ROYAL ORCHID HOTELS LTD.,

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Date: August 24, 2024

To,
The Manager,
Department of Corporate Services,
Bombay Stock Exchange Limited
Floor 25, P. J. Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 532699

To,
The Manager,
Department of Corporate Services,
National Stock Exchange of India Limited,
Exchange Plaza, Plot no. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
NSE Scrip Symbol: ROHLTD

Dear Sir/Madam,

Re: Transcript of the Earnings Conference Call for the First Quarter ended June 30, 2024

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed the transcript of the earnings conference call for the First quarter ended June 30, 2024 held on August 20, 2024 for your information and records.

The above information is also available on the website of the Company https://www.royalorchidhotels.com

Thanking You.

Yours Faithfully,
For **Royal Orchid Hotels Limited**

Royal Orchid Hotels Limited

Amit Jaiswal
Chief Financial Officer

Encl:A/A

ROYAL ORCHID HOTELS LIMITED

Q1 FY25

POST EARNINGS CONFERENCE CALL

August 20, 2024 04:00 PM IST

Management Team

Mr. Chander K Baljee, Chairman & Managing Director
Mr. Philip Logan, Chief Operating Officer
Mr. Amit Jaiswal, Chief Financial Officer
Mr. Arjun Baljee, President

Call Coordinator

Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the Q1 FY'25 Post Earnings Conference Call of Royal Orchid Hotels Limited. Today on the call, from the management team, we have with us Mr. Chander K Baljee, Chairman and Managing Director; Mr. Philip Logan, Chief Operating Officer; Mr. Amit Jaiswal, Chief Financial Officer; and Mr. Arjun Baljee, President.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to detail us about the business and performance highlights for the quarter that went by, their plans and visions for the coming year, post which we will open the floor for Q&A. Over to you, sir.

Chander K Baljee: Good evening, and warm welcome to everyone. Thank you for joining us for the Royal Orchid Hotels Limited earnings conference call for the first quarter and annual results for the financial year '24-'25. Please note that Q1 '25 results, press release and investor presentations are available on the exchanges. I hope you had the opportunity to browse through the highlights of the performance.

In this quarter, we have seen a lot of business disruption like election and heatwaves, which affected the business adversely. The impact of the same is seen on the entire industry. In the first quarter, we have added five hotels with 469 rooms. The company is growing and a strong business model and effective risk mitigation strategy.

We are working to post better margins in the coming quarter than what our company has witnessed in the recent past. Financial highlights for the company in the first quarter '24-'25, on the standalone basis are as follows. Standalone income for first quarter '24-'25 was ₹49.09 crores as compared to ₹45.58 crores in '23-'24, a growth of 8%.

Standalone EBITDA for first quarter was flat, ₹13.62 crores as compared to ₹13.67 crores in '23-'24. Standalone PAT before exceptional items, for first quarter stood at ₹4.43 crores as compared to ₹4.66 crores in '23-'24, a decrease of 5%.

Consolidated income for first quarter was ₹77.66 crores as compared to ₹73.72 crores, growth of 5.34%. Consolidated EBITDA for first quarter was ₹21.29 crores as compared to ₹22.92 crores, a decrease of 7%. Consolidated PAT for the first quarter of '24-'25 stood at ₹8.72 crores as compared to ₹10.73 crores in '23-'24, a decrease of 19%.

I would like to highlight certain points and give explanation for our performance. As I said earlier, this quarter was a difficult quarter and the business got affected due to Lok Sabha elections and also because of heatwaves across India. Still, the company's EPS remains strong at ₹3.21 per share for the quarter. We are working at a fast pace to complete our new 300 room hotel in Mumbai.

Now I understand that you must thinking that, however, the consolidated income of the company has grown by 5.34%, but why the consolidated EBITDA has decreased by 7% and the PAT has decreased by 19%? The primary reason for the same was the effect of IndAS. We have uploaded in our investor presentation and the result with IndAS and without IndAS. A perusal of the same will reveal that without IndAS our PAT for the quarter would have been ₹10.11 crores instead of ₹8.72 crores as reported by us. These IndAS adjustments needs to be done as per accounting standards; however, they are not cash in nature. Hence, you will find that the company has got a very good cash profit.

