therefore a total loss in hotel revenues from Jan to December is estimated at one lakh 42,000 or one lakh 43,000 crores.

Now, having said that, there are certain clear trends that are emerging in travel patterns and guest behaviors. Some of these are short-term, some of these are mid-term and some are there to stay forever. What we are witnessing is that the consumers are gravitating towards trusted brands as safety is the highest quality. There is an increase in the last couple of months in domestic and regional travel. However, the booking windows are shorter and there is a willingness to pay premium for flexibility. On this we had not seen pre COVID that people pay premium, there was usually a bargain. There is a shift in the purpose of travel, and if there is any travel at all in business, it is always linked to leisure, which we popularly call as leisure segment. There is a change in type of travel is more staycations, more drive cations, even though you have to drive for 10 or 11 hours. There is a multi-generational travel happening. That means grandfather, father and the grandchild maybe traveling together which was not seen that often before and mostly to remote locations. There is a surge in new products, vacation rentals, home delivery business, car rentals, and homestays.

Having said that, I think what we announced in the last quarter when we came up with the results was our strategy. Our file from strategy which we call reset 2020. And just as a reminder which, you know, the reset stands for revenue growth, excellence in our operations, spend optimization, effective asset management and being financially prudent. I would now like to walk you through some of the revenue initiatives that we have introduced under the reset 2020. The first one obviously is Qmin, which is our home delivery business in the first half of this year, and although it was launched towards the month of June, it’s total in enterprise revenue are more than 34,000 orders till date. I can even tell, you know, in October despite Shraads and Navratras we had a good October. So these revenues increasing, we've just opened in a soft opening phase, our first Qmin shop, a gourmet shop at the Hotel President in Mumbai. And in the month of December, that means as of next month, we'll be launching our Qmin food truck business and three trucks are expected to go live.

Hospitality at home, we started very early in the lockdown phase, almost towards the middle of April. That's also done around 14 crores in the business. That is delivery of hampers and different kinds of hampers. We had come up with three different possibilities which was very well accepted. And with the festive season round the corner, we're seeing a lot of salvage in that kind of sales. Very proudly, our first announcement on our platform that we have here with ABinBev we just launched Seven River Group up in Bangalore. And in 40 days, it's already done 60 lakhs plus in revenue. So some of these is not all the FNB innovations, but I think these are the most significant and relevant ones which we wanted to share with you.

With that, I move to how we went about unlocking the potential of domestic business. We had introduced our 4D strategy or 4D marketing initiative, which was you dream, your drive, you discover and you delight yourself. This contributed more than 27 crores to our H1 enterprise revenue. But I'm also happy to report that this was also launched around June and since then, it has picked up significant momentum. And we expect this to be a very large contributor to all the revenue by end of March.

Another important factor, which we did not stop doing in this phase is lose sight on our growth. We have signed eight new hotels in the first half of the year. Obviously, our focus as you will hear a little bit later in the presentation was stronger on asset management instead of just signing new contracts. But some of the good opportunities we did focus on and we signed eight contracts, added them to our pipeline totaling around 750 keys. A snapshot of few new openings that are coming in this month, we will open the Taj Skyline in Ahmedabad. It's a large property, it's on a management contract. Then we will open the Vivanta Thiruvananthapuram, followed by the Taj Willington Mews Chennai. This will be the first property in India that will be run by ladies or associates only; whether in engineering or as general manager or as a shift or in the housekeeping areas. And finally, the Taj Chia Kutir, Darjeeling.

So we are quite hopeful that in the next 90 days, we would have opened these four, but we expect to open around 10 hotels by 31st of March, and one important thing that is not mentioned here is as expected around the 10th of November, is the Connaught in Delhi. On the excellence initiatives. On the excellence initiatives, we have remained very focused. As you would all know, we launched as one of the very first companies, Tajness- A commitment re strengthen. Why these re strengthen? Because Tajness was always there, our care to safety and security of our guests was always there. However, we have re-strengthened it with the new norms of WHO and the ministry of health.

Our NPS net promoter score has grown consistently even during this Corona phase. And as you would have all noticed, we have been winning hearts and getting a lot of accolades, recognitions on various platforms. Whether it is Rambagh being rated as the top hotel in India or among the 15 best in the world. Or it is our properties, The Pierre in New York, from Conde Naste or the Maldives Resort, the Taj Mahal Hotel in Mumbai for three years in a row as the best hotel in the world from trust you. The Lake Palace, Udaipur the best resort, a Taj Exotica in Goa. And this goes on, I think we have a lot of iconic assets and they do win hearts and minds and souls of people handing out these awards.

When we move on to our spend optimization initiatives, in Q2, we had the same result as you see in Q1. We had a 51% reduction in the cost. In Q1, the mean reduction came from the variable cost, and our marginal reduction from the fixed costs. But as you see in Q2, that number in the-on the fixed cost reduction increased by 30%. And as obviously the business grows, the revenues grows, the variable cost reduction becomes lesser. But in all, we were able to maintain a minus 51% control on the cost. And as management, we are very pleased with that number.

When we move forward on to the where these cost optimization, which heads it came from? It's of course the raw material costs as the revenues drop to such a significant level. But also on the admin expenses on heat, light and power expenses. These are semi-variable costs, we had good success in controlling them. Our fixed lease cost of which we'll talk about a bit more in detail and as I alluded to you on the asset management focus of our development team and our operations and finance, has helped us a lot in the fixed lease cost reduction, as well as manpower cost, by almost 40%. When we move further into effective asset management, and here it comes to how we secure significant lease favors. And at the IHCL level, it is 31 crores, on subsidiary levels equals 37 crores, on group companies 34 crores so totaling 92 crores of reduction in this cost. And the benefit received in H1, 2021 for IHCL and subsidiaries amounts to 42 crores.

Moving on to the trip and financial prudence. I think on this, we did quite well, we saved 43 crores versus last year same time in the first top of the year. And we achieved this by exercising prudence and all corporate expenditure and especially re-deployments and restructuring. When I say redeployments, it is because of our growth we have an opportunity to redeploy our associates in new properties that are opening up. We also have an opportunity to redeploy some of our people in other companies within the group that are growing despite the pandemic. And so we are very, very content to have had that opportunity and have done successfully. And we feel that this number would only go higher because the redeployments did not happen in the month of April or May. It took time for it to kick start, so most of the amounts that you see, they are really an impact of mid of June till end of September, for the first half of this year.

