# "The Indian Hotels Company Limited

# Earnings Conference Call"

July 21, 2026

**Management:** **Mr. Puneet Chhatwal – Managing Director and Chief Executive Officer – Indian Hotels Company Limited**
**Mr. Ankur Dalwani – Executive Vice President and Chief Financial Officer – Indian Hotels Company Limited**

**Moderator:** Ladies and gentlemen, good day and welcome to the Indian Hotels Company Limited Earnings Conference Call for the quarter ended 30th June 2026. On the call, we have with us Mr. Puneet Chhatwal, Managing Director and CEO, IHCL and Mr. Ankur Dalwani, EVP and CFO, IHCL.

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 star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Puneet Chhatwal. Thank you and over to you Mr. Chhatwal.

**Puneet Chhatwal:** Good evening, everyone and thank you for joining our global conference call for Q1 '26-27. We are pleased to inform you that we have continued our record performance for the 17th consecutive quarter, driven by sustained growth and strategic execution despite multiple macro headwinds. I will now outline the 10 key highlights of the quarter.

Number one, Taj rated again India's strongest brand across all sectors. We are extremely delighted to inform you all that Taj has once again been recognized as India's strongest brand across sectors for the fifth time consecutively by independent brand valuation consultancy Brand Finance. Taj has truly positioned itself as a crown jewel of India, and it continues to fly the flag high for Indian hospitality on the global stage.

We are very grateful to our loyal patrons and dedicated colleagues who have played an integral role in making Taj the epitome of hospitality and luxury. Taj also gained 32% in brand value as per Brand Finance, reaching a number close to $900 million.

Number two, the key performance highlights of Q1. Our consolidated revenue grew 15% year-on-year to INR2,419 crores. EBITDA grew 18% year-on-year to INR753 crores, yielding EBITDA margin of 31.1%. Our bottom line grew by 21%, that is our PAT to INR358 crores. Hotel segment revenue and domestic RevPAR grew at 17% and 14%, respectively.

It's a very important number because the hotel segment revenue obviously not only accounts for almost 90% of our business or 87% of our business, but this also demonstrates the solidity of the business fundamentals on both operating revenue as well as our core business. These revenue figures and increases had the backing of the strength of our brandscape, diversified portfolio, but more importantly, disciplined revenue management.

On the stand-alone basis, we continue to deliver strong performance with revenues growing 18% year-on-year to INR1,298 crores and EBITDA growing by 30% to INR542 crores, yielding an EBITDA margin of 41.8%. Our stand-alone PAT grew at a healthy 38%. Our performance is not defined by a single year but sustained execution over time.

Over the past 17 quarters, we have delivered double-digit CAGR across revenue, EBITDA, PAT and RevPAR, underscoring the consistency of our performance and the structural strength of our business model.

Building on this strong foundation and sustained momentum, we remain confident of delivering double-digit growth in the year ahead. And definitely, the way Q2 has started, it makes us optimistic about doing similar or even better performance on the top line in this quarter.

Number three, RevPAR growth across all brands on the back of strong domestic demand. The Indian hospitality sector witnessed multiple macro headwinds during the quarter. Geopolitical tensions in West Asia resulted in elevated fuel prices, leading to reductions in airline capacity and higher airfares.

All this together moderated travel demand, particularly in certain international and long-haul corridors. This is also evident with the performance of TajSATS versus the hotel segment. Despite these challenges, however, domestic demand remained resilient. We delivered double-digit RevPAR growth across all our brands, demonstrating the resilience of our business model and the strength of our market positioning.

Our continuous focus on operating efficiencies enabled us to sustain hotel segment margins at 32.6%. This was achieved despite an additional impact of approximately INR15 crores relating to the ramp-up of our new asset in Frankfurt, which obviously includes preopening costs also and commissioning of the new TajSATS kitchen in Noida outside of Delhi or Delhi-NCR.

Number four, asset management continues to drive growth for us. Our asset management strategy continues to be a key driver and value creator. During the last financial year, we completed major upgrades across several marquee hotels, including Taj Palace New Delhi, the President in Mumbai, the Taj West End in Bengaluru and Taj Fort Aguada in Goa with over 300 rooms renovated.

These investments are now translating into stronger pricing power and improved operating performance across key markets. Given that a significant part of these renovations were undertaken in the first half of last year, we expect this momentum to continue in Q2. Another good example is Taj Ganges in Banaras, where the new 100-room wing commissioned in March 2026 turned PBT positive in its very first quarter of operations.

The expansion helped drive a 44% year-on-year growth in revenue while delivering an EBITDA margin of 40% in Q1. This underscores our ability to deploy capital in a disciplined manner, unlock value from our existing assets and generate strong returns with a relatively short payback period.

Moving on to number five is our portfolio growth. We continue to deliver industry-leading portfolio expansion with 20 hotels signed and 11 hotels opened in Q1 of this year. Notably, 17 of the 20 signings were under Gateway, Ginger and Tree of Life brands across new and emerging markets.

This reflects our continuous focus on deepening our presence in high-growth markets through an asset-light expansion strategy. With 382 operational hotels and almost 265 hotels in the pipeline, our portfolio is now approaching the milestone of 650 hotels. As we stand today, we are at a 645 figure and we remain confident of crossing this milestone during the current month itself.

