ROYAL ORCHID HOTELS LTD.,

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Date: August 11, 2022

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 Quarter ended June 30, 2022

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 quarter ended June 30, 2022 conducted after the meeting of Board of Directors held on August 05, 2022 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
Bangalore

Amit Jaiswal
Chief Financial Officer

ROYAL ORCHID HOTELS LTD

Q1FY23

POST RESULT CONFERENCE CALL

Management Team

Chander Baljee - Chairman and Managing Director
Amit Jaiswal - Chief Financial Officer
Prashant Mehrotra - Chief Operating Officer

Call Coordinator

KAPTIFY®

Strategy & Investor Relations Consulting

MANAGEMENT: Chander Baljee - Chairman and Managing Director
Amit Jaiswal - Chief Financial Officer
Prashant Mehrotra - Chief Operating Officer

ANALYSTS: Archit Singhal
Yash Agarwal
Darshil Jhaveri
Rahul Bhangadia
Rishikesh Oza
Rajesh Agarwal
Anupama Bhootra

Presentation

Vinay Pandit: Good evening, ladies and gentlemen. I welcome you all to the Q1 FY '23 Post Earnings Conference Call of Royal Orchid Hotels Limited. Today from the management we have with us Mr. Chander Baljee, Chairman and Managing Director; Mr. Amit Jaiswal, Chief Financial Officer; and Mr. Prashant Mehrotra, Chief Operating Officer. As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which exemplifies our judgment and further expectations concerning the developments in our business. These forward-looking statements involve risks and uncertainties, that may cause actual developments and results to differ materially from our expectations. Also, this is a reminder that this call is being recorded.

I would now like to hand over the floor to Mr. Chander Baljee, Chairman and Managing Director, to give his opening remarks, post which we will open the floor for Q&A. Over to you, sir.

Chander Baljee: Good evening, and a warm welcome to everyone. Thank you for joining us for the Royal Orchid Hotels Limited Earnings Conference Call for the First Quarter of Financial Year '22/'23. Please note that Q1 of -- for year '23 quarter results, press release and investor presentation are available on the exchanges. I hope you'll have the opportunity to browse through the highlights of the performance.

Last two years have been very tough for our industry. We have sailed through these turbulent times very successfully. The industry was coming into normalcy from November '21 onward, when the third wave of Omicron hit us in January 2022. But we recovered from the third wave quickly and bounced back in March '22. From April '22 onwards, we have done robust business, which is evident from the financial results of the first quarter.

We have learned a lot during the last two years of how to be pragmatic in difficult times and how to control the cost of our operation. And the benefit of our learning is visible in the present quarterly results. The company has posted robust growth because of strong business model and effective risk-mitigation strategy. As our business bounces back to normalcy, we are aiming to post better margins than what our company has witnessed in the recent past.

In the first quarter, results have been one of the best in the last 10 years. Financial highlights of the company the first quarter ended 30 June '22 on a consolidated basis are as follows: Revenues from operations for Q1 was ₹60 crores as compared to ₹39.53 crores in Q1 '22, which is a growth of 53%. This was attributed to the increase in ARR and occupancy and increase in F&B business.

EBITDA for Q1 was ₹24 crores, as compared to ₹14.24 crores in Q1 '22, an increase of 69%. EBITDA margin stood at 40%. PAT before exceptional items for Q1 stood at ₹11.53 crores, as compared to ₹4.93 crores of Q1 '22, an increase of 134%. During the quarter, we've been able to increase the average room rate from Q1 '23 stood at ₹4,080 as compared to ₹2,769 for Q1 '22, a growth of 76%. During last year, we had opened nine hotels with 388 keys. In the first quarter, we have opened two hotels, taking our total tally to 73 hotels with 4,546 keys. It is well in line with our vision to operate 100 hotels by 2023 and are looking forward to opening new hotels in different cities of India.

During the quarter, we witnessed RevPAR growth led by higher ARR. We believe the industry has seen a revival and we have bounced back with better results in the current financial year. The management has set out a strategy to diversify products, provide unique customer experience and work towards our robust balance sheet.

