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November 19, 2024

The Manager,
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Scrip Code: 500413
Fax No.: 2272 2037/39/41/61

The Manager,
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National Stock Exchange of India Limited
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G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051
Scrip Code: THOMASCOOK
Fax No.: 2659 8237/38

Dear Sir/ Madam,

Sub: Transcript of the Analyst and Investor Earnings Conference Call

In furtherance of our intimations dated November 11, 2024, November 13, 2024 and November 14, 2024 giving intimations for the Q2 of FY 2024-25 Earning Conference Call for the Analysts and Investors and pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please note that the transcript of the Earnings Conference Call held on November 14, 2024 has been uploaded on the website of the Company within the prescribed timeline and can be accessed on the following web link:

https://resources.thomascook.in/downloads/TCIL%20Q2FY25%20Earnings%20Call%20transcript_19112024.pdf

This is for your information and records.

Thank you.

Yours faithfully,

For **Thomas Cook (India) Limited**

AMIT JYOTINDRA PAREKH
Digitally signed by AMIT JYOTINDRA PAREKH
Date: 2024.11.19 18:06:55 +05'30'

Amit J. Parekh
Company Secretary and Compliance Officer

Encl a/a

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Thomas Cook (India) Limited:

Q2 FY25 Earnings Conference Call - November 14, 2024

Management:

Mr. Madhavan Menon: Executive Chairman – Thomas Cook (India) Limited
Mr. Mahesh Iyer: Managing Director and Chief Executive Officer – Thomas Cook (India) Limited
Mr. Debasis Nandy: President and Group Chief Financial Officer – Thomas Cook (India) Limited
Mr. Brijesh Modi: Chief Financial Officer – Thomas Cook (India) Limited
Mr. Vishal Suri: Managing Director annd Chief Executive Officer – SOTC Limited
Mr. Vikram Lalvani: Managing Director and Chief Executive Officer – Sterling Holidays Resorts
Mr. Krishna Kumar: Chief Financial Officer – Sterling Holidays Resorts
Mr. Ramakrishnan: Managing Director and Chief Executive Officer – DEI

Moderator: Ladies and gentlemen, good day and welcome to Thomas Cook Q2 FY25 Earnings Conference Call hosted by IIFL Securities Limited.

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 Mr. Arun Jain from IIFL Securities Limited. Please go ahead.

Arun Jain: Thank you Joshua. Good evening everyone, welcome to the Thomas Cook (India) Limited Q2 FY25 Earnings Conference Call.

Today we have with us Mr. Madhavan Menon, Executive Chairman, Thomas Cook (India) Limited and the senior management team. Without much ado I invite Mr. Madhavan Menon to begin the call with his "Opening Remarks", post which we will begin the Q&A session. Thank you all, and over to you, sir.

Madhavan Menon: Thank you Arun. Ladies and gentlemen, a warm welcome to the Quarter 2 FY25 Earnings Call of Thomas Cook (India) Limited.

Let me sort of kick off by first introducing my colleagues in the room. We have Mr. Mahesh Iyer – the Managing Director and CEO of Thomas Cook India Limited; Mr. Vishal Suri – Managing Director and CEO of SOTC Limited, Mr. Vikram Lalvani – Managing Director and CEO of Sterling Resorts; then we have got Mr. Ramakrishnan – President and CEO of DEI. We additionally have Mr. Debasis Nandy, who is the Group CFO and Mr. Brijesh Modi – who is a CFO of Thomas Cook (India) Limited. And, of course, Urvashi Butani, who is responsible for Investor Relations.

I am going to sort of make my opening comments and then hand over to the concerned people so that we can sort of walk you through our numbers, so that you will have a better appreciation of some of the numbers that we reported yesterday. So, we declared a reasonable set of results to the market, with a 9% growth year-on-year of the total income from operations, without the mark to market number related to Quess.

Our operating EBITDA margin increased from 7.04% to 8.05%. The operating PBT, we closed with Rs 1,063 million as against Rs 775 million in for the same quarter in the previous year. From an earnings per share point of view, we closed this quarter with Rs.1.39 as against Rs.1.01 in the previous year.

While the performance has been good across all our businesses, barring certain businesses, the reality is that there are several challenges out there, essentially geopolitical and the economic slowdown that we are witnessing across the world. While we have built internal controls to mitigate and manage these risks, it's important that we recognize given the very diversified geographic nature of our businesses, one business or the other is likely to get impacted by this. And in the quarter gone by, if you look at the results of DEI as well as Desert Adventures, to some extent, they have been affected by these geopolitical issues that exist in the Middle East.

In terms of consumer appetite from the Indian market, we continue to see sustained demand, especially if I look at the leisure business, both in the short-haul as well as in the domestic markets. If I look at the foreign exchange business demand, our billings on the card have grown year-on-year, and this has supplemented the floats that we have as well as the margins that we have, if we look at the MICE business, it continues in both companies SOTC and Thomas Cook to report good numbers. And of course, most importantly our destination management business both TCIL, Sita in India, as well as all the other entities across have started firing on all cylinders, and most of them with the exception of the , South Africa, and Allied T-pro who are the in the Southern hemisphere,who go into winter. All these companies, will report a very good season based on the forward bookings that we have received. I will end by saying, once again that, we see great benefit in the diversity of our geographical locations, i.e., the DMS businesses spread all over the world, with Thomas Cook and SOTC in the B2C space in India, you have got the B2C business out of Hong Kong and the rest being B2B but we are getting the benefits of that diversity in our businesses and lastly, the geographic spread again, I will reiterate that it's an important beneficiary for us during a period of crisis. So, with that, I will hand over to you Mahesh.

Mahesh Iyer: Thanks Madhavan. Good afternoon everyone, and I will just take off from where Madhavan left, a quick summary on the numbers that we have at a consolidated level. We look at the income from operations, we grew by about 9% as Madhavan said from Rs 1871 crores to Rs 2043 crores. And what worthy here is to look at the PBT number as Madhavan spoke about the PBT margins, we expanded from about 4.1% to 5.2% that's about 110 basis points improvement on the PBT margin. If you look at the absolute number, we delivered a PBT of Rs 106 crores, which is more comparable with what you look at a seasonally very strong quarter, which is the April, June quarter. So, despite the fact that this is not a seasonally strong quarter, as a group we have delivered a strong set of numbers, led by the travel services and within the travel services, the DMS operations, Sterling Holiday Results, and of course, the MICE and the Corporate Travel Business within Thomas Cook and SOTC. Noteworthy what we also mentioned here is the foreign exchange services which has had a very good run in the current quarter. And I will give some synopsis of that in the segmental review.

Moving on to the segment side of it. And if you look at the foreign exchange business, the income from operations grew by about 8% from Rs 77 crores to Rs 84 crores. I will call out here again and as I have been saying in the last three quarters, if you look at the Q2 of FY24 we had the Bangalore airport sitting in Q2 FY24 which is not there in Q2 FY25 and hence they are strictly not comparable. If just to put a number to that, that Rs 77 crores had a Rs 5 crore of revenue sitting from Bangalore airports. It didn't have an impact on EBIT or EBITDA, purely because it was a break even case, but it did have an impact on the revenue side of it. So, if you look at from that growth point of view, essentially this growth will look more like a 10% or 11% growth. If you look at the EBIT margins, they have expanded from about 37% to 48% and if you recollect we have guided the market to a 45% EBIT margin. And this 48% that we are talking about in the current quarter compares to the sequential quarter, which is the April, June quarter where you are close to about 50%, so we have been holding on to these margins, and sequentially healthy margin that we have.