Number six, management fee growth backed by new openings momentum. Our asset-light growth continues to translate into strong growth in management fees. During the quarter, management fee income grew by 26% to INR168 crores from INR133 crores in the corresponding period last year.

This performance despite temporary headwinds, reinforces the resilience of our asset-light business model. When I say temporary headwinds, it's really all related to management fee income coming from our 3 hotels in Dubai and others in that part, Sri Lanka, Maldives, etc.

Looking ahead, we remain confident of sustaining management fee growth at high teens CAGR, supported by a strong pipeline of hotel openings and incremental contributions from newly added hotels.

Number seven, growth brands at an inflection point. We have segmented and positioned growth brands also as select service offering from IHCL. And these brands comprise of Ginger, Qmin, ama and Tree of Life, and they continue to deliver very robust performance. Consolidated revenue of Ginger stood at INR183 crores, delivering 20% growth year-on-year with an EBITDA margin of 39%. Qmin has grown to 100-plus outlets across multiple formats. Ama Stays & Trails has reached a portfolio of 380-plus bungalows with 196 in operation and Tree of Life is now at 40+ resorts portfolio with 23 in operation.

Number eight, new acquisitions contributing meaningfully. Our recent acquisitions are delivering on their strategic objectives, strengthening our portfolio while creating new growth engines for the future.

Following the completion of the Brij acquisition in April this year, the portfolio of 11 operational hotels delivered revenue of INR11 crores in the quarter, representing a growth of 42% year-on-year. With four additional hotels scheduled to open during the year, the business is well positioned to scale further.

Atmantan also continued its strong performance, delivered consolidated revenue of INR19 crores in the quarter, up 19% year-on-year. During the quarter, we further strengthened the brand's growth pipeline with the signing of a managed wellness resort in Hyderabad, reinforcing our leadership in the premium integrated wellness segment.

These acquisitions complement our existing brandscape, diversify our revenue streams and further strengthen our long-term growth platform. Number 9, strong balance sheet with healthy cash reserves. Our balance sheet continues to be healthy with gross cash reserves of over INR4,400 crores.

This provides us with the flexibility to continue investing in brand and revenue-enhancing initiatives. These include hotel upgrades, expansions, greenfield developments and asset management opportunities such as strengthening our marquee food and beverage concepts.

Finally, number 10, we go to Paathya. Staying aligned with our ESG plus initiative, Paathya, the journey towards our 2030 targets remains absolutely on track. IHCL now uses 41% energy from renewable sources and has installed over 350 EV charging stations across 170 locations in India.

Continuing our journey of eliminating single-use plastic, IHCL has installed bottling plants at 88 hotels and achieved 54% recycling of water used in the first quarter of this year.

IHCL currently partners in operating 83 skill centers across 20 states in India. Since 2020, we have trained over 55,000 youth and are well on track to reach our goal of skilling 100,000-plus youth by 2030.

Let me just close by giving some comments for the remainder of the year. As we look ahead, we remain confident of delivering what we have promised and guided for, which is double-digit revenue growth with sustained margins, strong cash generation and improved quality of earnings. With strong foundations in place, disciplined execution and a clear strategic direction, Indian Hotels Company is well positioned to continue creating long-term value for all stakeholders. Thank you and we'll now be happy to take your questions.

**Moderator:** Thank you very much. We will now begin with the question and answer session. Your first question comes from the line of Prateek Kumar with Jefferies.

**Prateek Kumar:** Congratulations on another quarter of consistent execution. Congratulations again. My question is on demand trends. Following the disruption in Middle East and some moderation in outbound international travel, clearly, domestic tourism has benefited. But are you like seeing noticeable shift in demand trends, particularly in MICE destinations also? Also, particularly because H2 for the sector is even stronger. So shift of traffic from international geographies to Indian markets, will this see even stronger acceleration in second half of the year? That was my first question?

**Ankur Dalwani:** So I think we've given you city trends. And if you look at the city trends, clearly, the leisure destinations have benefited relative to the business cities. They are in high 20s, 27%, 29% for Rajasthan and Goa. Our big city markets, hotels have actually run closer to low teens to mid-teens.

So in general, domestic demand has been strong across the board, but particularly strong in the leisure markets of Rajasthan and Goa, and that's what comes across in the city data as well. So I think then this trend is continuing in Q2. We have not seen any softening of that trend. July, for that matter, is pacing quite well for us, and we expect to deliver very strong Q2 as well.

**Prateek Kumar:** Yes. So my question was actually for 3Q and 4Q, which are generally strongest quarters for the industry and yourself. Have you seen like any -- like some of your customers who are like what we were looking for marriages or events right outside India historically wanting to now incrementally do it in India?

**Puneet Chhatwal:** Prateek, the wedding dates are usually decided in advance. So what you're suggesting is maybe last-minute pickup for weddings to happen in 3-4 months from now, right? -- or for the remainder of the year. So there is -- one is a blessing and the other is -- the people who want to do weddings in our palaces, they book very much in advance. Whether it's a Lake Palace or it's a Rambagh Palace, etc. We are not seeing any big change in that trend. Having said that, it is true that with the appeal of the Honorable Prime Minister, a lot of people are refraining from doing leisure or business travel outside of India and are preferring to stay on the domestic front.

