IHCL

November 26, 2024

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Sub: Transcript of IHCL Capital Market Day

Dear Sir,

Pursuant to Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed the transcript of IHCL Capital Market Day held on November 19, 2024.

The same is also available on the website of the Company at:

https://investor.ihcltata.com/files/IHCL_Capital_market_day_Transcript_19_Nov_2024.pdf

You are requested to kindly take the same on record.

Yours sincerely,

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

The Indian Hotels Company Limited

Capital Markets Day
Tuesday, November 19, 2024

Management:

Mr. Puneet Chhatwal, Managing Director & CEO

Mr. Ankur Dalwani, Executive Vice President & CFO

Welcome by Team IHCL:

Palak Chhabra:

Good afternoon ladies and gentlemen. May I please request you to take your seats as we start with the afternoon. Thank you all for joining us today for IHCLs Annual Capital Market Day. I'm Palak Chhabra and I will be your host for this afternoon. We would like to extend a warm welcome to everybody present in this room here and everybody who's joining us online. Before we start the event, as a matter of good practice, I would like to invite Ms. Ritika Ghadge, our security manager from Taj Lands End to do the security briefing.

Ms. Ritika Ghadge:

Namaste, ladies and gentlemen, welcome to the Taj Lands End Mumbai. Allow me to brief you about the safety procedures and guidelines of our banquet venue. We are at the ballroom, which is located at banquet level B. Please note that we have demarkedfire exits to ensure smooth evacuation be kindly informed that entire hotel is well equipped with fire safety installations. There is no mock drill been planned for today. In case an emergency is raised kindly consider it to be a genuine one. In an unlikely event of an emergency, please do not panic. Kindly follow the instructions of the hotel staff assisting you as they are well trained to face all the emergency situations. In case of medical emergency, we have first aid available in the hotel along with certified first aiders. We also have doctor available on call if required. Kindly refrain from leaving any personal belongings unattended in the hotel premise. We assure you of highest standards of safety and wish you a pleasant day ahead. Thank you.

Palak Chhabra:

Thank you, Ms. Ritika. We will now commence with the presentation by our MD and CEO. Mr. Puneet Chhatwal, it's my pleasure to invite Mr. Chhatwal upon the stage.

Mr. Puneet Chhatwal:

So let me take you in the next half an hour or so together with my colleague Ankur Dalwani, the CFO. Through our journey of aspiration to acceleration, those who have followed us for long would know that we started with aspiration 2022, which we unveiled and announced in February, 2018, followed by AHVAAN 2025, in between we had to do a RESET. And at the end of the day, we kept all the promises that we made in the words of Mr. Ratan Tata. A promise is a promise, which is really a commitment to the legacy, commitment to the purpose, a commitment to what we communicate and say or what we deliver. I think not only we delivered, we actually have transformed completely the business and the business model that you have been familiar with for almost 120 plus years with the company. So we've had more than 122 AGMs and the journey in the last seven years is a lot more on the 360 degree business value proposition that IHCL has had to offer. All the roadmap and the guidance that it gave, the delivery on the promise that was made and a transformation of a business model, transformation of a capital structure,

transformation of the growth, transformation of the brand scape, transformation of the various verticals, transformation of growing talent from within to a level that has not been experienced before. We have a very short film, I can go on, but I think that film in a very short way encapsulates maybe a percentage, a small percentage of our journey. So I think let the film do the talk and I come back after the movie.

So let's just take a minute to look at the journey, which you just saw on the screen. A P&L of 4,000 crores going up to 7,000, EBITDA margin, which was around 16%. The best ever in the preceding 10 years of 2017, which ranged from 12 to 13 to 14 to 16 was in 2017 going to 33. And the loss making that was the lowest loss was in 16-17 of 63 crores at PAT, which was almost 10 years in succession except for a little accounting profit one year in between to 1,250 plus crores in profit after tax. A balance sheet which was always under pressure with a lot of debt, debt almost 3000 plus crores to net cash positive, a bit over 2000 crores and a return on capital employed of 5% that has grown to over 15%. This was the balance sheet and then came the brand scape from Taj Hotels Resort Safari's a complete transition into unlocking the full potential of all the other brands from a Taj group to what the founder called. You know, the founder always named the company Indian Hotels, and that meant the company for all Indians. And that meant having all brands for all Indians and not just the Taj, which obviously is our closest to our heart, which is our crown jewel. It's our backbone. But we started unleashing the potential of the brands that were created to support the Taj to become businesses in themselves. Example being the Chambers, which was done as a private membership club once upon a time. So the time in that journey had come to go from just a mono brand to unleash the potential of all brands of Indian hotels.

And finally, growth, very important element which has accompanied us in the last five to seven year journey, going to 350 hotels of which 230 plus in operation from a portfolio of almost 150 odd hotels to 350 despite two years of COVID. And we used to have 142 hotels in operation. So having a pipeline of almost 120 hotels with a capital light model of 90% on capital light, positions us very well with the net cash that we have and the cash generation that we are expected to have in the next quarters to actually benefit from both organic growth opportunities as well as inorganic growth opportunities. Market cap, obviously a much talked about subject from 13,000 crores to over one lakh crores and a shareholder base going from 1.4 lakh to 5.5, and the institutional holding, which was around 40% has also increased by over 10% to 45%.

Taj, we cannot say it enough number of times for last few years by brand finance rated as the world's strongest hotel brand. And within India, the same organization has rated us as the strongest brand across all sectors will be celebrating its 121st year on 16th of December next month. That was the opening in 1903 of the Taj Mahal Palace in Tower in Colaba till the second hotel came almost 70 years later.

Very important part of the journey, and I don't know, some of you were there, I know it personally. When we first did aspiration 2022, we had a movie called what if 115 year Old Legacy Reimagined itself? And today when we came here, we thought it's not anymore about that if has happened, the re-imagination has happened, the change in the business model has happened,

the growth journey has happened. Now the question is what's next? And that's what we will be talking about more and more in detail today. And what next is about the bright future ahead, the why of that, what next? The where and the how.

So I think the where is, where exactly are we going to grow, how the brand growth and brand strategy will play and why we exist of the what next? The why is very important because profit, anybody can make, revenue anybody can make, growth anybody can do. But the purpose and the founder's philosophy that almost kind of is a core of every Tata group organization is very important. And we'll share that also with you and how to win and get to our goals that we have set for ourselves for 2030.

So what next? I don't know. There is some kind of discussions that we have had during the day while talking to the press and also certain television interviews about some headwinds in the consumer sector, but we are not seeing any of that. And our long term structural tailwinds for the hospitality sector are very much in place. The demand will continue to outpace supply. The double digit growth in demand is realistic. The foreign tourist arrivals will recover to higher than the pre-COVID level. They're not there as yet. The disposable incomes, if India keeps growing from fifth to the fourth to the third largest economy will happen, that the disposable income will grow. The middle class will also grow and the numbers are small, but the important thing is supply will remain constrained. The supply will remain constrained because of a lot of challenges in the way hotel investments get funded. The way hotel investments get approved and the way hotels get built is a very difficult class of real estate in comparison to just an office building or another building. The finishing of a hotel is an art and science in itself, and a good true finishing of a luxury hotel could take more time versus a normal building in that category. Then the mice segment, which India has never seen in the way to seeing, see the Bharat Mandapam that got made, if it is utilized even once every quarter with a conference of 2000 people or the Yashobhoomi in Delhi, both are in Delhi. Once every quarter, a thousand to 2000 people, I can tell you Delhi will be sold out for five days. There are not enough hotel rooms to absorb that kind of demand.

We have witnessed and I've also mentioned this many times, if there is a important big event happening in BKC or in Jio as you would want to call it, within five square kilometers, all hotel rooms are sold out. This did not exist before and more of this is coming, more of highways are coming, more of airports are coming. There'll be 300 airports. At the time of independence, we had only 10 airports, and the number of branded rooms that we have, almost 200,000 is in no comparison to any other developed or mature economy of the G20 as we know. Emerging trends, obviously when the country grows, when the GDP grows, when the disposable income grows, more and more people seek new experiences, we celebrate more and more life and moments. A lot of people have been talking about the 40 lakh weddings, which are expected to take place over the next few months. Yes, it is true, we have five extra wedding dates this year in Q3 and most of our hotels are very well booked with the weddings, the brand and the relationship capital that we can build is also another emerging trend. The building of your relationship capital, using hospitality as a leverage and investing in yourself, whether you call it feel good factor, you call it

spas, you call it wellbeing, you call it going into nature. This whole concept of feel good is gaining more and more in importance.

Today, Indian Hotel stands at 350 plus hotels is the company with the highest number of hotels both in operation and in pipeline in India, there's nobody that comes close to this number. So I think that's another proud moment because six, seven years ago this was not the case. So I think in a few metrics we have really taken that leap in terms of enterprise level revenue, in terms of rooms growth, in terms of signings, in terms of openings, in terms of number of brands, in terms of EBITDA, in terms of total revenue or the consolidated revenue. So much so that the companies or the peers which report results. If you look at the pie our revenue or EBITDA is almost or very close to being equal to all other listed companies put together. So I think we have gained in scale and that's an important element of what next.

Scale for me is just one metric. We have gained immensely, as you saw in the movie and on the slide, doubling of our EBITDA margin. There are 10 consecutive quarters of record. Even the Q2 this year was better than the Q1, which never happens. Q2 is always the weakest quarter. Q1 is the third strongest, and Q3, which we are in right now happens to be the strongest quarter for the segment or for the sector. And I can tell you today, halfway through this quarter, there's nothing that suggests that anything is changing on that front, not just for us, but for the sector per se.

