



“Asia’s Pioneering Hospitality Chain of
Environmentally Sensitive 5 Star Hotels & Resorts”

October 30, 2024

To,
Listing Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra –Kurla Complex,
Bandra (E), Mumbai – 400 051

Code: 526668
ISIN: INE967C01018

Symbol: KAMATHOTEL

Sub: Submission of Transcript of Q2/H1 FY25 Earnings Conference Call held on October 28, 2024

Dear Sir / Madam,

In accordance with the provisions of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”), please find enclosed herewith a transcript of Q2/H1 FY25 Earnings Conference call of Kamat Hotels (India) Limited with various Investors and Analysts held on Monday, October 28, 2024 at 05:00 P.M. (IST).

We request you to take the above on record and treat the same as compliance under the applicable provisions of SEBI Listing Regulations

Kindly take the same on your record.

Thanking you,

Yours faithfully,

For Kamat Hotels (India) Limited

Nikhil Singh
Company Secretary & Compliance Officer

Encl a/a.

Kamat Hotels India Limited
Q2 H1 FY'25 Earnings Conference Call
October 28, 2024

Moderator: Ladies and gentlemen! Good day and welcome to Kamat Hotels Limited India Q2 and H1 FY'25 Earnings Conference Call hosted by Valorem Advisors.

As a reminder, all participant lines will be in the listen-only-mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors.

Thank you, and over to you, Ma'am.

Purvangi jain: Good evening everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Kamat Hotels India Ltd. On behalf of the company, I would like to thank you all for participating in the company's Earnings Conference Call for the 2nd Quarter and First Half of Financial Year 2025. Before we begin, let me mention a short cautionary statement.

Some of the statements made in today's Earnings Call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management.

Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's Earnings Call and hand it over to them for their "Opening Remarks". We have with us today: Mr. Vishal Vithal Kamat, Executive Director, Mrs. Smita B. Nanda – Chief Financial Officer and Mr. Nikhil Singh, Company Secretary and Compliance Officer.

Without any further delay, I request Mr. Vishal Kamat to start with his "Opening Remarks". Thank you and over to you, sir.

Vishal Kamat:

Thank you very much. Namaskar everyone . Good to have you all here with us. We have had a good Quarter is what all I could see. We have already published the comprehensive presentation on the stock exchange for all to see along with the results. One of the main things as earlier was seen because of the elections and the heat, but the next quarter was somewhat better and now the best part is that Q3, Q4 industry-wide, it is a more stronger quarter to come. So, we are seeing good traction in that regard in the coming for the wedding season and also the various corporate events, conferences. So, we are looking positive on that. We have already been extensively, and the work will almost end in the month of November end, the work will end for our Goa Hotel. Our Lotus Resort, which was a very nice 30-year-old property of ours, has been completely revamped and it will launch in, like I said, the 1st of December. So, that is our current target, which we are on track. That will become an Orchid Hotel Goa, The Passaros, basically. It's a theme based on a carnival of birds. So it has got a very nice, very beautiful theme. So, that is there and along with that, we also have our upgradation happening in the Orchid Pune, where certain areas we have taken up to expand because of the banquet demand. So, there are certain things and all these expenses have been done through Internal accrual. We have not looked at borrowing. In line with the company's thinking that every year we should take up 2 properties, which we will upgrade so that, like we did last year with Ira by Orchid in Nasik, where it was an 1800 to 2200 ADR hotel. Today, it is sitting at around 3,250 to 4,500. So, that kind of upside is also there and guests expect better. So, we are able to match that expectation in terms of our brand. So, with that, I look forward to Smita Nanda addressing you all and I look forward to all your questions.

Thank you. Namaskar.

Smita Nanda:

Namaskar. Thank you, sir and good evening, everyone. Let me brief you on the key performance highlights for the quarter ended 30th September 2024:

The consolidated revenue for the 2nd Quarter was 85 crores compared to last year's 64 crores due to FY22, marking an increase of 33.4% year-on-year basis. The EBITDA for Q2 FY'25 was 23 crores up from 19 crores in Q2 FY'22, reflecting the growth of 20.3% year-on-year basis. With EBITDA margins reporting at 26.35%, the profit after tax Q2 FY'25 stood at 8 crores, a significant increase from Rs. 30 lakhs in Q2 FY'22. For the first half of Financial Year 2025, the consolidated revenue stood at 159 crores, representing the growth of 19% year-on-year basis. The EBITDA stood at Rs. 36 crores, which declined by 14% year-on-year basis, with EBITDA margins reported 22.5%. The profit after tax was INR 9.4 crores, which is substantially higher than the corresponding period of the previous year.