Some of the key highlights on the foreign exchange business has been the growth in the retail business, our overall retail business grew by about 23% in the current quarter, led by education, which is the overseas education business, which grew a strong 49% as compared to the comparable quarter last year. This was driven by a strong rebound in the US market and also in the markets of Australia. Canada was subdued and as you know, there is a lot that's happening there, and we expect the impact of that to continue in the next year, also. So, not much to be expected out of Canada, but markets like US and others will catch up on the deficit that will come out of Canada. If you look at our card loads, they increase by about 6% in the current quarter as compared to the previous quarter. So, we are talking about $250 million of loads that we did in the current quarter. Now, if you look at from a run rate point of view we are inching closer to a billion dollar mark for the full year, and my expectation is that we will come very close to that number.

During the quarter we also added two new currencies to our forex portfolio, forex prepaid card portfolio, which is Saudi riyal and New Zealand dollars, which means now we have more options for the customers to choose from, also reducing the dependency on customers looking at currency note and preferring prepaid cards as an offering to go. Speaking about the digital side of it, I spoke about it last time around, we have invested in a lot of technology, using technology not only as a route to get across to the customer, but also to manage productivity. Our app bookings, the forex app that we launched has actually grown by about 119% albeit on a small base so if you look at the number of transactions, same quarter last year, we were at about 68 transactions we are at currently about 140 transactions. So, clearly, 2x growth that has happened in that range, in a limited period of time. On the VKYC, which is the video KYC, we have had about 1350+ bookings, which represents an 85% or close to about 80%-85% growth, and also high success rate and 85% success rate on a digital mode is remarkable. And there are some fine tuning that we still need to do on this process to make it far more seamless for the consumer. And we are working at it.

WhatsApp, as I mentioned previously again, which generally is used by most companies as a service tool. We are actually using it as a sales tool. We have close to about 2000 interactions that happen on WhatsApp every day. We have about close to 5x growth in terms of leads and we have about 370+ bookings that have happened through that. Consequently to these initiatives that we have taken, the EBITDA improved for the business from Rs 29 crores to Rs 42 crores and EBIT improved from Rs 29 crores to Rs 41 crores. And in a healthy EBIT margin of 48.8%.

Looking ahead, into the quarter of October to December, we believe there will be some softness that will come in the month of December, because a lot of travel is not happening during that time, or spends will rise as compared to loads. We believe that the business is poised to that 8%- 10% growth in terms of revenue and about 12% to 15% growth in EBIT, and our guidance to the EBIT margin on this business remains steady at about 45%. Moving on to the travel vertical, as we have spoken about it in the past, there are two segments of B2B and B2C to it. And as you will realize, the pie consists of the MICE, Corporate travel, Holidays and DMS. So, if you look at it from an income from operations perspective, they grew 11% from Rs 1432 crores to Rs 1591 crores. That's a strong growth of about 11% on a very high base. If you look at from an EBIT margin point of view, if you will again recollect, we guided the market for a full year guidance of close to about 5%. I am happy to report that in the current quarter our margin stacks at about 4.9%, this is at the backdrop of a very strong comeback on the DMS performance, as Madhavan and Debasis will speak subsequently, we have had some good accounts coming out of it. A lot of those units, which were either break even or loss making, have turned profitable and they are adding to the profit margins in the current quarter.

If you look at the mix of business, 24% of our business is B2C, and 76% is B2B which consists of the DMS, MICE and corporate travel. If you look at some of the key initiatives that we have taken, or that's helped the performance during the quarter has been, are range of product offerings for the customer, be it in the long haul or the short haul side of it. We guided the market last time around that we expect a bit of a longer summer this year, and we saw some shades of it in the July, September quarter, while long haul continued. It was not a very strong long haul, but the short haul and the domestic side of the business actually held the business very strongly in the current quarter, we actually saw the short haul business growing by close to 30% and the domestic business actually growing by about 10% during the current quarter. You will appreciate that domestic is not the flavor of the season, people preferred the delay or rather the delay in travel that happened because of the elections in the April, June quarter. Actually it resulted in travel happening in the July, September quarter and hence people prefer to do the short haul destinations thandomestic. But if you look at the overall domestic portfolio on an H1 basis, the full year that we did for FY20, we are actually at the same level in H1 of 2025. So, clearly, the comeback on the domestic side is very, very strong. The short haul side of the portfolio is also firing very, very strongly.

Our focus on digitalization, on this business continues. We were trying to acquire customers digitally, and continue to do a lot of activation on the marketplace. Would have also seen that we have gone to the market with our offerings on Europe for summer of 2025 with some attractive price points. And I believe that we are trying to excite the market as we prepare our journey for the long haul in FY26. If I talk about the MICE businesses, as you will again recollect, last year we had the benefit of G20 and government events that happened during this quarter. Obviously, this whole year we haven't done any G20 or government initiatives. Notably so because of the election and some indecisiveness on their part. But despite that, our MICE business continued to grow, specifically mention of SOTC, while they are having a record year, they will actually surpass all their previous numbers in terms of top line as well as profitability. As far as Thomas Cook is concerned again, we are having a good year. My expectation is that we will close on a high on the MICE side this year too.

If you look at the destinations that we have covered, right from USA down to New Zealand, we have got customers traveling all across which also says that almost all the markets are now ripe, and customers are choosing their destinations to travel, and we are making them to travel to. If you look at the corporate travel business again, if you look at the mix of the pie you will look at it as a small contribution of 2% but that's because we only recognize the revenue here. And putting that call out, because this question usually comes out to us, saying why is it a small component but if you look at the portfolio, that's a very strong portfolio, that's about close to Rs 650 odd crores of volume every quarter. In that, volume has grown by about 13% in the current quarter as compared to the comparable quarter last year. We added six new corporate accounts during the year, digital adoption has been very high, we nudged that by about 400 basis points moving from 54% to 58%. Again, we have spoken about margin expansion as an opportunity on this business. If you see our non-air and car business, they have grown by 49% and 23% respectively. I had mentioned this in my previous conversation also, our focus is on the non-air side of it, which is we believe the margin expansion will happen. And we have executed well on that front.

Overall, it's been a good journey as far as the travel vertical is concerned, both on the B2B and the B2C side of it. And we believe that the growth rates that we have indicated to the market will help sustain this in the medium term. Debasis you want to talk about the DMS.

Debasis Nandy: Yes, thank you Mahesh. So, as Madhavan said, and Mahesh was alluded to it, the DMS business as well as the inbound in India grew by about 25%during the quarter. Of course, this is not the season for the inbound business in India. This isn't really starts on October and goes on till early April. But nevertheless, in spite of that, it has a descent quarter. The overseas DMS business grew very strongly, especially markets related to Southeast Asia, where you have entity called Asian Trails, we saw good growth in countries like Thailand, Indonesia, Vietnam and Malaysia, as well as Singapore. Likewise, in US, our unit Allied T-pro experienced strong growth in this quarter, largely because of group travels. And South Africa delivers steady growth in this quarter with focusing mostly on the group travel as well as MICE.