Then further on the liquidity we have taken multiple steps. You know, we have gone down in IHCL on 750 crore of long-term debt from April to September. We have secured additional lines for any further requirement. We are exploring on a daily basis monetization opportunity because it's a part of our aspiration 2022 strategy is a part of our reset strategy. And we have deferred any non-essential CapEx and renovations that could have been deffered. So therefore, if we were to summarize on the revenue growth initiatives, we had 135 crores which would be not like for like revenue versus last year, same time. That means the source of this revenue is the new revenue initiatives and not what we had last year. We had spent optimization with control on costs of another 149 crores in first half, then on effective asset management, around 46 crores and 43 crores of corporate overhead reduction.

With that, we move on to some of the performance highlights in terms of how our portfolio of brands have performed. Now, these are figures based on all brands. If we look at the RevPAR on the domestic hotel spaces, you know, we see some early signs of recovery. As I mentioned in April from 75% occupancy last year we went down to seven, of course, the RevPAR dropped to 340 approximately, and it is up to 1,340. So 1000 rupees have been gained on the RevPAR and now this is on all portfolio. I don't know what else were operational or not operational. When it comes to operational portfolio, the drop cost to 700 in April, which is more than doubled from April to September.

So if we look at it this way, there is also a forex growth from April to September, if we looked at throughout the entire portfolio. But on the operational portfolio its more than doubled. In terms of our performance to the industry, IHCL had in Q1 a RevPAR of 513 which grew to 1,061 end of September. That is 2.1X. The industry RevPAR based on STR global, that we have received for the 465 which went to 796, so 1.7X. And we are seeing a large growth specially in Q2 on our portfolio. And this is really for two reasons, I think one is because we do have a lot more resort assets. So, which helped because the demand is really domestic and it's measured level. But the second reason is also the trust which I alluded to. There's a trust in the brand and especially Taj, as one of our brands is benefiting significantly from the trust and the love and the emotion of the people. And it is currently outperforming its competitors in almost all markets with the exception of one.

Going forward, I think it's very interesting to see the slide on Ginger. As you will see, Ginger also came down from very high occupancy to low occupancy in the crisis but it was the first one to recover. And then September, it already went North of 50%, I can also inform you that even October it finished North of 50%. And it's RevPAR index group from 0.7 approximately in April to almost double or more than doubled at 1.48 in September. And we're very pleased with this also, because Ginger, as a brand has already achieved for the first half of this year, 53% of last year's revenue. Now, as we all know, most of the companies struggled in Q1 and most of the brands struggled in almost all. But I think Ginger has shown a lot of resilience and we thought this slide is what sharing with all of you.

Another thing when we move forward, you see the decline in revenue was as dramatic as we are seeing the increase in numbers on a month by month basis. So as we hit a low in April, going down to as much as 35 crores, in September, it almost went close to 150 crores. And when we move on to the EBITDA which was negative in April at a hundred crores has actually turned positive in September. And the trend continues that way, that the losses are getting narrowed on the PBT level and on the PAT level, and the EBITDA is turning positive. And we see no reason why this trend should not continue in Q3 with similar kind of increases in all these four segments of revenue, EBITDA, PBT, and PAT. That's a kind of a, without giving a number to it, a kind of a guidance in terms of trends.

Coming to our consolidated performance in Q2, we had a total revenue of 324 crores that increase in over Q1 by 150 almost. We narrowed the EBITDA loss from 234 to 83. That's an improvement of 151. I think more important is that although there was an increase in revenue of 149, the EBITDA improved 151. So the flow through that, the management team has been working on has been quite positive. They also narrowed the losses of PBT level at 263 versus 336 in Q1 and PAT from 280 going down to a negative of 230, which is another improvement of 50 crores. With that, I would like to hand over to my colleague, Mr. Giridhar Sanjeevi to take you through the details of the financial performance.

Giridhar Sanjeevi: Yeah, thank you. Moving on to the consolidated financial performance, the details. I think as we can see, the Q2 revenue was 324 crores. It's represented as compared to last year's decline of 69% but represented a significant improvement from the first quarter number of 175 crores. In terms of expenditure, as was highlighted earlier, we've continued to maintain top expenditure at 52% as compared to last year in Q2 which was the same levels for the whole–the entire H1 as well. This is driven by all round focus on all the lines of cost, corporate overheads, employee benefits and all of the lines of cost section. On finance costs, the finance costs were steady at around 97 crores and H1 was at about 185 crores. We had an exception of 20 crores due to some exchange gain loss in all perimeters. We ended the quarter with a loss of 230 crores and the total half yearly loss is 510 crores.

Moving to the next slide. This is just some details of exceptional items; I think in the current quarter lease concessions comes as part of the top line. And we have revalued some of the liabilities in relation to the purchase of the Sea Rock shares and that gives us a gain of about 23 crores. I think those are the two exceptions worth noting this time. In terms of the standalone reported revenue, we reported a revenue of 215 crores, expenditure was at 250 crores which was minus 47% as compared to the previous year. It is at the similar levels, even for their debt which run at minus 46 crores. Finance cost was at 69 crores. There were some exceptional loss of about 16 crores or so. And getting a net loss after tax was 142 crores. And for the H1, the net loss was about 350 crores for stand alone.

Moving to these standalone exceptional numbers. I think as you know, we do provide for the US losses and that was about 29 crores in the quarter. In terms of some standalone revenue metrics, essentially what you see in H2, in Q2 from July to September is that between August and September, clearly you see a steady improvement in occupancy. You see a significant jump in ARR from 4,500 to 5,000 to 6,500. That's a significant jumped in ARR. And REVPARs are going up from 1400, to 1500 to 2200 a 50% jump plus in terms of REVPAR. And there was definitely a shift in business, post August we saw the quarantine business come down and the regular FIT business coming up, actually. And that–those are reflected in the numbers of Q2 and September actually.