I would like to conclude my opening remarks by saying that we are witnessing major signs of revival for the industry as a whole, which will show up in our overall earnings quality over the next several quarters. Thank you. And now we can throw the floor open for questions.

Question-and-Answer Session

Moderator: Thank you, Mr. Baljee. Participants who wish to ask a question may kindly use the option of raise hand post which we will be inviting you to ask your questions. Somebody has unmuted, you may go ahead. Sir you have unmuted your line [indiscernible] if you can announce your name. Archit Singhal, you may go ahead please.

Archit Singhal: Yeah, hi. Thanks for taking my questions. Sir, firstly, I wanted to understand what is the current occupancy and pricing versus the pre-COVID levels? And do you think this current occupancy pricing will further improve as we progress in FY '23?

Chander Baljee: Yes. See, there has been a phenomenal rise in the occupancy as well as the ARR. So currently, we are operating our hotels at around 78% occupancy. And the average increase ARR also around from the last year same quarter, if you compare, there is a robust growth of roughly around 60% to 70% growth is there in different, different hotels as far as the ARRs and occupancy is concerned.

Occupancy, of course, around 80%. I think going beyond 80% becomes a little difficult. But the ARR, there is a scope for another 10-15% increase in the ARR, which we are very confident of having in the quarters to come.

Archit Singhal: Understood. Thanks for this. And secondly, looking at the EBITDA margin for the stand-alone entity versus the subsidiaries, it looks like the subsidiaries are making a lower margin versus the stand-alone entity. So, what is the strategy here to improve the profitability of subsidiaries? And I mean I also saw FY '21 annual report, so there were a couple of subsidiaries which are loss-making like ICON Hospitality, Ksheer Sagar, Maruti Comforts. So, if you can highlight like what is the strategy to make them profitable?

Chander Baljee: See, as far as Ksheer Sagar, that is our Jaipur Hotel and ICON Central Bangalore, these are the two hotels which are little drag as far as subsidiary is concerned, but Maruti and the Goa Hotel will definitely make more profits in time to come. And Jaipur Hotel is a little seasonal, it's a seasonal hotel because the first quarter historically, it doesn't do that much great performance being the summer is there in Jaipur. But in the last two quarters, it will definitely bounce back and do very well.

Archit Singhal: So, we expect an overall improvement in margins going forward, right, from 1Q levels?

Chander Baljee: Yes, yes.

Archit Singhal: Okay, and sir, last question from my side. So 1Q, we saw ₹60 crores revenue, where does the company aim to be, let's say in three years from now in terms of any revenue ambitions you have?

Chander Baljee: See the revenue ambition let me tell you, we are looking -- we are there will be a little organic growth as well as inorganic growth. And we are trying to touch, take the revenues to maybe in three years' time to, say, around ₹400 crores.

Archit Singhal: Sir, just one clarification here. So, you mentioned about inorganic growth. So, if you can highlight more like what you are planning here, is it like -- is it going to be asset-light model? Or asset heavy model?

Chander Baljee: No, definitely, it will be an asset-light model. Because by inorganic growth, I meant that, see we are taking more and more hotels on management while the management fees straightaway go to our top line and bottom line. But simultaneously, we are also trying to sign hotels on rev share, revenue share basis also. So, these are the two strategies where a lot of investment is not required. Rev shares, there are marginal security deposit investment management. There's no investment at all required. So these are the two ways which we'll grow. And of course, getting asset right now, we are not looking at.

Archit Singhal: Great, this helps. Thanks a lot for answering my questions and all the best for future.

Chander Baljee: Thank you.

Moderator: Thank you, Archit. We'll take the next question from Yash Agarwal. Yash, you may unmute and ask your questions.

Yash Agarwal: Yeah, good evening, sir. Congrats, on a good set of numbers. I had a few questions. So, a large part of our hotels is managed and franchise hotels. I just wanted to understand how does the revenue and cost recognition work here. I'm a little new to the company. So, if you could just explain how the revenue and cost recognition works in the managed hotels for you.