IHCL is very well positioned to shape the future and when I talk about that macroeconomic factors, I've already listed most of those. When we talk about demand outpacing supply that you've also seen on the previous slide, which creates a phenomenal growth potential because then the investment comes into the sector. When people see that the occupancies are good, you can achieve good rates. Suddenly there is another force of investors coming in who want to invest, who want to earn with you knowing very well if the investment pays off in 8 to 12 years time, you have the property and you have had already your payback and usually hotels gain very strongly in value in 10 years from any given date that you might look into.

But the most important part I will come to now is we are today industry leading in terms of our performance on all metrics as I just now said. We are industry leading in terms of our brands and they get consistently rated, especially the Taj brand, not only in India but across the globe. But the most important is now we have the opportunity to drive differentiated strategic growth because we are neither completely asset light, nor are we asset heavy. Seven years ago when we started, we were one-third asset light or I would call it capital light because you have to change this narrative also. Asset light is when you only count management of franchise contracts, capital light would be anything which is not capitalized on your balance sheet. Today we are 60% capital light and only 40% capital heavy, despite the growth in the portfolio, despite the growth in also our capital heavy businesses. And this could end up in the next five, seven years, maybe at a 30-70, maybe 25-75, maybe 35-65. We cannot exactly say that today, but what is it doing? It is getting us close to a sweet spot, which creates a differentiated strategy for us because we put the money where our mouth is, number one. Number two, we can take advantage of strategic

growth opportunities when the government floats their RFPs. Others are not qualified to do so because they don't have the balance sheet to do so. Number three, because enterprise revenue is not what you report, right? So you have to have a certain number of enterprise revenue, you have to have certain amount of hotels in ownership. You can look at any RFP floated for any project in the last five years, and you will have similar metrics which come from the government, but who has the best locations? The best locations are with the government.

So whether it is rebidding of Taj Mahal Hotel Delhi, popularly known as Taj Mansingh, or it is bidding for islands in Lakshadweep or it is doing a airport hotel in Kochi, the criteria's that enable you to bid for it cannot be fulfilled through capital light and to let go of them would not be financially or strategically prudent. That's why I say that this is one of the key differentiators between us and the rest. And we are very proud that if you can manage this well then your chances of success in value creation is the highest. Examples, you must have seen in our quarterly results, the Ginger Mumbai Airport, a land that we had. People said, well, you should not count one off asset management, but asset management is a key driver of growth for 120-year-old company. We are sitting on a lot of assets. This is a part of our strategy and we are very lucky. We have a payback in five years of that investment. If everything stays fine, as we know today, in four years, we have the payback of Ginger Mumbai Airport. Besides the fact that it has become a showcase, a billboard that helps you to build the brand.

So I think this is a very, that's why I took a little more time on this slide, this aspect that it is not one way which will help you achieve the desired objective for the brands, for the solidity of brands for creating value, it has to be a combination. And where that combination gives you the best result, where that sweet spot is that time will tell as we progress from a GDP growth of 6.5% plus sustained growth. If India gets to number three economy, that sweet spot is very different than when it stays at number five. So, and as management, we'll keep evaluating that strategy so that we never lose sight of our what next, why do we exist and what is the purpose of our existence? And I think defining our purpose is very simple, pioneering responsible change, creating value and shaping future. Pioneering is been the core value and a very important component of any Tata Group company. And those of you who didn't know I would like to share with you today that Indian Hotels is the oldest operating company of Tata Group. It's not any other company that you know of. It's us, which is the oldest operating company. So pioneering is a important value is an important attribute. Responsible business is another important value for us. And obviously we are in here to create value for the communities we live in. We work for all our stakeholders. And shaping the future is the what next. That drives us every day. And that's how we would say that just being custodians of Indian hospitality,i.e., pioneering creating sustained value, in doing what we do every day and setting global benchmarks by shaping the future is what drives us for the what next.

We are not anymore going to copy the West and say that this is how they do know, this is how we do, and we will show the way how it works. Up till now, we have done it only through our service ethos, through Atithi Devo Bhava, through providing, let's face it, a lot of people say, especially post COVID to travel, you know, the rates have tripled, but the services in certain parts

of the world have gone to one third of the level. Now it is time to build new attributes, build value creation, build brands, build relevance, create the pioneering and innovative ideas, and that's our what next. And I think we communicated, and you must have seen on our famous pyramid to be the most iconic, most profitable company from South Asia. We've just made some small changes to it going forward, in which we say, as of now, we would be the most iconic, valued, responsible hospitality ecosystem from South Asia. Hospitality is not just hotels. Anything related to hospitality like flight, kitchenbusiness is also hospitality. It is hospitality in the air, 30,000 feet plus above the ground.

So I think this is the little change on our purpose that we brought in and where to play. We play by segments, we play by themes, by segments. In the top end is obviously 'TAJ'followed by upscale both gateway and Vivanta. The new reimagined Vivanta is what it was always supposed to be, meant to be coming from the French word, "Vivont" , which means to live. And the slogan was more we want, you know, and that's where Vivanta is back. The reimagined gateways is our full service upscale brand. The only difference would be Vivanta would not be taking on big weddings, whereas Gateway would be a gateway to every city. Vivanta would be a more boutique proposition in that segment. In our midscale, we will have Ginger.

On themes, we have put seleQtions on the right side as a theme because seleQtions is a collection of important named brands in their individual micro markets like the President in Mumbai, the Ambassador in Delhi, the Blue Diamond in Pune, or the Savoy in Ooty, et cetera. These are wonderful hotels which should not be put or tried to fit into a brand and just sell it under some name. They should be allowed to remain individual and at the same time have the benefit of our sales, marketing, distribution, HR, financials, procurement, all those benefits. So that is one theme. Tree of Life is experiential small boutique hotels is another theme. Safaris is another theme, although it is Taj, but 12, 14 room, a properties or safari lodges of course at a very high rate is a thematic proposition. Our home stays, ama is another theme.

In this slide we we have tried to map brands with locations .Ginger must be in every district capital. The others could be in leisure, could be in business location, could be in tier two, tier three cities, drivable location. So that there is a mapping for each one of them. On the international front, anything which is beyond two to three hours of flying distance, we don't think we want to go with any other brand other than Taj. So we will remain focused on allowing Taj to travel, stay relevant, build iconic properties with Taj. The next one, which is opening is going to be the two in Bhutan, Phobjika and then Paro over the next 12 months, also the Taj in Frankfurt. And in the following year, we are hoping that at least one more property in the Middle East opens, whether it'll be kingdom of Saudi Arabia or Bahrain or another one in Dubai that time will tell.

And going forward, we also have other hotels in pipeline, whether it's in Bangladesh, in Dhaka or other opportunities that we work upon. But Taj is the brand with which we want to grow. And we will go to certain markets which are very relevant for us, like Southeast Asia, Singapore or Thailand or Switzerland in Europe or another hotel in London or another one in markets like

Birmingham, etc , where the Indian diaspora is very strong. We are definitely not going to these markets with single asset acquisition Outside, our model remains capital light or driven by management contracts. Capital light outside will be like Frankfurt where we have an operating lease. The cost of institutional capital there that invest in hotel is four to five percent. Our own cost is 15%. We are happy to do a scientific lease with the art of not getting into a loss making territory, even if it's a small profit margin, to make sure that we are small profit margin, but keep growing our presence in key gateway locations. And when it comes to Southeast Asia if there is a compelling opportunity, we might consider an exception. We don't have to, but we might consider an exception because that is like a real important market for Indians traveling, whether for business or on leisure to these destinations.

How would we win? How would we execute on our strategy on 2030? As I mentioned, is expansion of our portfolio. We'll come to those metrics in a few minutes. Evolution of our brands scape. I know who would've thought sitting in this room and many of you, whether you're from UBS or HSBC, you know, when we started this journey, we were Taj, Taj, Taj and then came all this reimagined brands and then all the new businesses with ama and Qmin and the reimagined Ginger and Tree of Life and relaunch of Gateway. So you can expect some of this also coming in the next five and a half years. Only thing is, I don't know what, today, we also don't know as time comes as the right opportunity comes right circumstances and right level of portfolio, we will consider it's not like cast in stone, until 2030 everything will be fixed today. So some of this will evolve like it has evolved in the past five to seven years.

But while doing all this, one thing which we'll not loose focus on is our excellence in operations. What differentiates our company to the rest on a global platform and in India is our excellence in operations. And to become a high growth company and still keep that excellence is not the easiest of the task. But we are putting a lot of programs, a lot of trainings, and a lot of exposures for our current team into place for our 40,000 associates that you saw on the film, to make sure that they help us on this journey. That no matter what scale we scale up to, we are not losing the core values of trust, awareness, and joy.

Expansion of our portfolio obviously will be always focused on leadership on the Indian subcontinent. This is our core, this is our heart, this is our soul. We don't want to loose this momentum that we have gained and we will defend, enhance and further grow our leadership on the Indian subcontinent. We'll make sure that we don't lose out on opportunities in key international markets. Earlier this morning in a press conference, I did say if we get a third hotel in London, we'll take that if it makes financial sense. If it does not make financial sense, we will not do it. But having another hotel in London for us is a no brainer. Our current hotel is also doing more than 85% occupancy. The current long stay one is also doing 90%. It's a market leader and London is a very big city, in many ways it's a country in itself. You can obviously do one or the other more. I don't know how many would know here that today the number of propertiessincluding amathat we have just in Goa is more than 50 of which 17 are hotels. So that's the kind of strength we have in the micro markets. And we can also have in markets like London efficient capital deployment, as you can all see, we have cash. We are not going shopping

abroad like we once did. We are preserving the cash we plan to preserve our cash, use it very selectively, very efficiently, and with all the prudence that is needed. And if there is any inorganic opportunity that comes up for any acquisition because of consolidation in the sector, we are well positioned to take advantage of that.

