ROYAL ORCHID HOTELS LTD.,

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CIN : L55101KA1986PLC007392
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Date: February 21, 2025

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 Third Quarter and Nine months ended December 31, 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 Third Quarter and Nine months ended December 31, 2024 held on February 18, 2025.

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

This is for your kind information and records.

Thanking You.

Yours Faithfully,

For **Royal Orchid Hotels Limited**

Amit Jaiswal
Chief Financial Officer

Royal Orchid Hotels Limited

Encl: A/A

ROYAL ORCHID HOTELS LIMITED

Q3 & 9M FY2024-25

POST EARNINGS CONFERENCE CALL

February 18, 2025

Management Team

Mr. Chander K. Baljee - Chairman & Managing Director
Mr. Arjun Baljee - President
Mr. Keshav Baljee - Non-Executive Director
Mr. Philip Logan - Chief Operating Officer
Mr. Amit Jaiswal - Chief Financial Officer

Call Coordinator

KAPTIFY®

Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the Q3 and Nine months FY '25 Post Earnings Conference Call of Royal Orchid Hotels Limited. Today on the call from the management we have with us, Mr. Chander K. Baljee, Chairman and Managing Director; Mr. Arjun Baljee, President; Mr. Keshav Baljee, Non-Executive Director; Mr. Philip Logan, Chief Operating Officer; Mr. Amit Jaiswal, Chief Financial Officer and the management team.

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 and nine month ended December 2024, the growth plans and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

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 third quarter results for the financial year '24-'25. Please note that Q3 results press release and revamped investor presentation with lots more detail are available on the exchanges. I hope you have had the opportunity to browse through the highlights of the performance.

In this quarter, we started slowly in the month of October, because of various holidays, post which we had very good months in November and December. Overall, the quarter we did well. In the third quarter, we have added four hotels with 165 keys. The company is growing with a strong business model and effective risk mitigation strategy. We are working hard to post better margins in the coming quarters than what our company has witnessed in the recent past.

Financial highlights of the company in the third quarter '24-'25 on a consolidated basis are as follows: Consolidated income for the third quarter '24-'25 was ₹94.86 crores as compared to ₹86.61 crores in '23-'24, a growth of 9.52%. Consolidated EBITDA for third quarter for '24-'25 was ₹30.61 crore as compared to ₹29.43 crore in '23-'24, a growth of 3.99%. Consolidated PAT for the third quarter was ₹18.11 crore as compared to ₹15.73 crore in '23-'24, a growth of 15%.

Before I go to explain the performance of the company, I would like to state that the company's EPS remained strong at ₹6.49 per share for the quarter as against ₹5.6 per share in the same quarter last year. This shows a 15.94% growth.

We are working at a fast pace to complete our new 300-room hotel in Mumbai. And hopefully, we should be able to start the operation towards the end of the current financial year. Now I understand that you must be thinking that, however, the consolidated income of the company has grown by 9.52%, but why the consolidated EBITDA has grown by only 3.9%.

The primary reason for the same was the effect of Ind AS. We have uploaded in our investor presentation and the result with Ind AS and without Ind AS. A perusal of the same will reveal that without Ind AS, our PAT for the quarter would have been 17.4% instead of ₹16.35 crore as reported by us. This Ind AS industry need to be done as per accounting standard, however, they are not cash in nature. Hence, you will find that the company has got very good cash profit.

Also, you can see the company is growing, and hence to support the above growth the company is required to increase its bandwidth of operation for which it required to increase the workforce in different regions, which the company did. The cost of above started immediately where the same will come. For this, company incurred additional cost of by about ₹60 lakhs compared to the last year same quarter. This is a prime reason for cost escalation, which would be seen as investment for the future growth.

We are refurbishing some of our assets, for which we started last year because it is being done in operating hotels, hence it has to be done slowly without shutting the hotel. The same results in increase in the repair and maintenance cost of ₹1.15 crore, but the same were necessary to remain in competition. The management has set out a strategy to diversify the product offering, provide unique customer experience and work towards a robust balance sheet.

I would like to conclude my 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 current financial year.

Thank you. And now we can throw the floor open for questions.

Question-and-Answer Session

Vinay Pandit: Thank you. All those who wish to ask a question may use the option of raise hand. In case you don't have the option, please drop a message on the chat and we'll invite you to ask the question. We'll take the first question from Mihir. Mihir you can go ahead, please.