Chander Baljee: See, as far as cost is concerned, we already have a fixed cost across our company, whereas on the -- the corporate expenses are almost fixed. However, say, for every 10 hotels, we may add a cluster head or a VP-level person to provide support to the company -- to the newer hotel. So, I think the revenue growth will be substantially higher than the cost growth because most of the fixed costs are already there. So that is how we're going to work in the future and try to limit our -- we have learned a lot in COVID of controlling costs, and we've already done it. And so, we are a very lean and mean kind of an organization today, and this is how we are going to grow in the future.

Yash Agarwal: So, sir, actually, my -- thank you for the answer, sir. My question was more than -- suppose if I have five managed hotels, so all of those revenues and costs are accounted for in our profit/loss statement? Or do we only account for some bit of sort of commission income? How does the recognition work for last year?

Chander Baljee: It comes only for our fee, which will come to us. We charge a fee to the company, which is usually around aggregate of about 6% of the turnover. That's a fee we charge them. So that will come to our listing, costs and other things revenue will all be in the owner's account. It doesn't reflect in our balance sheet.

Yash Agarwal: Sure. And sir, is there any initial suppose whenever we sign up a managed hotel, is there any renovation expense or something that we have to do it all on the owners will?

Chander Baljee: All on the owners, managed properties, all expenses are the owners.

Yash Agarwal: So incrementally, the hotels that we are adding, I think, 12 to 13 hotels that you mentioned in the presentation, are there most on a managed basis, sir or they on this?

Chander Baljee: Yeah, mostly on managed basis. They'll be, going forward, maybe about 10% of the hotel will be on revenue share, where the cost and revenue will come on to our books.

Yash Agarwal: Sure, so out of the ₹60 crores, could you outline how much of the revenue is from the managed hotels?

Amit Jaiswal: See, from the managed hotels, roughly as far as revenue is concerned, so they contribute to roughly 20% of the revenue.

Yash Agarwal: So about ₹12 crores to ₹15 crores or ₹10 crores to ₹15 crores, that's the right assessment?

Amit Jaiswal: Yes, yes.

Yash Agarwal: And the margins on this will be extremely high, right? Because this is completely flowing into EBITDA for all?

Amit Jaiswal: No, margins are quite high as far as the fees are concerned, but we have a certain fixed cost of managing these managed hotels that are basic cost of the sales offices and global things. So -- but yes, of course, the margins are high. And as we add more and more hotels, the margin will further grow.

Yash Agarwal: Okay. Sir, on the question of the previous participant question of the occupancy and ARR. So, has that improved further from the first quarter? Or is there some bit of pull down in terms of seasonality? And how do you expect this to...

Amit Jaiswal: We have maintained the run rate of occupancy in the current quarter also, and there is marginal growth in the ARR growth.

Yash Agarwal: Got it. Sir, one final question from my side. What is the net debt of the Company, gross and net debt?

Amit Jaiswal: The net debt of the consolidated basis is around ₹88 crores.

Yash Agarwal: ₹88 crores, okay, okay, sir. And sir, I suppose if you want to meet on a separate basis on a one-on-one basis, how can we do that? Because we can...

Amit Jaiswal: You can get in touch with Mr. Vinay Pandit, who is there on the line. He will take it forward.

Yash Agarwal: Okay, okay. Thank you.

Moderator: Thanks, Yash. We will take the next question from Darshil Jhaveri. Darshil, you may unmute your line.

Darshil Jhaveri: Hello sir, am I audible?

Chander Baljee: Yes.

Darshil Jhaveri: Yeah, sir congratulations on a brilliant set of numbers, sir. Sir, I just wanted to ask, sir, because you -- I think Q3 and Q4 might be given better numbers. So, could you give any guidance in terms of what revenue do we expect by FY '23? And as you have already said, margins will improve. So, could you just give some clarity?