That also helps us to bring you on the what next because we tend to forget the kind of projects we are working on and have not lost sight of it despite our capital light focus. And one of the most important one is the Bandstand, Sea Rock. Ladies and gentlemen, I'm happy to share with you, after years of hard work, we got very recently the IOD, which is intimation of disapproval, which actually means approval, which means you can start with, that's how it is called. It's a government document. It's the most important step towards getting a CC, which comes together with the approval of the MOEF, and the CRZ approval. And hopefully sometime middle or latest by end of next week, we'll be submitting our final plans and uploading them for the CC so that when we announce a Q3 results, we are able to give you guidance where do we stand with CC?

So all these years, all these quarters after every quarterly results the question used to come. So what about Sea Rock? So this is what we can share with you. This is where we stand with Sea Rock. We call it Bandstand because we don't want to have any rock coming in our way. So and the next one obviously is the two islands in Lakshadweep, Suheli, and Kadmat. We are in the final drawing stage. We have submitted the plans. We have also done the Bhoomi Poojan or whatever the religious ceremony at Shiroda, which is another one which was stuck for over 30 years. We have made a very good breakthrough in it. Same is the case with Aguada Plateau, which we'll see a gateway hotel. It's a huge site between Aguada and the Aguada Jail that is there in Goa. We have been able to have that breakthrough with the city.

Our twin project, 275 rooms of Vivanta and a Ginger in Ekta Nagar will seek completion. In May for Ginger and three months later for Vivanta, they face each other in the city of Kevadia or where the statue of Unity is or we call it Ekta Nagar now and we have already announced a 300 key MOPA, which is your airport in Goa, but another trophy Ginger, which together with the Bangalore International Airport is going to help us to get to at least four airport locations in the short term.

In evolution of our brands scape, why have we done what we have done? Why did we not announce all these brands at the same time? Because our management firmly believes that we must have critical mass in each of the brands before we start opening too many of the brands. Therefore, ideally, if you have 30 to 35 properties in a very big country like India, in one brand, only then you can call yourself a brand unless you're in absolute luxury. If you're in absolute luxury with only even 3, 4, 5 hotels or even with one hotel, you could be a brand like the Claridges in Delhi, which we are soon going to operate as of April in Delhi. But most of the other brands can only be called a brand if they have a certain critical mass.

If we can achieve premium positioning with each of those brands in their relative position. So in home stays, we want to be perceived as the premium home stay in Gateway or Vivanta upscale

positioning we want to be perceived as the premium company that can deliver results. In the positioning of home delivery or in QSR with Qmin, we want to be perceived as the premium brand, otherwise we will end up hurting our main brand, which is the Taj. So in order to achieve all these segments is important to go by step by step approach and each time we do so, we also launch new conceptswith existing Taj hotels, new concepts in the newer properties, new concepts in the new brands. So I think that's the way we end up on the fourth pillar, which is building a brand equity Today, if we talk about our very famous brands like Golden Dragon or in the Chinese food I would say, or House of Ming, you have a House of Ming in several locations today. You have a Shamiana in several locations today. We have a Machan in several locations.

So these are the brands which serve the Taj. Today they are serving the Taj also, but in different locations both within India and outside of India. But at the same time, we create new concepts. We created a beautiful wine-centric bar in Delhi called the Captain Cellar. It's like 40 years or 45 years ago we did the Orient Express. After that, this is the first time we went and did something, which is so different and so unique and so much in a niche. This is not going to be a big money spinner or profit earner cannot be. We pay 32.5% in Mansingh. So how can anything be a big profit earner, right?. Only good news is for everyone to know those who thought that we are taking on Mansingh and we will make a loss. Please be assured, our profit is higher than what it was with the rent, which was 80% lower at that time. That's thanks to good asset management, but also good new concepts, a good new chambers double the size than what it was previously. Good new floors of long stay extended accommodation. And that is all serving the new concepts.

In terms of transformation of our brand scape on the scale, as I spoke on the relevance of having that kind of size to be recognized as a brand. What we did, and we spoke about so many brands, but what we quietly did is Taj, which used to have 50 hotels seven years ago today has 120 making it among the top three luxury brands in the world. And hopefully soon the number one. Ginger also doubled its size. And so did Vivanta and Gateway put together and look at how they transitioned from the logos and Taj being timeless. We did not touch it. All we did was we improved the assets, we renovated them, we repositioned them. And today, ladies and gentlemen, that is what is driving the operating leverage in the company owned hotels and portfolio.

Now, when it comes to other opportunities, so we have just put here one, this is, we've got the rights to Claridges collection and Claridges. What we'll do with this, we'll keep communicating to you, but we are very proud to have this. It is in Lutyens' Delhi with the new opening of Ginger in Chanakyapuri with Claridges, with Taj Majal, with Taj Palace, with ambassador around the Corner and Connaught we are very happy not to count number of rooms, rather to count the number of rooms in such an important micro market than to count the number of rooms somewhere outside 20 kilometers of the heart of Delhi. We address and serve this market with all kinds of offerings at all price points from 7000, 8000 rupees to, on important days 60,000-70,000 rupees for a room night. And that way we are very pleased with our growth, outcome and strategies.

Excellence in operations. Obviously, I spoke about service. I spoke about brands being differentiated for being best in class. And that cannot come if we don't have important adherence to brand standards. If we are not continuously looking after our assets and not practicing comprehensive asset management. And obviously, in doing so all this, we achieve the margin expansion that we've been achieving. I think this has been at the forefront of our execution strategy and delivering seamless guest experience by leveraging technology, by operational efficiencies. I think these are all different pillars that drive the forefront or are at the forefront of our execution. I just now mentioned about food and beverage, our innovative concepts. An example or a snapshot would be Loya , our newly launched Indian restaurant. It is going to open at the Taj Mahal Palace in the next six weeks. Whether it is Seven Rivers or House of Ming, or recently launched Bombay Brassie at the Campton Place in San Francisco, another six, eight months earlier than that. The Bombay Brassie is a standalone in Singapore, and we are looking at opportunities to do more standalone Bombay Brassie across the globe with partners throughout our system or from outside our system.

NPS is something we didn't want to lose sight on. We have industry leading NPS and we plan to stay in the seventies. We don't want to let that fall, which is a very high score, and our enablers will remain in order to achieve all this is obviously our focus on customer centricity. Our focus on commercials driven through our focus on human capital, on talent and what I already said in building our talent pipeline through training through exposure. And in doing so, whatever we do, not forgetting that we have to have strong governance. We have been awarded and recognized for corporate governance in the spirit of One Tata and always walking the talk with our ESG plus with Paathya. Our Paathya goals have been communicated in the past. Easy to remember. Everything is a hundred except for one, which is renewable energy use. This is not in our control, but we will endeavor to use 50% of energy through renewable sources, a 100% hotels to be EarthCheck certified, a 100% single use plastic free, a 100% meetings to be green meetings you can see on your table, there's no plastic. It's glass bottles, Paathya bottles you know, this is what we call also energized meetings, a 100% adoption of UNESCO standards and also training a hundred thousand youth. You know, we are going to scale a hundred thousand by 2030. We have already achieved more than 20% of that score. And we have opened 37 skill centers in India, signed up for 37. The last one being in Agartala in Tripura.

Now comes the most interesting. Most of you have seen it. Most of you have read it. Everybody has a different opinion about it, whether it is conservative or is it optimistic or is it very optimistic or is it, what is it that we are missing? No matter what number we would've written, everybody would've had some opinion on it. But I think it's important to tell what exactly are we aiming for more than for you, for us. So we have a goal, we have a target, and if we can do more, we'll do more. If things are not looking good because there is a COVID or something else is happening, we know what we set out to achieve and what we did, where we stand, and how we can, you know, kind of mitigate any risk coming in. And this is what we said. We'll do a total of 350 hotels that we have today to go to 700 hotels. This is the what next? That is doubling of our portfolio in a period of five years and five months, and operational hotels from 230 to 500 so that the pipeline

would be around 200 hotels, which means that our traditional brands will grow at a steady pace of 15 signings and 15 openings per annum. And our accelerated growth brands, which is the Gateway, Ginger Tree of Life, to have a very accelerated pace of signings and openings. And just that it is clear, it's easier to do a Ginger and a Tree of Life. It's not that easy to do a Taj. So that is how this has been logically built up.

We also expect to have around 700 ama's by 2030, and there is no sense in doing ama or Tree of Life if you cannot quickly scale it up. So important is that some of the brands require scale, they require higher growth. Some of the others require the soft element, the Tajness, the excellence, the emotion that is created with the brand, and that is what sets the growth target. So what does that mean in terms of enterprise revenue? Something which is close to 13,000 today would more than double. Why would this more than double? Because of the capital light model and the consolidated would have a little more than double. The delta between enterprise and consolidated is big. That is because of our consequent change in the business model. And that's why the enterprise level will grow. I know there is one or the other colleague in the audience who would prefer that we did it the other way and put bit more on the capital heavy. But be rest assured, if we keep generating enough cash the way we have in the last few years and in the next few years we will also be deploying it. And some of these ratios could change marginally, but not dramatically. There is minor five, 10% tweaking that is possible, but those who understand this financial model, a 5% tweak on a capital heavy could make a very big change. A 5% tweak there is equal to 10, 20 management contracts. So that's a call. We will take as time goes by at least the halfway through the journey and see where we stand.