And maybe that is another reason that the demand continued to outpace supply in the first quarter of this year, a trend which we expect to continue definitely in this quarter. But Q3, Q4, we would also like to have an increase in foreign tourist arrivals. That will be good for our portfolio, but also for the country.

So only domestic will -- over long term is not good. So we will make all efforts to get our fair share like what we used to have in the past. And I still feel this is the single largest hidden upside that the sector is yet to witness. Now whether it happens this year or it starts happening next year, that we can only say when we get close to September, October. The time for leisure, especially and including business delegations is much stronger October to March related to the weather in India.

**Prateek Kumar:** Sure. My other question is on your catering business. So Air India has recently started piloting unbundled economy fares on select routes where complementary meals are excluded. Does that also impact yourself also, right? And is this something which is also weighing on your business in this quarter?

**Puneet Chhatwal:** Not in this quarter as much as because of the West Asia crisis, the flight disruptions, cancellations. But TajSATS as a business for several years has been growing and got to more than 50% market share of all meals in the air. But having said that, the TajSATS is also going into institutional catering.

So non-aviation-related business, and we believe that, that business vertical will grow fast and will help navigate through any kind of headwinds we might get on the airline business. It's maybe 3 or 6 months away from getting into a double-digit number on that segment. But once we start getting to double digit, then it goes to 15-odd to 20%, then it's a very well-structured operation and business, which optimizes the use of our flight kitchens and also drives the optimization of revenue.

**Moderator:** The next question comes from the line of Sumant Kumar with Motilal Oswal.

**Sumant Kumar:** So in standalone, we have seen the employee cost has increased only 0.6%, Y-o-Y. So what was the key reason, why the lower increase in employee cost?

**Ankur Dalwani:** There was some reversal we got from labor code benefit, which is there in this quarter as a result of which we had a lower cost increase. Effectively, the normal payroll increases are typically 7% to 8%, and that is what we have.

**Sumant Kumar:** Okay. And talking about the international business, we have seen that segment is not doing good. So can you talk on how is the demand scenario panning out and the outlook for that?

**Puneet Chhatwal:** For which sector?

**Ankur Dalwani:** International.

**Puneet Chhatwal:** International segment, we were a bit not fortunate in the last 4 months. We were -- we've spent GBP 17 million in London to do a new lobby in St. James, a new bar, a new cigar lounge, whiskey lounge, doubling of the chambers. So a lot of work was done. It was delayed by 3, 4 months because of supply chain disruptions. It's all complete, all operational as of this month and is very well received.

Same thing happened in New York. We had a pipe burst in the month of February, March, which put 49 rooms out of order. Of course, we got some amount as a business interruption insurance, but it doesn't do full justice. So half of those rooms are expected to come back in the next 2, 3 months. And the others will be completely gutted and renovated. So all in all, I would say, if we take out this, San Francisco is coming back strong. Cape Town has been very robust for us for the last few years. Dubai, the occupancy is back in the business hotels -- Taj Dubai -- the total revenue is maybe like 80% of what it used to be and in JLT. (i.e. Jumeirah Lake Towers) to 60%. But the one which is still under a lot of pressure is the leisure part, which is on the Palm. The Taj Exotica on the Palm is not even at 50% of the revenue it used to have. And -- so hopefully, they will also recover, but there is a direct correlation between Dubai and the West Asia crisis.

It also has an impact in our international business in Maldives because a lot of traffic in Maldives, Sri Lanka, including in London and Cape Town is routed through Emirates as an airline. And if people are psychologically afraid of going to that region, they will not connect from there. So we have some of these challenges which we need to navigate through. But all in all, everything has moved positively. And what we see in the first 3 weeks of July is also a very positive development.

**Ankur Dalwani:** I think the tailwind for India was a strong domestic demand to some extent. It did impact some of our international hotels. That's in the numbers as well. So despite that, the hotel segment grew by 17%.

**Moderator:** Your next question comes from the line of Shaleen Kumar with UBS India.

**Shaleen Kumar:** Congratulations on a very solid performance. So a bunch of questions here. I was looking at our room revenue growth of 17%. F&B revenue is lesser. Is it because of the wedding day shift?

**Puneet Chhatwal:** Yes, room revenue growth is stronger than F&B.

**Shaleen Kumar:** Yes.

**Puneet Chhatwal:** It's all dependent on the Saya dates. So there are more in the second half. And banqueting business has been a bit subdued or muted because of the West Asia crisis. One of the very important events got cancelled in the month of May was the Africa Summit, was cancelled like just a week before it was about to commence, and that had a big impact on food and beverage business and conference business in Delhi.

**Shaleen Kumar:** Sure.

**Puneet Chhatwal:** Because of Ebola crisis.

**Shaleen Kumar:** Okay. But that also means that our F&B revenue growth will come back as the Saya dates will come back and MICE events will come back, right? So what I'm saying that if that wouldn't happen, then our F&B would be stronger, then that should further help us top line. Is that the right way to think, right?