Also, you can see that the company is growing, and hence to support the growth of the company was required to increase the bandwidth's office operation for which it is required to increase its workforce in different regions, which the company did. The cost of the above immediate, whereas the revenues of the same will come in times to come. For this, the company incurred a digital cost of ₹72 lakhs as compared to last year for the same quarter. This is the prime reason for the cost escalation, which we would have seen as investments for future growth.

We are refurnishing some of the assets, which we started last year, but because of it being done in the operating hotels, hence it is being done slowly without shutting the hotel. The same resulted an increase in repair and maintenance cost of ₹75 lakhs, but same were necessary to remain in competition. The management has set out a strategy to diversify its product offering, provide unique customer experience, and work towards a robust balance sheet.

I would like to conclude our opening remarks by saying that the company is doing well. And in the long run, we will be a company to reckon with. We are also looking to get new hotels under revenue share model as well as under management route. We have a very good capital deployment strategy, which will make our company very strong, and we will produce very good financial results as we move ahead during the financial year. Thank you.

And now we can throw the floor open to questions.

Question-and-Answer Session

Moderator: Thank you. We already have a question in the chat from Archana. Archana, you can go ahead and ask your question.

Archana Gude: Sure. Thank you for the opportunity. I have a few questions. You mentioned in your opening remarks about your Mumbai hotel with 300 keys. Can you guide us more on what is the tentative date for opening? And what will be the ADR price band for the same?

Arjun Baljee: Hi, Archana, I'm Arjun here. Thanks for the question. The hotel is currently under construction. As you know, we signed this project less than six months ago. And the project will be completed by the end of December or January, and we hope to launch soon after. We are looking at a price band, I mean, market dependent, obviously, but depending between ₹9,000 and ₹11,000 ADR for the hotel.

Moderator: Archana, do you have any further questions?

Archana Gude: Under which brand the hotel will be open?

Arjun Baljee: Well, we have a brand. We're going to announce that shortly. We're just in the middle of the design and the entire conceptualisation of the brand. And in the next couple of months, we will announce the name of the brand and the identity and the growth strategy for that particular upscale brand as well.

Archana Gude: Sure, looking forward for the brand announcement from your end. I have one quick question on some occupancy RevPAR in Chennai market. We understand that Jaipur market was impacted due to extreme heatwaves in Q1. But what were the dynamics of Chennai market that occupancy for us was this low?

Amit Jaiswal: Archana, this is Amit Jaiswal here. See, as far as the occupancy forecast is there, we have given in our investor presentation. In Q1, the Chennai market really didn't do very well, okay? Even in last year, generally, it's very hot in Chennai also. If you look at last year's occupancies also were around 45% and this year occupancy is around 36%. So primarily in first quarter the Chennai market is not that great.

Archana Gude: That helps. Thank you so much. And all the best. Looking forward to interact with you more in future.

Arjun Baljee: Thank you.

Moderator: We have one more person in the chat Prateek Maheshwari. You had unmuted. Would you like to go ahead and ask your questions?

Prateek Maheshwari: Yeah. Tell me about the July and August growth as compared to last year and how is it looking in Q2?

Amit Jaiswal: I would request Phil to answer this question.

Philip Logan: Thank you, Prateek. July saw some hangover from June. So, we've had some pickup in July. And certainly, between 6% and 8% growth is occurring that we can see like-for-like in the quarter. What also is the case is that we're seeing some bringing back of resort occupancy as well. So, you've got resort occupancy coming back through the system. We've also got some groups coming back through the system post-election and the corporate market starting to pick up again. So there is some healthy signs, although it's early days in the year.

Prateek Maheshwari: Thank you.

Moderator: We'll take a next question from Chirag Singhal. Chirag, you can go ahead.