With that this comes down into the same pyramid you have seen. The only thing that has been added is an extra base, and that's the base of the purpose, pioneering responsible change, creating value, shaping the future. On the top, as I had said before, we have changed the purpose statement marginally, and the only guidance we are giving here is we'll increase, return on capital employed from 15 to 20%. With that, if there are any implications left for the financials, we'll have Mr. Ankur Dalwani walk you through it. Thank you.

Mr. Ankur Dalwani:

It's always a tough task to follow Mr. Chhatwal after his great presentation, but let me just take you through some of the drivers, which we see it for the revenue growth, and there are four main drivers, and I'll walk you through each one of these. I think firstly, let's put a perspective of where we are coming from. 4,000 in Fy17, we went to 7,000 crores in FY24, but it took us 12 years to come to 7,000 crores in terms of doubling of revenues. What we are saying now is that in six years, we'll actually more than double. So that's actually a big jump. Even if you were to adjust for the COVID period, it would've taken us 10 to 11 years to double in this journey to FY' 24. I think that's an important perspective to keep as we think about the future. And I think the reason we feel confident about delivering these numbers is really the cycle we are in. We think the cycle is actually far from getting over. There is lots of strong tailwinds which Mr. Chhatwal referred to on the demand side. On the supply side, we continue to see challenges, and I'll dwell a little bit

deeper into that when I take you through my presentation. And then of course, our not for like growth, which I think is going to be a fundamental driver for our growth for double digit going forward.

If I can just start on the key drivers. I think the first one is our traditional business, which is really the core Taj Vivanta seleQtions business. This, as some of you know, constitutes almost 85% of our revenues, consol. revenues So there's been some movement, but as people say, it takes a lot of time to move the Titanic. So the Titanic is turning, and I think it's turning decisively towards the newer businesses, and we will see that as we see the pie chart for how the revenue mix looks like in FY' 30. The traditional business will benefit from the sector tailwinds of RevPAR growth and our own asset management initiative, which we have done in the past, and what we will continue doing going forward, which is putting money back into our properties and the ongoing expansion we have already which are identified and which will add keys to our consolidated revenues.

More importantly, if you look at our new business, which is really Ginger, Qmin, andama, I think there are three main drivers of growth here. One is of course the not like for growth. We have been adding and opening new gingers, and that is something which will continue. We have about a hundred gingers and that footprint is going to double itself over the next few years. Secondly, there's a whole movement towards Lean Luxe. When we started Ginger, it was not positioned as an aspirational brand. It was more as a mid-scale economy brand. Over the last five, six years, we've put money back into Ginger, and now almost, I would think 90% of our portfolio is now being renovated as far as lean Luxepositioning is goes, this actually gives us the ability to drive RevPAR in our existing hotels. And then that also helps us in positioning of this hotel or the segment as aspirational to our customers. And I think the third big change in Ginger, which has happened is putting Qmin into Ginger. I think the Qmin was, as you know, we launched that business or the app in COVID, and that itself has become a very popular brand name with customers. There's a fairly strong recall of that brand name. And we said, why don't we put Qmin and Ginger together, both being spices and both go together. And actually that is really benefiting the growth for both the room revenues as well as the F&B business in Ginger.

I think the pipeline, which we've talked about in the past, and the pipeline, which we are projecting to grow, is really going to contribute to a management fee growth. This is going to be driven by the net unit growthand I will show you some data on that, but going forward, we feel reasonably confident that this will be mid to low double digit growth in net unit growth, and plus the RevPAR growth, which should add to the growth of our management fee here. As newer hotels stabilize the RevPAR of these hotels should actually start increasing. Every new hotel takes, as you know, anywhere between one to three years to actually stabilize.

Lastly, if you talk about the reimaginedTajSATS, which has been growing quite nicely over the last few years, and is the market leader with 59-60% of the share of the meals served. And that along with the Chambers business, which is our private club business, which has grown even this year, has grown at 15 to 18% growth. And that momentum is actually continuing. We are again, putting

money back into the chambers business, and we'll show you some stuff on that. Overall, these are the four main drivers or four more pillars for us to achieve more than doubling of our revenues the next six years.

I think, let me spend some time on the first sort of the traditional business as we call it. As you see historically, there's been a growth of 8% in this business in terms of RevPAR. That momentum, I think is continuing in H1, and there is no reason why this momentum will slow down the next few years because the demand supply gapcontinue to be favorable. I think what we saw coming out of COVID was actually a sharp recovery, but if you were to just go back and look at FY' 17 where we were 6,300 rupees and now at 11,000 on a per night basis, you will see the CAGR is pretty much you know, 7-8%, and that's what we think we should continue going forward. There could be, you know, years or quarters where this will actually be much better. There could be quarter or years when this could be a little bit lower, but I think directionally this is a high single digit you know, like for like business growth, what'll add on top that is not life for like growth, which I'll just take you through that.

I think on ARR, there are a lot of questions and I think, you know, all my analyst friends out here asked that question to us. But I think a few data points. Firstly, if you were to compare with the previous peak on the Dollar per room night basis for standalone data and industry data, we are lower than what we were in the previous peak, which was 2008. And this is not even adjusted for inflation. So this is just on a nominal basis. If you were to compare with some of the other countries out here, if you were to look at, let's say Asia, if you were to look at Bali, if you look at some of the other countries for the five star luxury segment, those rates are also higher, right? So, and if you were to compare to Europe, there is no comparison because those rates at a different level altogether. So that's one cut of data, which is important to think about as we look at how ARR is going to be pan out over the next few years.

I think the other interesting data point, which I think we would like to sort of share with you is that if we were to look at this is industry driven, publicly available, where are the current industry ARR's for different segments, whether it's luxury, upscale, or midscale that range from 4,500 rupees a night to 15,500a night. And if you were to look at the Greenfield Capex per room today because we ourselves are looking at putting up our own hotel, and this is including imputed cost of land, if you were to sort of impute market cost of land, this would anywhere range between 3.5 – 4 crores a room for a luxury hotel, 1.5 -2 Cr for a upscale hotel, and midscale would be anywhere between 80 lakhs to a crore.

Of course, this is representative data for tier one cities. Actual project cost will be different, and this is for a typical hotel size between 150 to 200. To achieve a viable IRR on these investments, the current ARR'sneed to continue to grow. I mean, they are at a level where if they remain stagnant, these investments will actually make no sense. So they need to grow at a high single digit or even double digit in some cases for investors, or for people who want to put money into property to make a weightedaverage cost of capital of let's say anywhere between 12 to 15%, depending on the number you pick. So this is an important data point because when we think

about entry inducing ARRs, I think we are still some time to go. And I think this is something which we monitor very closely as to how the market is. And when we think about our own greenfields and look at the sector as a whole on supply.

I think Mr. Chhatwal referred to the fact of forecasted 6-7% supply CAGR in India. But I think what is also important is look at the market wise supply and what we put out here are the key cities or the key states, which are the sort of the core markets in India. And you'll see for most of them we're in 3-4% kind of supply. Bombay 3%, Delhi 2.2%, Bangalore is about 4.%. And these are the core markets, especially for IHCL, almost 70 to 75% of our domestic console revenues come from these markets. So I think these markets have traditionally been lower supply, but even going forward, that is not going to change a lot of supply, which we hear about is actually coming in tier two, tier three cities.

We ourselves will also be, you know, opening more management hotels, especially in those cities. And, and that has a different dynamic, which I'll talk to you in a minute, but I think on the core markets there is I think enough data points out there which support the fact that supply will remain limited because the fact that the land is out not there, even if land is there, is too expensive to put up a greenfield or you know, in a brownfield in these markets. I think what is happening on the Tier 2/ Tier3 markets, which is really where the 60- 65% of the new supply is going to come in, it is going to bring in a lot of the demand from the unbranded or the hotels which already are out there, but where people are basically going there because there is no other option today. I mean, there are cities, even state capital where there are only one five star or two, five star or two nice branded hotels where, you know, today people are staying in unbranded hotel. That supply that shift from unbranded to branded is also something which we think will play out. Some of that is already playing out, but that is something will get accelerated as more supply of branded chains reaches these cities.

The one last aspect on the traditional business is the asset management, which we keep doing in our properties. There are several examples, but I want to talk about two. The first one is the Taj Mahal, New Delhi, the CAGR in revenues over the last four years after we've completed the renovation is about 14- 15% and more importantly, the EBITDAR CAGR is about 25- 26%. This is, you know, we've actually done a lot in this hotel. We actually kind of almost rebuilt it. We reduced the inventory, increase the rooms size, renovated the chambers, new outlets and we even let go of business, which was not profitable from a profitabilityperspective. So after doing all of this, and this is a classic example of what can happen if you put money back into the property, these are typically very high ROCE investments because payback for these kind of investments is typically short because, you know, you can immediately see the benefit of putting money back into property.