Amit Jaiswal: Revenue, we should be able to touch around ₹280 crores for the current financial year. Maybe a little better, little better also.

Chander Baljee: Normally the first two quarters will give about 40% of the revenue. And the second two quarters give about 60%. It may vary a little up and down, but keeping -- if we extrapolate what we have already received, ₹60 crores, then total that is ₹40 crores. But we do expect ₹280 -- more than ₹280 crores as some also likely come into the pipeline. So, our target is to cross ₹300 crores.

Darshil Jhaveri: Yeah sir, that's amazing, sir. And the margins will keep on increasing -- so sir, would it be fair to assume we'll do more than 40%, 45% margin?

Amit Jaiswal: Not 45% is not possible in our industry. So -- but yeah, but it will be around 40% definitely EBITDA.

Darshil Jhaveri: Yes, yes sir, EBITDA sir. And sir, just my one last question, sir. Any risks that we see that might -- we might just face some problems that we might face, except the pandemic because the slowdown recession? Do we have any peers or anything?

Chander Baljee: Not really. See, we can't predict into the future like pandemic were not predicted. I don't like any other major risks in our business.

Darshil Jhaveri: Okay, okay. Thank you so much sir. And all the best for future numbers sir. Thank you so much sir for your answers.

Moderator: Thanks, Darshil. We'll take the next question from the line of Rahul. Rahul, you can unmute and ask your questions.

Rahul Bhangadia: Thank you for taking my question sir and first of all congratulations on a great set of numbers. Sir, you have always given a broad outline of trying to reach 100 hotel properties. Given your already existing ones and the pipeline that you have shared in the presentation, you will already be touching about 90. So, 100 is literally not far away. So, what is the next phase that we are looking at beyond 100?

Chander Baljee: Yeah, actually, particularly in the management contract space, the growth is exponential. So, this year, I would say, in the next one year, if we are able to reach 100, then definitely we can do -- easily add about 30 to 40 properties in another year or so.

I think that should be -- it is the target and only hope. Because sometimes, opening hotels, the circumstance is beyond our control because the owner is controlling and driving the project. We have some funds constrained or he may have some organization constraints, which is why he's not able to deliver or so, so -- but then we do provide support to him and guidance on how to execute the project. Certain people take the guidance, certain don't.

Rahul Bhangadia: Okay, okay. Sir, secondly, given the uptick in the industry and the profitability that we have reported and the continued profitability, but we should expect by the year-end pretty much being close to a net debt-free kind of a situation? Or what do we plan to do with all the cash flows that we are going to get?

Chander Baljee: You see what -- like Amit had also mentioned, that we are getting into some revenue share deals also. We're actively looking at revenue share deal where there will be some working capital requirement and will be requiring money to pay the deposit. We'll require money to start up the hotel, some operating supplies we have to give. So, I think it will be a combination of both. We will reduce our debt to some extent. And the balance money we will deploy for getting the more revenue share hotels.

Rahul Bhangadia: Okay. Sir, just third update. Is there any further asset or something that you can monetize. The last we heard you had something in Africa as well. Anything that you can kind of monetize that is left to be monetized on the books?

Chander Baljee: See, Africa date has been in the market. The market there was quite depressed, but now I'm told that the market has picked up because there's been a change of government and change of heart that actually is inviting investors. So, I'm told that the area is developing. At the moment, the area develops, then obviously, then we will get buyers. And I am planning to visit Africa this month so that to meet some prospective investors and all that. But at the moment, since there is no distress in the company. So, we don't want to gain a tiering hurry as we've waited patiently for so many years. We will go there, and we'll try to explore and try to monetize the asset within this financial year.

Rahul Bhangadia: Lastly, I don't have a question. It's a suggestion. In the presentation, sir, in quite a few of the slides, it's basically a comparison between Q1 FY '22 and Q1 FY '21. There is -- I'm assuming it's a comparison to '23 and '22, but a lot of places just mentioned '21 and '22. It's a little confusing. If that could be corrected. Thank you very much.

Chander Baljee: All right.