Mihir Shah: Hello. Thank you for the opportunity. Can you throw some light on the new Mumbai hotel, its revenue potential and the cost structure?

Amit Jaiswal: Yeah. So see the new hotel in Mumbai, we have taken it on lease. It is not that we are owning it. So our investment is very minimal. However, we have given a ₹40 crore deposit, which is refundable over the period of 25 years. And apart from the deposit, the investment will be around ₹15 crores.

Mihir Shah: Okay. And my next question, by when will the revenue start flowing in? And what will be its positioning like 5-star or 4-star, which typical hotel will you be competing with in this category?

Amit Jaiswal: I request Mr. Arjun Baljee to take this call.

Arjun Baljee: Thank you. Well, the hotel is positioned as an upscale lifestyle product. Let's say, it's a step below JW Marriott and in the classified as a 5-star. The products delivery in terms of, there you go, that's the building from the outside. You can see it when you land at Terminal 2. The project will be ready in the next, I want to say two weeks and then we're just waiting for licenses. And the moment we get licenses, we're ready to go.

Mihir Shah: Okay. Thank you. I'll join back the queue.

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

Chirag Singhal: Yeah. So first question is on a recent media article. So as per the article, there are at least 10 lease hotels that are scheduled to start in 2025. So can you provide some additional details on the same in terms of total number of rooms at these 10 hotels and what kind of top line addition and net profit margin that we should expect from at optimal occupancy levels?

Amit Jaiswal: See that will be a very forward-looking statement. Generally, we are not disclosing that at this point of time, unless the hotel starts. As and when the hotel starts then we tell that what kind of top line or the margins it will do. However, to keep you all posted on the issue, our Bombay hotel itself will get us a top line of almost ₹100 crores, okay. So like that, there are a lot of hotels, which will be coming up in time to come.

And moreover, please understand that the timing of opening of the hotel is very difficult to say on dot. It can go a little bit here and there because labour is involved. The hotel has to be ready to our standards and all. So that's why it is very difficult at this point of time to tell what will be the top line and the bottom line.

Chirag Singhal: Right. So I'm just like reading what the article says, which is 10 hotels in the lease category in 2025, hence I asked about the details. So at least on the number of rooms front, any details that you can share like total number of rooms...

Amit Jaiswal: 10 hotels, you can always take roughly around 1,200 rooms.

Chirag Singhal: Okay. And this will be under the lease category that we are...

Amit Jaiswal: More or less, what we use is the revenue share, where we don't have a fixed amount to be paid to the owners. It depends on the revenue earned by the hotel.

Chirag Singhal: Okay. Arjun, you just mentioned that the Mumbai hotel should be ready in the next two weeks, and then we'll be waiting for various licenses. So any tentative timeline like when do you expect those licenses to come in and when the hotel should start?

Arjun Baljee: Chirag, I wish I could tell you. It is really an everyday battle with, I guess, the municipality over here. One day it is fire, one day it is something or the other. We have all our in-principle approvals, but it just depends on them, right? It just depends on when they decide to wake up on the right side of the bed and come and give us the licenses.

And just to add to what Mr. Jaiswal was saying, a lot of these hotels that we're doing, see the flexi lease deals are actually hotels that are where the interiors and all of that stuff is being done to our spec. Now because they have been done to spec, there is construction involved, as interiors involved, so that's one side of things.

The second whole bit is, of course, a licensing piece, licensing staffing, and the list just goes on, right? So we are really at the mercy of towards the end of it all. Even if we get our projects done on time, we are at the mercy of the municipalities around us. And therefore, there are name me one municipality in the country that gives the license to you before time, right? It doesn't happen. So that's just how we're at their mercy. That's it. That's all. And hence, predicting the exact date will be very tough.

Amit Jaiswal: However, Chirag, we are trying to open the hotel sometime in end of April or so.

Arjun Baljee: We'll soft launch sooner, but real revenue will actually kick in when Mr. Jaiswal was saying.

Chirag Singhal: Got it. So one question on the managed hotels. So in one of the previous con calls, we mentioned that being ₹100 crores of top line is doable over three years in this particular category. So can you break this down for me in terms of how much should we be looking at in FY '26, '27 and '28?

Amit Jaiswal: FY '26, we are targeting to cross ₹50 crores. That's our first target, okay? Then it all depends how many hotels we are able to open. Like right now, around 20-odd hotels are there in the pipeline. So like that, if the speed is there, definitely, it is reachable in it.