The other one is Usha Kiran again, which is sort of now come back to our fold with fully renovated and it's picking up momentum. It's growing at a nice 20% CAGR over the last few years and 35-36% EBITDAR CAGR. Even internationally, we continue to put money back into our property, and if you were to look at St. James, we have put money back in that property that it's actually a

continuous journey for some of these assets. An example of that is the new chambers which has opened there, the House of Mingand even renovating the other outlets out there and the rooms out there. And for that market double digit growthin EBITDA is actually very, very healthy and a very, very respectable growth. Similarly, Cape Town, which we actually consolidated and then put money back into that property, EBITDA has grown at 42%. The reason I'm showing you this is that a ARR growth and RevPAR growth doesn't happen just by, you know, waiting for the cycle to play out. It's also important to put money back, and that's something which we do. We have a program and we will talk about that when we talk about the Capex plan.

I think the second aspect of revenue growth, and actually a very important aspect to take us to a double digit consistent growth, is the focus on the new business. It's run as a separate vertical for us. And we are right now on Ginger, for example, we are now a 100 hotels out of it, 70 year operating. We will cross, we will reach 200 odd hotels by end of 2030. Ginger, as you know, we shared the numbers with you when we did the quarterly call. H1 was fantastic. We grew by 50-55%. That was obviously in the back of the Ginger Mumbai airport coming in. But even without that, I think it's growing at a nice 30, 35% plus. I talked about the reason - the lean luxe conversion and even the Qminization = of Ginger as we call it.

I think that momentum is something which is going to sustain. And as Mr. Chhatwal referred to, this is something which should actually be within every district of India. I mean, 200 is actually not the endpoint for this segment. It can actually expand a lot and we could even look at in organic opportunities to see if we can scale this up. On Qmin, which is now part of Ginger, you know, and obviously will grow along with Ginger, but outside of Ginger, we also want to take it to, you know, outside Ginger and which actually creates a buzz for the brand itself and helps Ginger grow also, is by doing QSR and Qmin stores, which are done in a capital light model. This is actually our second sort of attempt at getting the business model right. In this business model, we don't want to actually burden the brand with fixed rental and fixed costs. So it'll be a variable revenue share model. We signed the west side for in partnering with them. These are high footfall area where we'll be opening Qmin outside Ginger, and we think this could actually create a lot of momentum for both Qmin and Ginger going forward.

On Ginger one of the latest addition is the Ginger Chanakyapuri, which is actually a small hotel, but it's a marquee hotel as far as the positioning goes. It's open in the heart of Delhi and actually it probably will do wonder for the brand like what Ginger Mumbai airport did for when it opened in Bombay.

This is about Ginger Mumbai airport, H1 performance. And as Mr. Chhatwal referred to breakeven in four or five years, I think both are very good numbers and actually unheard of in a hotel industry. If you look at what we've achieved, 6,000 ARR just for the seven months, and actually in the season times it should obviously trend up and the seven months we've achieved a 55% margin. So I think this is something which we feel really happy about. This is really putting non-productive assets to use. And some of the Greenfield projects we are talking about is actually taking the same philosophy saying that we have this land parcel, whether that's a Aquada or

Shiroda or our own sort of bandstand here, which actually has been lying, sort of, you know, not contributing to ROCE over all the years, where you'll see some of that flowing through as these projects come to maturity.

ama and Tree of Life, which are the latest, I mean ama again a business born in COVID. I think it is now scaling up nicely. I think what's important amaAMA to make it to a reasonable scale is to build local economies of scale. We have now 40 AMAs in Goa itself out which 25 are operating, and 15 will open soon. So I think that's the way this business should really scale up where you have, you know, pockets of dominance because then you can actually spread the cost over those number of villas and benefit from the scale up. The other thing about ama is that it's a very exclusive positioning, but the average bungalow rate or the rate per average bungalow is actually, which is typically a four room, is actually 40,000. So it's actually lower than a luxury hotel. So there is actually much more headroom, if one was to think about this, compare it to a luxury hotel. Occupancies have largely been weekend, but then we are seeing early signs or we are pushing to, we are thinking about ways on which we can actually make it a more sort of a you know, full week kind of occupancy or at least three or four days in a week occupancy model.

Tree of life is the latest addition to the new business. And this is an addition which is actually small today, but can be scaled very quickly because this is typically a conversion model where you can convert existing hotels and convert them into operating hotels in six to eight months. And right now it's a portfolio of 19 properties, but we see it reaching a hundred properties very quickly. And with that, you know, we'll come scale and profit profitability.

I think this is a strategy which we put in place, I think about six, seven years back capital light was 25- 26% of our portfolio. It's gone to about 60% right now with managed hotels being 43% out of that. And if we don't do anything, this will become a higher share. You know, if we don't put anything in terms of putting acquisitions or if you don't add more on capital heavy side, this is how the mix will look like this. Obviously, it gives us the advantage of higher margins because management fee business is generally a higher margin business. If you see historically we've grown at 8, 9% from 7,500 keys to 13,000. This actually will accelerate given the pipeline we have and what we are talking about. And even if you were to sort of, you know, take a sort of a view that some of that may not happen as per schedule, I think this 12 to 15% CAGR is a fairly comfortable CAGR we feel confident about, and that's why we feel confident saying that the management fee business itself should actually more than double and at least 1,000crores by 2030

On the other, the last part of this is the reimagined business, which is the chambers, which is started with the, you know, in being only in three or four locations now expanded to nine locations, India and internationally. We are also going to add the Frankfurt one next year. As you know, that this is actually a great value proposition for the customers, given what we offer them. It's also a highly profitable business for us, although small but very high flow throughs. And this benefits from the fact that this is a network effect. So the more chambers we open our ability to charge a fees goes up. We increase fees last year and we probably will do once, you know, the

renovations when the Frankfurt and the Mumbai one, which is under renovation, gets completed.

I'll just show you three pictures of the two chambers, which have been recently done up, and the one which is going to get completed, which is Bombay. So this is Taj Mahal, New Delhi, and this is West End. And lastly, the Mumbai one. So this is why we feel confident that Chambers business should actually more than double at it. The potential for that is to go to 250 plus crores plus in the next few years. And that is something we feel reasonably confident given that the propensity and, you know, all the factors we talked about the emerging economy and as the percapital incomes go up and people want to be seen in these clubs.

I think last point on growth on revenue growth isTajSATS. I think, we've consolidated this from August, so this adds to our top line, our operating profitability and all the way on PAT. We are adding newer kitchens here, which is in Noida, and we are going to expand in Delhi so that itself will createmomentum to this business. Plus also I think, you know, the airline business in India, as you know, is growing at healthy double digit numbers. And that is something which we'll feed into this business. We are right now largely an airline catering business. It's almost 90%. The 10% is a non-airline catering or the institutional catering business, which itself is a very large opportunity. So we've actually created a subsidiary of TajSATS called NektaFoods, which will actually focus on institutional catering. And that could itself become a large business going forward. This number right now don't factor too much contribution from there, but we'll see how the future evolve, but we feel confident that at least, this will definitely double in the next five, six years.

I think to sum up the revenue mix and how we see this is going to evolve as I mentioned earlier, the traditional business is about 85, 86%. This does include the management fee, which is also largely coming from the traditional business. But if we were to see the pie chart in FY' 30, and if I was to sort of forecast, given all what I've talked about, the not life for like growth, the growth in Ginger, the management fee, et cetera, some of the new brands tree of life and amascaling up, this traditional business will grow, but it'll become a smaller portion of the pie, which is 60 to 65%. And the balance, 35 to 40% is actually going to come from the new business, the reimagined business and the management fee. This obviously benefits from the fact that TajSATS wasn't part of FY' 24 becomes part of FY' 30, but even if you were to adjust for that, it is still a significant shift from traditional business to a newer business.

This is one of the key reasons, which I think will give us much more stability in a cyclical business because that helps us even when, if there are periods of our quarters where things are not going, like we had in Q1, which was a low, low growth business, but we could actually do well because of her not life alike growth.

I think one having talked about revenue, let me spend some time on margins. This is a little bit of a historical perspective. You've seen these numbers. When we set out aspiration 2022, we were at 16, 17%. We said we will be 25%, we actually got there, had COVID not been there, we

would've actually got there FY’ 20 itself. And then, we reset the margin expectation by doing, AHVAAN 2025, we set the margin expectation to 33%. I think having achieved 33% plus margin I think we feel confident that this is something which we have now understand what are the key drivers and what will be the key drivers going forward. And instead of giving a specific margin guidance, we think it'll have a positive bias going forward. And it's important to keep this perspective in mind. even though we want to put money back into our properties, we are going to put money back into building the organization in the future and new brands. I think there are drivers which will actually balance beyond the positive. This would be obviously operating leverage, the mix of revenues and some of the direct to channel investments, which we've done, for example, on the Taj website, which has launched has already resulted in a couple of percentage points moving from non-direct to D2C channel. So all of this will actually play out as we speak. Even in H1, we have seen a couple of percentage points expansion this is 29 to 30 is actually including Taj=SATS impact coming into the H1. If we were to look at the hotel segment, it's over 2%. October, November was all trending up from that point of view. So I think reasonably to say that FY’ 25 will have a reasonable growth over the previous sales margins. And directionally this looks good from a long term perspective,

I think, I would like to now talk about cash flow and you know, our capital allocation principles. If you would look at the next five years EBITDA of, let's say, if that's a hundred, and how will that get distributed from EBITDA. To come to operating cash flow or free cash flow before CapEx is about 70 to 75%. The difference being really the tax payout which happens you know, at the bottom line. And we are going to put money back into a property, which I mentioned about, so almost 20, 25% goes back into the properties. This will also include some like, ongoing new builts, which is the 5-6properties which are getting completed in FY’ 25, FY’ 26. We have also announced a dividendpolicy. So we will obviously meet that policy. We have said that we will distribute anywhere between 20 to 40% of our Consol. PATor standalone PAT, whichever is higher.