Moderator: Thanks Rahul. We take the next question from Rishikesh.

Rishikesh Oza: Sir, my first question is I need a clarification on the EBITDA margins that you said for FY '23. So, did you say like 40% for whole year FY '23?

Amit Jaiswal: Yes.

Rishikesh Oza: Okay. And that is on stand-alone or console business?

Amit Jaiswal: Console basis.

Rishikesh Oza: Okay. Great. Sir, my second question is how much cash and investments do we have?

Amit Jaiswal: See, we have -- if you really look at our balance sheet, last -- even 31st March balance sheet, if you see, roughly around ₹30 crores cash we have.

Rishikesh Oza: Right. And also, sir you have some ₹25 crores investments, right?

Amit Jaiswal: Yes.

Rishikesh Oza: Okay. So that -- what is the plan, sir, with the cash and investments? What exactly are we going to do?

Amit Jaiswal: See, as Mr. Baljee rightly said, see, there are two ways of handling the cash. One, we use the cash for the growth of the company. Or second, you retire your liabilities, right? So, we will try to balance it out because now is the opportunity to grow the company. We have to keep it in mind next five or 10 years of performance, what we are going to do, that we need to decide now. So that is why we will use it very judiciously that the cash what we are having as well as the income which is going to come during the year so that we can plan the company's performance for next five or 10 years.

Rishikesh Oza: Okay. So, your gross debt if I see it's around ₹150 crores?

Amit Jaiswal: No, no, no. That is not ₹150 crores. That is only ₹86-point-something crores. ₹87 crores yeah, yeah.

Rishikesh Oza: Okay. So, are we looking to be debt free in near term?

Amit Jaiswal: See, the debt has been distributed into three entities. The one is the stand-alone, which is around 40 and then one subsidiary of 20 and then another subsidiary where we have around 30. So that is how it has been distributed. So, subsidiaries where we have partners, I don't think so much can be done. But stand-alone, yes, we are looking, if not full, at least part of it we may retire. It depends on the opportunities what we get. Now there is a lot of opportunities in the market to sign some revenue share, as Mr. Baljee has said earlier. So that will pave the path for the company's growth in time to come. And believe me that debt is at a very low cost. It is at a very, very low cost of around 8% and odd. So that is not hitting us so badly.

Rishikesh Oza: Okay, great sir. Thank you very much.

Moderator: Thanks, Rishikesh. We'll take the next question from the line of Rajesh Agarwal. Rajesh?

Rajesh Agrawal: Congratulations for good set of numbers. See, my small question is, what has led to increase in employees' benefit expenses? 20%, it has gone up quarter-over-quarter.

Chander Baljee: See when the business goes up, you have to see, we were working on a very, very low staff because of the COVID situation. There was a salary cut also for some of the employees. All salaries have been restored, and more people actually if the business goes up, you need more people. So, more people have been employed. So, with the result that salary has gone up and, of course and will go up in the future also. But we are watchful of the situation. That should not go up to those numbers, which are pre-COVID levels. We're trying to keep that under control.

Rajesh Agrawal: Yeah. Because you know quarter-over-quarter, 20% increase, unless salaries have been revised, or more people have been inducted, and normally, other companies, we have been finding that the salary -- employee benefiting structure has remained same quarter-over-quarter.

Amit Jaiswal: No, Mr. Agarwal, please understand. So, our understand is a very employee intensive industry. So, if you see in the last quarter, January was literally third wave was there. And manage to close the quarter with as the least employee, but with from April onwards most of our hotels are doing 80% occupancy a lot of F&B business. So, we had to increase the number of employees, that is why you're seeing the jump in the numbers, but this jump now will not grow every quarter. It was shift from one year to another year. So, this cost is not going to go up in every quarter. It was a onetime exercise when we are moved. We were doing 50%, 60% occupancy, all of the sudden which has gone to 80%. So, we have to increase the number of soldiers on the floor.

Rajesh Agrawal: Understood very well. Very well. Because the induction is there more. So hence this cost in place. Sir, could you throw some light on our Goa hotel? Now -- how it had performed on 100% basis, top-line and bottom-line?

