"The Indian Hotels Company Limited Q2 FY'26 Earnings Global Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to The Indian Hotels Company Limited's Q2 FY'26 Earnings Conference Call.

As a reminder, all participants' 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

On the call, we have with us Mr. Puneet Chhatwal – Managing Director and CEO, IHCL, and Mr. Ankur Dalwani – EVP and CFO, IHCL.

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 Q2 FY'26.

We are pleased to inform you that we have continued our record performance for the 14th consecutive quarter driven by sustained growth and strategic execution despite short-term industry headwinds. Kindly allow me to outline the 10 key highlights of the quarter.

1. **This was a quarter of key milestones**. **To begin with**:
   I. We are delighted to share that this has been a quarter marked by significant milestones like Taj Bandstand has received all requisite regulatory approvals to commence construction and more importantly, excavation work has already started five days ago.
   II. We inaugurated two new greenfield hotels in Ekta Nagar, which are company-owned assets, the 127-key Vivanta and the 151-key Ginger, both on our balance sheet. The inauguration took place on the momentous occasion of Rashtriya Ekta Divas, commemorating the 150th birth anniversary of Sardar Vallabhbhai Patel. We are happy to share that the hotels are off to a good start.
   III. During the quarter, we achieved the milestone of opening our 250th hotel, which is the Gateway in Goa Palolem.
   IV. We also completed a comprehensive renovation of the chambers at our flagship Taj Mahal Palace, Mumbai, marking its soft opening a week ago and reinforcing its legacy as India's most exclusive business club. So those were the summary of key milestones.
2. **Accelerated signings and openings** – IHCL continues to demonstrate industry-leading growth with 46 hotels signed and 26 hotels opened in H1'25-'26. This includes 14 hotels onboarded on our sales and distribution platform with the Clarks and Brij Groups. With 268 operating hotels, 167 in pipeline, IHCL today is India's largest hospitality ecosystem, spanning 200-plus unique locations across 33 states and Union

Territories of India. We are well on track to achieve our target of opening 30-plus new hotels in the current fiscal year.

3. **Strategic partnerships –** The Clarks' transaction is progressing well. We expect to close it within this quarter and have begun integration activities. Once completed, it will add another 135 hotels to our portfolio. This transaction will make IHCL the clear leader in the mid-scale segment in India with a portfolio of over 240 hotels, giving the Ginger brand significant scale. During the quarter, we also entered into multi-hotel framework agreements with the Ambuja Neotia Group for 15 hotels across the Taj SeleQtions and Tree of Life brands, and with Madison Group for 10 Ginger hotels in South India. These arrangements follow a capital-light model through management contracts and revenue-sharing leases.
4. **Asset management of the portfolio** – significant renovations which have been completed. We used the first half of the financial year, typically considered as a slower period for our industry, to focus on renovations and upgradations across our key hotels. Major upgrades were completed by October across multiple properties including Taj Palace Hotel in New Delhi, President Hotel in Mumbai, and Taj Fort Aguada. Others that saw renovation include Taj West End and also Taj Bengal in Kolkata. We expect to see the positive impact partially in Q3 and fully in Q4, both in terms of improved guest experiences and higher yields due to the upgraded product.
5. **Resilient performance in Q2 –** despite short-term headwinds. Our consolidated revenue grew 12% year-on-year to Rs. 2,124 crores, EBITDA grew 16% year-on-year to Rs. 653 crores, yielding EBITDA margin of 30.8% and expansion of 90 basis points, despite the full consolidation of the assets in the financials as well as asset management initiatives which I just outlined. Our profit after tax grew by 15% to Rs. 285 crores. Hotel segment revenue and EBITDA grew by 7% and 12% respectively, driven by our tight cost management leading to a margin expansion of 140 basis points over last year. On standalone basis, revenue grew by 4%, impacted by hotels under renovation and a high base of last year. We continued to deliver strong performance at standalone EBITDA level with margin expanding by 220 basis points to 40.8%. Our standalone PAT margin stood at a healthy 24.8%.
6. **Management fee growth through Capital Light Strategy** – Our Capital Light Strategy has helped grow our management fees by 21% from Rs. 214 crores in H1 last year to Rs. 259 crores in H1'25-'26. With strong visibility on upcoming hotel openings, we expect management fees to continue growing at a healthy pace with strong flow-through to EBITDA.
7. **New brands and reimagined businesses** – IHCL's new businesses vertical comprised of Ginger, Qmin, amã Stays and Trails and Tree of Life continued to showcase strong growth at 22% year-on-year. This was driven by new additions to the Ginger portfolio and higher F&B revenues from the Qminization of the Ginger brand, which means the all-day dinning inclusion of Qmin as the brand in Ginger properties. We expect these numbers to grow from 22% to 30% in the second half of this year. Qmin has now