Chirag Singhal: Okay. And on this ₹50 crores of managed category revenues, what kind of PBT margins that we should be looking at?

Amit Jaiswal: Roughly around 46%, 47% it comes.

Chirag Singhal: PBT margins?

Amit Jaiswal: Yeah.

Chirag Singhal: That would be it from my end. Thanks. I'll join back in the queue.

Vinay Pandit: Thank you.

Moderator: We'll take the next question from the line of Rajiv. Rajiv you can unmute and ask.

Rajiv Gaonkar: Good afternoon. First of all, it's a great presentation, and good sets of results. My question is, the improvement on quarter-on-quarter is visible, could you guide a bit on what led to this Q-on-Q improvement?

Arjun Baljee: Hard work would be the first thing. But there are obviously a couple of things, right? One is retooling how we sell. That was one, right? And really going into the details of how each hotel is performing, we want to cut waste and not cost, right? So just going into the depths of how the sales people are performing, what are they performing, where are they going and attacking the market. So I think it's a revenue thing and our cost structures are pretty much the same. So the higher the revenue, it just flows to the bottom line. And you'll see that in the numbers that have come through. There has been, obviously, India positivity, but I think this has more to do with the team really knuckling down over the last few quarters and making the most of it.

Rajiv Gaonkar: Okay. My next question is, EBITDA has not grown over the last one year in spite of room growth. So where are we spending, which is leading to a softer EBITDA growth? And by when do we see these expenses going away?

Amit Jaiswal: Yeah. So first of all, let me tell you, if you see our presentations, okay, that's why this time I have addressed this question in advance. In the presentation, we have shown the numbers of the newly opened hotel, their occupancy as well as the average rate separately, so that you can understand that when we open a new hotel, it is not necessarily that the profit starts coming immediately because it takes time for a hotel to stabilise, okay?

So you might be thinking that the numbers have not grown. First of all, let me tell you, most of the hotel opened are in managed category where we get only the management fees to our kitty and not the entire revenue, okay? And second is that we are still in the stabilising state. Whatever the hotels we have opened in the last two years, they will give us results in next financial year. That's why I'm telling you that the substantial growth in the revenue will come in the next financial year, not this year.

However, we have increased our revenues, but the average rates have gone up in both the categories, our own hotels as well as the JLO hotel. But the newer hotel, it will take some time.

Arjun Baljee: Rajiv, just to add to that to what Mr. Jaiswal was saying, hotels are opened after April 2024, the managed category, right, for them to already be at a 50-plus percent occupancy is actually a pretty good feat, right? Hotels typically take about 1,000 days to stabilise and find their feet in the particular market. So you'll see these numbers obviously going up, right, as time goes by and efficiencies happen.

Let's say, with Mumbai and some of the other lease structure or flexi lease hotels that we're putting in, there is obviously a CapEx that goes into manpower and corporate, right? All of that, if you see employee expenses has gone up, corporate expenses has gone up, right? And that's all to do with kind of setting the stage for the next phase of growth. And that phase of growth are the leases and all of that, that we have signed, right, so we have to plan for that today.

Rajiv Gaonkar: Correct. My next question is, what led to the overall improvement in room nights year-on-year and Q-on-Q considering that we don't include managed hotels in this revenue, correct? So basically, the increase is only from leased hotels.

Amit Jaiswal: Increase in the average rates. I've put on in my presentation, the average rates have gone up. We have been able to increase the average rates. The last year our average rate was 5,675, whereas this year, it is now 6,317. So there is a considerable growth in the average rates that has added to the room revenue.

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

Moderator: Thank you. We'll take the next question from the line of Sajal Singhal. Sajal, you can unmute and ask.

Sajal Singhal: Thank you. So first of all, to the entire management team, thanks for all the continuous hard work, I would say on making the Royal Orchid brand, a brand to reckon with. And it is also good to see a very refreshing presentation this time, pretty, I would say, impressive. Now my question is regarding the Regenta Rewards, can you throw some light on how it is going? How many members do we have? Are we seeing repeat business from the members? Or what is the positioning that we are taking on Regenta Rewards?

Arjun Baljee: Shall I take that?

Amit Jaiswal: Yeah.