And that should take away, you know, a mid teens kind of our numbers from our sort of EBITDA numbers. And then we have 15 to 20% for future greenfield, which is you know, what Mr. Chhatwal showed which is really, you know, the Sea Rock or Bandstand, the Lakshadweep, the Aquada plateau and, as well as the Shiroda project. And also Ranchi, which is also added to this list, which was incidentally a project we got earlier this year. This is a land lease project, so we will be building that also next few years. This leaves us still with a cash accrual of 10 to 20%, which can be used for inorganic opportunities or for newer projects, like I just mentioned, we got Ranchi, we normally get invited by government to sayif you can build, come and build a hotel in our state because that also adds to the sort of the momentum the state wants to have.

And of course, in keeping something for the strategic reserve, which is you know, if we run into some kind of a down cycle the next few years, it'll also give us the ability to then go out and consolidate the market. So I think that's the really the principle of how we are looking at capital allocation. You know, if largely going into our own CapEx, which is ongoing and also the future greenfields, what we can speak confidently right now is what is identifiable ,5,000 crores over the next five years. And this is you know, some of the ongoing ones which I talked about. This is

about 1000 keys, Renovation and Digital spends. This does not include some of the, you know, future green fields, which we are still sort of you know, crystallizing all the numbers, whether that's Bandstand or Aquada or Shiroda. And those numbers we will be able to talk to you about maybe once we are able to get the plans approved and there's more visibility on the timeline of those projects.

So I think where does this lead us? I think in terms of efficiency of the balance sheet, I think in spite of all the money being spent on CapEx we don't think we'll end up requiring debt at this point in time. Our belief is that we will still remain net cash positive, and I think that's a bold statement to make because we are now getting into a little bit of a CapEx heavier part of the investment cycle and we feel confident that with the cash flows fromnot life for like growth, we should be able to sustain our net cash positive position. And overall our RoCEwill expand because of the mix of the business changing. And when we unlock the non-cash generating assets, which are on the balance sheet, like the Sea Rock landand we see some cash flow coming from those projects.

Yeah, I think just to sum up, this is a pyramid which we have you know, putting up as our own internal targets and we feel reasonably confident that this will, by any way, not be an easy target. 700 hotel portfolio is going to be a stretch, but I think the management team is committed to make that stretch happen. Similarly on revenue growth and ROC and at the same time maintaining customer quality, which, you know at 70 plus. I think that's it from my side and I think Mr. Chhatwal and I will can take more questions now. Thank you very much.

Palak Chhabra:

Thank you Mr. Dalwani. Thank you Mr. Chhatwal. We will now start with the Q&A round. May I please request you to kindly introduce yourself before asking the question and make sure that you raise your hand so that we can pass on the microphone to you. Thank you.

Pragnya Gaaner:

Good evening. This is Pragnya Gaaner from UTI AMC. Sir, my question is on your own hotels portfolio. So first of all, on Sea Rock or Bandstand once you get all the necessary approvals what would be the estimated timeline for completion and capital commitment from our end? So that is one on Bandstand and the other owned hotel portfolio that you have in pipeline. I understand it would be difficult to exactly give a CapEx amount, but roughly what kind of ROCE do we plan to get from those projects?

Mr. Ankur dalwani:

So I think I'll take the latter part, which is what kind of ROCEs or IRRs we target. Normally we look at like, I think this was mentioned by Mr. Chhatwal as well. We look at, you know mid-teens, kind

of IRRs for our projects and therefore these projects will also go through the similar scrutiny and viability analysis. In terms of timeline, I think maybe you want to take that.

Mr. Puneet Chhatwal:

On Sea Rock subject to us getting a CC and a commencement date of site preparation, let's say April, May, June of next year. It would take anything between three to three and a half years. It's a difficult project, it's not easy one because of the site and the water and all the construction and the height that we plan to do. So three and a half years would be realistic. So let's say all in all four years as the earliest latest would be five, if there was some hiccups or delay in still getting the CC, but as I said, IOD is the most important one and we are there now.

Pragnya Gaaner:

And sir, what will be our capital commitment for Sea Rock?

Mr. Puneet Chhatwal:

It could be, without putting any interest capitalization for the interim financing into it, it could be anything between 775 to 875 crores and as you heard, almost 50% of the total cost is already on consolidated basis on the balance sheet. But projects like this, the land element will always be 50% of the total project cost.

Pragnya Gaaner:

Thank you so much.

Adhidev Chattopadhyay:

Yeah. Good evening. This is a Adhidev Chattopadhyay. Here from ICICI securities. Just again, follow up on the Sea Rock thing. I think in the past we alluded that we may look for a financial partner to maybe partly finance the project. So is there any change in that or are we going ahead and spending all the money on our own or are we confident enough on that front?

Mr. Puneet Chhatwal:

There is no change on that thinking as you just heard, that if the consolidated Balance sheet is 900 and standalone is 1500 and the cost to build is maximum another 900, right? So we could easily be 51% shareholder or 55 or 60 and get a partner preferably from within the group because as assets like these, we would like to keep within the group. And if need be, we will look outside also.

Adhidev Chattopadhyay:

Sure.

Mr. Puneet Chhatwal:

But this is a development which we'll like to do on a turnkey fixed price basis with a third party, whether it's a Tata projects or another company. Its is not something where development risk will not be within IHCL.

Mr. Ankur Dalwani:

I would like to add what Mr. Chhatwal has said. I think when we looked at the partnership angle a few years back, there was a balance sheet constraint. From a balance sheet perspective, the constraint is less, but from a risk perspective, the turnkey model is what we will definitely want to look at. So, you know, whether it's A quality contractor within the TATAgroup or outside is something we would like to definitely look at.

Adhidev Chattopadhyay:

Sure, sure. So my second question is on sourcing of real estate for management contracts. Obviously, we have a strong pipeline for the next three, four years. But on a overall reading on upcoming management contracts in tier one cities do you think is there enough real estate which is around to enable us to get that sort of growth even going forward beyond what we have already signed?

Mr. Puneet Chhatwal:

See, this is an interesting question. So in theory you are right with what you're trying to say. You're right. I can only say that. Yes. But there are enough projects like Claridge's, which is in a conversion. There are enough new suburbs coming. If you look at just the city of Mumbai and look what has happened around it. The new markets that are opening up. They're creating huge opportunities for our brands which are not Taj, like the Gateway, Vivanta, Ginger you know, Vivanta Navi Mumbai is a very good success for us. We are opening in Thane. So there is a lot of opportunities that are opening up because these big metros keep just growing in the suburbs and that then suddenly becomes like Delhi, I said Delhi NCR region. It's not Delhi, and Delhi Lutyens, but you take that way then there is enough real estate available, including for us within the group.

Adhidev Chattopadhyay:

Sure, sure. So, and final question is on that. That's obviously you alluded to the sort of revenue growth or revenue potential for TajSATS we see in the business over the next five years. So on the EBITDA margin trajectory, could you share more on, let's say maybe we are now, we are now at 24-25%, but where potentially even the margins could what it would look like maybe in four, five years time on that?

Mr. Ankur Dalwani:

I think TajSATS right now enjoys very nice and healthy margins, at least in the near term, which is maybe one or two years. We don't see big disruption. But look, this is a business which is different from hotels in the sense, you know, the margins typically in these businesses are probably mid to high teens. We don't know if they were to going to revert to that level, but we feel confident to say that in the near term, maybe the next 12 to 18 months, there is no disruption on that front. But long term we'll see how this business evolves. A good thing with TajSATS is that it enjoys you know, it is locked in the sort of the lease or the concession at the key location, which is Bangalore and Bombay and is in the process of doing so at Delhi. So, you know, which in a way reduces the competitive intensity for them, but it is more dynamic business than the hotel businesses.

Mr. Puneet Chhatwal:

Okay. I'll add I think very important one whatMr. Dalwani just mentioned, just like we have over time grown new businesses within IHCL. In TajSATS, we have launched a new company and a new brand, which is called Nekta. And together with Qmin, we will be sourcing non airline business. And we expect that business over the next five years to become 20 to 25% of the total, just like we are doing with new businesses here. So what we did or started in the Topco in IHCL five, seven years ago, the similar journey started with TajSATS in the non-airline business. So that way you sweat your central kitchens or we don't call it cloud kitchens, we have them. So we will be able to sweat them better.

Adhidev Chattopadhyay:

Okay. Yeah. So thank you very much.

Shaleen:

Hi, this is Shaleen from UBS. Puneet, I must say pretty bold goal. You know, 14% CAGR, 15,000 revenue by 2030. You have kind of still a debate here, so let me indulge you a bit more on a bit as well then. So while you talk about there will be a margin expansion. But how should we think about it? What kind of EBITDA, absolute EBITDA are you looking at in 2030 if you're looking at 15,000 per revenue?