**Ankur Dalwani:** Yes, that is true, particularly as the dates come in and also the banquet business, the MICE business recovers. There's a little bit of slowdown in the government MICE particularly. So given what the call from the Prime Minister. So I think that should all start picking up in the latter part of the year.

**Shaleen Kumar:** Got it. Got it. And the 14% RevPAR is very strong. And I think the base is also decent for 1Q, right? So should we -- and I think incrementally, RevPAR base is not so strong. So should we expect RevPAR growth to be even better than 1Q?

**Ankur Dalwani:** So July is trending very strong. So I can say that July is trending ahead of where we are on Q1. We'll see it behaves in months. And I think overall, Q1 momentum should definitely spill over into Q2. So we are reasonably confident of achieving at least what we have achieved in Q1. And if not, if things go business as usual and there is no big negative, we should at least surpass it comfortably.

**Shaleen Kumar:** So sir, in that case, you have achieved 14.7% growth in 1Q. Your 2Q is doing well. You believe you can surpass the 1Q performance of the growth numbers and base is also favourable. 4Q base is also not so strong. So that should also help you. On 3Q base is a bit stronger. There can be a case that you have a guidance of 12% to 14% for the full year, but at least in 3 quarters, you may do better than that. So basically, is it fair to assume that you will somewhere close the year -- closer to the upper end of the guidance or maybe surpass it?

**Puneet Chhatwal:** Can I answer it on a lighter note, Shaleen?

**Shaleen Kumar:** Absolutely.

**Puneet Chhatwal:** Your words in God's ears, yes. Hope we want to have more. If we can have more, we'll take more. I think a lot of our renovation efforts, especially both within India and outside should help us. They are helping us in Fort Aguada, as I mentioned in my opening remarks. They have helped us in Taj Palace to a great extent. And if they start helping us out also in London and in the second half of the year at The Pierre, then of course, we can expect better results than even now.

**Shaleen Kumar:** Sure. Sir, how was London in July, given summers and India, England series and Wimbledon?

**Puneet Chhatwal:** It was strong. London is very strong. It's performing well. But last year, in July, we also had a very important delegation from Africa, which gave us extraordinary revenue. So if we are same level in London in July or marginally higher, we would be very pleased because the base in July for London last year was very high.

**Shaleen Kumar:** Got it. Sir, you answered about the Goa. And what has helped us in Rajasthan, like such a strong performance?

**Ankur Dalwani:** So Lake Palace, of course, has an exceedingly strong performance. It was under renovation. Part of it was under renovation …

**Puneet Chhatwal:** We took over also the catering at Jagmandir, that contract is also with us now. It takes time to fill it up. It's -- I don't know if you're aware or you are familiar with Jagmandir. But Jagmandir is now -- Jagmandir, Fateh Prakash and Lake Palace, they are together for us in that place. And also, of course, the other hotels in Rajasthan are also doing well. Jai Mahal was under renovation last year, so it did suffer a bit. So Jai Mahal is also back in full swing.

**Shaleen Kumar:** Got it. Just one accounting question. How will you be accounting for Frankfurt, like complete revenue, right? And then the cost of the lease will be separate or it will be separate -- it will be net of from?

**Puneet Chhatwal:** Complete revenue, but Frankfurt, the impact will start coming only in September. It was again another project which got delayed. It increased our preopening expense. It increased our start-up expense and -- as I've lived there in that city, I can tell you, July, August are not the best months and the heat wave...

**Shaleen Kumar:** And the holidays.

**Puneet Chhatwal:** And the holidays, as you have all read. But as of September, we should see a very good performance in Frankfurt. So of course, that's a very important thing that you mentioned. Thanks for mentioning that, that Frankfurt will add up to our top line and also our RevPAR and also profitability after the hit we have taken in the preopening and will take also this month and next month.

**Ankur Dalwani:** I think as we commented earlier, Shaleen, the Frankfurt will swing from negative to positive. And then obviously, that's a contribution to margin that will start happening. And right now, as you know, the numbers already reflect the costs, which we talked about.

**Shaleen Kumar:** Okay. Understood. That's nice.

**Puneet Chhatwal:** I would encourage you to send a note to UBS to start using it and everybody should do the same.

**Shaleen Kumar:** I'll try my luck. Last bit from my side, INR4,000 crores of cash sitting on your books, right, and growing. I know you have some plans, but not complete. Anything else you are looking in terms of utilizing that?

**Puneet Chhatwal:** We will use the cash. We'll keep always a strategic reserve, and we will keep using the cash for projects which have a very fast payback period. Wherever we get incentives and we get land for a very long period on 3%, 4%, 5% of top line as leasehold rent. Wherever we get these capital subsidies.

And I don't know if you're aware that a lot of state governments have come up to 30% of the total project cost as subsidies. Then effectively, if you get land at like long-hold lease and you get 30% capital subsidy, then you're effectively investing 50%, 55%. On top of that, if you employ local people, a lot of states are also giving incentives on that.

Making hotel investments very good. It's not always easy to get those capital subsidies, but wherever possible and wherever we get, we can help a state in helping grow the supply and helping grow the employment, but the state also helps us by choosing them and their destination because it makes a lot of financial sense to use our capital.