Chirag Singhal: Yes. Just a couple of questions. So, you have plans to open 30-odd hotels this year. So how much would that be in number of keys? And also, if you can provide the split between managed, lease and revenue sharing?

Amit Jaiswal: See as far as the deals are concerned, see the total upcoming keys is around 1,900 keys, okay, which is in 26 hotels. And most of it are managed only except two hotels, one is in Gurgaon, which is coming as revenue share and one in Mumbai, which is owned. Otherwise, all are managed.

Chirag Singhal: Okay. So, Gurgaon hotel would be the one that you already announced...

Amit Jaiswal: No, we have not announced it.

Chirag Singhal: Okay. So, this would be under revenue sharing hotel?

Amit Jaiswal: Revenue sharing, yes.

Chirag Singhal: Okay. And how many rooms are there in the Gurgaon hotel?

Amit Jaiswal: 124.

Chirag Singhal: Okay. And is this under the upscale category or the normal hotel category?

Arjun Baljee: This is a four-star hotel. It is a new kind of four-star hotel. It will have 124 rooms, three banquet spaces, two F&B spaces and a very innovative design. So, it's kind of the new direction in which we want to take even the four-star hotel product.

Chirag Singhal: Okay. So, 1,900-odd keys you're expecting to open in FY'25? And can you also give us a middle number for next year?

Amit Jaiswal: It is very difficult to say right now next year this one. But yeah, we are…

Arjun Baljee: We just got to tell you that growth in India remains robust. And whatever the target for this year is next year obviously looks much better. Our pipeline for next year is actually very, very healthy. The hotels that we're talking about right now are just hotels that we're opening this year, right? And there is a robust pipeline that will exceed this year's target for next year.

Chirag Singhal: Got it. And Arjun in a recent interview, you mentioned that there are four unique upscale hotels that are planned to be opened in six months after the Mumbai hotel. So again, just to understand about these four hotels that you talked about, are these under managed category or leased or revenue sharing category? And are these on four-star or five-star hotels, if you can give some details?

Arjun Baljee: Let me clarify exactly what I've said. We are launching an upscale hotel brand this year. The first example of that upscale hotel product is going to be Mumbai, as the design direction and the kind of product that we want to create. We have existing hotels that we will upgrade to and modify in order to fit that new brand. That's one strategy. And we've signed a 288-room hotel in Surat, right? And that hotel is under management contract, and that hotel is currently opening in phases and will eventually become this upscale hotel when it is completed.

Chirag Singhal: Okay. But I'm specifically talking about the hotels that you mentioned which are supposedly going to be opened in six months after the Mumbai hotel and...

Arjun Baljee: So, we are targeting the six months. After Mumbai, we hope to get Surat online, right? We hope to get the Bangalore hotel, which is already under renovation to the higher upscale standard, right? And we are just applied for plan sanction to get the Goa hotel upgraded to the post the five-star product that we want to do.

Chirag Singhal: Okay. And there was also something mentioned about some lean luxury hotel in Jaipur. So, can you give some details on that as well?

Arjun Baljee: Yes. The idea of Regenta Place, that's basically a three-star driver for our company. And you see that we've got a whole slew of these Regenta Place hotels. But the idea is how do you reimagine what Regenta Place should be given the competition in the market. And the competition is in that three-star segment, you name the hotel brand, they have a competitor. So, when we launched the new Regenta Place Hotel in Jaipur in, I want to say four months, you will see a new ethos for what a luxurious looking budget hotel should be.

Chirag Singhal: Understood. Okay. Also just to confirm on the trend on the ARR, so 6% to 8% increase, what you mentioned in the current quarter. So this is for the full quarter average that you are seeing versus the last year. Did I get that correctly?

Philip Logan: Correct, although I would have to say to you that it's not flat across the board, because we have such an array of assets from resorts to hill stations to city locations three, four, and five stars. So, when I give you that direction, it's across the board, higher in some locations and lesser in others.