Arjun Baljee: Lovely. Okay. So the rewards platform was launched, but soft launched four months ago, it is growing. We have a little over 360,000-odd members on the platform. What's interesting is that we're seeing about a 12% to 13% repeat business already, right, courtesy the platform. I mean, and that can be viewed through our earn-and-burn system. As over a period of time and as we add more hotels, our own internal hotels, right, onto the platform, you will see that, I mean, the seamlessness of the technology that you can sit in the restaurant and redeem your points for a cup of coffee. That's our seamlessness we wanted to be, right.

You will see repeat business and you will see redemptions increase, right. So the purpose of the programme really is that customers burn with you as well as earn, right. And we're seeing that go up month-on-month.

Sajal Singhal: Thank you, Arjun. In fact, I clearly remember that was one of the ask that I had one year back in Q3 2024 that we need to have a rewards programme. And Arjun, I also sent you a mail, probably I'll send it again. Because what I noticed was there was an old reward programme, which still comes through the Google search which we might like to take care of. Otherwise, it takes the wrong place.

Arjun Baljee: I know there's a dead dummy page floating around somewhere for royal rewards, which you sent me then. I did look at it and get it buried on the website or get the page removed. So hopefully, now it shows a 404 error, but we'll have that attended to, right? Thank you. Thanks for flagging that.

Sajal Singhal: That's great. Thanks. The other question is, I recently visited Goa property as well as Bharatpur property. And I feel those are well maintained. But I felt that the staff is not very much kind of aware of the ROHL brand as such. So if that can be taken care of, that would be great. I felt the stuff was very warm. They were very forthcoming. The food was good as well. So everything is good. If we can take care of that, probably, we can even make a better impression on the clients.

Arjun Baljee: Point really well noted. Thank you. We will take that up with our learning and development team.

Sajal Singhal: Thanks a lot. That's it from my end.

Moderator: Thank you. We'll take the next question from the line of Yash Dedhia. Yash, you can unmute and ask.

Yash Dedhia: Yeah. Thanks for the opportunity. Congratulations on the wonderful set of numbers. First question was on the Goa expansion that we were planning to add few rooms by doing a CapEx of say around ₹25 crores to ₹30 crores. So where are we on that? And when do we expect it to contribute to our top line?

Chander K. Baljee: See, Goa, as we all know, takes its own time. We applied for the conversion of the land. And so that has taken some time because the minister was traveling for the various elections, first it was Maharashtra election, then it was Delhi election. But now I'm told that he's back in salute and the matter will be taken up shortly. And I think we are hoping that in a few months, we should get all the clearances. And after the clearances have got, it will take about a year for the new rooms to get commissioned.

So I think it's probably October of next year that the new rooms will kick in. Of course, planning has all been done. And I think after this happens, the revenues will go up substantially.

Yash Dedhia: And in upcoming four to six months, what is the kind of addition that we are looking at, both on the managed and on the revenue-sharing side, that will actually contribute to our top line, not the signings, but the commercialisation of properties?

Chander K. Baljee: We were looking at in this next quarter, we're looking at commissioning of our 28 rooms in the resort in Bangalore, which at advanced stage. Of course, this also got little delayed because of incessant rain, and so three or four months of project got delayed. Otherwise, it would have been ready by now. But I think we hope that by April, these rooms will get ready. So that will be a substantial, the hotel has at the moment, 54 rooms only. And if we add 28 rooms and these will be premium rooms. If we add that, the business will increase substantially.

And in our flagship hotel, 25 rooms were already renovated last quarter, which has given us some good results this quarter. And the balance 25 rooms will be taken up probably in March, April renovation. So that will take about two to three months to renovate. So I think probably the Q2 of the next year, the flagship hotel will be totally renovated, so it should give a substantial increment in the business. These are as far as our own hotels are concerned.

We will be taking up a phase-wise renovation of our MG Road hotel, which is coming under a subsidiary called Icon Hospitality, which we bought last year. But because of the season, we didn't take up the renovation. So we will be taking up the renovation there also. So I think that will also bring in substantial business, incremental business to our as we call, JLO Hotel, that is joint venture leased and owned hotels.

Amit Jaiswal: Apart from that, we are opening our Bombay hotel, that should get us roughly around ₹100 crores of top line. Then we have a couple of other leased hotel scheduled to open during the year, that will also add a considerable amount of the revenues.

Yash Dedhia: So if I can sum it up, so renovation and addition of rooms in two of our owned hotels, one Mumbai hotel will come and two on the lease side. That's it. So in near to medium term, we are looking at four to five hotels.