**Moderator:** The next question comes from the line of Karan Khanna with AMBIT Capital.

**Karan Khanna:** Two questions from my side. Firstly, Puneet, in a recent podcast with Vir Sanghvi, you spoke about your aspirations to expand in Southeast Asia, including Bangkok, Singapore, Bali as well as markets like Switzerland. And towards the end of the interview, you also spoke about evaluating opportunities in international palaces and not necessarily acquisitions?

Given that context, can you talk a bit more about these aspirations and more importantly, how the international landscape varies in terms of demand drivers, contracts with asset owners versus, let's say, those in India? And more importantly, what kind of capital are you willing to deploy in the international markets?

**Puneet Chhatwal:** Very good. So our strategy, Karan, has not changed. We will work on a capital-light model and not capital heavy. It's not our strategy to start buying hotels whether in Southeast Asia or in Europe. I also think -- I think I must have mentioned Switzerland also. But if there was like an asset that exists and needs a renovation, let's say, of $10 million.

And we have to put in $5 million, 50% of it or 60% of it, anything related to the brand, we will do that. And preferably in all these markets with the exception of Bangkok or Bali, but Singapore, Switzerland, another hotel in London or whatever, these are institutional capital-driven markets where the return expectations of institutional investors on an operating lease is around 5%, 6%, 7%.

And we would consider them in that kind of model with a rev share opportunity. So -- so that's definitely a part of the vision because it's long overdue that we get a hotel in Southeast Asia or we get a hotel in Switzerland. Ideally, we would have started with Switzerland and not with Frankfurt.

But if you are so opportunistic also and you don't want to spend money in buying assets because that's the return you get 3%, 4%, 5%, then our -- all other metrics go for a toss, right, like they happened in the past. So learning from our past, we wouldn't be doing any such thing. And -- but we remain optimistic. We've also opened a lodge -- the first of the 3 lodges in Kruger National Park, two more will follow in 12 months' time.

And we will always consider this kind of growth where -- like Frankfurt, one of the big benefits going forward, it has a lot of trade fairs, but there are so many flights to Frankfurt from India every day. From almost every key city, Lufthansa flies to Frankfurt and to Munich. And Air India also flies direct to Frankfurt.

So that's a big help in getting the traffic in there. People transiting maybe in Frankfurt going further to U.S. might decide over a longer term to stay back a few days. So -- but it's still not Switzerland, right? Switzerland, if you're in Lucerne or Interlaken or Zurich or Geneva is a very different thing or like we are in London. It's a very, very strong market, especially for people of Indian origins. So we'll keep our eyes on that, but can't expect us to do 4 hotels in international markets in 1 year. Maybe we'll do 4 in 5 years' time.

**Karan Khanna:** Sure. And in the same interview?

**Puneet Chhatwal:** One step at a time, Karan. For us, it will be one step at a time as we have to absorb these growth. Some of these come with language challenges, tax accounting. Everything is different. You have to absorb and then take the next one and the next one and the next one.

**Karan Khanna:** Sure. And I think in the same interview, Puneet, you mentioned that Taj Bandstand will have around 700 bays. So just wanted to clarify, 700 bays will translate into 450 keys that you've mentioned in the IP on Slide 22? Or you think there's a possibility of upside risk in terms of higher number of keys in this asset? And on time lines, if you could reiterate the time lines for Taj Bandstand and once commissioned?

**Puneet Chhatwal:** 2030, 2031, once commissioned, it should -- unless there is some war going on or something like this circumstances, which we cannot dream of, it should start immediately with INR1,000 crores in revenue, 450 keys is the right number to assume. If it becomes 425, then it could be because we have put more bays in an apartment, which has 6, 7, 8 bays instead of the 2 or 3 planned. If it becomes more.

Then it's the other way around that we have put in more studios as apartments, then several bays. That fine-tuning we have not done as yet. The excavations are complete, like 95% as it's on the slide. And now the building will commence and at some point, we will take that final decision once the designers are chosen. I mean designer means interior design, the architects and all they are all there. So interior design becomes relevant in 3 years from now. With that, the fine-tuning will happen. That's how development works.

**Karan Khanna:** Sure. And then secondly and lastly, with multiple MICE activities that are planned for the remainder of FY '27 that you've also outlined on Slide number 7. Can you talk a bit about how are the rates trending in these markets and in your own hotels, let's say, in Delhi, Gujarat, Bangalore around these event dates versus, let's say, the same period last year?

**Puneet Chhatwal:** See, the rates are a direct function of demand and supply. When you have these events, the rates go up, the city is sold out. And once the event is over, then they normalize. So it helps in that particular month or in that particular days when these events are there whether it is a Coldplay concert or it's a cricket match final or it's a hockey tournament in Odisha or these things, they are the one-offs.

They come and they help you maybe achieve if you were falling short of something here or there. But generally speaking, the rate development as the previous person asked the question, is positive. The RevPAR growth is positive, especially for us because we already had a very high base.