Our unit in the Middle East, Desert Adventures, lagged behind, primarily because this was not the season for Dubai or UAE. This is the summer for Dubai, and also it did get influenced by the geopolitical tension that exists in the Middle East. . In East Africa, the performance has declined slightly because one of our key customers had gone bankrupt in the first quarter we have spoken about that in last meeting that we had, and obviously it is taking time to recover lost ground and find new customers to replace that volume. But overall, it's worthwhile saying that the DMS business has really sort of come back on its own. It has recovered greatly, and today as a group of companies, it's a far cry from what it was when we took them over in 2017, that has become profitable. And between the DMS and the inbound India business, they contribute to 50% of the overall travel sales and volume. With that, I would now like to hand over to Vikram Lalvani and his team in Sterling. Vikram can you take over from here?

Vikram Lalvani: Yes, sure thanks, Debasis. And good afternoon, ladies and gentlemen I am Vikram Lalvani, the Managing Director and CEO of Sterling Holiday Resorts Limited. I am based in Chennai, and I am also joined by Mr. L Krishna Kumar, our Chief Financial Officer of Sterling. It's such a privilege to speak with all of you again today. I am pleased to announce that Q2 FY25 marks our 17th consecutive profitable quarter at Sterling. Q2 is typically the leanest quarter in the leisure business as we are all aware. Sterling has delivered a respectable EBITDA margin of 32.7% up from 31.9% in the same quarter last year. Our EBITDA has grown by 25% from Rs 313 million to Rs 391 million, and our EBIT has increased by 24% in value terms, resulting in margin improvements of 80 basis points and 50 basis points respectively. From a turnover point of view, we have grown by 22% reaching close to INR 1200 million. During this quarter we also took the opportunity to ramp up our inventory supply, and we have added and opened five new resorts in the previous 90 days. This brings a total resort count now to 54 resorts across 47 destinations in India, and with over 3000 rooms. So, Quarter 2 actually we had two milestones achieved. One is the 50 resorts, and the second is 3000 rooms. I am also pleased to announce that we have achieved these two milestones in Quarter 2 by September 30th of this year.

Just to give you a sense of indication as to how the ramp has taken place in the last 18 months, we have added practically on an average, one resort a month. We remain committed to our focus and strategy of expansions to an asset right model, thus adding revenue lines going forward. And we have a pipeline of another 23 resorts, slated to open in the next 18 months. We will continue to invest in strengthening our leadership, given the ramp that's coming in the next couple of months, investing in pre-opening leadership teams, and shall also continue to invest in the right opportunities involving technology and processes for efficiency and scalability. As you are aware in the past, we had putting a lot of investments in revamping our entire ERP system, the back end and changing our entire property management, the front end. Apart from that, we have also launched Sterling One, which is our proprietary digital distribution platform, and we are now investing also in leads generation platforms as we go ahead.

In Quarter 2, our occupancy rate was 49% which includes the new resorts added during this quarter in a staggered manner over these 90 days, with over 250 as a room base. So, therefore there was a increase in 8% in the total inventory. We sold 124,000 room nights in the quarter, when compared to 113,000 room nights in the same quarter last year, and we maintained a healthy average rate despite a lean season of Rs 5400. Our F&B revenue has shown a strong growth of almost 18% year-on-year, driven by increased participation in dining at our resorts, food and beverage remains an important area of focus, and we expect it to contribute to our top line as well going forward in the coming quarters.

We continue to remain debt free and with healthy cash reserves, as previously communicated, we sunset the acquisition of members for a long term membership product that is the 25 years in July 2023 as part of our shift towards ramping our hospitality segment. This strategy also enabled us to expand our number of resorts quickly and on an asset right model, just to give you an indication again, that last year same time we had 41 resorts, and today we have 54. I would also like to share that with effect from September 2024 we have also sunset the acquisition of new members for our short term membership product, which is a 10 year term and have significantly reduced its member acquisition activities during this quarter. As a result, Sterling will no longer acquire new vacation ownership customers, but will continue to service our existing eligible member base by focusing also on growing our hospitality business. On the customer satisfaction front, we have seen significant improvements in our Trip Advisor ratings, 65% of our resorts are now ranked in the top five in their respective locations, and 25 resorts hold the number one position in the market.

Looking ahead, we expect our Q3 to be a strong quarter, given the holiday season that's kicked in and the wedding season as well. On a longer term basis, we continue to remain optimistic on a growth trajectory. We expect the demand to continue to grow at a CAGR of approximately 10% over the next few years and driven primarily by a strong domestic demand growth of 20% that's where Sterling's major focus is. We are excited about our ongoing portfolio expansion plans as well. That adds on to new lines of businesses on the top line and shall continue to focus on delivering strong financial performance and enhanced customer experiences as inclusive as well as –(inaudible 25:32). Thank you.

Debasis Nandy: I would now like to pass on and hand this over to Mr. Ramakrishnan, who will talk about DEI.

K.S.Ramakrishnan: Good evening ladies and gentlemen. My name is K S Ramakrishnan, I am the president and CEO of DEI. We at DEI had a fairly challenging, but anticipatedly challenging quarter. It's not our best quarter in the year always particularly because most of our business is in the Middle East, and it is the warmest month in the Middle East for that matter. Our revenue has dropped from Rs 235 crores in the previous year's quarter to this year to Rs 209 crores. This drop has been largely due to one of the US operations closure. Looking into the profitability, we had decided to wind down the US operations, which had a revenue gap and has a costeffect until the last quarter of this year. The geopolitical situations, as quite a few of my past colleagues have mentioned, has not been in our favor in the Middle East, and Maldives in particular. But with the US presidential elections off the back we are anticipating the environment to get a bit better.

To hedge ourselves we have focused a lot on our acquiring more accounts in the far East, for example we have grown the Indonesian market by 50% this year, which will continue to be accretive in quarters to come. In our business typically when we start, when we expand into new partnerships, it takes about two to three quarters before we start delivering profitability on the same. As we hit the peak season this quarter, we believe the pent up travel from the Western tourists will be hopefully in our favor both in the Middle East and Far East. To add to this, the quarter also has been challenged with again a planned double cost that comes to us on our technology implementation. This would probably continue for another quarter or two as we go live on the second half of next year, fully with our new technology solution.

Over and above this, the good part of the business has been that we have had some successful renewals of 13 odd partnerships between UAE, Maldives, Malaysia, Singapore and Indonesia. More than 80% of our key partnerships that was due for renewal for 2024 has been renewed. There are 14 new partnerships signed in the UAE, Maldives, Malaysia, particularly in Indonesia and China we have had about eight new partnerships signed up. Nine of these partnerships have already been launched as operations, predominantly in Malaysia, Indonesia and China. On a concluding note, this while is an aberration, as I call it and will be there for a quarter or two, but would not be a norm. We are very hopeful that the future looks much better than what it was in the past. Thank you very much.**Debasis Nandy:** Madhavan may just make some closing comments before we start with the Q&A?

Madhavan Menon: I will draw your attention to the last paragraph in my statement made in the press release, is that, so far our primary, our first priority was recovering the business volumes, and our focus looking forward is on ensuring sustainable growth and profitability. This is an important point that I would like to reiterate, because it does allow a degree of change in our focus. Thank you.

Moderator: Thank you so much. We will now begin the question-and-answer session. The first question is from the line of Chetan from Systematix. Please go ahead.

Chetan: My question is on DEI, where all our businesses are showing steady growth, DEI has seen a high single digit decline in the first half of the year. So, what kind of growth and margins can we expect for the full year and for FY26?

Debasis Nandy: First of all, before I hand over to Ram, let me also just remind everybody on the call that it is against our policy to make forward looking statements. So, we can talk about the performance of this quarter for which this call is intended, and we can talk in general without any numbers, about how the business is shaping up in the current quarter. But if you want definite guidance in terms of numbers for the rest of the year or even the year after, we would be constrained to avoid that. Thank you so much.