Mr. Ankur Dalwani:

That's a nice way of asking the same question which you get asked all the time, but I think, it's fair to say that as we see it, there is a positive bias. You've seen how the FY’ 25 is playing out on both on the hospitality segment as well as, you know, even if you were to combine TajSATS. Will this remain forever? I can't answer for sure, but I think the drivers are not going away. Let me just put it this way. You know, the drivers of operating leverage, the demand supply mismatch

and the not life for like growth, which is higher margin business, then those are not going away. We have to be cognizant that, you know, we will put some money back into our business and a lot of time this, while this in what should really be CapEx, but it's really, you know, capability building, building an organization of the future. Now new business is big enough for it to have its own sort of, you know a structure which is a little bit more independent and therefore will have to entail some upfront costs. We have now got Cladrigess as a brand, so we will obviously need to support that brand and then we have to make sure that we are putting enough money back on the digital side, which is both customer facing. So whether it's the CRM project or the website projects or the backend side, which is the ERP project. So some of these are upfront costs, you know, the benefits of these will come over the years and that's why, you know rather than give you a specific number, I think I would just say that we feel confident that the direction is positive.

Shaleen:

Okay. Let me ask it another way then. So of the 14% CGAR growth you're building in, we are talking about 7 to 8% RevPAR in which it's mostly the ARR than occupancy of your core because occupancy are up there. Then a large part, again, maybe 2 to 3% is coming from management contract because you're talking about much higher growth in that segment as well and the new business, which is again doing a higher margin than your core business. So when I look at more than, or you know, anything from two third to 70% of your incremental revenue when you're looking at is coming at higher margin, maybe towards 60% plus flow through, plus management flow through and all. So when I do a rough math 40% margin by 2030 looks conservative.

Mr. Ankur Dalwani:

Don't set targets for us here.

Mr. Puneet Chhatwal:

I would say in the break when we have the cocktails, I encourage you to have a word with the three stalwarts of operation sitting here in the front.

Shaleen:

I have another question for them.

Mr. Puneet Chhatwal:

Another one for them. So I think in see any kind of Maths that you do on piece of paper could work in what you are saying. The challenges is that this sector is a bit sensitive to certain changes that come outside its circle of influence and that keeps happening. What is the reason? Let me turn it the other way around. What is the reason we don't want to take the risk and have debt? Because you get into that spiral to fight with the unknown. Otherwise, every finance school

teaches you that optimal use of debt increases the net present value of the company, right? So why are we saying no, we prefer to have cash and cash reserve in debt is because as we are growing, we are still kind of confronted with a lot of unknown. Otherwise, instead of giving a ROCe target, we would've given like in the past EBITDA margin target.

But if you have achieved 33.7% in the last financial year, one of the highest margins also within the group, if not the highest, I think it is the highest, but let's say one of the highest and industry leading with assets in London and New York and San Francisco, etc , then you have to stop somewhere and say, okay, if we get more, we go for more. But at the end of the day, hotel sector is a capital intensive and a labor intensive business and some of these costs, the way they will evolve as India evolve from fifth to fourth to third largest economy. It's very difficult to judge today because it's changing very rapidly. If three years ago we had said that the average rate in this country will be X, that what it is today for luxury or for upscale or for the sector, I don't think anyone would've believed it or the RevPAR would be so. We've lost out on a few opportunities where our strategic partners could not believe that this sector will ever come back. So that is the challenges we have that the headwinds when they come, they come very strong. So what is the management doing to mitigate the impact of those headwinds? Change in the business model with the different ratio for capital light versus capital heavy Evolution, as we said of the brands scape to have different brands where like you did the Maths, many of those brands, good or bad circumstances will do 40 to 60% margin, 60 in good times and maybe 40 in bad times, but it cannot fall to 15 or 17 or 18. So I think, and that's why during the presentation I said, this is not all cast in stone. In two and a half years or three years, we could review seeing how our cash position other things have evolved. So if we wanted to shift a bit more to capital heavy, we would do that. If we keep collecting or accumulating the cash the way we've done it for last 10 quarters.

Shaleen:

Sure. So my assumptions are not off the mark then…

Mr. Ankur Dalwani:

Your answers assumptions are not off the mark.

Shaleen:

I just concluded your answer.

Mr. Ankur Dalwani:

You're saying your assumptions are not off the mark.

Mr. Puneet Chhatwal:

No, never.

Shaleen:

Right. So puneet then, why are you so conservative in Ginger? Like just 200 by 2030, like we expected more from you.

Mr. Puneet Chhatwal:

The challenges are the same whether you are doing a Bandstand or a hotel on a Greenfield, we would love to do more, you know, personally, as you are aware, have lived almost three decades outside of India. Hotels in this category can get built in nine months time. If you have the plans and planning permission, you just build it in a factory and assemble it on a site. So it's possible and not possible. These kind of technologies are also coming into India but are not yet fully there. One of the other company that started doing this modular construction for some reasons had to close shop. We are evaluating these model with Tata projects and if you looked at this chart, we said that the number of openings in the new businesses will be double of the traditional one. So that's why we are optimistic on that. But land, titles, permissions, you know, some of these things are not within our control, but if we get it faster, I tell you we are the happiest to build it fast and happiest to actually spend our own money because it's a no brainer, it's absolute no brainer. If Ginger is one, you know, it's one brand where you can say the total square meter per room is 40, the cost to build that is X. If you get land from the city or state at a long term, 67, 99 year lease at a marginalrent, it is an absolute no brainer to do hundreds of those. But it doesn't happen that way. Somewhere there is a election, somewhere there is a government change, somewhere there's something else. There is what, what you call a tsunami or a flooding somewhere. There is landslide. So things keep happening. But also it's a very positive happening place. So a lot of positive things are also happening. That's why we are able to show the growth we've been able to show.

Shaleen:

Sure. The last one to Ankur. You talk about 70, 75% of our EBITDAs operating cash, which effectively means that you should be having something like 12 to 14,000 crore of operating cash by 2030, 2000 crore you have in bag. So 16,000 plus you are only given us a plan of 5,000 crore. So you need to be a little aggressive on that do you think?

Mr. Ankur Dalwani:

I don't know what Maths you are doing, but I think that we just put it this way. Yeah, so we talked about dividend. So that is part of the distribution plan, which we have. We know as you know, we have a stated policy, but more than that also there's a CapEx plan which we set is 5,000 crores identified CapEx, which we know for a fact that we are going to incur over the next few years. I think what's missing in that is the question which was asked earlier on how much we'll spend on the new builds, which are future, which are still on drawing board or some of them are still, we

are still figuring out what approvals and as was mentioned by Mr. Chhatwal that, you know, by the next earnings call we'll have much more visibility, at least on the one opposite this hotel.

Now I think that is where we have to now see how much of that will go, how much will take on balance sheet? Do we need a partner? Do we need all ourselves? And then as things stands, we really don't need a partner, which I mentioned earlier as well, from a financial flexibility point of view, do we want to bring someone from a risk mitigation point of view? And that's something we'll debate as a management team. So I think the missing piece in this is that how much we end up spending on the new greenfields and how soon we can start construction of those.

I think for the longest time we've been trying to get these non-operating assets into an operational mode and with the effort of, I think the entire management team here, which is sitting here, we've actually made great progress and we've seen now finally 25, 30-year-old disputes coming to an end, whether that's the Aquada Plateau or the Shiroda one, and now, you know, the one which is the right out here has also made good progress.

So I think we are optimistic that finally these projects should take off and therefore you know, a lot of that missing piece will go there. Having said that, does that give us flexibility to then look at inorganic? The answer is yes. You know, we are actually continuously look at opportunities on the inorganic front. We've just done a very small transaction, so I'm not going to talk about that. But like those, there are many which keep coming and we will probably look at adding on the inorganic front, but one thing about in organic opportunities is that we obviously want to make sure it is viable. The second is that it should add more than just the rooms. It's not about just adding rooms, it's also about adding a capability. There are white spaces in our landscape or in our location, you know, then it obviously makes a lot more synergistic sense to go for those acquisitions.

Shaleen:

Sure. So hopefully we should hear something on Sea Rock by end of third quarter.

Mr. Ankur Dalwani:

Yeah, I think that's on Sea Rock.

Mr. Puneet Chhatwal:

Yeah, as I mentioned we will be submitting, we're going for CC by end next week. A lot of work that goes in a lot of plans, they'll be uploaded and then it's a process whether it takes a month, two months, three months but it should not, the most important is IOD and we have that.

Shaleen:

Great. Last, just last one I know, how are we thinking about this brand Claridges? Like how do we intend to use it, its positioning, etc. Is there any thoughts on that?

Mr. Puneet Chhatwal:

Let us discuss that more in the Q3 call. We've just signed the contract and there is an opportunity to do something that's for sure, and Claridges will be Claridges. It'll not be Taj Claridges or Claridges by Taj. Sure. That part is very clear. It's complementary to the Taj brand and not something which will be under the Taj brand and how we use that or scale up. I think that is something which we will, once you have drawn the plans we'll share.

Shaleen:

Sure. Thank you.

Prateek:

Sir Prateek, is here. Fantastic presentation. Thank you. First question is on the outlook on RevPAR growth which you have given like high single digit. So is this more like the previous cycle, like in 2003 to 2008, we saw like a 20% kind of CAGR or 15, 20% kind of CAGR past three years have been fantastic. We are looking at like high single digit kind of CAGR over next few years. Is it more like a perennial expectation or is more like inflation plus 2, 3% kind of a basic, because we are in like a steady state kind of industry cycle now. It's not a Superbull cycle. We are somewhere in middle there, and which will probably continue to remain like this for next 10 years.