Similarly, on the domestic revenues, the network as we see this impact, where the occupancy does go up by 6% or so from 26.8 to 32.4; ARR, there is a significant number above 10% from 3,645 to 4,100. And REVPARs hence you see a significant jump of nearly 50% in there . So that is reflected in the domestic network metrics as well. In terms of the debt position. I think we continue to be prudent in terms of drawing down on debt. We are managed for–we are in position for liquidity. Our net debt and standalone as of September 30th was 2,100 crores and consolidated was 2,900 crores. Weighted average cost of debt continues to be well managed at 7.8% of our standalone. Net debt equity is still comfortable at 0.5 or so and net debt to EBITDA on a 12 months trailing basis has gone up to 4.97. Consolidated numbers similarly are 6.7% for debt, net debt equity has been about 0.68 and net debt to trailing EBITDA it's been about 7.54. So overall liquidity position remains comfortable.

I think before I end, I just wanted to highlight some trends which are relevant right here. I think these are external trends and those which are relevant and within that circle of excellence. From an external macro trends perspective, very clearly in India we are seeing that the COVID cases are going down. There's a 30% drop in new infections. And that August, I think that has allowed the government also to reopen all hotels and allow restaurants and all the parts of the hotel operations to open.

Domestic air traffic is definitely going up. 40% improvement in September versus August and steadily we have been seeing if you look at the headlines as well, you're seeing the air traffic numbers are going up. Domestic tourism is definitely going up and there is almost like a revenge travel in terms of, especially in the leisure destinations actually as you're seeing a lot of domestic tourism and leisure travel rebounding. And some of our destinations like Rajasthan, Goa and Rishikesh and other leisure destinations are doing very well actually. And as was described earlier, perhaps as a trusted brand stands to gain more and people are willing to pay a premium for all their travels actually. And that is something which is important for us actually.

And Within IHCL's control of events, very clearly we are focused on revenue, including the new lines of revenue through our recent initiatives. And there's a visible increase in revenue month on month and we hope that will continue and be out in the season at this point of time. And with the unlock down and being in the middle of the season, we do believe that this quarter and the next quarter, we should see the momentum in terms of revenues. Very strict cost control and spend optimization is there. You'll see it in the cost savings during this quarter. We have outperformed the competition in key leisure markets like Goa and other key metros. Ginger Hotel has exhibited very strong performance, exceeded and sustaining 50% plus occupancy limits. And we continue our momentum in terms of opening hotels, which are largely Asset light except for one property actually.

So I think–so we continue to sort of watch the external environment and do all that we can in terms of optimizing revenues, managing costs and managing balance sheet and liquidity. With that, I kind of open it up for questions.

Operator: Thank you sir. If you'd like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speaker phone, 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. I would also request everyone to say their name and the company they belong to before asking a question. We will now take our first question.

Achal: Hi, this is Achal from HSBC. So I wanted to understand a few things. So first of all, if you could please talk a bit more about your new revenue initiative. So you have given 135 crores of number as a new revenue from the initiative how much of it flew through to your bottom line? So what I wanted to understand is that if you could talk about the profit margins you earned in your different revenue initiatives like Qmin and all. That would be very helpful please.

Giridhar Sanjeevi: Should I take it Puneet?

Puneet Chhatwal: Yeah, you can.

Giridhar Sanjeevi: Yeah. No, I think if you look at businesses like Qmin, I do not know if you have experienced Qmin in terms of the F&B. I think the average ticket for two people is approximately 3,500 to 4,000 and then you sell at the same prices as the restaurants. The margin on this business is very high because we are not discounting these. These are not swiggy type of revenues. Hospitality at home also. These revenues are all at full pricing actually. So some of these initiatives like Qmin and Hospitality at home are completely at full pricing. The full deal we should do is which are in terms of taking advantage of the leisure destinations and maximizing those at 27 crores as pointed out. These are also at significantly good care levels. So therefore, I think there's no compromise at all, terms of the margins on some of these initiatives. Puneet you want to add to that?

Puneet Chhatwal: Yeah, I think there is–just to add to this, a lot of these businesses are incremental, so the costs are incremental and so is the revenue. So for example, Qmin. It's the same kitchens, is the same chefs, cooks who are preparing it. The incremental cost is really the raw material cost and the cost of delivery. We are also not using a third party provider so that makes the margins even larger. And when looking at margins, you know, on most of these businesses, I would say as a hybrid north of 50%. And why north of 50%? As I said, this is not where we have deployed capital in building a space. It's using the existing spaces and using the existing facilities, existing manpower, the cost we which we would have had anyways.

Puneet Chhatwal: Also I think the same thing on the hampers or the hospitality at home, the same on the 4D initiative. And I think there is a lot of wellness retreats that we have launched, staycations that we have launched, temporary office working that we have launched. And you will see more and more of this coming because partly we have to adjust our business model to the new reality. And we have to try to find a latent demand that did not exist before and try to capitalize on it. But yes, one-line answer is, all these businesses are very high margin business because we cannot be on one end saying we will not be doing any CapEx and actually reducing and deferring any planned CapEx. And that's how it makes our model very, very asset-light.

Achal: Right. So is it fair to assume that out of the total of 135 crores, almost like 60, 65 % towards a more or slightly more would have flown to the bottom line. Right?

Puneet Chhatwal: Absolutely, it's fair to assume that. Even at your higher level.

Achal: Yeah, yeah, sure. No but I used Qmin and it's a great initiative, it's a great thing to be fair. The other thing also, I wanted to understand about the cost evolution. So how-so of course you're maintain your 50% cost decline. How do you see it going forward as the business picks up, as you open more hotels? So I think some of your employees possibly come back in all those offices. How should we expect your cost roll over the next two quarters, and then probably if you can talk about a bit more in the next year?

Puneet Chhatwal: Sure, I would go first and then maybe Giridhar can add something. You see, this is a historic opportunity also. As bad as this COVID news has been, it has been an eye-opener for the global hotel industry to, you know, check every cost that we had. And not that we were not looking at costs before, but when your revenues come down to almost zero level and hotels are shut, then you have all the time to keep looking at every possible cost 10 times a day than you did when it's business as usual. My personal opinion for the industry and especially for IHCL, I would say, let me limit it to our own company is that we came up with this reset strategy and that means it's also a reset on the cost space going forward.

This is not a temporary thing; we don't do those temporary things. We have not furloughed any staff; we have not taken employment away from anyone. Our salary contributions that we have done, we have created Taj for families. Supporting staff who have lost jobs, because they were not directly employed by us, rather by one of our partners or something. So that way, I think, we do see this as an opportunity to come up with new operating business models. And we are doing that. We're going to redefine our business class rules proposition, our business Taj Club Lounge proposition. Everything will be reset for the time coming ahead of us and going forward. Giridhar, if you want to add something.