Chetan: Qualitative guidance would do.

K S Ramakrishnan: So, to answer you, as I said, the last quarter in fact the last two quarters are not our best quarters. Our best quarters are the next quarter, that is October to December and January to March. From that perspective, fundamentally, our business is looking robust and strong from our operational perspective. We did close US, and that was a sizable reason. The reason we closed it was it not profitable. We took that call to make sure that we focus towards only profitable businesses. So, on that aspect we are staying pretty comfortable. As I said, one of the biggest reasons was the geopolitical scenario. 50% of our business is focused between Middle East and Maldives and that, I guess I won't have any foresight of how quick it will get settled out. The current trend looks that it's getting better, and hopefully we should not have the same thing recurring next year. As far as future goes, we are, as always been focusing on growing our business. We have been signing new businesses all the way through for the last couple of years, and that will continue.

Chetan: Okay, thank you. And one more question, what is the cash for the business, excluding the restricted cash for forex as on the end of the quarter?

Debasis Nandy: Okay, so we have over Rs 1800 crores of cash on our balance sheet on which about close to about Rs 1500 crores is on account of the float. So, the balance can be considered to be unrestricted. And by the way, I would also like to mention the BPC cash is not really restricted, yes in terms of of long term usagewe cannot use that money for long term but it is perfect within the rules to use that money for short term purpose, for managing working capital.

Moderator: Thank you so much. The next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: I have a couple of questions. Sir first question, bookkeeping one. So, what is the India outbound number for the quarter, which was 610, last quarter?

Mahesh Iyer: Dhaval, this is Mahesh. Thank you so much for the compliment on this performance with that number that you are referring to is Rs 385 crores.

Dhaval Shah: 385 this is including both long and short right?

Mahesh Iyer: Excludes domestic.

Dhaval Shah: Yes, exclude domestic, this is outboard India, including long haul and short haul.

Mahesh Iyer: Yes.

Dhaval Shah: Got it. And sir, my second question is, on that RBI, some paper which was floated, I forget the name which was we should have basically led to consolidation in the forex market. So, any new development happening on that, you would like to highlight?

Mahesh Iyer: Dhaval, we haven't heard on that. We understand that there have been conversations and if I have to just look at an indicator for that, in the recent past over the last two quarters, RBI has been cancelling a lot of FFMC licenses, and there will be multiple reasons for it, not saying this is directed towards that policy only, but a lot of cancelation that I have seen indicates that, RBI is likely to move in that direction, but I am conjecturing at this point, I don't have data to do that, but on this specific policy that we referring to which is around consolidation and trying to govern a few set of entities. There has been no fresh update, either from RBI or no discussion paper. Obviously, there was a discussion paper that was rolled out. And as industry participants, we have participated and given our view also on that.

Dhaval Shah: Got it. And sir my third question is again, on the outbound travel so broadly when we talk about upgradation of the consumer, more premiumization. So, in our outbound business, how do we see a customer upgrading. So, one is, taking its first foreign holiday, or it could be taking one more holiday, and within that foreign holidays, do you see a trend where, they are upgrading from your say, a different categories of packages, an upgradation within that anything, just to understand the trend of how the spending is changing over the last three year period?

Mahesh Iyer: Last three year may not be a good comparison at this point in time, purely because we have seen only recovery coming from ‘23 and we are in ‘24 so I really don't have a ‘22 data to comment on, but just to give you a sense on how the market behaves, typically we can acquire customers as first time holiday seekers going overseas, or they could be domestic travelers. You will appreciate that Thomas Cook was not a dominant domestic travel player prior to 2013-14 it's only in 2013-14, that we started to do some noise around this business, and we build it to scale at this point in time. And, India is a very dispersed large market, so we are not relevant at every place. We are looking at certain markets, certain states and then we are very focused on those, and that's where we want to continue to build, because otherwise we will be very irrelevant and a small market share in many of those parts where people travel to. So we have chosen our space where we want to be, and we are wanting to stay relevant to that market that's point one. Point number two, from a customer lifecycle or customer journey point of view typically, it could be acquired as a domestic customer, who then probably will take a short haul trip with us and then migrate to become a long haul traveller. Even if he comes to us as a long haul journey, he may probably start with a group tour around Europe, and then probably go to US and Australia again on group tour. And in most cases, what we see is that people who actually have gone on a group tour either to Europe, then become an FIT customer and you want to do a little more deeper to understand the culture, experience the culture, food and others in those specific countries. So, that's the journey typically customer follows. Prior to the pandemic, we used to have about two and a half times, that's the kind of repeat ratio that we had for a customer. We have not been benchmarking that today. Obviously we have to have two good seasons behind us to kind of start tracking that again. But probably somewhere in FY25-26 we should be able to start projecting those numbers again.

Dhaval Shah: Interesting. And lastly, sir this Cox and Kings has been acquired by a PE and so any comments you would like to give with regards to, what you expect in terms of competition, and they have acquired couple of Indian brands also, holiday package brands. So, any thoughts on that. So, last two years, when we were discussing about the players in Indian market there, as SOTC we acquired, Cox and Kings was out, and now that old brand is coming back to the market. Maybe it will take some time, but any thoughts on it?

Madhavan Menon: Dhaval, it's just an announcement of that having acquired the brand, it's too early to make any pronunciations about how successful the brand will be at this stage, so we will refrain from commenting on it. Let's wait and see. This market is big enough for another startup. And I am using the word specifically startup because the owners of the old brand are not the owners of the new brand. This is in a completely different environment, so we have to see how the startup functions.

Dhaval Shah: Interesting and any inflationary pressure do you see on your cost going forward?

Mahesh Iyer: So, Dhaval not actually if you see, as I mentioned, if you look at our EBITDA and EBIT margins, we have been holding steady on our gross margins, or rather improved in some cases, like on forex, we have improved by about 10 basis points, if you look at the holiday or the B2C side of it, we improved by about 50 basis points. So, we are seeing some expansion on margin, low inflationary pressure at this point in time. And we have been fairly good in terms of managing our costs also, and discretionary cost, where it has to be. We have been very cautious about how we spend our money, and as I said, our focus has been on the digital adoption, we have been spending money on the technology side of it, improving productivity. So, we are trying to fine balance that, so that the inflationary pressure, it will come by some point in time. But we are managing it even better, just to give you a case in point, if I look at the H1 numbers, or rather the cost numbers they still trend 15% below what we were in FY20. So, to that extent, we are managing it fairly well.

Madhavan Menon: I will also add that some of the input cost in our industry have been high for some time, especially airfares and hotel rates. So, these are stabilized so any inflationary pressure in terms of the costs other than maybe salaries, in reality may not be significant.

Dhaval Shah: This you meant for domestic, hotel and airfare, or overseas also?

Madhavan Menon: Internationally, as well as domestically, airfares are fairly stable. If you look at the last couple of quarters, airfares have been stable, hotel rates while they are going up in certain markets. In reality, they are more seasonal otherwise, they have been stable. So, their contribution to inflationary pressures will be limited. I am not saying they will disappear completely, but it will be limited, to say the least.

Dhaval Shah: Understood. So, in that context, generally if we compare some domestic destinations, the airfare plus the hotel is expensive, then going to Southeast Asia, or going to Dubai, or somewhere in nearby on a short haul outbound. So, are you seeing a trend, more and more trend we have been discussing this since couple of quarters on the call, but you see that trend continuing and increasing where customer is making a comparison and then taking a outbound package?