grown to 104 outlets across multiple formats. amã Stays and Trails has a portfolio of 330-plus bungalows with 150 in operation in Tree of Life is now a 20-plus resorts portfolio with 18 in operation.

8. **With that, I move to number eight, strong balance sheet with healthy cash reserves** – Our balance sheet continues to be healthy with gross cash reserves of around Rs. 2,850 crores. This is after investing Rs. 480 crores in CAPEX in H1. During the year, we opened Ginger, Ekta Nagar and Vivanta Ekta Nagar on our balance sheet, which I just mentioned and this marks another step forward in our strategy of creating new destinations and building a diversified base of owned assets. We are also looking forward to the opening of Taj Frankfurt in the later part of this financial year. Work is also progressing well on the expansion of 100-keys at Taj Ganges, Varanasi, which is expected to open either at the end of December this year or at the latest in Q4 or early Q4 in January next year. Further, 95-keys at Taj Lucknow will also become operational by 2027. Both these hotels are operating already at high occupancies and strong ARR levels and are expected to be value accretive and margin enhancing. Our upcoming key projects on balance sheet at Bandstand, Lakshadweep, MOPA, which is the airport in Goa, Aguada Plateau in Goa, Shiroda, Ranchi and Agartala will further enable us to build on our competitive advantage and reinforce IHCL's leadership in both established and emerging destinations. All of this growth is expected to be funded from our internal accruals only.
9. **Industry leading return ratios led by focused investments –** Our ROCE or return on capital employed is improved by 160 basis points year on year to 17.3% while return on equity has increased by 70 basis points to 15.5%. This sustained improvement demonstrates the quality of our earnings and the efficiency of our balance sheet as well as the strength of our investment decisions which continue to deliver higher returns year-after-year.
10. **Looking ahead how we see things going forward** – IHCL remains confident of achieving its guidance of double digit revenue growth for the year driven by structural tailwinds for the industry. Supply is expected to be constrained and continue to lag demand in near future. With multiple global events and high profile diplomatic visits planned in second half of the year, continued momentum in MICE activity and a busy wedding season, outlook for H2 remains robust. Some words on Paathya, our ESG plus program or let's say staying aligned with our ESG++ initiative, the journey towards our 2030 targets remains on track. IHCL now uses 41% energy from renewable sources and has installed 382 EV charging stations across 168 locations in India.

Continuing our journey of eliminating single-use plastic:

IHCL has installed bottling plants at 74 hotels and achieved 51% recycling of water that is being used. IHCL currently partners in operating 73 skill centers across 21 states in India. Since 2020, we have trained over 35,000 youth and are well on track to reach our goal of skilling 100,000 plus youth by 2030.

In summary:

Despite the transient headwinds of Q2, we feel comfortable with the revenue outlook for the rest of the year. The long-term trajectory for the sector remains intact and we will continue to invest in our competitive advantages including physical assets, brandscape, digitization and our people.

Thank you so much for your attention and we now open the floor for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Hi, Puneet. Can you talk more about the forward booking? Also, how has the October month already completed and how is the forward booking for November-December?

Puneet Chhatwal: The business on the books is strong, Sumant, and there is despite a very high base of Q3 year-on-year, we remain confident that in the future both Q3 and Q4 should witness double digit growth for us on the topline.