Mr. Puneet Chhatwal:

See there are two things here. One is that unforeseeablefuture, like in the past, not more than 50% of our revenue, total revenue will be rooms driven. Within that we have a, life for like growth and then we have a, not life for like growth. That's why when you become a high growth company, just putting a CAGR on RevPAR is not a prudent way of doing it because if you're opening 30, 40, 50 hotels in a year, a lot of them are in the startup phase. So they will dilute the total RevPAR that you see. So one is you have two separate the, life for like, and hotels, which are maybe up to two years of opening as a separate one.

Second is any assumption around 8% is what we are communicated is fairly safe. It should not go below that on a life for like on a, not life for like, if you add and it drops to seven or six, it does not mean anything because it's actually adding to the total room revenue. You cannot have the same percentage growth as you have in let's say Taj Lands endversus a new hotel in Thane or you know Navi Mumbai, etc. Maybe sometimes these hotels even open at a very high level, but when three, four more hotels come in the same market, then they also drop, there is a de-growth. So the important thing is to separate on a, life for like 8, 10, 12 is not a problem, but now the

occupancies have gone up so much that you can charge more, but at a certain point it's not like unlimited scope to go up.

Mr. Ankur Dalwani:

Also, just to add, you know, there's also the F&B component, we didn't really speak too much about it, but I think that's something which actually is the ability for us to grow faster than the traditional room businesses actually there, because firstly banqueting and then outlets, we are putting a lot of you know, money back into outlets. We spoke about that a bit. So that is at the other angle. So when you look at our business rooms is only 50%.

Mr. Puneet Chhatwal:

But in way, if you reflect back on the presentation when I was saying something, we want to create a new benchmark, and the benchmark is this opportunity, this whole thought process of RevPAR being the most important is not wrong, but is it as relevant for a India centric company versus another global major? The answer is no. One big event in Jamnagar that we've catered this year, 80% of it was catered by us for one wedding A marriage in Umaid Bhavan Palace of one of the Bollywoods or Liz Hurley in the past, you know, makes up for the entire F&B revenue for one year in that five days. Only thing is we cannot predict and project who is going to get married in the next six months. That is not our job, but somebody every year does and makes up for all the revenue, one event like the Dior event last year around this time at Gateway of India, one big visit of royalty in a year in Taj Mahal Palace or in Delhi delegation from UAE, etc makes up for almost like at least 15-20 days of revenue.

Prateek:

Right. My next question is on like you are looking at international markets much more aggressively now versus earlier. Likewise, I mean, you have given a great presentation, great outlook I'm sure, it'll go to a lot of your competition also seeing it and suggesting strong outlook for the industry. So how do you see like competition like sort of reacting to not your this presentation, but in general, like looking to add capacity in India?

Mr. Puneet Chhatwal:

I don't think anyone waits for the other to add. People add what they can and they move on and the more the sector grows and the higher our share of growth is, that is what makes us happy, versus that we think only we are growing. No, that's not, I think that is not realistic either. So if the pie keeps evolving and becoming larger and we keep or maintain the highest share in it, then we are happy. There was a time when we used to have more than 15% of the supply, then we fell down to almost single digit. We are back closer to 14% or so. We want to take it back to 15 plus and that is good. We should also try to eat what we can digest. Too much is also not good,

so it's okay. And also competition helps to improve the sector, improve the fundamentals, and it's very good, especially for Indian hospitality.

Mr. Ankur Dalwani:

I just want to add that, you know, this is not a winner takes all market. So as you know, we are only 1.9 lakh branded rooms in the country, which itself is a very small number for country, right? So I think there is enough room for everyone to grow. Also, when you think about large convention centers, hosting events, then you know, you actually need quality supply of hotels actually to open up and, you know, obviously one company cannot do all of that. There's room for I think all of us to coexist.

Prateek:

Right. And the last question on the management contract revenues or income you've given it like 15 to 18% CAGR this seems like lower than the expected growth in the room count in that segment. That's because is that the right understanding?

Mr. Ankur Dalwani:

No, I think if you look at the projected growth in room count is about 12 to 15%. So this should grow at, like you said, higher than that. But I think what's important to understand is that as every year we keep on opening hotels, they don't stabilize on day one. They at least take two years and in some cases three years for them to hit the ground running and get to a RevPAR level. I'm not talking about RevPAR or RevPAR, a RevPAR level, which is comparable to a mature stable hotel. So that's why, it's not like 10 or 12 plus 8. It's more like, you know, 12, let's say 12 plus 5. And then over a period of time that should actually obviously go up because then those hotels become mature and your new additions will probably kind of stabilize at a certain level.

Prateek:

Sure. Okay. These were my questions. Thank you.

Natraj:

Yeah, hi. This is Natraj from DSP Mutual Fund. Just more on the policy question. These national tourism policy as well as the Maharashtra State government, when they announced a policy for tourism in July, 2024, they said we will do a number of incentives for tourism related sector. The government has talked about stuff like that. Any policy incentives that is coming through for the industry or for you to reduce the tax incidents are made more attractive for tourists to come into India that you see as a catalyst for foreign tourists arrivals, which is still below the 2019 levels. We have been lobbying for infrastructure status for I think since I joined the industry 25 years

back. But I think this government is slightly different. So any developments on that side with respect to incentives, either state central that will be helpful. Thanks.

Mr. Puneet Chhatwal:

See, I could not acoustically get your name, but here is, you kind of answered the question yourself, but for the rest of the audience, I would say that Maharashtra was one of the first ones to grant industry status when we started lobbying for it. Prior to that Rajasthan had done a very good job in execution on it. It was followed by Karnataka, West Bengal, more recently Tamil Nadu et cetera, that have given the industry status. What industry status does it, it makes your cost of utilities and taxes a bit more competitive versus any other real estate. So we were the highest tax sector or we still are in the places where you don't have industry status. What infra does is it can get you cheaper loans and longer term moratorium. As the head of CII, national Committee for Tourism, I have been myself and as the chairman of Faith, which is the apex body of all travel and, and hospitality associations. I've been personally very actively involved in getting this done. The good news, it's a bit like Bandstand or Sea Rock. The good news is everybody says you are right, but the not so good news is that it has not yet happened. This is not asking for us. We are not saying invest 20,000, 30,000, 50,000 crores. It is only going to help other companies, as Mr. Dalwani just mentioned, for other companies to grow because we don't need a moratorium or we don't need a, you know, cheaper debt because ideally we don't want to use that. We have our own internal accruals equals, but we are doing this for the sector. We are lobbying for the sector and given the demographic dividend, India has given the government's focus, which is really benefiting us on the development of infrastructure, number of airports, six lane highways, renaissance of train stations, et cetera, et cetera. Getting this sector to be a part of the support system of the government's focus on infrastructure would really help. I would maybe use this opportunity to say that Bandstand IOD is a consequence of the support we got from the government. It's not that, it cannot have happened without the support. So in a way all this is positive, but a country with the background, like we are coming from in 2012 for some reason, one of the commissions put certain caps on the infrastructure status where most of the time it's not applicable for good quality investments. And we are trying to get those removed. So industry is fine.

The one thing which is latest that we have come up with and is a new request besides this two point agenda is the equivalent of incredible India campaign outside of India to attract more foreign tourists because your real tourist level foreign tourists has actually declined. And how we can somehow support it, whether through visa on arrival or free visas or you know, more marketing campaigns and new website you know, all the government offices or tourist offices outside of India, were shut down. So how is it we can do, what have we done as IHCL? We have committed to spend 25 crores over the next three years at various big tourism events. And the one which happened recently in the world travel market in London, we did an India evening and one of our colleagues who was sitting here in the front was the head of that event where we were the enabler for all tour operators who attended from India that event that not only they could attend, but they could also invite their guests for free. So that's how we are spending the

money to support our fraternity and we think it's for the good of the whole. Not only, you know, like we will win, but the sector will win and we need to do that in a significant way now.

Palak Chhabra:

Thank you so much. We will now take our next question from the online participants.

Online participant-Sachin:

We have one question from Sachin that's coming online. Given the consolidation in India's airline industry, particularly Air India, which is part of the TaTa group, how would you see the opportunities for TajSATs? Also, how does the company synergize among various startup group companies drive revenue?

Mr. Puneet Chhatwal:

Well on the pyramid, you would've seen the one Tata as one of the enablers. We are very blessed to be part of an ecosystem and being part of a team of leaders and managers, which are enabling a lot of Tata Group companies have been a positive surprise and have done very well and have delivered a better than expected performance. And obviously a lot of their events happen in our hotels, especially their annual meets. So strategy meets their private events also happen in our events. If there is a wedding or any other occasion to be celebrated in their families and being such a large group, that means our access to companies is very large. They do not work exclusively with us because we are not present in all locations. And there are others sometimes who we're better in certain location, but we do have access. We do have systems in place. We have a Tata friend and family rate for all Tata group employees. We do a lot of promotions with other group companies together. We have worked very closely with the Tata consumer as an example on your question on TajSATS, the food for Starbucks with Tata consumer is prepared and acquired through TajSATS. It's not just Air India that would come under the non-airline part. On the airline part and the consolidation, the opportunity is huge. But as you hear and read, there are a lot of other things which are important. As I say, put first things first. We are in the queue and hopefully together with our airlines, we can one day would be at least my dream, have a claim that the airlines from India serve the best meals in the skies in the world. So that is something we'll be happy to contribute to that.

Online participant:

We have no further questions from our online audience. Over to Palak.

Palak Chhabra:

Thank you, ladies and gentlemen, that's all for the Q&A round. Thank you Mr. Chhatwal and Mr. Dalwani for sharing such great insights with us. Thank you once again for joining us today. It was a pleasure having you all. Have a lovely evening. Thank you.