Mahesh Iyer: So, Dhaval, people do that comparison, they will compare a domestic versus a short haul to that extent. But please remember that when you look at the domestic in the price point that you see high either whether it's on the hotel or it's on the airfare, this is more like the weekend, holiday, long breaks, kind of a period. There are the shoulder months, or the shoulder weeks or shoulder days, where you actually don't find that kind of high price, the data point that Madhavan was also referring to is that, you look at our corporate travel, and that's a good barometer that we use, if you look at the average ticket price on the domestic side, they have remained flat compared '23 to '24. On the international side, actually we have seen close to about a 1% dip, average price. There will be the separation that you will see on certain destination, on certain segments, but overall, they have remained flat.

Dhaval Shah: Okay, great. And sir on MICE, how many in terms of the corporate holidays, what we do for corporates, that would, how many new customers you would have added in last one year, any data point you can share?

Mahesh Iyer: Not offhandedly, but I guess if I have to just do a quick backup done, look we would have added about 20, 25, 30 customers to our portfolio. On an average two customers a month, that's the kind of run rate we run.

Moderator: Thank you so much. The next question is from the line of Neerav Savai from Abakkus. Please go ahead.

Neerav Savai: So, my question is pertaining to this other income part, is it mainly related to the forex float which we have, or any breakup if you can provide?

Debasis Nandy: Largely, hi this is Debasis here. Largely the increase in other income, which has gone up from Rs 27 crores to Rs 43 crores, is contributed by the additional interest on the bank deposits. Each out of the Rs 16 crores comes from there. And there is some exchange gain on foreign currency transactions, which is contributes to the balance. There are some pluses and minus here, and there, I am not getting into the small numbers, but these are the two primary reasons.

Neerav Savai: So, generally, on every quarter basis, we see some fluctuations happening because, you put the forex part separately, and then there is other income apart from the forex part. So, how do we see this going forward, at least for FY24, excluding the forex part, any number if you can help us out with?

Debasis Nandy: I can't give you a number, but as a principal again, it's very easy to say that the interest and bank deposit will continue and actually will rise with the volumes, because the company has a lot of cash, which is trying to deploy in safe deposits with banks and other places. And therefore the returns of that will continue to increase the other income. Of course, things like exchange gain is something that we can't predict that would obviously fluctuate quarter-on-quarter, but the bank interest and deposits will continue.

Neerav Savai: Alright. The second one was on the tax rate side in the last call you had alluded that you will continue with the previous regime for FY25 and how long would this continue, even for FY26 would be having higher tax rate, or how do we see that?

Debasis Nandy: So, you need to consider the fact that Thomas Cook is not one company. We are talking about multiple companies in the group , for example there are four companies in India, four large companies in India or rather I can say five. , Except Thomas Cook, others have shifted to a 25% tax regime. However, Thomas Cook is in old tax regime because of reasons which I have spoken and you are also aware of it because of carry forward match benefits, et cetera. And it will take us another couple of years to sort of utilize that and move out of it. Thomas Cook continues to as on a standalone basis, continues to be the most profitable and therefore the tax rate, the Thomas Cook pay, plays a significant role in determining the overall effective tax rate. And of course, overseas entities have taxes at various rates that also has a role to play in the overall ETR.

Neerav Savai: So, I understand the overseas would be relatively much lesser than 34% we are paying here, right?

Debasis Nandy: May not be actually, we always think that taxes overseas are lower. It may be lower in places like US for example, when the last President brought it down. But there could be higher in certain other destinations.

Neerav Savai: Okay, so overall at consolidated level.

Debasis Nandy: Finally, one thing that I started off with this, and let me also end with this. One thing that we need to keep in mind is, what is the contribution of Thomas Cook as a standalone entity to the overall PBT, if I take the current half year, it's easier to do it on a half year basis. If you look at the entire half year, the total PBT is about Rs 219 crores, out of which our Rs 125 crores has come from Thomas Cook. You can see that reflecting in our stand alone and the consolidated results. So, Thomas Cook effectively is more than 50% of the total, and Thomas Cook tax rate is about effectively on about 35%. So, therefore that has a bearing on the overall tax rate, and does it make sense or should I?

Neerav Savai: Subsidiary performance and international companies would have also become profitable now, which were not there, particularly last year?

Debasis Nandy: There is also a seasonality matter, like for example, in a given quarter, some units made profitable, but other units may not be, so even in a like for example, let's talk about TCI. TCI will not be profitable in the first six months of the year because the season starts from October. Likewise, Desert Adventures in the Middle East will probably be profitable only in the last six months and not in the first six so, there always the fluctuations exist. So, what would finally matter is actually the overall tax rate for the year, rather than going quarter-by-quarter. But for guidance, you can consider it to be in the range of, 30%-32%-33% because Thomas Cook will continue to have the highest weightage.

Neerav Savai: Right, but 32% is something which you feel at consolidated level and annual basis, it should be?

Debasis Nandy: Yes, there could be a percentage here and there fluctuation, but by and large that's the guidance.

Neerav Savai: Right. And lastly, what could be the total value of land which we are holding now?

Debasis Nandy: Vikram would you like to answer that question, what is the total value of land held by Sterling?

Vikram Lalvani: This is what we have, so close to Rs 500 crores.

Neerav Savai: Okay. And Sterling would not be using it as the asset light model is something which will continue going forward?

Vikram Lalvani: Yes, we are using an asset right model right now, when we get into green fields, we will evaluate at the right time when to get into green fields, the opportunity is there right now to ramp the portfolio using an asset right model, because that's a faster way of ramping, number one. Number two, even in our existing resorts, our own resorts we have potential to sweat the asset. For example, in our Kodai valley, we have 108 rooms, but we have actually built the entire back end for 150 rooms. So, this incremental CAPEX that's required to expand even in some of the current assets. So, those are the priorities right now, as and when we get into a green field, possibility of feasibility, we will certainly look into that. But right now the focus is on the first two.

Moderator: Thank you so much. The next question is from the line of Deepak Lalvani from Unifi Capital. Please go ahead.

Deepak Lalvani: Sir my first question is on the B2C travel, we have recovered about 60% versus the pre-COVID levels in the first half. So, can you provide an outlook on this number going forward?

Mahesh Iyer: Deepak, hi Mahesh here. We have been talking about it in the last two calls again, and I will repeat this , the patterns of travel have changed. Our guidance remains to the fact that we expect this to recover close to 85% to 90% for the full year. We are not changing that guidance at this point in time, unless something changes in the external environment. The mix of the business definitely will change it was driven by long haul in the pre pandemic. It's driven more by short haul and domestic now, we remain committed to that change of 85% to 90% recovery to the pre-pandemic at this point of time.

Deepak Lalvani: Understood. And sir we were earlier indicating a higher number. So, this 90% recovery, how should we read this number, is there a challenge on our market share and relevance of a product, or?

Mahesh Iyer: It's got nothing to do with market share. You must realize that we have to sell what the customer buys. If there is no demand for the long haul, or if there are challenges around visa and others, we will not be trying to push that market, because we will be spending marketing dollars trying to create a demand for which doesn't exist in the marketplace. So, clearly, we have to go out with products that customers buy. And today, if you look at the social media, people are talking about destinations like Baku, Azerbaijan, Georgia, Vietnam, and that's the flavor of the season. So, I would rather put my money where the mouth is, rather than trying to close the money on destinations that are currently not seeing traction, that's point number one. Point number two, Madhavan spoke when he was talking about the B2C business, because B2C also includes Hong Kong. Now, in terms of recovery on Hong Kong because its dependency on the China traffic, we expect the recovery on Hong Kong only to be at about 50% for the full year, or maybe 55%, 60%. So, there is some shortfall that's coming out from the, but from India business point of view, you actually see the recovery to be closer to the 85%, 90% that we have been consistently maintaining.