Amit Jaiswal: Add real value to the top line.

Yash Dedhia: Yeah, yeah. So managed hotels will be over and above this?

Amit Jaiswal: Yes.

Yash Dedhia: Okay. And this revenue sharing that we will be going ahead with, I wanted to understand how the model will work. So the CapEx will be done by the asset owner?

Amit Jaiswal: Owner, yeah. So CapEx growth, we just give some deposit, refundable deposits and then we do the O&M of the hotel. And a percentage of the top line, we give it as rent to the owners.

Yash Dedhia: Okay. And so will there be a minimum guarantee kind of sharing in terms of?

Amit Jaiswal: Somewhere it will be there and somewhere...

Yash Dedhia: So what is the kind of breakeven occupancy that we'll be looking at for these kind of hotels that above that occupancy, we'll be making money and below that occupancy, we might lose?

Amit Jaiswal: 45% to 50% is, 45% is our breakeven.

Yash Dedhia: Okay, great. Thank you so much.

Moderator: Thank you. We'll take the next question from the line of Rahul Bhangadia. Rahul, you can unmute and ask.

Rahul Bhangadia: Thank you for taking my questions. The PPT is really good. It's far more informative and literally comprehensive. So thank you very much for that as well. One or two things, when you start a property on the managed side, there are typically properties which are fresh or you take up running properties and kind of rebrand them and that is also happens?

Chander K. Baljee: We do actually both. We take over properties which identified as brownfield property, which are under construction, so that we can give in our inputs, our brand standing can be properly incorporated. Otherwise, we are taking over some properties which are already running, conversion, they are conversion properties. But there because also we are telling the owners that they have to renovate the property to our standards.

So depending on the standards that we will brand our property. So they are both cases, where there is a conversion or there is a brownfield property. Of course, there is some greenfield also, but those are very long-term. We don't know when really they'll come up. So we are concentrating on these two categories.

Rahul Bhangadia: And a bookkeeping question for Jaiswalji. If you could help us with the gross debt consolidated and gross cash, I'm assuming we are net cash now given the cash profit that we're generating, but if you could help us with the numbers.

Amit Jaiswal: Yeah. So our gross debt on books in our balance sheet is around ₹78 crores, okay, including the subsidiaries, excluding the Jaipur one. Jaipur, because we are not consolidating, so we're not putting. In Jaipur, it is ₹12 crores. But we have enough cash actually to handle it. But as you know that in Goa, we have committed to add 45 rooms. So we'll be using that cash there, okay. We'll not be taking any loan there. Jaipur subsidiary itself has got ₹12 crores loan, but it has got in cash of roughly ₹15 crores. So we can settle that. And apart from that also, we have...

Chander K. Baljee: Mumbai.

Amit Jaiswal: Yeah. So in Mumbai, we will need some margin money to open the hotel, so that's right.

Rahul Bhangadia: So what would be the rough cash equivalent number that we are sitting on today, consolidated number, Jaipur and Goa and all included?

Amit Jaiswal: Around ₹60 crores are there.

Rahul Bhangadia: Around ₹60 crores, okay. Right, thank you very much for those answers.

Amit Jaiswal: Thank you, Rahul. Thank you so much.

Moderator: Thank you. We'll take the next question from the line of Sajal Singhal. Sajal, you can go ahead.

Sajal Singhal: Yeah, the next set of questions that I have is regarding the channel partners that we have for getting the booking. So what is the percentage distribution? What all channels do we use? And what is the percentage distribution on getting the bookings from them?

Arjun Baljee: So if you look at the presentation.

Chander K. Baljee: We have given that breakup.

Arjun Baljee: We've given you a very comprehensive breakup on Page 35, right? But what's interesting to note is that 55% of hotels reservations come because of us, because of the Royal Orchid Hotels network, okay? And that is the Royal Orchid website, our direct sales offices or the sales that we then send to the hotels and the hotels then convert them, right? On a percentage basis...

Amit Jaiswal: 25%.

Arjun Baljee: 25% comes from travel portals, right? And 27% comes from the unit directly, right, which is the unit sales goes out and gets business from local business, somebody goes and gives them a direct booking and all of that, right? So it's an even split between external factors giving bookings to the hotel and Royal Orchid system, right, giving bookings to the hotels. And if you want to split it down among the travel portals, of course, you've got everyone, right? You got MakeMyTrip and Booking.com and so on and so forth. So it's an even split there.