With this, I conclude my remarks and request the moderator to open the floor for questions. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir, I wanted to understand as in even second half is stronger and this time also there are much higher weddings compared to last year and given our high fixed cost kind of business, given the improvement we are seeing, what kind of margins can we get in second half?

Vishal Kamat: So basically, the margins will more or less remain the same because there are certain costs which have gone up which we are looking at reducing. One is basically our electrical expenses have gone up. The other one being labor and manpower. Overall, there has been an increase in the cost of labor. So, the margins would be more or less the same depending on hotel to hotel it fluctuates anywhere between 28% to 45% of the GOP. So, with the season coming in, in fact, certain months sometimes find it going even higher. But on a YTD basis, you can take that generally 35%, 32% to 38% depending on hotel to hotel would be the GOP, what we call as gross operating profit which is basically your income minus the expenses. So, you can say EBITDA, but it is not exactly EBITDA.

Ankur Kumar: So, that would be like gross margins?

Vishal Kamat: Yes, gross margins, correct.

Ankur Kumar: Including employee expense?

Vishal Kamat: Yes, including employee expense, all expenses. I was just saying, in fact, we also hold all other expenses also, such as even lease and all. In those properties, it comes down further. It comes down to maybe around 15% to 18% in terms of margins.

Ankur Kumar: Got it, sir and sir, on interest expense, I can see that we have reduced the high-cost debt and refinanced it. We are seeing that there is a good reduction in interest expenses. So, what is our color for the second half as well as next year, sir?

Vishal Kamat: Let me share with you that we currently are at an interest rate of around 10.75. I am sorry. It was 7.5. It has come down to 10.5. We currently are at a debt level of 120. So, we currently are at a debt level of 120. Our interest is at 10.5 and as we had already given the expectation that we should be this year, we will be neutral, whereby our EBITDA plus cash in hand will be equal to or higher than the debt. Got it, sir.

Moderator: Thank you, sir. The next question is from the line of Stuti Shaha, who is an individual investor. Please go ahead.

Stuti Shaha: Sir, my first question was on the average ARR. So, what were our average ARR for the Q2 and for H1 FY'2025?

Vishal Kamat: Thank you, madam. Basically, we have had different ARRs in different hotels. You can say around 6,750 has been broadly in Orchid, Mumbai. Around 6,000 has been in Ira, Mumbai. Okay. Our Fort JadhavGADH has been at around 8,000. Okay. Same way in our Lotus Resorts in

Konark, it is around 5,000. So, different hotels, as you can see, have different ARR. So, it's very market subjective and these are basically for the Q1, Q2 type scenario. In Q3, Q4, it will obviously go much higher. So, we expect it to have good growth.

Stuti Shaha: So, what are our targets for FY'25? What are our targeted ARR for FY'25?

Vishal Kamat: So, this is very difficult to give a targeted ARR, madam, because ARR is a function of the market. So, while we would ideally want anywhere between, what will be practically 7 to 10% growth on YTD basis, because you would want to beat inflation and you want to beat expenses. But the truth is that it is a very market-driven function. So, we have to basically see a game between the yield and the rates. So, when it's like, example, during Christmas and New Year, it shoots up and it becomes much higher. But then, subsequently, the days before might be lesser. Like, right now, in Diwali, while, our business hotels are, unfortunately, a little down. But the domestic tourist areas, such as our Lotus Murud and Konark and all these other leisure destinations are moving. So, ARR, there is no target for an ARR. We have a target for revenue and based on that, we work on. Because that is more important that we earn the revenues and the ARRs are a function of that.

Stuti Shaha: Okay. Thanks a lot, sir and wish you a Happy Diwali.

Vishal Kamat: Thank you very much. I really appreciate it. Happy Diwali to all the listeners and participants.

Moderator: The next question is from the line of Sriyansh from R M Securities. Please go ahead.

Sriyansh: I had one question. So, in the previous con-calls, we had given a guidance of 400 crores for FY'25 and I think I saw in your recent presentation that you have reduced it to 350 crores. Regarding margins also, I think we spoke about that margins will remain stable. But, again, they have come down from 30% to 18% in Q1 and 26% in Q2. So, I just want your thoughts on this. Like, how did we come up so short of the numbers that we were expecting and what is our outlook going forward?