Sumant Kumar: And talking about subsidiary performance, we can see the UK has done extremely good in H1 FY'26. And also, when you see the particularly in margin front, also the PM hotel has done well. So, what about the US and we are hearing about the US entity, what we are planning to dispose. So, assuming all the international business, US and UK, UK is doing good. So, what is the plan we have for international business?

Ankur Dalwani: Hi, Sumant. I think we give out the US numbers also on the slide. Essentially, the UOH entities, you can see that both hotels have done well, particularly Campton, which has done very well in both Q2 and H1. So, as far as your other question about disposal or I think we already clarified that, that we feel that was speculation and as of now it is status quo as far as US assets are concerned.

Sumant Kumar: Thank you.

Moderator: Thank you. Our next question comes from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Thanks for the opportunity. Could you firstly just a clarification. Just a clarification. In the last call, you mentioned that when a hotel breaches the 80% occupancy mark, typically you tend to see a lot of rising power for that hotel. But if we look at slide number 29 of your presentation where Mumbai H1 occupancy stood at 84%, but despite that, the RevPAR growth was only 2%.

So, help us reconcile this, because if I look at Kolkata, again at 83%, you'd seen about 17% growth. So, what's the outlook for Mumbai, let's say, for the second half of the year? And more importantly, how should we read this data, comparing it to what you said in the last call?

Puneet Chhatwal: See, what I said last call holds true even today. Last year, we had a one-off event, which created higher rates in Mumbai because of a very famous wedding. A lot of rooms were blocked, and that really assisted. Those one-off events will always have some impact. Same thing happened in Delhi with the UAE delegation that we had at the Taj Mahal Hotel or popularly known as Taj Mansingh. So, those one-offs will be there, but as long as they are positive is fine. And more important is that you are able to maintain both a high occupancy and a high rate, despite not having any such event and having had all the possible headwinds that I spoke about. The first half of this year has seen everything possible, from a Pahalgam to Operation Sindoor, to an Iran-Israel conflict, to a flooding, landslides, airline accident etc. So, I think, all in all, that shows the resilience of the sector, driven mainly by the key markets of Mumbai, Delhi, Bangalore, and even Goa is coming back. So, I think the outlook remains robust, and that's how you should look at it.

Karan Khanna: So, just continuing on this slide, if we look at Rajasthan, Goa, and Kerala, and with increasing outbound travel, and perhaps many international destinations that are offering cheaper stays, do you expect some pressures on RevPARs to continue, particularly for leisure destinations going ahead, or do you see the high single-digit RevPAR growth continuing for the leisure part of the portfolio as well?

Puneet Chhatwal: I don't see anything that would suggest why that growth should slow down, because there is not so much new supply coming in, and demand remains strong. There is another thing which we have, in the IHCL Enterprise RevPAR, going back to your previous question. As we are growing with different brands, now every brand doesn't attract that kind of RevPAR growth. So, I think some of that we will have to look in different markets going forward, that what is the RevPAR for a Taj branded property, what is the RevPAR for a Ginger branded property, now when we will add, after completion of the Pride and this ANK group, we could get to 250 Ginger hotels, so we will have to also, as I mentioned in the previous and the quarter before that, we will give more importance and lay more stress on doing some of this growth by brands, because the Ginger RevPAR will not be anywhere close to the Taj.

Karan Khanna: Sure, this is helpful. My second question to you Puneet, now with the integration of Clarks into your portfolio, are you now seeing more inquiries or perhaps more opportunities that could emerge, let's say other smaller brands that want to partner with Taj, going forward are you seeing more discussions or perhaps more inquiries from these brands?

Puneet Chhatwal: We have not yet completed the ANK and Pride transaction, it should happen definitely before the end of this quarter, I think that's when we will start seeing that kind of traction, but very importantly once that happens and with the other hotels that we have in pipeline, which was a part of the narrative I gave, we will see very soon, over the next 12 months, 250 Ginger hotels in operation, making it the largest mid-scale brand in India.