Deepak Lalvani: Understood. And so your growth in DMS business is actually phenomenal. So, what is backing this growth, what is the company doing, the initiative if you can explain, that would be helpful, and should this growth rate sort of continue basis your initiative that you have taken?

Debasis Nandy: So, I will take that question. Debasis here. So, we have executed a turnaround strategy for the DMS business, and we started this process soon after we acquired the units, but obviously our effort got delayed because of COVID. But now post COVID we have been able to execute the strategy that we had in mind, which consists of several things, actually very, very briefly if I talk about the key initiatives, it was around rationalization of cost, automating the entire business, and also finding new customers from new source markets. So, this has been executed over a period of time, and we are now seeing the benefits of that. So, this is not something that will, it's not a flash in the time this is going to be a sustainable thing. It's an initiative that will sustain over a period of time. And therefore we do not see any reason why the growth rate would dip. Of course, if there is geopolitical disturbance like what we have seen in the Middle East, those sort of disturbances will happen, and honestly we cannot do much about that, but at an overall level, the growth will continue. This is what Madhavan also alluded in his opening remarks. This actually shows the benefit of having a diversified portfolio, a geographically diversified portfolio to be precise, so even if one region is affected by circumstances beyond our control, the other units will continue to flourish.

Deepak Lalvani: Sure. And thirdly, my question is on the Sterling business, we have done well on the cost side. Sequentially, our cost are down despite opening new resort. So, how should one view the cost line item and the EBITDA margins for the segment?

Debasis Nandy: Vikram you may like to answer the question?

Vikram Lalvani: I am so sorry, can just repeat the question again please?

Deepak Lalvani: Yes, sir. So, our cost in the Sterling business are down sequentially despite opening new resorts. So, how should one view the cost line item and the EBITDA for this segment?

Vikram Lalvani: See, we open five hotels this quarter. But a lot of these investments in those five hotels actually were executed in quarter one, I would say in the months of May and June, because lot of these hotels would open July, August and September. So, a lot of large portion of these costs are actually consumed in quarter one, which gets reflected in quarter one. So, as andwhen we open the hotels, we don't incur that expense of pre-opening only on that day when you open it, we actually incur it at least 30, 60 days out. So, therefore, when you opened five this quarter, we actually did see that impact in May and June. And as you are aware, in quarter one April was a very bad month for various reasons. So, therefore, the most of the investments have actually happened in May and June in terms of pre-opening. So, similarly, this quarter we are looking at opening two or three hotels, which we have already taken that cost. In quarter four, we are looking at possibly five or six hotels to open, so which means that at least 30, 60 days out, the typical pre-opening cost starts kicking in until you open the resort, and then you are able to monetize that result. So, does that answer your question.

Deepak Lalvani: Sure it does. And sir, what should one look at the EBITDAs for the segment, because on the last year basis, in Q1 we were down, so for the full year what should one look at?

Vikram Lalvani: Again, I will not give a particular guidance number, but let me tell you that while we saw the headwinds in Q1 we were still, while we may have been down even over the last year, we still maintain a healthy EBITDA of 33% despite the impacts even in Q2 we are about 30%, 32% and most of the hospitality industry that anything between 31% is a very, very healthy EBITDA. So, even going forward, depending on seasonality, if you look at it from a hospitality's point of view, we will be in the range of how the hospitality play is at this point in time, obviously we will try to have a premium over the rest. If you have to see Q3 and Q4 they are much better quarters involved compared towards Q2, Q2 is always a dangerous quarter for leisure, and weather could also play the spoil sport. This year thankfully only happened in one small region. It did not happen in most of the other regions as well. So, that's how it's adding out to be.

Deepak Lalvani: Got it, thank you sir.

Vikram Lalvani: We will continue to invest in leadership because these keep adding on to the revenue lines ad in most of these cases, it was mentioned when I had opened most of these resorts in March and right up to Q1 and Q2, in those regions like Rajasthan where we needed to ramp, which was traditionally not the season at that time, but we had to open those hotels, other which ways you would miss the season even this year, so which is why we have seen the ramp in those hotels from October onwards.

Moderator: Thank you so much. The next question is from the line of Mithun Aswath from Kivah Advisors. Please go ahead.

Mithun Aswath: Just wanted to get a sense on the travel related business, you have seen improvement in margins despite this quarter revenues being lower quarter-on-quarter and not really being the season. What actually drives your margin, because obviously last quarter was slightly disappointing in a more seasonal quarter, but this quarter, in a non-seasonal quarter your margins are higher. I am just trying to understand for us to judge how margin trajectory will move. What are the monitorables that we should follow?

Mahesh Iyer: Mithun, hi, this is Mahesh here. I am not sure why you treat this as the last quarter not being a good quarter. I thought we had a strong set of numbers that we delivered in a traditionally strong seasonal quarter. So, I would like to stand that corrected on that one, on the point of saying what worked in the current quarter, we have spoken about it in the initial field also, and Debasis also spoke at length about it when we spoke about the DMS business. There are two or three trajectories that have helped the margin improve in the current quarter. And I am specifically referring to the EBIT margins which has moved up from close to 3.9% to 4.9% that's 100 basis points improvement. The drivers for it is obviously the DMS business. And I am talking in the order of priority. DMS business because some of them were either loss making or break even, they have all started to make profits. So, those are added to the profit that we stayed on so incremental revenue has gone into incremental profit also. Cost base remaining the same. Also, if you look at the B2B and B2C businesses within India, they have registered a strong growth. They have had 11%, 12% growth in some of the major markets, and they have also expanded their margins by about 30 to 50 basis points, all of which has added to the increase in the EBITDA and the EBIT margins. Also to mention here, our focus has been on productivity improvement, technology enhancements, all of this which helps in reducing or keeping on cost constant on an higher increasing revenue base.

Mithun Aswath: Right. I am just trying to understand in the first quarter we didn't see as strong a EBIT margin. So, is it that the seasonality of the DMS businesses will actually kind of drive the quarterly differences in EBIT margin. That is what I am just trying to understand or is this structurally an improvement which we will see quarter-over-quarter now?

Mahesh Iyer: So, Mittal the way we have said it, and you will recollect, and I will request that you look at the transcripts of our previous call, we have guided the market to a 5% range on the EBIT margin for the travel business as a whole. Now you will appreciate that there is B2B, B2C in it and there is seasonality of business it's in within India and overseas DMSs, so obviously we will find a quarterly fluctuation that will happen in this. But overall, we will look at for the year, it should end up at closer to that 5% mark, which is what our guidance to the market is, and clearly, as I said again, the drivers for it is, the margins previously did not stack up because some of this overseas DMS weren’t in the profitability, and now they have started to become profitable, and they will continue to add to our profit going forward. There will be some seasonal impact that will come in, but our guidance to the 5% range remains good.

Mithun Aswath: Right. So, when you say 5% range, we are almost hit that or do you say the overall for the year will be 5% so the next two quarters will be better?

Mahesh Iyer: We are not saying that it will be better, but we are saying that we will work towards a 5% range for the overall travel segment, that's the guidance. So, you will have a quarter where it will look like a 4.2%, 4.3% because of some markets not firing or some business not firing but overall, our endeavor is to push the margin towards a steady state of about 5%.