Vishal Kamat: So, sir, you are right that we have revised our thing. We expected a couple of our hotels to open, which did not open. One being the Orchid Dehradun and the other one being the Orchid Chandigarh. Both being fairly large and very good revenue generators with good EBITDA margins. Orchid Chandigarh is a 125th room hotel. That has got delayed. That should be opening before the end of this financial year. So, we will get its full benefit next year. So, whatever we give the projections and guidance, we expect that those guidance and projections to come with that and particularly Dehradun because Dehradun also is a large hotel with almost 100 rooms with very good banqueting and a prime location.

So, we expected that but unfortunately that has also got delayed due to various reasons in the Dehradun city. So, because of particularly these two, we have got delayed and that's why we

have revised the overall target. So, next year, whatever we said this year, we will continue that and that will be achieved next year for sure.

Sriyansh: What about the margins? They reduced considerably in Q1 and Q2.

Vishal Kamat: Let me share one of the anomalies with our reporting is basically that there is a 10 crore EBITDA reduced because of the lease now that comes. So, one is that if you compare this to, in fact, this issue will not come in Q3 and Q4 because when we have taken on lease Ira-Mumbai, that time the rental started from October last year. So, this will be the first full financial year that has got completed and that is why what you see in H1, you see that 10 crores reduction in EBITDA directly is because of that. So, if you add that back and few other things, then basically it is somewhat, it is still not as good as what we expected. But still, to just give you an apple-to-apple comparison, within this H1, if you add 10 crore back, which is the lease rental which earlier was forming part of the EBITDA but was in the expenses as the interest. So, this is basically one major difference which once you correct in your, when you add back rather, that time you will see that it becomes a more apple to apple comparison. So, that is why you find the margin coming down considerably because 10 crore is a large amount.

Sriyansh: Sorry, just one small question. So, I understand, I had read this also, but this was there in Q4 FY'24 also and the margins for Q4 FY'24 and let us say Q2 FY'25 are similar. But the Q1 is a big anomaly that the margins have reduced so much in Q1. So, how do we look at it and should we expect a quarter like this going forward? As an investor, what should we expect?

Vishal Kamat: So, sir, Q1 definitely, sir, Q1 was not a good quarter for us and the industry in general, especially particularly us because we are Mumbai based. The elections and the heat both at that time affected us drastically, F&B business and our elections both. So, elections, luckily for us in this time, Maharashtra is a single-phase election, so it won't affect us as a state so much. But earlier, because we were having so many phases, the elections drew out too long and it affected overall the movement of, hospitality movement of corporate and other things. Either there is an election in their state or there was an election in Maharashtra and because it was in so divided phases, it created that. So, definitely I agree with you that Q1 in general should have been a better quarter but because of various phases which was mainly extreme heat and what you call elections, this was a challenge. This does affect us.

Sriyansh: Was this reduction due to a reduction in ARR or was this due to occupancy?

Vishal Kamat: Because of occupancy especially. ARR held stable but occupancy because of, like I said, people coming lesser. So, ARR did not drop but occupancy did drop, sir.

Moderator: Thank you. Next question is from the line of Sakshi Chhabra from Swan Investments. Please go ahead.

Sakshi Chhabra: So, sir, my question was largely on your F&B cost. So, your revenue quarter-on-quarter if I see has increased almost 16%, but the F&B cost has increased only around 3%. So, can you just explain what was the reason behind that?

Vishal Kamat: It is a very good question actually, that why the F&B has not because mainly we have found a growth in our room business. The ARR, like I mentioned, improved and because of that you find a revenue growth in the room segment and not only in the F&B. F&B has been considerably lesser.

Also, we have got better rates for our F&B. Our rates in banquets and others have improved but the food cost, when we look at the particular consumption of food and beverage, the food cost has not gone up too much but the rates have got better. So, that's how basically we have been able to keep this. But the flip side of that is that in giving a better product and in giving a better experience, your labor cost goes up. You have more refined people. You have more staffing. So, that's why you find that these food costs have not gone up a lot, but the employee expenses have gone up plus also new hotel openings and other things also. So, this will actually pan out. The high employee cost which is there, comparative high employee cost will pan out because many of the properties are opening. Now, the Ira by Orchid Noida will open in November. Rather on 7th of November, we are opening. So, that also will start. So, unfortunately for 5 months, this got the staff and other things. Normally, we take not more than 3 months to open but due to various reasons at local level, this also got delayed by 2 to 3 months. So, that was an extra expense. That is a very good location. It is in sector 62, right opposite Google, Cognizant and all these various ITs. So, we have already a very good demand for it. Very few branded hotels are there. Radisson is there. Now, Ira by Orchid will be there. Otherwise, this market is very small. There is a very big vacuum there. So, we are looking forward to this thing. So, these kinds of things will start panning out. Chandigarh has got delayed. So, we have a team working with our owners of Chandigarh Hotel. That also will start panning out and these will all get what you call smoothened. So, this also is a cost which basically is going to come now mainly by increasing our revenues and opening more hotels.