Sajal Singhal: Yes. Actually, where I was going with, I did notice this. This actually talks about the revenue that is being generated from different means.

Where I was going was like what is the number of rooms that are booked because I'm sure the revenue recognition is different from different channels. And I was trying to go towards what is the percentage of rooms that are booked by travel portals versus ROHL website? And what is the ARR for each of those average room rate for each of those? Would we have that split?

Amit Jaiswal: We have that. It's not that we don't have. We have that, but that's too detailed business disclosure that we need to do, which our competition also will look at, so we have to do.

Arjun Baljee: Let's put it this way, just to tell you that we have rate parity on all published rates across the board. So if it's the same rate on the Royal Orchid website, it should ideally be the same rate on MakeMyTrip, right? That's kind of the rate parity that our technology allows, right, our hotel technology allows. But what then goes into what a unit sells and all that, I don't think that's a fair disclosure to be made at this stage, right?

Sajal Singhal: Okay. Fair enough. I think that's fair enough. The other question that I have is, while we have been talking about the business side of the things, let me assume the role of a shareholder. And one of the pending requests to the management has been either some reward to the shareholder. And the good part is since 2023, we are back on the dividend list. What about a split or a bonus that we can there be something that we can expect from the management to take a decision on?

Amit Jaiswal: So see, Sajal, you are asking a very important question. But that requires a thorough insight, we need to do it. And this year, we will look at the insight and we'll take advises from the people involved in the whole process, then only I can answer something. Right now, I cannot make a statement on that as far as that is concerned.

Sajal Singhal: Yeah. So I'm not expecting a statement, Jaiswal, but it would be great if you can consider that from the shareholders and I'm sure shareholders on the call would also resonate with that.

Amit Jaiswal: Absolutely, absolutely.

Moderator: Thank you. We'll take the next question from the line of Surabhi. Surabhi, you can unmute and ask.

Surabhi: Congratulations on good set of numbers. My first question is, can you explain a bit about your flexi lease structure? And how does it move? And how does it impact the P&L?

Amit Jaiswal: See flexi leases, what happens is we are not investing into the property, we are just giving some amount of refundable deposit. And then the hotel does ex-revenue, say, ₹100 of revenue. So a percentage of the revenue we pay as lease rent to the owner, okay. So if the business goes up, both the owner and we get benefited. If it comes down, so we need to pay lesser amount. So it mitigates our fixed risk of making some losses out of it. So that's how flexi leases work.

Surabhi: Okay. And my next question is, the average occupancy is at 62% for managed and new ones is 51%. So what will be the occupancy average for older hotels?

Amit Jaiswal: No, no, average occupancy for older hotel is 67%, ma'am. Please have a look at our presentation, we have given a breakup of the occupancy, it is 67% for the hotels which were already there. Only the newer hotels, we are showing as 51%.

Surabhi: Okay. And my next question is to Mr. Arjun Baljee. What is the thought process and the theme on which Iconiqa is being developed? And is it a typical 5-star hotel? And how do you plan to stand out versus competition in that area?

Arjun Baljee: Great question. Well, it is a unique asset. So we're positioning it as an upscale lifestyle hotel. So we're nowhere in the nomenclature are we saying that it's a 5-star, though as per Indian regulation, we classify it as a 5-star, right? It's a hotel, when it does open and you'll see the marketing for it, it has vibrant F&B spaces that are designed very thoughtfully.

Given the proximity to the airport, we need to figure out how the customer uses a hotel, right, and not just a box standard hotel box. We're also looking at how the customer uses a hotel room, right? What are the key amenities they require in a room, right, be it an iron box or whatever, that's what all other hotels do. What do we do differently? What's the sort of sleep experience, right? What is the sort of bedding that he want?

So this hotel has actually been designed inward by putting the customer at the centre and figuring out everything and how they use it, be it a day use coming into Bombay, spending 12 hours morning, evening, he's welcome, he has spaces to sit and use, work, conduct meetings, go away, right? If it's a small wedding, we have that ability, right? You have to cater to the airline group. What do air hostesses need most, right?

So again, it's a different customer segments that we're actually looking at and trying to understand their needs, and we've actually put that in the design. I'm not going to let too much out right now because I think in a month, the entire world will see what the brand is all about. But it's going to be a very different sort of a hotel experience than my neighbours around there, which are JW and Fairfield and now Hyatt and now Fairmont.