**Moderator:** Your next question comes from the line of Sameet Sinha with Macquarie Capital.

**Sameet Sinha:** I'm just going to actually spend a second on the M&A question -- sorry, the cash balance question. Last year, you were pretty aggressive with M&A, but obviously small contributions. I just wanted to understand the landscape. Are there properties available that could add a significant chunk of, let's say, keys to your portfolio in India is still highly fragmented.

And my second question is -- and maybe I need to go through the deck a little more carefully, but last quarter, you used to give like stand-alone and consolidated occupancy numbers. I was -- am I -- are those missing here, especially on the consolidated side, I think that's consol side. Is that a number that you can share?

**Puneet Chhatwal:** So on Slide 9, you have.

**Ankur Dalwani:** Occupancy rate.

**Puneet Chhatwal:** The occupancy rate you have there. And you have also the domestic full because international, there is no point. New York is very different and London is very different and Cape Town is very different. So -- and 87% of our portfolio is domestic. So we have given those numbers on Slide 9.

**Ankur Dalwani:** And you can assume a similar increase in -- I mean, like you're seeing 6% step-up in the stand-alone, that is reflective of the domestic portfolio. There is a 6% increase in the.

**Sameet Sinha:** How about the console side, you give the occupancy? I'm not seeing that. Anyway, I'll follow up maybe?

**Ankur Dalwani:** We can give you that. And on your earlier question on M&A, I think it's an ongoing exercise. There are no clear-cut answers as to whether there are large opportunities or not, we continue to be in dialogue with people, but these are not easy to fructify. They do take time. As you know, M&A takes its own time. So...

**Puneet Chhatwal:** See, one of the main reasons why we did, one, we did because we got into integrated wellness, which we think is a trend that will keep getting stronger, and there was a well-established brand, which had a terrific name. I personally feel that atma, man and tan. It's a culmination of these 3, is a wonderful name.

And it was doing well, and that's why we did it. The others we did to create critical mass and scale for the Ginger brand so that it gets to 250 hotels and becomes India's largest mid-market brand. And we are well on the way in that journey. We are very pleased with what we've been able to achieve.

We have a long way to go because only 40 of those amendments to the contracts have been signed. I would have preferred 50 or 60. But we would have done all of that before the end of this financial year. And many of those, I mean, conversions have started. So we just don't want to change the nameplate and just change the name.

We want to have all the fire life safety issues resolved before we rebrand it as Ginger. We want to have the Ginger colors. We want to have whatever paint is needed, paper is needed, wallpaper, etcetera, those key amenities to make it look and feel like Ginger. That is what we are doing. I think we finished 12 conversions in operation already -- or sorry, 15, 15 have been signalled, have already been done.

So I think as of Q2, Q3, Q4, the momentum will keep increasing. If in Q1, it was 15. In Q2, it would be 20. In Q3, it could be 25 and in Q4, could be 40. So that will help Ginger get there. We didn't do these acquisitions just because there is EBITDA, there is revenue growth of so much. There was no risk. And really, it was positioning after a brand has been in operations or since the launch of Ginger 20 years had passed and 25 since it was conceived, and it had only 50, 60, 70 hotels. So this got the scale, the rest can follow.

**Ankur Dalwani:** Yes.

**Puneet Chhatwal:** And we have large Ginger properties, which will be opening over the next 12 to 36 months, like the Ginger at Bangalore Airport and a combo with Vivanta 350 rooms will open in 12 to 14 months. We are building a company-owned 300-room Ginger at the Mopa Airport in Goa. We are under construction with the Kolkata Airport, another large format Ginger. So they will all come. And -- but by that time, the brand awareness would have grown because of the scale of the brand.

**Ankur Dalwani:** Yes. Also, just to add, on the ANK/Pride portfolio, one of the things which we are going to focus and are already starting to see traction is conversion of management contracts to revenue share. So I think that's as part of the consolidation or sort of integration journey, that is a focus area for us as well. So when you can also get growth from acquisitions, not necessarily from migration, but also from making them sort of bringing them in-house.

**Moderator:** Your next question comes from Achal Kumar with HSBC.

**Achal Kumar:** First of all, going back to the leisure versus business. So you mentioned that leisure is very strong. Is it like purely because people are not able to go to international holidays? Or is it also because you think the flight rates are very high and so people are sort of giving the ditch to take the flights and that leaves them with a high budget. So what is -- how -- what pieces playing there? And are you able to increase the rates in the leisure destinations given the demand is strong? Or is it purely driven by high occupancy and also? If you could give a bit of a color on that, please?

**Ankur Dalwani:** So I think it's obviously the domestic demand has definitely pushed up the leisure occupancies and you see that across our markets, both Goa and Rajasthan, you can see, if I look at the Goa numbers, ARRs are up double digit comfortably and also in some properties in Rajasthan as well.

And this time, there's also been a lot of occupancy-led growth. If you see the overall occupancy, they are up 6% on the base, which you saw the stand-alone numbers, which is representative of the domestic market for us. And that is -- after a long time, you've seen actually a big jump in the Q1 occupancy numbers.

You normally don't see that big jump in Q1 occupancy. That is being driven by domestic demand. And the good thing is that this is -- seems to sustain. It will -- we are seeing good traction in Q2, like I mentioned earlier in the call, even this month and what we have the outlook for Q2, this momentum is continuing to remain strong.