Moderator: Thank you. Next question is from the line of Mahesh who is an individual investor. Please go ahead.

Mahesh: So, can you give updates on the new properties that you were talking about in Noida, Bhavnagar, Dehradun and Chandigarh?

Vishal Kamat: Yes, sir. So, even Bhavnagar, again, very well. I missed out Bhavnagar. Bhavnagar actually should have been very well. But again, based on the fire that happened in Rajkot, the government asked the owners to make many changes. So, that's why, because again, it's a leased property. So, we are only able to do as much as what our owners can. So, our owners are very good people. They own a lot of malls and other things in Gujarat. So, diligently they

have been. So, that got delayed. So, Bhavnagar should have been on by now. Chandigarh, like I mentioned to you, Dehradun. Now, Noida is opening.

Hyderabad will also take another few months more, it will take. Gwalior is a new hotel we have signed up. Actually, we have not informed. So, Gwalior is a beautiful hotel right near the palace. It is an Orchid hotel, which will open by December 25, 2024 is what we, as of now, have seen the track.

So, these are all the new hotels which are opening. Then, we also have in Puri, our property, which is there. It is already Mahodadhi Palace. But, along with Mahodadhi Palace, there will be a tower, which is coming next to it, which will be a 156-room tower of rooms. Because, Puri is a fantastic wedding destination. Lord Jagannathji is there and, our property has a unique position of being very close to the temple with a temple view. So, that's how, basically, we have these properties, which are in the upcoming.

Mahesh: So, a follow-up to this question, sir. How will you finance these hotels? Are they all corporate lease or rental contracts?

Vishal Kamat: Each and every one of these, sir, are either in a lease or a revenue share. So, there is not much financing required. In fact, as I mentioned before, the company from internal accrual has been upgrading its 4 hotels. We are not required to borrow any money and, whatever surplus cash is generated, it is being parked to be utilized in the future. So, because our target is, basically, to, like I said, be net zero by this year, which, easily, we are going to achieve that target. I don't think we should be more than 110 crores in terms of debt, with maybe cash reserves in the 20-25 range and, apart from that, our EBITDA, also around 90 and, our target would be to beat that. But, right now, it looks like 90 is our target.

Moderator: Thank you. The next question is from the line of Farhan Tariq from Parallelx. Please go ahead.

Farhan Tariq: So, I have more of a qualitative question. Do we have in our strategy, as Kamat 3.0 something which is differentiating us from competitors because, I see a trend, similarly as 10 years ago, that a lot of our competitors are expanding and then, we may have our, let's say, capacities in the hotel industry. So, do we have are we just depending on the boom, the economic boom or, do we have something differentiating us from the competitors?

Vishal Kamat: That's a very nice, interesting question. Before I answer that question, I would like to please correct myself. My CFO has given me good news. No, Mr. Kamat, you are telling 90. It should be around 100, that you must please give the feedback. Because we will be achieving an EBITDA of around 100. So, I correct myself there. So, then we are definitely crossing our target of being beyond the net positive, even without the cash in hands.

Coming now to this very nice marketing question. It is a little long question. I will try and keep it as brief as possible. First and foremost, sir, what differentiates us that we are Asia's first 5-star environmentally sensitive hotel? Kamat has the double edge of being one not just, having an ethos in terms of environmental hospitality, but also known for our food. So, wherever you find, the Orchid Pune, Orchid Mumbai, Ira Hotels, Ayodhya, Ira Orchid, by the way, is doing exceedingly well, whereby the food is 50%, sometimes going up to even 65% of the daily sale, depending on the day-to-day and the things. So, where food is such a strong part, because after a point you will see a beautiful room, you will see a beautiful view, you will see everything shiny, but after the 15 to 1 hour of glamour when you go with your family, you are going to basically judge, or your family is going to judge the vacation based on how happy they were, and that is food. So, food is one of our main strengths which we have demonstrated time and again, whether it is in Nasik Ira or in Ayodhya Ira or in Orchid also. So, food, one and secondly, like I said, our environmentally sensitive hospitality allows us to connect with a lot of other corporates who are very much keen and we, in fact, get an advantage when considering our Ecotel, assertion and other things. So, this is basically what also differentiates us in our standing. So, definitely, this connects which we have helps.

Moderator: Thank you. The next question is from the line of Sriyansh from R M Securities. Please go ahead.