Surabhi: Great, thank you.

Moderator: Thank you. If anyone else wishes to ask a question, hopefully we will take the next question from the line of Rahul Bhangadia. Rahul, you can unmute and ask.

Rahul Bhangadia: Just in addition to the last question to Arjun, so Iconiqa is going to be a one-off kind of thing or you're just kind of, once you make this, you will try and kind of see that you can replicate it somewhere else as well or more of it?

Arjun Baljee: Absolutely. It is, in our view, is not a one-off. We own the brand. We own iconiqa.com. We want to be able to say that we're creating India's first homegrown upscale lifestyle brand that competes with the likes of and all of that on the international scale. So it really is a scalable upscale product that we want to try and create.

Rahul Bhangadia: So would it be fair to say that you've already started scouting or you already have a few more sites in mind and if you can share something there?

Arjun Baljee: It's very fair to say, but it won't be fair to put that out there, right, unless it is signed, sealed, delivered. That's the only piece of the puzzle that I have to bite my tongue on, right?

Rahul Bhangadia: Right. I hope to hear it soon, then.

Arjun Baljee: Sure, definitely.

Rahul Bhangadia: Thank you.

Moderator: Thank you. If anybody else wishes to ask the question, please raise your hand. We'll take the next question from the line of Sajal. Sajal, you can unmute and ask.

Sajal Singhal: Yeah. So one last question from me, which is regarding, we are already present in all three countries. Is there any expansion plan to go beyond the current geographical regions? That is one part. The other part is within India as well, I see a paucity of Royal Orchid brand presence in the Eastern part of India mostly. These two places, are we planning to look into these two areas?

Chander K. Baljee: We are definitely looking at the East and all the other states that we are not present in right now. So we have recently appointed a resource who is based in Calcutta. We've got extensive experience there. So he's started scouting around for properties in the East and the Northeast, and he's also going to be looking after whatever few properties we have there to give the owners some better results.

Also, we have appointed a Vice President South with a mandate given to him. We have a very significant presence in Karnataka. But in Tamil Nadu, Andhra and Telangana, we are weak. So that mandate has been given to him to start scouting on for properties there. As far as properties abroad is concerned, it will be purely if something comes our way on the management contract route, then we will take it in the immediate neighbourhood not something very far off because there is so much opportunity in India today that we should exploit that before we start actively looking outside.

But we are not averse to looking outside. So we are in Sri Lanka. We have a lot of opportunities in Nepal coming up. And so we are open to other locations also.

Sajal Singhal: Sure. Thank you. By the way, last time, I had requested for Ayodhya, and thank you for taking that request. I see that Ayodhya is now going to be on the cards, if I remember correctly. The second thing is Prayagraj Tent City, just one suggestion because Prayagraj Tent City is a time bound kind of a thing, 45, 50 days kind of a thing. I noticed that Prayagraj actually was not available on the site for a couple of days, even after starting of the Maha Kumbh. So if you can take care of getting our site updated, that would be great in a real-time kind of a thing.

Chander K. Baljee: Yeah, we will do that. You see everything, this opportunity just came our way. And I said that it was in the plan this thing. Somebody approached us that they're putting out this Dome City. And the project, as we had mentioned earlier also, all projects get delayed. So the project did get a little delayed. And there is a short window, but I must say that in the short window also, the amount of publicity that we've got is I wanted to go myself to that place, I've not yet got a room. So now I'm planning to go next week, hopefully, I should get a room there.

So I think it's given us a lot and an experience in doing this kind of business also, it's the new business we tried. We've dipped our toes into this business. We've never done it before, but nomadic kind of business, but I think it's been pretty much a success, but we hope to do many more such things in the future also.

Sajal Singhal: Looking forward and thanks a lot to the entire management team for all the hard work once again.

Chander K. Baljee: Thank you.

Moderator: Thank you. Since there are no further questions, I would like to invite the management to give their closing comments.

Chander K. Baljee: Thank you very much for the patient hearing, and I'm very happy that you people took note of the change presentation. And as we go forward, we will be disclosing more and more, and we'll be coming up with various new ideas, which will take this company to greater heights. And we look forward to your support. Thank you so much.

Arjun Baljee: Thank you.

Vinay Pandit: Thank you. Thank you, sir. Thank you to all the participants. And thank you to the management. You may all disconnect now. Thank you.