Moderator: Thank you so much. The next question is from the line of Sukant Garg from Equible Research Private Limited. Please go ahead.

Sukant Garg: My question is specifically from the app business. What kind of numbers do we have from Thomas Cook app and given these times where people mostly go online to search for travel needs, what is our focus on this app business?

Mahesh Iyer: So, there are two parts to this Sukant. One, while I mentioned about it, I was giving a reference to the foreign exchange app, which we just launched it's pretty young in that sense. We have seen some fairly decent traction. Am I quite pleased about how we performed? No. Maybe there's a lot more for us to do, and you will appreciate that a lot of GUI changes and customer experience that comes in will enhance the usage of the ad, and the app, and we have to create more use cases for the customer to keep coming back on the app so that's work in progress. On the holiday side of it, we enter the reference that you made. People are going online, we have always said we are an omni channel operator, though we allow the customer the choice of choosing the channels that he wants to access us from. It could be a physical, digital it could be a call center, or a combination of all. That's how we enable the customer to come. Are we focused on pushing the customer to an app? Yes, we are doing that to the extent that it's a straight through, so somebody coming to book probably a holiday or a vacation to Goa, or looking only for a flight option to Goa, we will try and nudge him to go to the app so that I don't have to spend my expensive labor, priceless and expensive labor, to end up service that customer and rather pursue a straight processing so yes, app has its own advantages and disadvantages. Advantages in the sense that, you could reduce your cost base lower, disadvantage is that, that much more upselling opportunity is reduced. So, we will have to fine balance that, it's a journey we are also upgrading our app because we also believe that for it to become a self-serve customer, customer usable app, there are changes that we need to do.

So, as you will see, we keep adding more features to the app. Currently, our focus has been on servicing customers who are booking our holiday and that's what we focus on it over the last six months or so, and now we are trying to make it a sales app where we will engage a lot more with the customer, along with the service options so that he sees more compelling reasons to keep coming back on it.

Sukant Garg: So, I can say that our share from the application business is going to increase in future for you or the competition like make my trip or Yatra have such high app downloads, and the customer accessing those apps will hamper your business in future?

Mahesh Iyer: The way I would look at it is that, our digital businesses will continue to grow that's our focus, that's going to be but it's a choice that the customer makes how he wants to come across to us. We will nudge the customer to go digitally and transact with us, but please understand for an experience business that we are, for an higher ATV business that we are, a lot of customer choose to work with us offline or through a contact center. And that's how this business is stacked up, but yes, if you look at from a trajectory point of view, our online adoption, or rather our online penetration on the holiday business in specific was in single digits prior to the pandemic we are currently closer to about 15%, 16% so, we kind of improved our journey there, and we will keep investing in growing that journey as we go along.

Sukant Garg: Okay. Another question is for from Sterling Resorts, I believe you said that you are pausing some new customer acquisitions for the resort, have I heard it correctly?

Vikram Lalvani: I am so sorry, I didn't get your question again can you repeat it, please?

Sukant Garg: So, I just heard, while on this call only that you are pausing new customer acquisition for Sterling Resorts. Have I heard it correctly or is there some?

Vikram Lalvani: That’s right, we had paused it for the long term membership last year in July, and we have not bought even the short term membership, which is a 10 year product.

Sukant Garg: So, just wanted to know why we have done this in the light of where we have only 50% occupancy in those resorts there are lot more that needs to be covered. Is there any specific reasons for that?

Vikram Lalvani: See, the idea is actually to move towards the hospitality segment, we understand that there is a headroom in occupancy and despite the fact that imagine the headroom we are able to actually meet actually, our growth will be far more phenomenal. We believe that, the hospitality segment has room to grow that's how we have been able to even scale and expand and add new revenue streams and new revenue lines. We do have headroom's and occupancies to that extent the upsides are there. Also number two is, this being the leanest quarter in those nine days we just had three days which are holiday dates, which are typically those Independence period. How leisure business works, out of 365, 90 to 95 days are the days where you access revenues through occupancy And in the remaining 270 days, you are actually filling up a volume using other segments, like MICE, weddings and various other demand generators to induce people to travel even during a week day. That's why you are attracting different market segments and et cetera. So, to that extent, the headroom is there. But we believe that the future growth in Sterling will be when we are in the hospitality sector. And in fact, as we say that we have been recognized very much as part of a hospitality and more and more today, in fact we are even in the top 10 in the country as far as the number of hotels and locations are concerned, and we will continue to keep growing that route.

Sukant Garg: So, are you saying that we will be in spite of holding down new customer acquisitions, we will be, still be moderating or still be moving into the resort like the hotel business kind of a thing?

Vikram Lalvani: Yes, that's the idea and only the member acquisitions have stopped. We are servicing the existing members that we have and in fact, if you see that is also an advantage for us, because fulfillment is happening even during weekdays which is traditionally a low demand period. So, we are well poised to that's how we have been able to transform and scale as well, if you have tracked us in the last two and a half to three years, and we believe that this is the route that will make us succeed.

Sukant Garg: Thank you for that. Just want to have one remark, kind of a suggestion that we have, have asked a question on application, and my point with the application is that, because we have a very low kind of star ratings on applications of Thomas Cook with certainly, I am not say bad, but certainly not so good reviews. And if we can monitor that, we can get away with that. That would be a nice thing, as I have heard with my own friends that, using Thomas Cook they first go to the application reviews and then might contact Thomas Cook for that, use it as a suggestion and nothing else, so that's all.

Mahesh Iyer: Sukant thank you so much for that suggestion. We take that on board, and I will just like to reiterate here, look our app journey is not fully developed, and one of my colleagues here in the room just reminded me that our website that we use is very mobile friendly, so our journey has been more on the website at this point in time, and app is work in progress, so we are not fully there, but your suggestion and recommendation from your friend is well noted. We will look at that. Thank you so much.

Moderator: Thank you so much. The next question is from line of Akshat Bairathi from RSPN Ventures. Please go ahead.

Akshat Bairathi: So, I have just two questions. One is on the financial service margin guidance. So, we have been guiding the market for 45% and we have done around 50%, so would you like to reiterate the guidance, or are we seeing any, are we expecting any dip in the H2 and my second question is a book keeping question. So, in your segment results, there is a line item below EBIT that is common expenditure. So, before just understanding, can you tell us what are the expenses that are included in this. Thank you.

Mahesh Iyer: Harshit, I will take the first part of it, and then leave it to my CFO to come on the second part of it. This is Mahesh, your question. Yes, we have done well in the last two quarters in terms of our EBIT margins, and it's stacking up really well, but our guidance to the market remains at about 45% doesn't mean that we are going to lose or we are going to give away the margins that we get on the business. But, it's more important that we give a steady state kind of thing, rather than talk about one offs and one time, because you will come the next time around and say that your EBIT margins have dropped. So, I don't want to be saying it. I am talking from the lens of saying what the business is now it operates. Obviously, if there are opportunities for us, there are these onetime things that come our way, and we take the benefit of that. Clearly, you will see a shift that may happen over a period in time when our portfolio on the prepaid card keeps growing, because that's what the dependency on cash will go down. And when you look at the prepaid you will not only make exchange margins, but you also make money on the float, which all adds up to the overall margins in this business. That's the way it stacks up, but it's a journey we continue to be guiding the market to the 45% but obviously we are not going to leave away any opportunity that comes our way to grab that additional business (1:13:50) that come.