Sriyansh: So, my next question would be, what is our growth outlook for the next couple of years and what are the growth drivers that we are looking at? Like how should we look at Kamat going forward because I think this year has been a little bit disappointing from our standards. So, like what should we expect?

Vishal Kamat: I understand your disappointment, sir. I am with you. We always expect more from ourselves. In the coming time, basically our main focus is to grow steady. We are not in a hurry to just sign up. I know that some of our peers have been signing up and gone into an excellent number of games, but they have not gone into excellent quality in terms of revenue or in terms of guest satisfaction, which basically hospitality is a long-term game. We cannot just sign up for the sake of it and then lose out on our customer loyalty. By the way, you will be happy to know, that we have 37% of our customer base is from repeat customers, 37% of Kamat Hotel's revenue comes from repeat customers and this is all based on mobile numbers. We have our Orchid Reward Program, where members put their things. So, I am very happy to tell you that that is very high and we are talking about people who have come minimum twice. So, you can imagine the kind of loyalty we have and this is only after having a comparatively very small footprint, as we have only 14 properties. So, as our property scale goes up, as these new properties come, I expect that this percentage will only improve. So, one, our going forward, what is it? We are taking properties on lease more. There are many more announcements or maybe not announcements because we don't announce. But like Gwalior has been signed up, a few more properties are there which will be signed up. So, they will come in the presentation. But the main focus is to take robust properties either on lease or on this thing. Management is in our frame, but it is not the main thing because like in management, there are a lot of challenges which come. To

get a like-minded owner who will be equally sincere to want to focus on your brand and his asset, that kind of marriage happens very difficult. Most of them are only interested in taking your brand and then not interested in the qualitative aspect of it. So, we do find these challenges and it is an industry thing.

So, when we know these challenges, we rather take properties where if there is an issue, it is resolvable. When guests come, they are happy. So, we will keep going and we have a growth plan which is basically to grow in a robust fashion and in a short-footed way. The main thing is what we are very concerned about is not doing rapid expansion just to sign up anything and then get hit by an issue in the next year and a half or two years because all good things will come to an equilibrium. Like we saw in Corona, after the 2020-2021 was the worst. Then 2021-2022 was the boom. Then 2022-23 was the super boom, now 2024 has been a decline. Foreign markets have opened up. Today, it is cheaper to go for a foreign holiday than to go to premium destinations in India. It is also now visa on arrival, free visa, various other incentives lured by various tourism booms because India is by the way the world's second largest outbound industry after China. It used to be number one China. I don't know if India has overtaken that because China has not been out-bounding much after Corona. So, we are one of the largest, most lucrative markets. People have already been seeing India in and out. So, there would be fatigue. There is a fatigue. In fact, this season for some of the places where people have gone in throngs, those places may have faced a challenge. I can say with assumption based on my friendship and hearsay but figures will only come out subsequently. Luckily for us, we are in those kind of markets like Konark and Puri and which are kind of evergreen markets, Ayodhya. So, I was recently interviewed on one of the channels and I said that politics has not stopped anyone's Aastha. It is not that Ayodhya will do well because of any political reason. It will continue to do well for God knows how long as God decides because people are going there in throngs, and they will continue to go in throngs regardless of... Now, it's a wave which cannot be stopped. So, we have a couple of more properties we are signing up over there. At the right time, we will inform you about it also because our current hotel is doing exceedingly well and like I said, our food focus is there. We do not want to take our F&B for granted. We are definitely food focused and there are certain other opportunities which will allow us to scale up really well and really fast because of which we are creating this entire cash flow war chest. We basically have from the learnings of our past; we know that our real growth will come by being prudent right now and making sure that we can take advantage when the time comes. There are opportunities even now also. Everything is not a hunky-dory as you would see in some of the FMCG and others. I was hearing one very nice interview on TV where personal vehicles have slowed down but premium bikes have also slowed down to regular bikes. So, you can find that there is again that YOLO, what people thought, you only live once kind of scenario that has now fading out back into a more realistic sense of life. So, where the over-premiumization will go into qualitative premiumization and that is what our also target is. We aren't aspiring to be in that ultra bracket because we are here, see we are a hardcore Indian company and Indian companies always, we know that our market is in the premium but in the

rational premium market. So, we are keeping that segment in mind and doing it. I hope sir that answers your question and I am sure that in the coming years we will make you definitely more happy being part of us.

Sriyansh: Just one follow-up question. So, you said that this obviously the leisure travel and domestically has come down. So, do you have any plans to open hotels in tier 1 cities so that you can take more advantage of those corporate travel things, things like that?