Royal Orchid, as a network, isn't homogeneous, isn't one standard flat brand. So, we operate three-star in a city. We operate four-star in a city and five-star in a city, then we operate resorts three, four, and five in beach or hill location. So, when you see rate changes, they are micro market-specific. Give you an example that Pune is a market that's doing quite well at the moment or Mumbai is doing well and Gurgaon's picking up. But then there's some other markets that aren't so hot.

So, India, as you would know, is not one flat robust or going in the same pace. So, across the board, that is the case, but better in some locations and lesser in others.

Chirag Singhal: Got it. And can you share some guidance for the top line impact for this year and maybe for next year?

Amit Jaiswal: This year, we are looking at anywhere between ₹370 crores to ₹380 crores, including our Jaipur hotel. Like last year, our top line had been ₹312 crores. But if we include Jaipur, it will become around ₹340 crores. So, this year, we are looking at ₹370 crores to ₹380 crores, our top line growth of around 10%, okay? And as far as next year is concerned, our target is to cross ₹500 crores.

Chirag Singhal: Okay. ₹500 crores of top line for next year?

Amit Jaiswal: Yes.

Chirag Singhal: And can you give some guidance on the margins as well or if you can give some guidance on the PAT number?

Amit Jaiswal: Yes, this year PAT, we would be closing somewhere, because see the fact of IndAS effect, because of the Bombay property will come. So, it is very difficult to really analyse the effect of the IndAS right now. However, we are looking at a PAT of around ₹55 crores to ₹58 crores in this year. And next year around, we'll be crossing around ₹70 crores.

Chirag Singhal: Next year, sorry, ₹70 crores?

Amit Jaiswal: Around ₹70 crores.

Chirag Singhal: Okay. Noted. I'll get back in the queue. Thank you.

Moderator: Sir just to confirm, this is IndAS number, right?

Amit Jaiswal: Yeah, yeah.

Moderator: Okay. We'll take the next question from Ayesha. Ayesha, you can go ahead, please.

Ayesha: Good evening. Can you throw some light of the reasons for soft profitability growth in Q1?

Amit Jaiswal: So as Mr. Baljee has stated earlier, see Q1, our expenses have gone up a little bit, because of some hirings, extra hiring as well as the effect of the IndAS had hit us. We had opened one resort in Sakleshpur. It's a leased one. So, because of that the IndAS hit came, otherwise, our profit would have been ₹10-11 crores. And also, we have spent some money of around ₹75 lakhs in the renovation and refurbishment of our hotel, which has hit our P&L, which will give us yield in the long run.

Ayesha: Okay. And I also wanted to know how many more quarters do you expect the room renovation of key hotels to continue?

Amit Jaiswal: See, room renovation will continue in the next two quarters also because we can't do it at a time. Because it's running an operating hotel, we can't shut the hotel and do it. So, we're doing it in a phase manner. So, it will have some impact on the next two quarters also.

Ayesha: Okay. Thank you.

Arjun Baljee: But I just want to add to that, the replacement, when you take away old rooms and you shut them down, there's going to be a dip in revenue. But when they come back online, you will see a jump in ARR because those rooms are actually really, really good. So just we're constantly replacing old inventory with newly upgraded stuff.

Ayesha: Okay, fine. Thank you.

Moderator: Thank you. We'll take the next question from Kevin. Kevin, you can go ahead, please.

Kevin Shah: Hi, thank you for the opportunity. Can you share if there has been any update on your international hotels? And was there a plan to exit one of your international ventures? And if yes, where do we stand today on that front?

Chander K Baljee: Yeah, this Tanzania land is the one I think you're referring to. And there are still discussions going on, but I can't say anything conclusive has come through because the markets are soft. There was somebody from Nairobi we were negotiating with and that, unfortunately, because of some political turmoil in Nairobi, the party deferred its investment. Otherwise, that was pretty much coming through. We're at it, but when this will happen, I can't give you an exact date.

Kevin Shah: Okay. My next question is, what will be the IndAS implication of Mumbai hotel prior to starting the hotel and post starting of the hotel?