Karan Khanna: Sure, and my last question, when we look at some of the recent industry reports, they seem to suggest that tier 2 and tier 3 markets are seeing higher supply, I think FY'25 growth was about 13%-14%, this seems like a very high number, given that it would be difficult for demand to grow at perhaps a similar number, could you share your thoughts about this, considering you have a lot of opportunities and perhaps growth both on your green fields as well as the pipeline that's coming in the tier 2-3 markets?

Puneet Chhatwal: See, I will let Ankur answer, but I will just say one thing that if your base is small, the percentage of supply growth looks very large. If Mumbai had 12%-14% supply growth, I would be worried, if Delhi had that kind of supply growth, I could get worried, but tier 2-tier 3 cities almost had nothing, so if you are coming from nothing and experiencing that kind of growth, it's very normal, this is how emerging markets grow, whether from an economic point of view or from a RevPAR point of view, that's how the nature is. For example, if we say we will do a topline growth of 10%-12% and some other company, we have 268 hotels in operation and somebody else has maybe 20 hotels in operation and they say they are growing at double digits, it's not, if some small company adds one new hotel, suddenly the revenue goes up a lot, so that's how one has to differentiate whether it is markets or it is portfolio, at what base are you looking, the base is the decisive factor.

Ankur Dalwani: I think Karan, we have always maintained that the key business cities or the key markets, the supply growth is actually even less than 5% and I think that's playing out even in this year and I think even for the long-term forecast of the next 4-5 years, you pick up any report or look at the data, it will kind of substantiate that, I think that's what really matters from a demand supply perspective, the upcoming supply or potential supply in let's say tier 2 or tier 3 markets will also pull a lot of demand from unbranded chains or which are not part of a chain affiliate, so that's a sort of underlying trend which we see, also as far as IHCL strategy is concerned, our focus on adding assets is more towards locations we feel where there is sustained level of demand-supply gap and as far as the new markets are concerned, we have also hedged that by saying that we look at managed hotels as an option in those markets.

Karan Khanna: Sure, it is helpful. Thank you, I will come back in the queue. Thank you and all the best.

Ankur Dalwani: Thank you, Karan.

Moderator: Thank you. Our next question comes from the line of Shaleen from UBS. Please go ahead.

Shaleen: Hi, good evening everyone. Thanks for the opportunity. So, I could see your RevPAR is very strong, so is it fair to assume that because of the big wedding, F&B revenue was pretty high in the base and that's the reason our topline growth looks a little softer and to continue the part, is it possible to give a let's say X of Mumbai, what kind of a growth we have seen?

Puneet Chhatwal: **N**o, Shaleen, as I mentioned, we had a significant number of hotels which were undergoing renovations, which had an impact, but we prefer to do that in the first half, especially let's say Taj Palace had an impact of 150 rooms, but to get, although the renovated ones are 120, but the ones above and below, you know, the disruption starts happening because of noise. So, having for 7 months, 150 rooms out of operation does have an impact in a large property like Taj Palace, but the important thing is they are all back, they are in operation now with a renewed product, which is as good as absolute brand new, done to the latest style and class. So, it keeps you competitive and gets you a higher rate going forward. So, that's a conscious call we took that is reflected in the Rs. 250 crores of investment in our own business that includes 44 rooms in Aguada, it's a lot of rooms in a single asset.

Ankur Dalwani: I think if you were to also take into account, the high base in both Bombay, Delhi, I think if you adjusted for that, you would be in double digits on non-RevPAR.

Shaleen: Double digits on a like to like basis, right?

Puneet Chhatwal: It is on a like-to-like. actually the previous question I forgot to mention because Mumbai was questioned with the 2% growth, but we also had 76 rooms of President under renovation.

Shaleen: Okay, got it. That explains. And if I can, a bit of elaboration on this, Ambuja Neotia it will be a pure play management contract or there's something more to it?