Vishal Kamat: So sir, we are doing a mixed bag. Let me again reiterate that I said that those destinations which are over-traveled, so you will find that some of the places where you have gone with your family once, you might go two times but third time like "chalna hai, udhar chod yaar, aur kidhar jaate hain." So, there are those kind of destinations opening up which earlier would not be so popular. It is like as a person from Mumbai, we are like "Mahabaleshwar jaana kya hai, nahi, aur kya hai." So, then you find some new destination which is offbeat but within the driving range of 3 hours, 4 hours, 5 hours because you still want to go for holiday. That has not changed. The nature of holidaying, taking a family, going for short excursion is a habit here to stay. But probably would you go to the same venue or same destination or same kind of thing? That is where the thing is. So, it is not fair for me to name any city because again I would not be responsible about that. But broadly I can tell you that over-popular tourist destinations are seeing some kind of case-to-case basis resistance.

Sriyansh: And do you have more hotels in the pipeline or do you plan to open more hotels Tier 1 cities? Like you have a couple but I think obviously there is always scope for more.

Vishal Kamat: Yes, there is and we are opening Noida on the 7th of November. If any of our callers are there, I would be very happy. My father also would be there. So, if anyone is from that zone, you are more than welcome to be a part of us. From 7th to the 10th, we are there. So, if anyone would like to come, they would be happy to be our guest with their family for lunch or dinner. That is opening. We are looking at some more hotels opportunity in the Greater Noida and the other belt also. So, there is a focus on Tier 1. The challenge with the Tier 1 right now is basically that, again, while we are getting properties for this what you call rentals, some of the rentals are still observed. Where in the downturn, I know that I will not be able to sustain. So I would rather not take it today. I want to be prudent with our growth and I think that is doing us well.

Moderator: Thank you. The next question is from the line of Raj Saraf from Finvestors. Please go ahead.

Raj Saraf: I joined the conference call late. So, excuse me if I am being repetitive. Sir, we have already acquired Rs. 19 odd crores in finance costs. So, what could be the interest expense going forward in the next 6 months? And the tax percentage, sir, what is the tax percentage, sir?

Vishal Kamat: Sir, it is okay if you are late because I really appreciate it is Diwali time still you have joined here.

So, I appreciate that. So, don't worry about it. Sir, going forward, we basically will have approximately 12 crores of interest for the next 6 months.

Raj Saraf: And tax percentage, sir, what is the tax percentage we are incurring?

Vishal Kamat: Sir, the interest rate is 10.5 and the outstanding loan of our Axis Bank is around 120 Cr. So, it is around 7 crores.

Raj Saraf: 7 crores for the entire 6 months.

Vishal Kamat: 7 crores for the next 6 months, sir. Yes, sir.

Raj Saraf: Next 6 months and what is the tax percentage, sir? Tax percentage we want to know.

Smita Nanda: Till this quarter, we were having a 0. Next quarter and the 2nd quarter, 3rd and 4th quarter, we will be having 1.5 crores and after that almost 1.5 crores, most probably. But tax liability, payable is this much. But liability, the pay should not be there because we have a TDS claim. Like, 26A would be there. So, maybe, most probably, Rs. 2 crore, we will get it refund.

Raj Saraf: So, net tax, how it will be, madam? How much?

Smita Nanda: Net tax would be coming, say, 2.5 to 3, in between 3. 2.5 to 3 crores and the final cost would be close to 7 crores. Yes, 6 to 7 crores between 6 to 7 crores.

Moderator: Thank you. The next question is from the line of Sahil Karia from White Pine Investment Managers. Please go ahead.

Sahil Karia: Could you please give us the ARR numbers for Orchid Mumbai and Ira Mumbai properties for FY'24 and also the occupancy rates?

Vishal Kamat: So, as I mentioned, for Orchid, basically you can say, broadly, around 7,000 for Orchid Mumbai and 6,000 for Ira Mumbai and the occupancy for H1 was both 74%.

Moderator: Thank you. The next question is from the line of Dhruv Agarwal, who is an individual investor. Please go ahead.

Dhruv Agarwal: So, firstly, I have a question on these upcoming properties. What kind of revenue potential do you see from these properties, sir?

Vishal Kamat: You want to know what is the expected revenues from both these properties?

Dhruv Agarwal: No, no. Sir, my question is, sir, the upcoming properties that we are planning in Noida, Chandigarh, Hyderabad, Bhavnagar, from all these properties, what kind of potential revenue do you expect to come in, sir?