Giridhar Sanjeevi: No, that is right. And I think what you saw actually in the first quarter was reduction, which has more in context of variable costs. And as we go forward and due to–we have seen that the cost, savings, they are more than fixed costs. And you will see much more fixed costs coming through. In fact, if you see the Q1 fixed cost number last year, it was about 156 crores, it came down to 123 crores per month. And in Q2 that came down from 157 to 112. So therefore I think there's a lot of focus in terms of trying to drive down the fixed cost. And that's when it said it is all, you know, changes in operating model and trying to make fundamental changes in the way they are working. They are starting with the corporate office to every everywhere else actually. So this is a very strong focus on improving the cost base.

Achal: Great. So basically I'm assuming that these cost efficiencies would continue even once–even if the full business pick up the original scale and then that will benefit, right?

Giridhar Sanjeevi: That is right. That is what we want to do. In fact, one of the things we talk about is that in the previous year we needed 4,400 crores of topline to generate 800 crores of EBITDA. I think the attempt is to say that, can we do it at a much lower recent similar EBITDA at much lower levels of top-line? So therefore, I think the focus is very clearly there in terms of bringing down the cost base to a different level absolutely.

Achal: Right, right, fair enough. The other thing I also wanted to understand more about the change in customer mix. So until the recent quarter of September probably, you would have had many, many people saying, I mean, most of the traffic would have been driven by the COVID. The medical staff and then quarantine people and all. So and then that must have been changed, or that must have been replaced by the normal leisure demand. So just wanted to understand if you could talk a bit more about, you know, what kind of change are you noticing now from your traffic in the quarter to September, to now starting quarter December and–

Giridhar Sanjeevi: Yeah, I think what I can say is that there is the change in the reduction in the quarantined flights, but we are now seeing as expected earlier the leisure luxury business picking up, the weddings picking up. And therefore–and what we are seeing in terms of some of the destinations like Goa and Rajasthan and other destination., We are definitely seeing people willing to pay and kind of take place and stay in all these hotels. Therefore, I think it's more FIT, it's more domestic tourism related, no international tourists are clearly coming. But therefore people are willing to pay. And that is bringing the change here.

Operator: Sorry, it looks like the participant online has been removed from the Q&A section. Participant, please press star one on your telephone keypad to ask your questions. We'll pick the next question. Line is open, please go ahead sir.

Achal: Sorry, am I audible?

Operator: Yes, yes sir.

Achal: Actually I think my line had a problem. So Giridhar, just continue that question. I mean, so the destinations which you just talked about are more of a sort of a leisure destination. So probably that highlight that's leisure demand. But how about, because you see air travel it is the last recovering leisure demand, but there's slow recovery in the leisure demand but more of a MSME's travel which is taking place. So if that is the case, how kind of, what kind of traffic recovery you are looking at in terms of business destination like Mumbai, Bangalore, and all?

Giridhar Sanjeevi: Business travel clearly is slow, you are right and there is a niche, business has picked up in terms of travel. And that is one of the reasons why you see the incrementing occupancies also coming through the place like Ginger, where the occupancies have gone up about 50%. So Ginger clearly benefits from that segment. As far as the premium hotels are concerned, I think it is more Leisure and Luxury.

Achal: Right, right, last question from my side. I'm really sorry for the long list. In terms of liquidity, so if you could please guide us on what kind of cash burn now happening on for a month basis, that'd be helpful.

Giridhar Sanjeevi: No, I think between cashing lines we are more than 3000 crossed and I think we have been very prudent in terms of expenditures actually. And I think the good news in this business is that they have missed pickup, as they've started doing the requirements of cash bond. So we believe that we are well protected for now in terms of liquidity.

Achal: But how the cash burn has improved after the last quarter?

Giridhar Sanjeevi: I think cash burn has definitely improved. I think in the initial months it was 100 crores a month in terms of cash drop. But I think operating cash now has come to less than 50 crores or so because there's always other things which come up. But, and this as it goes forward, hopefully it should drop. But we will keep a close track of it.

Achal: Okay, sure.

Puneet Chhatwal: It could be fair to say given the current business on books and whatever we know we should be cash positive as of November. Because we have the wedding season, which is kicking in, we have the festive season which is kicking in. We have No Shraads, No Navratras which was there in October. And October, also ended up in a similar trend as September was overall because October was over September. So if November goes that way, then I don't see that we would have need of cash burn. But that's all, if and but what we can see today for the next three weeks, it does look that the jumps would be similar.

Achal: Right, right. Perfect. Thank you so much and wish you good luck.

Operator: Thank you. So participants I repeat, please press star one on your telephone keypad to ask a question. We will now take our next question.

Speaker: Hello hi, thanks for the opportunity. So during your opening statement, you have talked about that you have deployed the employers in other group companies and clearly, you know, one of your group company's hiring pretty strongly. Is it possible to quantify what percent of the total employees we are transferring to the other group company?

Puneet Chhatwal: See, it is not just for transferring people. I think the strategy that we announced three years ago was the three-year strategy of re-imagine, restructure, and re-engineer, right? And we re-imagined our brand scape, we needed certain skill sets so we hired certain kinds of people. In order to re-engineer our margins, we started changing the business model and restructuring is as for the needs of today. So there are different examples at corporate level and I did mention that we have the ability to re-deploy because of the needs and wants of business are different. So as an example, when we opened the Connaught in Delhi, almost 100% of the employees there are from other group properties. So whether they are from Taj Mahal Delhi or they are from Taj Palace in Delhi or [inaudible] or even from Taj Mahal in Mumbai. So it provides, the growth provides a normal progression for the employees and we are able to become more efficient in the operations. And that's one kind of redeployment.

The other redeployment is, as an example, if we club the functions of a couple of departments. So recently we aligned our revenue management and finance into one function. And that way we don't need to because one person retired, so the other one could take what two jobs because it's both his numbers driven. And that's another example. With that is, there is a possibility as one of the group companies, as you said, rightly is expanding and we would be working with them very closely. Beyond on the Qmin app for example, it's good for them to have some people from our own system, because we can help them in doing the super app and addressing the needs and wants of our business.