Amit Jaiswal: See, it all depends when the hotel opens, okay? So that pro rata period will come. But because the lease rent there is very high. So, the effect of that will be also ₹7 crores, ₹8 crores so definitely, it will come in a year. And if you take quarter-wise, around ₹2.5 crores to ₹3 crores per quarter, it will come the IndAS effect.

Kevin Shah: Okay, thank you. That's it from side and all the best.

Moderator: We'll take the next question from Rajiv. Rajiv, you can go ahead please.

Rajiv Gaonkar: Yes. My first question is, can you throw some light on share of revenue and resultant ROCE from the managed hotels?

Amit Jaiswal: Yeah. So, see, as far as the managed totals are concerned, we have shared the revenue numbers in our investor presentation, if you go and see. There, we have given it separately how much we have earned from the managed hotel in the first quarter. The first quarter, we have roughly earned around ₹9 crores from the managed hotel, okay? So that is the thing. And you wanted to have the margins, right?

Rajiv Gaonkar: Yes.

Amit Jaiswal: So, margins, as far as managed hotels are concerned, so roughly around 45% is the margin which we get in the managed hotels.

Rajiv Gaonkar: Okay. My next question is, how will the room mix will be in next three years?

Amit Jaiswal: See room mix, if you really look at it, most of the rooms is coming under management, okay? Barring two hotels which we have declared, that is the Bombay and the Gurgaon hotels, most of the rooms are coming in the Managed segment only. And the share of the Managed segment will be roughly around 80% to 85%.

Rajiv Gaonkar: Okay. And can you throw some light on development stage of Mumbai hotel and revenue contribution expected from this first full-year of operation?

Arjun Baljee: The hotel is really well along in the development cycle. As we speak, the rooms are under development, and I think we should have them ready by October. The public area should be ready by November end or December. The hotel is actually really unique. It has close to 300 rooms. It has two banquet halls, four conference rooms, multiple F&B outlets, and I guess an interesting design along with arguably the most visible location from Terminal 2.

The first year of operation, if you work backwards, we're actually looking at revenues in the range of between 100 and 110 Cr for the first year. And then obviously, that's a stabilisation year and then we'll take it forward from there.

Rajiv Gaonkar: Okay. That's it from my side. Thank you.

Moderator: Thank you. We'll take the next question from Rajesh Agrawal. Rajesh, you can go ahead please, Rajesh? We'll proceed with the next participant, Rahul Bhangadia.

Rajesh Agrawal: Hello.

Moderator: Yeah, Rajesh, please go ahead.

Rajesh Agrawal: Yeah. Could you please throw some light on the Yelahanka property, we were going in for expansion. When it is likely to be completed and also the Goa property, what is the stage?

Amit Jaiswal: Mr. Agrawal, I've replied to you in the chat box. However, let me tell you that the Yelahanka, 28 rooms will become operational from November. And as far as Goa is concerned, we are awaiting the plan sanction. Once the plan sanction comes, then we'll start the implementation of the extension of the rooms there. But I believe that Goa will start yielding result only by the end of the next financial year.

Rajesh Agrawal: Any idea about the project cost? What will be the expansion cost, project cost?

Chander K Baljee: See, there in Goa, we are planning to add about 50 rooms. So, we're expecting a project cost of about ₹25 crores to ₹30 crores in Goa. And as far as resort is concerned, it's going to be about ₹12 crores or so.

Rajesh Agrawal: Okay. Recently, there was a filing about Royal Orchid in Maharashtra that we want to dispose it off. Could you please throw light as to what is the property there in? What is the likely sale deeds proceeds will be getting?

Chander K Baljee: See there, we have a piece of land, which we had signed long time back in a place called Tillari, Southern Maharashtra, Sawantwadi district. Unfortunately, the owner did not come forward for registration of the land. And it has been lying like this for a long time. So now we have asked some brokers or consultants to find us some buyer for our share.

It's a difficult proposition, but at least we have initiated the process, but we feel that now at this stage, because there are multiple owners, buying out that 90% on a greenfield project there may not be the best thing to do but we've got better places to invest money, which is why we have taken this decision to dispose of that. It'll be too premature for me to say what is the price we're going to get but we hope if we're able to recover our costs it will be great.