Vishal Kamat: So, broadly, sir, basically what the thing is that we expect that we would be doing from Chandigarh, we expect to do around 30 crores. Even from Dehradun, we expect to do around 30 crores. Because they are, like I said, very large banqueting-based hotels. That is why we were to look at crossing our target of 400, as we had earlier mentioned. Apart from that, we also have the other hotels, Bhavnagar, which has got delayed. But once Bhavnagar comes, that should also do around 10 crores and Noida, basically, we expect also to do around 10 crores. We have because right now, Noida has only 40 rooms starting. The balance room starts at 11. So, that's how, basically, we did our projection thoughts of 400 crores. At that time, Hyderabad was not there. Hyderabad should do around 8 crores.

But Hyderabad was not there. Gwalior was not there. Gwalior has just recently been signed. Gwalior also should be doing around 20 crores. Puri's will take time. So, that's it.

Dhruv Agarwal: And, sir, on the debt side, you have currently around 105 crores of debt. So are there any plans to become debt neutral in 1 to 12 years? Is there any guidance of that?

Vishal Kamat: Sir, I already answered this question, that we are at 120 right now. We will be doing 100 crores of EBITDA and we will be already having cash in hand of around 20-25 crores. So, by this March 31st, we will already be 0, sir. Where our loan will be March 31st of this year, financial year ending) we will be at a debt level of 110 crores with EBITDA of 100 crores and a cash in hand of 20-25 crores. So, already, sir I have answered your question. Maybe you have not heard before. So, we will be basically already more than net for the positive.

Dhruv Agarwal: Okay. So, by this year end, we would be debt neutral, according to you?

Vishal Kamat: More than debt neutral. I mean, surplus.

Dhruv Agarwal: Okay, fine and, sir what kind of percentage growth one should expect in the ARRs and the revenue? So, I was saying, what percentage of growth one should expect in H2 in average room rates, sir? As H2, comparatively, is better than H1.

Vishal Kamat: We cannot predict, sir, room rates, but we can say that always the ratio is at 40-60 when H2 is 60ish approximately of H1. So, room rates, I will not be able to predict, but revenue-wise, that is normally the case. Thank you, sir.

Dhruv Agarwal: So, I just wanted to understand, sir, on the average room rate, currently we have around 6,700 in average room rates. So, should one expect around 5-10% growth in average room rates?

Vishal Kamat: At least 10-15% is the minimum.

Moderator: Thank you. The next question is from the line of Farhan Tariq from Parallelex. Please go ahead.

Farhan Tariq: You mentioned that we have a repeat customer base of 37% as loyal customer. I was just wondering if, on a phase basis, it sounds really good. I was just wondering if we also have a benchmark like the industry, what is happening with the competitors about what do they have?

Vishal Kamat: Sir, we do not have a benchmark of the industry because I do not know how many people actually, apart from a certain set of branded hotels, companies, actually have the kind of infrastructure in place to measure it. I do not know, sir. Unfortunately, I have no benchmarks. Ours is entirely based and linked on the mobile number that when you, as an Orchid Rewards Member come and you go to your mobile number, that time it is linked and tagged to your account and you get points, rewards, discounts, upgrades for your stay just like any good loyalty program would be there. Now, because ours is an integrated program and except for a couple, 2 hotels, all are part of the commerce group, that is why we are able to enforce very nicely our program because it does have a cost. In other hotel companies, whether the owners do, don't do, does become a challenge. So, this becomes an issue in any managed hotel because owners may or may not want to participate in your program and their short-sightedness way, they will not see the value of repeat sometimes because they don't, unfortunately, when the times are good, that time they do not want to spend and when times are bad, that time you do not spend. You have to be consistent. We are very consistent in our sales by spending money on social media, interaction, WhatsApp marketing, all these kind of things which are there. So, I have no benchmark but I can say, sir, that it is a figure which we are targeting to take it higher.

Farhan Tariq : Okay, got it. My second question was about the plot on NH8. I believe it was on the Mumbai-Ahmedabad Highway. Do we have any update or any timeline of what we are doing with the plot?

Vishal Kamat: Sir, currently we have no update to provide at this moment because there have been some developments like the Vadhavan Port and other things which are in that area. So, that area is, we are getting some more details about that. One of the largest ports of India is not very far from our property of the highway, which, actually not India, it will be one of the largest in Asia, so and the major cargo terminal which Modiji had inaugurated. So, we were doing some line of men and then we took a pause on it because we said that it is better for us to take stock of exactly what is happening based on Vadhavan. So, we will be able to take even more advantage of that. While Palghar and that area, Manor Palghar is a very upmarket area, upbeat area in terms of the real estate and housing. But we thought we would just be a little patient on it and do the needful.