So that's how we have been very, you know, step-by-step mindful of our also mid-term and long-term needs. Because just redeployment is not what we do. We have to address in a very smart way, the talent that is needed to take the company where we wanted to take it to. Where we were 80% there on the pre COVID level and how we are going to get to the 110% there in the next few years. So I don't think that kind of a quantification would be, you will see the results in our corporate overhead quarter, and quarter basis if that's a way to answer it. But we cannot quantify these kinds of numbers. Giridhar you want to say something on this?

Giridhar Sanjeevi: No, I think that's fine. I had nothing else to add.

Speaker: Okay, my bad. I thought the move is more to do with managing the employee costs in the near down. Secondly, my question is, on the corporate side, how the demand is shaping up? And I'm looking for this answers most from them from a medium term perspective and not near term. Because clearly most of the tech and consulting companies are talking about medium-term savings coming from travel and work from home, with the use of collaborative platforms and all. And the dichotomy is when we look at the smart money, private equity players especially, they continue to invest in commercial space. So just want your view on this and what you're hearing from your corporate clients. Do you think the mix between leisure and corporate travel will change meaningfully? And again, you know, I–maybe from three to five years' perspective, if you can throw some light on it.

Puneet Chhatwal: Well, I am a firm believer that corporate travel will be back and will be back very strongly. And it's a matter of a few more months at the most when there is a vaccine. But also the work from home for the tech companies is there to stay. It's not, as I said in the presentation. Some of the changes are short term, some are medium term, and some will be there forever. It's like getting through security at the airports, before one could go in the airport, now you cannot go unless you have a boarding pass. You could enter hotels and leave them without going through the baggage check and putting your mobile away in the scanning, et cetera. So some of these things are there to stay forever, but if anyone believes that more business can only be done on Zoom or like what we're doing now, and you will never have investor meet in our crystal board room, I don't think that is true. It is just–if it's not three months, then it is six months and if it's not six months at the most it is nine months than we will be meeting you in person and doing these investor meets.

So I've I have been traveling, I went to, I've been to all major metros. I've been to all major metros, I've been to Bangalore, I've been to Delhi, I've even traveled abroad and I'm going again at the end of this week. Some private, some on business and I can tell you, I've seen empty airports in July, and I've hardly seen flights and now I see almost, a lot of activity. And if you look at the latest statistics prepared by, I think make my trip, and it was on a CNBC channel, the growth in September over August was 40% in air traffic. And as for also the ministry of civil aviation, a lot of traffic is back to pre COVID level and all of that is not leisure some is also corporate. So I think it will keep increasing as time goes by and as numbers keep coming down in terms of infections.

However, and having said that, if there would be another second wave, which nobody believes in India like there has been one in UK or in the other parts of Europe then it's a question about whether it's a nine-month story or a one-year story or longer. But the very things are moved in the last 60, 90 days I can tell you not a projection, but based on my personal experience of traveling to these cities that there has been a marked improvement. Worse is, when I first came after my first trip maybe in July or something and it was like, you end up in a haunted airport, there was hardly anybody at all in Mumbai. And it was also very carefully opened in Mumbai it took much longer, Delhi had started, but Mumbai had a lot of breaks on and corporate travel as our corporate business has a direct correlation to corporate travel. And most of the corporate travel does not happen on drive vacation. You know, you don't drive to destinations unless you're at the Ginger level customer, we're usually flying from one destination to the other.

Speaker: Sure, well, this is really helpful. I just have one last question, of course it's good to see, you know, returning EBITDA positive in September. My last question is, how is the overall booking for coming up for the holiday season? And any early signs you are seeing would be helpful if you can share. If possible, to also quantify booking for the holiday bookings, you know, compared to the last year where we stand if you have that. Any kind of a rough estimate around that. That's all.

Puneet Chhatwal: Seeing is that there is a lot of pick up it's become very short term. If you had asked this question three weeks ago, I would have said, it's slow. But in the last three weeks we have picked up a disproportionate amount of business and especially for these three months, October, November, December. Because when I say three weeks ago, it included the remainder of October. So last 10 days of October for us and going forward November, December, I've seen a significant pickup.

But as your question, the previous question rightly pointed out and also the previous person with a question for HSBC, most of these pickups that we are seeing is on leisure and obviously all of it is domestic. We'll see what happens once international travel opens up. And on leisure definitely Rajasthan is leading the way, Goa is leading the way, Coorg and areas around Coorg are leading the way, Shimla, Rishikesh. you know, these are destinations that are doing very, very well and if somebody goes to Shimla, then they're also stopping the night in Chandigarh. So a lot of those kind of travel is happening and there is a lot of pickup on that. Definitely, Christmas, new year, we're seeing a surge in bookings. And the destination that I just mentioned, I can tell you they might even be performing better than last year.

Speaker: Okay thank you.

Operator: Thank you. If we take the next question.

Kaustav: Yeah hi, this is Kaustav from Rare enterprises. So I just wanted to understand what did you exactly mean by positive in the month of September? Did you mean for your standalone business or the console business as a whole? And also, could you just go a little bit more into detail in this as to how we have achieved this and, you know, the key components to this?

Giridhar Sanjeevi: Yeah, sure. I think we did see that in both stand alone as well as in consolidated. I think in terms of general EBITDA positivity, what we're now seeing is that with the pickup of business, we are slowly seeing the increase in the number of hotels, which could potentially break even on EBITDA actually. And I think that is definitely now the language has changed, I would not use the language here in the first quarter. But as the second quarter progressed and the unlocked bonus happened, we are gradually seeing that hotels will start becoming EBITDA break even, hitting EBITDA break even sections so that is definitely a trend. And therefore we are looking forward to Q3 in terms of business to see how many of the hotels get to EBITDA break even and what does it do at the network level.

As far as September month EBITDA is concerned, I think it was aided not just by operational incomes but it was also aided by the non-operational incomes which resulted in the positivity in the month of September. And I think one of the things we, I want to emphasize both operational and non-operational is that these are extraordinary times anyway. And therefore, I think what is very important for us Kaustav is that it is nice to see a mark up which says EBITDA positive, which we have been wanting to see for a long time. So I think frankly it doesn't matter whether it comes through operation or non-operation, September was definitely aided as such a bit by that. But the bigger picture as I said, is that as the performance improves I think you will see cities like Goa, cities like Delhi, cities like Bombay slowly start getting to EBITDA break even. I think that is what is the most important thing and that's why this quarter Q3 is important for us to see the pickup in business and achieve those milestones actually.