Rajesh Agrawal: Okay, thank you.

Chander K Baljee: Thank you.

Moderator: Thank you. We'll take the next question from Rahul Bhangadia. Rahul, you can go ahead please.

Rahul Bhangadia: Thank you very much for taking my question. First of all, the level of disclosures in the presentations that are now coming through are really, really good excellent. Thank you for taking the feedback and actually giving it out to the investors. Thank you very much for that.

Just a broad question, rather than more the quarterly. This managed hotel turnover which we had this quarter rather of about ₹9 crores. We're adding so many hotels. Where do you see this in the next two, three, four years? What's the broad vision here? Do you see this as ₹100 crores, ₹150 crores top line kind of business somewhere in the near or the medium term? What do you see here?

Arjun Baljee: One needs to go and have a look at the mix of the hotels that one currently has, right? So, in order to expand and we did fairly quickly, we did sign hotels at the Regenta Inn and Regenta Place categories, and there are 40-odd hotels that sit in that bucket, 40 - 50 hotels that sit in that bucket. As we're growing, the quality of the assets is becoming significantly better. The assets are becoming significantly larger.

And there's a conscious effort now that we have to sign hotels that actually yield a couple of times what a small inn can actually generate. So, can this become ₹100 crores, ₹150 crores company? Absolutely. It can. It requires a concerted effort in the right direction, which we've already put in place, very stringent KRAs for our development teams and a very clear mandate on the kind of asset that we need to acquire. So, we went for quantity. And now we have to refocus ourselves for profit and quality.

Rahul Bhangadia: But what is the time frame we're looking here? If I'm not from start we are speaking it. Mr. Arjun, what is the time line you're looking at?

Arjun Baljee: Yes. Well, for the ₹100 crores, ₹150 crores top line...

Rahul Bhangadia: Let's say ₹100 crores.

Arjun Baljee: ₹100 crores on managed. Well, I'd be aggressive by saying three years, but I can tell you that's on the managed side. But on the revenue share side, I can confidently tell you that between ₹100 crores and ₹150 crores will be added on the revenue share side, right, in 2025-'26.

Rahul Bhangadia: Majorly helped by the Bombay property itself, right?

Arjun Baljee: Well, aided predominantly by the Bombay property.

Rahul Bhangadia: Okay. And broadly now that we have -- you have joined the team and we have this whole, the management tells a little bit of rejigging of the management has happened. Where do you see this company going? We have reached a stage where we are this ₹50 crores, ₹60 crores PAT kind of company. Where do you want to see this company in the next five years?

I'm just looking at a broader vision here. See, my sense is that the company is seriously undervalued in their markets. It needs somebody to give out a broader vision and obviously execute on a broader vision because I think you are seriously undervalued in the stock market.

Your valuation is seriously, seriously undervalued relative to what everybody else is doing. So, I'm just trying to get a sense here, what are we looking forward to, what are you looking forward to?

Arjun Baljee: Well, you see, we're at 107 operating assets. I think if you look at there is an internal target of February 21, 2026, right, where we want to try and hit the 200-hotel mark, okay? That's the target for Feb 21, 2026, right? But that 200-hotel mark, you're really looking at what is the mix, right?

We're looking at what sort of revenue numbers, we should be at the 550-odd mark. We should be inching closer to the ₹100 crore PAT in that year. That's kind of the vision for the next, I want to say, two years, right? So, we need to be there, right? So, March 31, 2026 is the outer limit. We want it to be achieved by February 21, 2026.

Rahul Bhangadia: Essentially, we're looking at, we are at least targeting aiming at ₹100 crore PAT in the next 2, 2.5 years. That's what we are looking, two years in fact, is what you are saying?

Arjun Baljee: Yes.

Rahul Bhangadia: Great, thank you. All the best with your efforts and everything. Thank you so much.

Arjun Baljee: Thank you.

Moderator: Thank you, Rahul. We'll take the next question from Aniket. Aniket, you can go ahead please.