Amit Jaiswal: See, I will just let you know, the Goa hotel is performed very well in the first quarter, okay? And it continues to perform very well. That was the reason why we had taken the 100% stake of the Goa hotel. In the first quarter, they have done 89% occupancy, and they have shown a phenomenal growth in the ARRs also.

Rajesh Agrawal: Mr. Amit, one question, which is a little distinct. What is our total contribution coming from our Bangalore center? We have around -- Bangalore, what is the revenue share of the total revenue. We have eight properties there, four are owned, leased and subsidiaries. So what contribution it gives to ₹60 crores?

Amit Jaiswal: To ₹60 crores.

Rajesh Agrawal: Yeah.

Amit Jaiswal: I'll just tell you. Okay. I'll just get back to you.

Rajesh Agrawal: Yes, please, please. No problem. Yes. Thank you. Thanks a lot. Again, congratulations.

Amit Jaiswal: Thank you.

Moderator: Thank you, Rajesh. Anybody else who wishes to ask a question, use the option of raise hand. In case there is a problem of raising hand, you can unmute and ask your question. Sir, one question from my side if you permit.

Chander Baljee: Yeah.

Vinay Pandit: Could you give investor some light on this plan to add 17 hotels and 1,000 keys by 2023? And by what route management operator would or own properties, how would this be?

Chander Baljee: These are mostly managed properties. There will be one or two out of the 17, which are revenue share. And most likely, this financial year they should begin. But out of that, maybe one odd property, one or two property may not come up in case there is an inordinate delay in completion of the project. But then to compensate for that, our development team is aggressively working on adding more properties. So, there may be some property, which are already ready to operate properties till coming to the system.

So, I think we are aggressively working towards a target of 100 hotels. Well, I just hope that we'll be able to achieve it. Our development team, our operation teams are all getting geared up for that.

Vinay Pandit: And this is a target for end of FY '24, right?

Chander Baljee: No, one year from now.

Amit Jaiswal: 44% of the revenue comes from the Bangalore market.

Rajesh Agrawal: How much?

Amit Jaiswal: 44%.

Rajesh Agrawal: 44%. Thank you. Thank you.

Moderator: We take the next question from Anupama. Anupama you can unmute and ask.

Anupama Bhootra: Congratulations for the great numbers. I just wanted to understand if you can give us a breakup of managed stand owned hotel contribution, revenue contribution, managed to have given us?

Amit Jaiswal: Around 19% of the revenue comes from the management.

Anupama Bhootra: And the owned ones?

Amit Jaiswal: Balance is owned ones around 81%.

Anupama Bhootra: Okay. Thank you so much.

Vinay Pandit: Sir, can you also throw some light on the travel trends that you're seeing since we have multiple properties across regions?

Chander Baljee: I request Mr. Mehrotra to speak.

Prashant Mehrotra: Good evening, everyone. Sir right now in terms of travel trends, we see a very, very robust trend coming out where the corporate demand has also picked up as well as leisure demand continues to grow. And in the last quarter, we also saw a lot of wedding segment -- a lot of weddings happening at the hotels, which we foresee in the future.

To the question, if you we look at the demography, I think sir 94% to 95% of our customers are domestic Indian customers who have been staying with us. So, it's largely a domestic consumption story is what we are witnessing as a pattern. And going forward, we see this pattern continuing. And as international guests start coming into India. We will see a very, very robust travel environment unfolding. Also, with the government of India planning many new airports with the new highways getting connected. It's going to be a very, very successful story as we see forward.

Chander Baljee: Yeah, I see a large amount of business coming in the long weekend. India celebrates so many festivals. And so, if there is a -- say at -- if there is a festival, and it's a Saturday, Sunday holiday people will take Monday as a casual leave and have a four-day weekend. So that has seen a growth tremendously, because it's easy to book on the portals you can just sit down and two minutes you can get a confirmation, whether it's a pretty much competitive and flights are easily available. So, I think that has been a huge growth in the last year or so, a long weekend business. People had start out taking long annual holidays, and taking three or four shorter holidays. And that is definitely benefited us.