Kaustav: Okay, could you–what was your occupancy rate in September and on a standalone basis for the domestic business?

Giridhar Sanjeevi: Yeah, I understand.

Kaustav: Just try to, you know, relate EBITDA positive to your occupancy rate. And then the remaining would be non-operational, that's why.

Giridhar Sanjeevi: So, as you saw in the presentation, the occupancy in September was about 34.5%. That was the occupancy in the current year in standard for the month of September and that was as compared to 30% in the month of August. The ARR that's going to teach them that the other thing that is not just an improvement in occupancy from 30 to 34.5, the ARR from 5,087 to 6,500, which is nearly a 30% jump in ARR. So I think the quality of business, in terms of quarantine business came down and the FIT business has picked up. So I think it's a combination of occupancy increase as well as rate increase, which is where we saw the action.

Kaustav: Okay, great. And last, lastly, when you speak about non-operational income which aided EBITDA turning positive, could you speak a little bit about this issue? Do you mean the food service business? What is you mean by non–?

Giridhar Sanjeevi: No, first of all we see the standalone exception that we have just highlighted in our presentation. So we had a couple of standalone exceptions, like for instance, number one was the recent IndAS lease rental concessions that comes as a, what do you say in the top line. But to be honest, even if it is even a part of statement of expenditure, the EBITDA positive would have still occurred actually. We had a valuation of one of our financial liabilities which gave us about 20 crores in the exception. So that is the only thing which came in which is I would say non-operational. There was a small flat which gave us the revenue of 3 Cr.

Speaker: Okay. And any progress on our monetisation strategy, specific issue of organizational structure. Anything from last quarter which is moving into the right direction?

Giridhar Sanjeevi: I think as we have all discussed that monetization is something we are progressing on one or two of the monetization’s, they are work in progress. I think some diligences are going on so hence I think my sense is that the next three months or so we should be able to announce because of the significant monetization’s actually. As far as the restructuring, if I remember you're right about restructuring in terms of structures, I think that will take some time. That will take some time.

Speaker: Okay. Thank you so much. Yeah.

Giridhar Sanjeevi: Yeah. Thanks Kaustav.

Operator: Thank you. We take the next question.

Sumant: Yeah, hi Sumant here from Motilal Oswal. So my question is particularly for the international business performance. So can you give more update on that?

Giridhar Sanjeevi: Yeah.

Puneet Chhatwal: So, Sumant I'll just give a little overview and then let Giridhar give the details. Dubai, because of IPL is doing very well. The hotels in the US and Cape town have just opened in October so they are not included in first half performance because, you know, there was a lockdown out there especially in the state of California. When it comes to Maldives it's picking up quite well. Sri Lanka had started and it went into a lockdown so it's completely shut down. Bhutan for us is also shut down. So I think London, which we were expected to do much better, has gone down into a lockdown as well today or tomorrow for a month. But the positive on this London and US is there have been a lot of packages given by the government which reduce your both fixed cost and variable cost, which is in our control. So the impact on profitability is pretty much marginal versus last year, I would say the same time last year. Is that fair Giridhar to say?

Giridhar Sanjeevi: I think London, yes. London, I think what has happened is that significant savings in that part very clearly. Absolutely yes that is there.

Speaker: Okay. And what about the US?

Puneet Chhatwal: Sorry go ahead.

Giridhar Sanjeevi: Yeah. No, I think you, I think that US businesses were certainly down. Our expenditure there was significant expenditure control because as I had explained some months earlier, about 85% of the Unionized staff, we were able to do a temporary layoff for six months or so. And that resulted in the significant manpower savings. We were also able to furlough and make some changes to the permanent stuff there. I think that definitely helped. We also, as, you know, renegotiated the lease rentals and did these discussions with owners. All of those have definitely helped in terms of reducing the cost there. And you also see of course over at US there are cash losses because of, you know, the nature of the operation. And you have seen it in the standalone exception as we had a 29 crores loss that we sort of reported in the standalone, which is expected under exceptions for the same.

Speaker: Can you discuss more about the overall key customer mix changes in the key markets are like Mumbai, Delhi, Bangalore. And from where the demand is coming like wedding or staycation and any other?

Puneet Chhatwal: The demand is different in different basis, when Mumbaikars want to drive to Goa or take a flight to Goa or to go to Nashik, you know, our newly opened Ama Mad Island. That's one way of getting the business. The other, what we are seeing in Mumbai is a lot of stay-cation. Is people who live in hotels for a few days or nights because they are either bored or fed up of staying at home. So a lot of that is happening and the rest is, you know, some, you have some airline crews that stay with you. You have some other regular wedding business, you know, the very famous wedding that recently happened up in the Taj Mahal Palace and tower. So it brings in, you know, some business, doesn't bring in any more, you know, a 100, 200 rooms because so many are not allowed, but it does bring in business. And especially in the wedding season, we are seeing a lot of this occupancy coming in through that source. Limited corporate travel, more leisure.

Sumant: Okay.

Puneet Chhatwal: We are seeing some of also people coming from places like Gujarat and Pune to Mumbai and stay in Taj Mahal Palace but that also we are seeing.

Sumant: And how is the IT companies staff staying or pharma industry staff staying? So these kinds of customers are still there or?

Puneet Chhatwal: Pharma is, yes, the answer is yes, but IT is no, because the people who are best to work from home is IT right? So we are seeing a short-term reduction or fall in that IT source of business, it was coming from IT companies. And there may be for the hotel business, the recovery for the next three, four months will be slower. But what will not be slow is as I said before, the festivals, weddings celebrations and the normal corporate travel, it will come. It's already coming in, slowly but it's coming.

Sumant: So how is the inquiries for December and January for the wedding, for the year end and new year?

Puneet Chhatwal: We already answered that some destinations are even expected to do better than last year and some are not doing as well. I think what we are waiting for is for the big Metro to kick in, Delhi, Mumbai, Bangalore. If they kick in stronger in the next few weeks then, you know, we can take that offline you can give us a call in a few weeks' time. We are expecting that, but we have not yet seen it. However, as I said, major destinations or largest town Goa, South of India, even Fisherman's Cove outside of Chennai, these are doing very well on the weekends.