And then as you know, that Q3, Q4 generally are considered strong months for the leisure markets. So we expect the momentum to continue for the full year. And I think the other point on business cities is also to note that Achal is that they have not grown at a slower rate. They've grown relatively slower, but they've also grown at a healthy pace.

So Mumbai, Delhi, 12%; Bangalore, 13%. These are all very good rates, and we're very happy with that. And I think that momentum will also -- it continues to benefit from heads of state, business meetings. As government MICE comes back, we think that can only improve from here.

**Achal Kumar:** Right. But then, I mean, going back to the leisure first, sorry, I mean I think your properties in sort of Rajasthan and Goa and all, I think they are very high-end properties where ARRs are significantly very high and most of them are taken by the inbound international tourism, especially in the Q3 quarter.

So do you think that if -- because of this fresh escalations, if inbound international tourism give it a miss, do you think you'll still be able to sort of hold the ARRs at they goes up like significantly high in the quarter? And do you think the domestic -- you'll find domestic takers for that or do you see there could be an impact on the ARR, especially in the Q3 if inbound international tourism sort of give it a miss or they are not able to travel?

**Ankur Dalwani:** Well, even in this quarter, Achal, the foreign nights or the nights sold to non-resident Indians or foreigners was actually down from previous quarter of the same year and that demand did get picked up by domestic. We'll have to see how Q3, Q4 go because that's the main quarter for foreign tourists.

I think in general, our dependence on foreign tourists has gone down dramatically over the years. I mentioned this on the call last time that for us, the demand and the room nights sold on average is mid-20s. And I think that is where we are. We didn't even see a big dip in March actually for that. But 1% here and there is something we think we can make it up from domestic demand. So it's early days. Q1, Q2, both are looking fine from making up the -- any shortfall in foreign tourists from domestic demand.

**Achal Kumar:** Okay. On the business side, if you see all the hotels, as you mentioned, they are doing well, growing by low double digits. Just want to understand is there a mix changing? And what I mean by that is that is it sort of driven by the increased domestic corporate activities? Or do you see the business demand from international is holding up or if not, then how the mix is changing, especially inbound GCC travel business versus the domestic corporates? And when we are on that, how do you see the corporate events? Do you see the increase in the corporate events or the corporate events are sort of -- by the domestic corporates have gone down?

**Ankur Dalwani:** So Achal, the good thing here is that our hotels are very well positioned to take advantage of heads of states visits corporate activity, and that is what comes out in the -- and also the staycation. I think if you look at Taj Lands End or Western Taj Mansingh in Delhi, I think these are hotels where you see a lot of staycation activity also.

You see occupancies of running at 95% plus. And obviously, the weekends are also going full. So I think that's -- it's a combination of all these 3, 4 trends, which shows up in the city revenues from Mumbai, Delhi, Bangalore. And those are really the big sort of markets for us as far as we are concerned.

**Achal Kumar:** Right. Finally, last question on air catering segment, where revenue was up 3%, but EBITDA was down 1%. Why was that? Is it like -- is it high fixed cost business? And can you -- how quickly can you lower your cost in case the demand remains soft in this business to protect your margins?

**Ankur Dalwani:** So there are 2 trends here playing out. One is that, firstly, you have to understand when the second largest player cuts capacity, it has a direct bearing on the flight catering business. And I think that for us has had a big volume impact from the flight catering side. Despite that, the flight catering business -- side of the business managed to grow or keep the revenues flat.

The non-flight catering side of the business grew actually almost like mid-20s, but that's a little bit of a lower-margin business as it's not a concession -- it's not some kind of a concession business. And therefore, the margin is a combination of the 2 coming out. And it's more of a mix thing.

And of course, all cost saving measures have been deployed, and that is what the business teams are doing on the ground. But this is sort of a trend. We don't see that it will get over in this quarter. Maybe we'll have to wait for Q3 because the direct or at least on the flight catering side is a direct function of when the capacity comes back by Air India and IndiGo, because those are the two big players that directly impact.

The other thing is also that even long-haul flights, there was an impact. So even when you see the volume mix, that also became a little adverse for this business. And all of that is resulting in this margin sort of getting impacted. And so two, three factors which I mentioned. I think Q2 will be similar or somewhat similar. We'll see how that goes. And then by September, October, we will be in a better position to tell you how the full year will look like. But Q2, we are not very hopeful that things will rebound quickly.

**Moderator:** Your next question comes from the line of Akash Gupta with Nomura.

**Akash Gupta:** Am I audible?

**Ankur Dalwani:** Yes.

**Akash Gupta:** Congratulations on a very strong performance. So I just wanted to circle back on the occupancy front for the stand-alone business. It is at 82% versus 76% in the previous quarter. And what I'm understanding is the leisure demand has been exceptionally strong. So is that the only reason for this strong occupancy? And would it be fair to say that you are benefiting from the war contrary to what the expectations were that occupancies would go down. So what's driving this 82% occupancy?