Ankur Dalwani: It's pure play management contract or leases. Essentially, this is a partnership with an existing owner. It only deepens the relationship with them. So, this is a framework in which we will end up doing either leases or management contracts depending on the brand.

Shaleen: Sir, any sense on what kind of revenue/profitability we can expect from this, all these properties? Ballpark number is also good.

Ankur Dalwani: So, as you know management contracts are very high flow through businesses with profitabilities north of 70%. And, this will open, I mean, this will get added as we speak. So, it's part of the pipeline as we speak. Whatever is getting signed gets added to the pipeline. But I think the point, the bigger picture is that, this is the preferred partnership model continues to sort of grow not only with acquisition, but also on a non-equity investment model. That's the point we were trying to make here.

Shaleen: No, absolutely. We have seen some very successful properties from this group. I believe there are some properties in Darjeeling and each side and Kolkata as well from this group.

Ankur Dalwani: That's correct.

Shaleen: Okay. If you can get on a CAPEX side, like what is your CAPEX plan for next six months or maybe beyond if you can tell us.

Ankur Dalwani: So, I think we originally guided to Rs. 1,000 crores to Rs. 1,200 crores CAPEX number. I think we are on track for that. As you know, H1 we have done about close to Rs. 480 crores and which includes CAPEX spent on renovations and also on the green field assets, which is basically what we spend on Bandstand in securing the FSI, as well as completing the Ekta Nagar, the Frankfurt asset and some of the other projects which are sort of the early stage. So, if you look at the overall CAPEX numbers for there, I think it will probably be in the 1,200 range, which is what we originally sort of planned for. And, there could be plus minus 5% depending on when the project sort of get to completion or if there are any delay in approvals.

Shaleen: And just last one, Ankur. Among the hotels which are renovated, how many have come back in the number of the rooms in tier 1 market and how many will be coming back in this quarter?

Ankur Dalwani: So, I think all of them have come back with the exception of a few rooms at Taj Palace, which is expected to come back in November. So, that's why when we talked about the impact of renovations, it'd be fully felt in Q4 in terms of fully sort of renovated portfolio and there'd be some minor impact in Q3, since October also had some renovations getting done.

Shaleen: Possible to summarize what all have been renovated in past six months or nine months?

Puneet Chhatwal: No. So, with the exception of 20 or 30 rooms or out of 120 rooms in Taj Palace, everything else is in operation. And Fort Aguada, the inventory came back absolutely in time. All President 76 rooms are also done. One Presidential Suite is left in Taj West End. And so, there's some small, but that is always there, Shaleen. There's some little things always keep happening.

Shaleen: Sure.

Puneet Chhatwal: But the major block was Taj Palace.

Ankur Dalwani: Because Taj Palace not only impacts the floor under renovation, it also impacts the floor above, the floor below. And it's a very busy hotel. And therefore, the impact in H1 was quite magnified because of that.

Shaleen: Sure. We know the P&L is huge of that hotel. Sure. All right, sir. That's it from my side. Thank you so much and best of luck.

Ankur Dalwani: Thank you, Shaleen.

Moderator: Thank you. Our next question comes from the line of Achal Kumar from HSBC. Please go ahead.

Achal Kumar: Thank you so much for the opportunity. First of all, just want to understand, Puneet, so now we have got so many listed hotels and everybody sort of trying to grow by any model. I mean, some of them are sort of taking hotels on lease and subleasing and some of them are sort of owning the hotel. So in all this scenario, I mean, how do you see the competition, especially when it comes to the growth? I mean, if you go to the market and you want to grow, do you think you'll get a deal at a favorable price or favorable terms? Or do you think the challenges are growing and you might really find it difficult to get the hotels? I mean, how do you see the market and the competition, please?