Sumant: Can you give us, 135 crores that came from new initiatives breakup, which segment are a bit more apart from Qmin.

Giridhar Sanjeevi: Can you give us–can we discuss that offline so that we can give you the breakdown?

Sumant: Okay. Okay. Thank you so much.

Operator: Thank you. We'll take the next question.

Achal: Hi, yeah sorry this is Achal from HSBC again. I had one follow-up question. So just want to understand, basically, as we are finding that the leisure travel, leisure demand is picking up, and then of course we are the most busiest quarter. That is part of number one, but then what happens as we enter into the next quarter, because then the leisure demand anyway will decline. Like usually there's no leisure and the corporate travel demand is low, so how do you see that following this quarter? How would the business have and how the demand would happen? You know, and so if you could please talk about that.

Puneet Chhatwal: Well, we are seeing, as we mentioned before a recovery in demand. Leisure is strong, but hopefully the other segments start coming into you are right and after 15th of January leisure will slow down. But in such historic circumstances that we are all, you know, are shocked and surprised with when revenues also hit to zero or as I said, they were as good as nothing was there. Then you see those jumps and at some point of time we started getting Vande Bharat and we had the medical staff, and then they got replaced by higher paying people, as Giridhar just mentioned. And the rate changed but not the occupancy to that extent because the lower paying business replaced. Well, when did our industry ever do Vande Bharat or medical staff? So something or the other comes up and will come up going forward as the impact of lockdown is beginning to get diluted on all fronts.

I think you all see it on the roads, three months ago there was not a person on the road or after every two or three minutes or car used to pass by. Now suddenly, you know, if you go to Chowpati or Pedder Road they're full. If you go to Delhi, it's the same, you try to go from airport into the city and you get a lot of traffic. So I think similarly traffic and normal business will keep coming back as has happened with the human civilization for thousands of years. So at some point there will be an end to this also, it's not going to stay there forever. And when it ends, people will start traveling.

Achal: Thanks. Thank you. Thanks very much.

Operator: Thank you. We now take the next question.

Speaker: Hello? I'm I audible? Hello?

Puneet Chhatwal: Yes.

Himanshu: Yeah. So my first question was, can you give some breakup between business and tourist locations for talent inventory? What would be the difference between tourist and business and tourist locations in terms of occupancy? If you can get some light on it, and can you tell what can we do to improve the performance in hotels, in business locations and some of the business location, or the city like Delhi, Bombay, where we would have multiple hotels? So can you give your thoughts on this? Yeah, I am Himanshu from PGIM Mutual Fund.

Puneet Chhatwal: I can tell you the trend is like this for us was operating it almost in the last six weeks or so, or the four weeks or so. And going forward, we're expecting around 80% occupancy in, let's say the established properties that we have under the Taj umbrella. And the business hotels that are around 40 in the cities you mentioned with the exception, one hotel in the city could be at 60 and another one is at 40. But yes there is one hotel in Delhi which does 60 for us. So what can we do? We are doing kind of initiatives as I said in place up until now, you've seen a lot driven by wellness by staycation, by the 4D, you know, which are more linked to driving to a destination. And now you will see us rolling out more and more corporate packages and we think that we will be able to stimulate demand. But there is no point, you know, launching corporate packages when a lot of companies are saying that their people should not travel or avoid travel, So that's a wrong time to launch a package, I think, but that is slowly subsiding and lot of people are traveling now.

Himanshu: Okay. And yeah, second question was, what type of trends in booking you are seeing in the winter vacation period? What would be our plans to have good occupancy at that period of time when a lot of foreign tourists used to come for the long holiday season? Can we expect to get more domestic tourists to fill that spaces much lesser people from India will move out? And any specific thought process or work we have started for preparing for those longer winter vacation period? Some thoughts of yours on those trends and how you the most profit they will be there though.

Puneet Chhatwal: We are still seeing good demand for holiday season, that's not a problem. There are foreign tourists not coming in, there are also 24 million Indians who used to travel abroad who are also not going because it's not allowed to go so that is your captive clientele. Definitely there is a segment that used to pay a big premium from coming from abroad on our palaces, which are seven to eight palaces that we have in our portfolio that used to attract a huge premium from people, especially, you know, foreign origin. That segment is missing and we are working hard to compensate for it but that's limited to seven, eight, or maybe 10 hotels in our portfolio while we have more than 160 hotels in operation.

Himanshu: Okay. But looking at the trends, do we expect the occupancy in the winter vacation period, we can reach back because of Indians? Or the inquiry levels, what you are seeing, can we reach those levels back this winter season or how you would do it?

Puneet Chhatwal: See, as I said earlier at the start of the presentation in April, this year we went to 7% versus 75%. Then just now my colleague, Giridhar mentioned that on stand alone, your previous speaker had asked that question. We were there like 34, 35% in standalone in the month of September, right? Now that's 7 went to 35, which is five times more in five months. We've seen similar kinds of trends in the month on month basis, the jumps are higher because you're coming from such a low base. So no matter how high the jump is, it will be difficult to get to the same level as November, December of last year. Why is that? Because also the calendar last year was a bit different and November, December were the two best November, December, that one has seen in several years. So last year the November, December figures were very high.

It's difficult to get to the same level for us. That is not only difficult, I don't think that will happen. If we get to 75% or 60% of that level, we would be very happy because we are coming from, as I said, 7%, 10%, 15, 20, 25. And we presented the Ginger is back to 53% of the revenue of last year for the first half, right? So that is something we are to very closely monitored, but everything moves in the positive direction and on the way up.

Himanshu: Okay. And yeah, one very interesting slide on and data on Ginger hotels, okay. Can you please tell what would be the reason for such good occupancy and performance for Ginger hotel? And secondly, can we replicate some of those things at Vivanta which is a business hotel but at a premium to Ginger? And would it be right to say with the main occupancy of Ginger hotels from domestic network the occupancy will be in 20s and 30s so these on ginger hotels? And one more which will be the last. If you can reply to this, it would it be helpful?

Puneet Chhatwal: In Ginger the number of rooms is much smaller than the rest so it will not go into the 20s. It will still get closer to 30 and above so that is not–I don't think that's the answer. But ginger as a brand has been significantly repositioned in the last couple of years for what we call the Ginger entered the Lean Luxe segment and ten of its properties with all refurbished, repositioned plus the new ones that have been opened.