Vinay Pandit: Sir, as of Q1 your average occupancies is at around 68%, 78% depending on managed properties. And average room rates have hovered around 5,000 owned and leased properties and around 3,700 for your managed properties. Will you see the trend for this year and next, there is new properties as well coming in.

Chander Baljee: It is pretty much a similar trend, because you see in managed properties you will find like some of the properties in their own unlike

5-star properties, many hotels are not 5-star. So, I think -- and also when a management comes up, it takes some time for it to stabilize. So, there will be at any particular moment of time, there will be about 10% properties, which are not yet stabilized and their AARs are low. But eventually, this segment will grow quite exponentially as compared to the other segments. So, I think whatever you are saying in terms of turnover, that will grow probably much faster than the owned properties because we're not adding any owned properties, we adding only the managed properties.

Moderator: Okay. We'll take a follow-up question from Rahul. Rahul you can unmute.

Rahul Bhangadia: Thank you, sir. We obviously mentioned that because of the pandemic last two years, probably the number of offers that you would have got to sign up for managed contract or whatever plan hire. What is the situation for, let's say, see if somebody wants to put up a new project. It is now getting incrementally more difficult than it was pre-COVID. What's the situation there are banks ready to fund? What's the…

Chander Baljee: I think there is no difficulty. It's just that managed space also is having competition. There are a lot of people who are starting management companies' part of them, we are exiting management companies because management companies work on a very wafer-thin margin. The strength that we have is that we have our own properties, which even if the managed properties did not perform well, our company has a wherewithal to stand to afford the overhead required for the management company. So, we are pretty well placed that way.

Rahul Bhangadia: Let me rephrase the first question. If today hypothetically you wanted to kind of start up a new project, a 4-star or 5-star hotel, what are the kind of timelines we are looking at?

Chander Baljee: A Greenfield project will take three years minimum to set up. And because the standards have not improved in our country, it takes maybe three to four years to put up. And depending on which city you are in and how proactive your government sanctions are up. So that is why we have refrained from taking up any Greenfield projects, because it's a long process, and then you were to have the bank loans. You have to have working capital requirement, project costs. So, we are staying away from that credit presence.

Rahul Bhangadia: And are you seeing others kind of being active in that segment bringing Greenfield expansion?

Chander Baljee: Well, everybody you see, whatever you see the new trend, everybody will follow that. Hotel company -- established hotel companies are also getting into management contracts and all that. There will be definitely more competition, but then there is no fun without competition. We are there to take it on.

Rahul: Sure sir. Thank you so much.

Moderator: Thank you, Rahul. Anybody else who wishes to ask a question. Sir since there are no further questions. Would you like to give some closing comments before we end the call.

Chander Baljee: Yes, you see -- as I think most questions have been answered to say that in this we have survived and a lot of management companies have actually closed shop, because we ran most of the hotels. And I would say the credit goes to all my team, I'd like to thank them for their support. Because without their sacrifice of doing double the work and half the salary, they all stood by us. And that's why this company has become much stronger than it was and our pipeline is growing pretty fast and also our image in the market has improved a lot. We are a very well-known brand today. At one time, we used to struggle to contact people and talk to -- and now a lot of people contact us and at least consider us for the management contracts.

So, I think, going forward, to my mind, I'm very optimistic of the future. And we look forward to meeting all of your expectations this year and the coming at least two years. I can't give you prediction for five years, but at least I'm looking at a very, very robust next three years. Thank you very much.

Prashant Mehrotra Mr. Vinay, you have to unmute yourself.

Moderator: Thank you so much sir. On behalf of Kaptify, I thank all participants for joining us on this call. And I would like to thank the management for giving us their valuable time. Thank you so much.

Chander Baljee: Thank you.

Amit Jaiswal: Thank you, everybody.

Prashant Mehrotra: Thank you.