Puneet Chhatwal: See, the market is never easy. There's nothing which is easy. So the proof is in the pudding. And I think what we have done and demonstrated how when we first met, Achal, almost 7-8 years ago from 130 hotels, how we have gone to a portfolio of the size that we have today. Right. So I think we keep signing up properties. We have signed almost 32 without the onboarding of Clarks and Bridge properties in the first half of this year. I mean, that's like 5 hotels a month, more than a contract a week. We have opened 2 hotels a month without the Clarks and Bridge. If we add that, we have opened almost, one hotel a week. There's 26 hotels open. So there are 52 weeks. And the first half is 26 weeks. I think that we have achieved not only because you go and you give favorable terms, it's also the power of your brands, is the power of the group we belong to, is the kind of level of ethics we maintain. I mean, there are so many compelling reasons and also our ability to also use our capital, if need be, many times we can do many things which others may not be able to do. We are also sitting on almost 3000 crore cash as we speak. So there is a lot of opportunity. This is how we were able to do an M&A activity, where you don't have to take on debt. And all the properties that we are opening, all the renovations we are doing is all from internal accruals.

Ankur Dalwani: I think it's fair to say that, Achal, just to add to that, that we announced, when we announced the ANK and private transaction, I think we did make a statement that in a wayit's the beginning of the inorganic journey, which, I don't think it's stopping at this transaction. It'll sort of go from here and hopefully do more stuff in the coming quarters. And I mean, there are opportunities, even in this market, which are interesting and make sense for us to do.

Achal Kumar: Right. Fair enough. That's fine. At this point, I am not sure if you can give any color, while we are talking about the class and the deal to close in this quarter. Sort of what kind of revenue in and EBITDA or what kind of profitability if you can, any line, what are you expecting for, say for example, full year next year?

Ankur Dalwani: I think we did give some color when we announced the transaction. I think nothing has changed since then, because since we mentioned that transactions are not yet closed. We are in the early stages of figuring out the integration plan and we have identified, which will migrate to, to Ginger and then figuring out the best time to initiate the conversations with owners. I think the right year to look at this will be probably be FY28, because next year will really go under integration. And, I think also it's a function of what, how many hotels we can migrate from management contracts to revenue share model, which is one of the things we talked about. I think medium term, we are looking at about Rs. 100 crores getting added from this portfolio without doing too much heavy lifting. And if you're able to swing a few of the hotels into revenue share model, then that could actually get, that could be on top of the 100 crore number I mentioned.

Achal Kumar: Okay, fair enough. And then coming back to slide 29, I think Puneet has explained enough, but, just to take a bit of deep dive here, I mean, so Mumbai you're at 84, Kolkata you're at 83, and most of the cities you are at close to 78% or 80%. So now you mentioned that when hotels reach at this level, I think there is significant growth potential for the ARRs. And now just now Puneet said the last year was exceptional because we had a wedding in Mumbai. So I guess, I mean, since the rates were, so sort of since the occupancy was high, the rates must have been high. So now if your rates for last year was high, I am assuming, then your RevPAR growth was 2%. So should we assume that since the rates were already very high, we should not expect significant growth in ARR from here on? And then secondly, because all these properties are all the cities in this chart showing 76%, 78%, 80%. So how should we think about it? Going forward, do you think you can take these occupancies to 100%, 95%? Or do you think occupancies might not grow significantly, but we have the strong potential for ARRs to grow maybe 25% or something like that? So how should we sort of think about the economics here?

Ankur Dalwani: I mean, without getting into specifics of each city, I think Achal, if you think about the demand supply situation, particularly in the larger cities, and you're well aware of the upcoming supply in Bombay-Delhi-Bangalore, or Calcutta-Chennai, you can actually figure, you can see the demand supply dynamics in these markets, which will point to the fact that ARR pricing power continues to be there, given the background what we have, right. So I think that's the key backdrop to think about. And even I think in this quarter, I think we made a note somewhere in the H1, which went away, it was basically the weaker MICE segment, which impacted the revPARs. Adjusted for those, actually, it was almost a 9% to 10% growth. So I think it's also the quality of business, which you sometimes get, and that does get impacted by wedding dates moving from Q1 to Q2 or Q2 to Q1. And that's why looking at this on a little bit of longer time period makes sense. And in that time period timeframe, a little bit of a longer timeframe for a full year or the next 12 months, we don't think there's any pressure on ARRs coming up in these markets, they continue to be resilient. And it's a question of, some of the headwinds sort of getting behind us, which is already, I think we are seeing the business on books in November sector being very strong. And I mean, October had Diwali and Dussehra both out of the way. So that's in a way out of the window. And then November looks very clean and looks very strong.