Debasis Nandy: On the second part of the question, which is on common expenditure, these are expenditure incurred which is not allocated to any of the businesses, any of the four segments, but kept at central level, those are the expenses, and those are regular I really don't see too much of movement in those expenses. So, you can consider whatever the current level expenditure that will continue for guidance.

Moderator: Thank you so much. The next question is from the line of Meet Shah from Finovate. Please go ahead.

Meet Shah: My question is B2C side of the business. While we have given the new guidance of around 80% of the recovery of FY20 numbers, despite lowering our guidance, we still need to grow 70% in the second half of this year, and generally the second half is kind of slow compared to the first half. So, do you really see that we would be able to meet this number?

Mahesh Iyer: So, Meet, as I said, you have to also look at the overall portfolio as to how it's shaping up, the deficit that you see is coming out of the long haul, and not necessarily out of the short haul, short haul and domestic is actually firing. So, for us, when we look at a holiday, we are holiday makers for our customers. We are experienced creators for customers. So, we look at it as an overall portfolio. Well, obviously it's important to look at as to how different parts within that portfolio also play out. But if the customer preferences are changing, we want to be staying relevant to that preference of that customer, that point number one. Point number two, as I mentioned, we have not seen smart recovery as well as one of our B2C business, which is overseas in Hong Kong, as in that recovery sub par, and we don't expect that to change dramatically over the next six months or so. So, that's also a bit of a drag on the overall numbers. But from a growth perspective, and if I have to just look at some of those forward looking trends that I am seeing, I feel very confident to the guidance that we have given in terms of the full year.

Meet Shah: Okay, that got it. And my next question is on the MICE side of the business, while we are seeing the slowdown in the economy, there is a slowdown in paints and FMCG sector, what kind of growth outlook you would like to give for the second half for the MICE business?

Mahesh Iyer: So, again, Meet. The good part of the MICE is that we start getting to get a feel of the book, the order book a little ahead because most of these events are planned well in advance. So, looking into that, we have a decent good order book. But yes, I agree and there is a bit of a slowdown that's happening in that space. The profits earnings aren't looking up very strongly. But, you must also understand a lot of these businesses that happen on MICE are dependent on the distribution network that they have, and when the competition intensifies, they have to do that much more to keep the distribution agile and active. So, there wouldn't be too much of sharp cuts that may happen in that and when new competition, or new competitors come into the market, you have to do that much more to keep it's like running faster on the same treadmill to stay where you are. So, that's the kind of syndrome that you will continue to see. So, I wouldn't worry too much about it. We have said the business has the ability to go at about 12%, 15% on the top line, and that will hold good for the current year, unless something dramatically changes in the economic environment.

Meet Shah: Okay, sure. And what about the government business, because in H1 we have seen the slowdown on the accounts of election, and what kind of demand are we seeing in H2 from government portfolio?

Mahesh Iyer: So, Meet, we are in conversations. There are multiple bids that are at this point in time happening. Not that government has put up a lot of bids out there, specifically in the sports category which is what we did last year. There are some inquiries, there are some that has happened in fact, I am happy to report that in the month of October, we did one such event, not the government, that's semi government in that sense. But, there are some events that are happening, and we have started to participate in it, but very early to kind of predict what the next six months will be, because some of these take a longer gestation to happen. And as you will appreciate, it's a bidding process so we will have to be very intensive and then we also need to plan for how the money cycle works, because some of those government bids money doesn't come in so very easily. And since we have some learning curve coming out of the previous experience, we want to be very careful about how we plan for this.

Meet Shah: Okay. And my last question is on the Sterling Resorts, while we have seen a healthy growth in the numbers, the average room rate is at multi quarter low. Is it only on the account of inventory, or is there any another reason and any guidance or any aspirational number which management would like to give ARR and occupancy rate?

Vikram Lalvani: Okay. So, let me answer on the ARR as mentioned, Quarter 2 is the leanest quarter for leisure business, and we actually practically had only three or four long holidays out of the 90 days. But despite that, a Rs 5400, 5500 is still a very respectable number to maintain and hold. We operate in three different segments of hotels. One is the upper midscale, the upscale and the upper upscale, so depends on the seasonality. So, average rates also tend to start changing, like take for example in Q3 the average rates are bound to go up over Q2 because of the number of holidays that we have and the number of weddings also that we have. So, it's a lot of the seasonality factor that comes into play. So, the quarter three will have a stronger average rate realization when compared to Quarter 2. As far as the occupancies are concerned, the occupancy, as I said , we have ramped up five hotels which is almost 250 rooms over a staggered period of 90 days, and out of a base of 3000 that we have currently, that itself forms actually 8% so to that extent, the occupancy is actually slightly understated, because technically if I have to remove this 250 room, I would have done 49 plus 8. That would have been my occupancy percent. But in terms of number of rooms that we sold, as I mentioned, the number of room nights that we sold is 124,000 room nights versus 130,000 room nights. So, the demands gone up, the number of room nights sold has gone up, but just because there is a base increase in the 90 day period of opening. That's why it got impacted by 8%.

Meet Shah: Okay, but sir I was comparing average room date on Y-on-Y basis, I feel that is comparable, if not Q-on-Q.

Vikram Lalvani: Technically, if you see Y-on-Y, the entire first half it takes into account both a peak season and the leaner season, except for the fact that only this year April, when we had severe headwinds because of the elections. But technically, you see even in the month of May, I will just give you an example, we did an average rate of 7,448. In the month of September, it was 5,166 and then it averaged out to what it is. So, it all breaks from the seasonality of the business and the month the average rates tent to fluctuate. This is because we have a dynamic rate system of management, number one. The fungibility of the rate can go from a 5000 level, even up to 8000, 9000 level depending on the demand and depending on the kind of season it is in. So, to that extent, the fungibility is huge, and that's the advantage that we have. We have a high rate fungibility, the mix of results will keep changing as we keep ramping up. As I said that we ramped up the resorts in Rajasthan in the first half. Now they would start producing far better ARR even in winter, because that's where the Rajasthan Hotels work, and they don't work in summers. But in summers, you have to actually try to gather volume as much as possible to cover your fixed cost and to gain an incremental amount so that you are able to get the EBITDA that you want. So, we have to look at it in totality for both what an occupancy and an average rate can both in combined produce, and that's what the entire effect is in terms of room revenue.

Meet Shah: Okay, sir. So, if I were to look at the two years perspective, what kind of aspirational numbers which we would like to on both ARR and the resort occupancy?

Vikram Lalvani: See as we all mentioned, the guidance and the aspiration numbers is something that we will avoid mentioning. But let me tell you that, as I said that the current quarter is a leanest quarter. Most of our resorts have ramped, the idea is to actually sweat the asset so that we are able to grow the revenue line. It's a combination of volume and rate, we play very tactically, depending on demand & supply, depending on what happens. Someone was speaking about high, airline rates, then we swivel the market into more drive to destinations, et cetera. We do this thing every day so as to actually get tactically the highest deals.

Debasis Nandy: Thank you. That concludes the session, thank you so much.

Moderator: Thank you so much. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Madhavan Menon I only have, we have said enough about the various aspects and the questions were very interesting and enriching in terms of the information. So, I just want to mention one thing, that based on some suggestions we received from you and queries, we have expanded the way we presented some of the numbers in our presentation. So, I would request you to sort of go through several of the additional slides that we have included. We believe that those will be of help to you, and we are as always open to suggestions of additional things that you want. Thank you. Thank you very much.

Moderator: Thank you so much. On behalf of IIIFL Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