Moderator: Thank you. The next question is from the line of Sakshi Chhabra from Swan Investments. Please go ahead.

Sakshi Chhabra: Yes, sir. I just wanted to understand, you mentioned that you are expecting to achieve 100 crores of EBITDA this year. So, in H1, you have delivered around 36 crores. So, are you expecting that you will achieve 64 crores of EBITDA in H2?

Vishal Kamat: Around, yes, madam. If I go by my same 60:40 ratio, which I just mentioned in how H2-H1 is, then this would be around, say, anywhere between 95-100.

Sakshi Chhabra: So, you are also expecting then the margins to be close to 30%?

Vishal Kamat: Yes, madam.

Moderator: Thank you. The next question is from the line of Sriyansh from R M Securities. Please go ahead.

Sriyansh: Sir, this will be the last question from my side. You had recently announced a merger of 2 of your landholding subsidiaries with Kamat and some equity allotment was done. So, could you just explain what was the purpose of that merger? Because I think Garbage Disposal Plant was there, I think, in one of the buildings and another was a parcel of land, right?

Vishal Kamat: Yes, sir. So, basically, this was a merger of two of the companies and, basically, this has land asset also.

This has the property just now mentioned, which is 16 acres on the Gujarat Highway. This also has a property of land which is abetting to the Orchid Hotel, which is also part of the thing, which has a sewage treatment plant on it and this was actually something which has been actually in our books also noted from 2019-2012. It was from a long time and right now, sir, as we have been doing various things, we have been cleaning up making all the things neat and clean, cleaning up the balance sheet. So, this was there and that is how, basically, this merger was proposed and done. So, it will take effect once it gets SEBI approval, then it will go into NCLT and the matter will get consummated. Then, of course, it will come to the members for approval and it will finish, hopefully conclude, so that we can then do other things.

Sriyansh: What are our plans for the land? We will be getting a decent chunk of land, right?

Vishal Kamat: So, on 18 acres, sir, we plan to develop, along with a reputed developer, we plan to develop that 18 acres into a mix of residential and hospitality. It is a highway touch. It is also touching the Nadi, the Vaitarna Nadi, and it is the NA land. It is the only NA land on that belt. So, it has a very good prime visibility, prime value, and it can be developed because it is NA. So, it is not that we have to wait for any conversion or anything. So, again, it is on the way to Palghar and the Vadhavan port, which I just mentioned. So, we feel that it has an excellent long-term output, which will give us a good) mixed-use opportunity.

Sriyansh: Why not sell the land? You think you will fetch more value when you develop it? Is that so?

Vishal Kamat:

No, I will not develop it, sir. I will join with someone and develop it with that person. If I wanted to sell it, I could have sold it before only. But I think that that kind of land for us to again get, and that also one parcel of 18 acres, as today, how township developments and how people wanted that, that would be next to impossible for us to get such a large piece of land on the highway side. Inside interior, you would not get, but this is right bang on the highway. There used to be a Kamat restaurant there also, long back. But in the Corona, we closed it and then we did not restart it post-corona. But that is basically where the land is 18 acres of river touch, riverfront. So it is a very prime location. Today, even if we go to sell it, we should get comfortably anywhere between 3.5 to 4.5 crores for it. That is its value, even if we sell it today and if the need be, we can sell it. But what will we do with the cash? I mean, it is better that for us to see a long-term horizon with the hospitality play and additional, which will be more beneficial than one time selling it. This is my thought, sir, as of now. Our thoughts can always change based on the need. If tomorrow we find some great hospitality opportunity and we decide that we need this, then we can always look at it. So, that way. Our main objective right now, looking forward, is basically just accumulate cash like a spirit. We want to basically, sir, do our growth from internal accruals. We want to basically grow by lease and by asset, keeping our debt light. So we will, again, every year will be the same. This loan will be paid off in 3 years, even if we do not do anything and yet we will have huge cash reserves because we do not want to unnecessarily splurge and buy anything, be prudent and see. So we are being patient, sir, because we've come up with great difficulty. Kamat Hotel has bounced with great difficulty in 2021 thanks to our various partners. And we are always grateful to all our bankers who supported us in those 10 years of ARC. After that our finance investors who came in, Alpha, True North and SBI. In fact, Alpha and SBI are still with us as our shareholders. So we do not want to do anything in a hurry just because we are sitting with you and we will get a lot of good assets and a lot of good groups to take over and we are patient for that. We are playing the right game, sir. We don't want to do anything in a hurry.

Thank you very much. I think we can conclude this meeting because there is no more question of anybody.

Moderator:

Thank you on behalf of Kamat Hotels India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.