**Ankur Dalwani:** That's the advantage of having a diversified business model, Prakash. So last year, our international was firing. Today, this year, domestic is firing on all cylinders. And you see that come through in our numbers that despite a soft international, we have still delivered 17% on the hotel. If I look at the city-wise data, Bombay is up 6% to 15% occupancies, Delhi is also up 2% to 12%. So it's not that only leisure destination occupancies are up. Across the board, we have seen a pickup.

**Puneet Chhatwal:** We could add that every quarter, we have been talking about diversification by brand, by geography and by contract type. And although this is going beyond your question related to occupancy, but that is the key focus that management has had to mitigate any kind of volatility impacts in our business model.

And with the successful scaling up of other brands besides Taj, this should help us over the next 12 to 18 months to get to our goal that we set out to achieve. And that is also shown in a lot of our portfolio. There is a slide in our investor presentation on the Slide 10, where you see that how some of the properties which have helped in our performance is also like Taj Palace.

And I said that in my opening remarks, had 2 floors under renovation. Fort Aguada had a big block under renovation. So they are showing exponential growth because of a renovated product, which is high in demand and also the market, which is also giving them the thumbs up because Delhi did well and Taj Palace did very well.

It's done 32% room revenue growth and the total revenue growth of almost 24%. So -- so it's a very, very strong performance. Same thing on Aguada, 45% growth on room revenue and 42% growth on total revenue. And it's driven a lot by occupancy in times when there are no big events, occupancy takes over. That's what I also said in the opening remarks on revenue management. And when there are events happening, that's when whether it's an AI summit or whatever, that's when rate goes up.

**Akash Gupta:** Understood. The second question is on the EBITDA margin for the stand-alone business. It's roughly 39% versus 35% in the 1Q FY '26. Is that mainly driven by operating leverage?

**Ankur Dalwani:** Yes, it is a combination of operating leverage. And of course, as you cross a certain level of revenue growth, your flow-through keeps on expanding not linearly but exponentially because effectively, the new rupee or new dollar drops to the operating line, and that is what you see in the numbers. We also benefit...

**Puneet Chhatwal:** The new means the incremental.

**Ankur Dalwani:** Incremental, yes, not the growth. And the management fee, if you see, has grown quite nicely in this quarter, which is something which we have said will continue to sort of do well. And given the momentum we have on our signings and openings, and that is a very high flow-through business. Chambers has done exceedingly well in this quarter. And despite at a INR50 lakh ticket point, we continue to see a wait list there, and maybe it is time to look at higher pricing there.

**Akash Gupta:** Because I mean, we were already on a pretty high base on a stand-alone business from an EBITDA margin perspective. I mean, just to get a sense?

**Ankur Dalwani:** You should be happy, right?

**Akash Gupta:** That's what I'm trying to understand is what is the upside risk to our EBITDA margins? I mean, if I look at from an FY '26 perspective, how much more margin can we eventually get through?

**Ankur Dalwani:** I think if you step back and look at -- we don't give specific margin guidance. But generally, we have said at the beginning of the year when we did the call that there are puts and takes, and then we talked about some of those. I mean, for example, even in this quarter, we had new assets coming online. There was costs associated with those, and that's all in the numbers.

We had -- TajSATS had a little bit of a challenging quarter. So I think despite that, margins grew by 0.5%, Hotel segment grew by 1%. So I think directionally, it is looking upwards. And I think we have to just keep that momentum going, and which is what we're seeing so far. I think if the top line follows the trajectory we've had in Q1, I think there is no reason why margins should not also follow and give a positive surprise on that one.

**Moderator:** Your next question comes from the line of Rahul Jain with PhillipCapital.

**Rahul Jain:** Congratulations on the good set of numbers. Sir, my question is regarding the stand-alone portfolio again. So again, we've delivered a 14% like-for-like growth on the domestic hotels, but this also includes the renovated assets in the base, right? So if you exclude those assets, what would be the underlying growth for the stand-alone portfolio or the domestic portfolio on a like-for-like basis?

**Puneet Chhatwal:** We cannot exclude or include.

**Ankur Dalwani:** Sir, as the comment says, it includes the -- if you look at Slide 9, it excludes the assets which were under renovation last year. So Palace is not included and Fort Aguada is not included. And Blue Diamond and Calicut this year are not included. These are the 4 assets which are basically under renovation. So we've given you an apple-to-apple comparison.

**Rahul Jain:** Understood. So renovated assets are?

**Puneet Chhatwal:** I was suggesting. So they will be -- you have to also assume we have given the guidance on capex, and we have always said how much is routine capex and how much is expansion of greenfield capex. So if every year, you're spending INR500 crores, INR600 crores on your routine capex going forward, then something is always under renovation and something will get renovated the next year, in the following year. So that part actually helps you drive long-term growth and helps you to retain market share.

**Moderator:** Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Puneet Chhatwal for closing comments.

**Puneet Chhatwal:** Thank you, everyone, for joining our quarter 1 results call today, and we look forward to offline conversations should anyone have any questions and also to the next quarter results with all of you in October. Thank you very much, and have a wonderful evening.

**Ankur Dalwani:** Thank you.

**Moderator:** Thank you, members of the management. On behalf of the Indian Hotels Company Limited, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines. Thank you.