Aniket: Thank you. So, my first question is, what is the revenue potential of the Gurgaon hotel?

Amit Jaiswal: Anywhere between ₹25 crores to ₹30 crores.

Aniket: Got it. And my second question is that what is the thought process and the plan on growing the share of banqueting revenues like marriages and corporate events, considering that these have decent potential to contribute for the growth?

Arjun Baljee: Do you want to take that?

Philip Logan: Yes. Thank you for your question. I think everyone recognises the opportunity that banquet presence in India and obviously some weddings. It's certainly a focus of ours across 20 hotels right now where they have a good-sized banqueting. Moving forward, some of our developments will have larger banqueting opportunities in them, vis-a-vis Surat, Baroda, Mumbai, all have larger banqueting. As one of the things about banqueting and event management and industry, as they get to know you as a person who has those events, they come to with more events. So, it's a bit more snowballing.

So, I think as we get larger hotels, as we get more Tier 1 hotels, as we get more banqueting spaces, more business will come to us. So, it's starting to be a growing area of our revenue stream and positive in the years going forward. And then residential conferences and nonresidential conferences and just standalone socials also grow at the back of it. So, in India, also the share of food and beverage to rooms can lift. And certainly, Royal Orchid will do well moving forward in that area.

Aniket: All right. So that's it from my side. Thank you so much.

Moderator: Thank you, Aniket. We'll take the next follow-up question from Chirag. Chirag, you can go ahead please.

Chirag Singhal: Yeah, just wanted to confirm on the PAT guidance that you gave. So, this number that you gave me earlier, that is a reported basis. Correct?

Arjun Baljee: Yes.

Chirag Singhal: Okay. That would great. Thanks.

Vinay Pandit: Thank you, Chirag. So, since there are no follow-up questions, I would appreciate if you'd like to give any closing comments. I would also like it if you could also share with investors how your whole return profile and your growth profile would change with the mix of managed hotels as well as the new lease to owned hotels coming up in Mumbai and Gurgaon. That will be useful if you can add to your closing comments.

Chander K Baljee: About 10% of the new hotel signings, we're targeting as a revenue share or lease hotels, balance will all be on managed obviously because for a revenue share model, there will be some investment required also. We have a lot of investments already committed to our Bangalore Resort and Goa and of course, there may be some investment required in Bombay also.

So, while we are looking around and whenever there is a good opportunity, we're going to grab it, but we will go with a little bit of a caution not to overextend ourselves also. But I must say that overall, the situation is looking -- with these hotels' revenue share coming up, and these are some of the very good hotels.

See Bombay hotel will give a lot of visibility and a lot of people who don't know about our brand will get to know about our brand. See today, the challenge that we've been facing is a lot of people do not know about us, particularly in the Northeast and East side and certain states, we are not known. But once you have a marquee hotel in a very good location, then you are visible. And once you are visible, people will come.

We're very particular about delivering to the owners also. We take their feedback very seriously because if they earn then we earn a fraction of that. So, we treat owners as our customers and try to give them the best. And we are also very, very adopting new methods. And like, example, we just started a loyalty program.

It's a very, very high-end loyalty program, which has been starting and Arjun and Phil have been working on that, and it has been already launched. And it's going to be improving very rapidly, enrolling numbers. And once you start getting members enrolled, then you have a lot of traction, a lot of loyalty. People keep coming to you and they get to know about all the other hotels that you are hired. Suppose they come through MakeMyTrip or so, then they know only about that particular hotel. Whereas they come through our loyalty program, they get to know about all the offers that they're getting in all the other hotels.

So, we are working on that and we are working on a lot of IT initiatives, a lot of initiatives on Metaverse. And so, we're going to be at the cutting edge of technology as far as any chain is concerned.

Vinay Pandit: Right. So that's it for today. That brings us to the end of today's conference call. Thank you to the management team for giving us their valuable time, and thank you to all the participants for joining on this call. This brings us to the end of today's conference call. Thank you.

Arjun Baljee: Thank you.

Chander K Baljee: Thank you.