The second thing is in many other locations, it has benefited because it's caught a strong footprint in secondary and tertiary mode. So it was not having so much of competition for let's say a Ginger in Agartala was taking all the demand that was there. Newly opened Ginger in Patna was doing very well, a newly opened ginger in Kalinga Nagar. In Patna it was doing well because they had elections, in Kalinga Nagar it was doing very well because there was nothing else in the state of Orrisa in this town. So a lot of Ginger benefited from that, but also ginger benefited in places like Mumbai because Ginger was also hosting the medical staff. So, Ginger in Andheri Teli Gali or Ginger in Andheri Mahakali did exceptionally well. Ginger Margao and Goa did well, Ginger in Panjim did quite well.

So there are different markets, different dynamics, and we think this brand will continue to do well as time goes by. This is cited in various interviews and various conversations, it's a brand to watch. But it's still small, it has 75 hotels in portfolio of this there are 51 in operation. But these are small properties, more we will be doing big boxes or bigger properties, larger properties and then we will see more and more and higher impact as and when they open.

Himanshu: Okay. Okay very interesting insight. And one last question, once the business revives the hotel occupancies and dine in restaurants in say six months to one year down the line. How would we look at these in new initiatives like Qmin? And do you think at some point of time we'll need to invest in these businesses which we are seeding now or what could be our thought process? Because what seems to be, these are interesting ventures. But just once occupancies come up how will we look at these new initiatives, what we are seeding currently? Is there's some thought process behind that?

Puneet Chhatwal: Yes, this is not a short term initiative for us. We talked through this and that is why we developed our own app also for it. So Qmin has gone live in twelve cities, we would be going to 20 plus cities and we'll be doing several Qmin shops. The second one will come at the Ambassador in Delhi the third one will be at the Connaught in Delhi. There'll be a fourth one in Mumbai but outside a hotel. So all these plans are already in place and as I said, this is not that no pandemic is over, this is over we would like to capitalize on this and take it to a professional level at this line of business. We never caught the need for it because the people waiting outside the restaurants was for many so there was no need than to say that sometimes you reinvent yourself when there is a need. And this is how this line of business came. But this was a very large business even before the COVID. It was always there to home deliveries only hotel companies were not participating in it. And now hotel companies have come in, become a disruptor for those who were doing it in this business just like OTAs came and became the disruptors for hotel reservation systems.

Himanshu: So lastly, you would like to invest in this business if it is required, it is very clear at some point of time when you're down the line.

Puneet Chhatwal: We don't see any significant investment in this because we have the kitchen as I said before, we have the staff, we have the connect to the guests. We have the various– our own list of guests on our platforms there'll be an access to those people whether they come to chambers which is a proposition, or they come to Taj inner circle. Or they come to our strategic partners like American express or HDFC or HSBC, or, you know, I would say the entire banking world or they come through any other source of various startup companies. So we have a very large base that is there and as I said, we want to get to a mature phase of this business and to grow it for them. We have no reason to now stop.

Himanshu: Okay, thanks and best of luck for the future.

Puneet Chhatwal: Yeah thanks.

Operator: Thank you and next question. Sorry sir, please go ahead.

Giridhar Sanjeevi: No, no, I'm just saying I think that we have five more minutes, I just want to be time conscious.

Operator: Okay, we have one last question so can we go ahead and take it?

Puneet Chhatwal: Yes.

Operator: Okay. Thank you sir.

Archana: Hi, this is Archana from IDBI capital, I have three questions. Firstly, on the corporate account side, what kind of discounting we should expect if at all, in the coming renewals?

Giridhar Sanjeevi: No, I think historically our corporate business has been about 15% of topline, it's never been a very significant number in terms of corporate business. And I think and being in the segment that we are, I think you should expect that we are not going to unnecessarily discount because we don't want to give up on our leadership and we always need to maintain our leadership. So hence I think yes there is some impact on pricing, but I think to maintain our REVPAR leadership and it's not going to be in a very significant part for us.

Archana: Sure. So that's helpful. Secondly, is there any changing our collaboration with the OTAs current crisis side in terms of revenue sharing? And also if you can give us a mix between a customer coming from OTAs and our own portal.

Giridhar Sanjeevi: Yes.

Puneet Chhatwal: You know, maybe Giridhar I answer . This is what we have gone the other way around and actually if you look at it we have this one of the other OTA launched a strong partnership and campaign because the crisis is a time for collaboration and not to keep diverting businesses and going into those kinds of strategies. That's when you're already at an optimized level of 70, 80% occupancy and then you want to get the last and through your own sources, right? Here, if you're coming from a base of 15 or 20, and you're in the middle of a crisis you have to synergize as an industry and come together and I can tell you that the industry has come together very well in the last six, seven months. And has worked jointly, whether it is OTAs or its airlines, or it is hotel businesses and I don't see any change in that trend going forward. Over to you Giridhar.

Giridhar Sanjeevi: No, I think that's like absolutely collaborations that are working. And as you know, I think that the OTA share is definitely going up as it is and it will continue to grow. So nothing more to add from myself.

Archana: Sure. And thirdly on the Debt side so how we should look at this number for FY21 and how is planning to bring this down its just three years down the line?

Giridhar Sanjeevi: I think one of the things you know is that we are following an asset like strategy and therefore I think the future CapEx it's in terms of investments are definitely coming down. Clearly the future, I mean, it's very difficult for me to talk about what happens in the next two, three years, but definitely will be a combination of continuing to pursue asset like monetization's that we spoke about. We need to see how the business picks up in the next what do you say a few quarters as they go forward. So all of these should help, but and if you see our Net Debt to EBITDA I think it's 0.5 or so. It is not that it's in the alarming proportion so we continue to keep track and consider the remain focused. At this stage I think that's probably the best answer I can give is, in terms of making sure that we keep a close track on that. And we are actually tracking it on monthly basis actually.

Archana: Sure. Thank you so much and all the best.

Giridhar Sanjeevi: Thank you.

Operator: Thank you. That said, there's no further questions at this time. Mr. Giridhar, I would like to turn the conference back to you for additional or closing remarks.

Giridhar Sanjeevi: Thank you so much for participating in today's conference. While we are closing the conference now, please do reach out to me for any further questions and we will continue our Investor dialogue in any case post today. Thank you very much.

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