Achal Kumar: Perfect. My last question is around the CAPEX. So you mentioned that you are investing Rs. 250 crores in renovations. Now, how much have you already completed? How have you invested in H1? And how much are you going to invest in H2 on renovations? But apart from the renovations, what is your total CAPEX you're expecting for full year this year, current financial year FY'26 and maybe FY'27, if you please guide.

Ankur Dalwani: So H1, we've said we've done about close to Rs. 475 crores, which included money spent on green field as well as money spent on what we call routine renovations and special projects, which are basically IT-led projects. So it's about Rs. 230 crores-Rs. 240 crores which is spent on renovations, roughly equal between the two categories. And in that category, if you look at, if you look at renovation, that would be again be like half of that number. So that's the broad picture for H1. And for the full year, we are expecting, like I said, between Rs. 1000 crores to Rs. 1,200 crores to be spent on CAPEX, because a lot of the green field projects will also step up now in H2.

Achal Kumar: Right, and any guidance for FY'27, please?

Ankur Dalwani: FY'27 is a little early, but I think in general, we've said over the next few years, we would spend about Rs. 1,000 crores on average. And I think that that is pretty much the guidance, because when we get down to budgeting, because it will be very specific to the Greenfield projects, if Bandstand is to go full steam, then we may end up spending less, more in FY'27. But you should assume anywhere between Rs. 1,200 crores for next year as well.

Achal Kumar: Okay, perfect. Thank you so much.

Ankur Dalwani: But the good part is, Achal, is that even with those CAPEX, you know, our free cash flow is strong enough, the annual free cash flow is actually strong enough to take care of that. So we don't see any stress as far as balance sheet is concerned.

Achal Kumar: Right. Okay, perfect. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Sameet Sinha from Macquarie. Please go ahead.

Sameet Sinha: Thank you. So renovations, obviously is a big part of the commentary this quarter. Can you give us a sense of once the rooms are renovated, put back into the market, what sort of ARR and occupancy uplift do you see in those properties. Second question is around amã and Tree of Life, if you look at your portfolio, these are the ones which look, in theory, look subscale. Can you talk about the structure around them? I am trying to figure out what the margins can get to your standalone obviously, very nice at 40%. But these two, do they need to become much bigger to get to those sort of margin levels because of pricing power? Or do you have shared resources, so you can get those margins also up to the similar levels? And then I will have a third question later.

Puneet Chhatwal: Very good comment, because yes, they have shared resources. They all sit in a vertical called new business. And scale is critical. We had a little slowdown in the growth of amã a few quarters ago, but the last six months have been very good. But we need to get to minimum 1,000 to really say that this is like a good contribution because it's all on a fee-based capital light model. We take 15% plus 3% marketing, 15% of the topline. So that's about the amã. And Tree of Life, we will scale it up to 100 hotels. That's the guidance we have given. We stand by it. But our current focus has been more on Ginger getting it to 250 and Gateway to 100. Gateway has reached 40. But Tree of Life will keep growing. And then suddenly it will accelerate. We cannot accelerate on all brands at the same time.

Sameet Sinha: Sure. My first question was about renovation. Can you talk about that? How much is the ADR…?

Puneet Chhatwal: Renovations, you can easily assume that any renovations like the one in Taj Palace should give you an uplift in ADR. In the second half, the Taj Palace versus second half last year should do over all the rooms, not just the renovated rooms, an ADR which is minimum 12% to 15% higher than last year.

Sameet Sinha: That's interesting. And how about occupancy? I mean, these are popular hotels to begin with.

Puneet Chhatwal: Occupancy is at the same level. There is no drop in the occupancy. We are basically looking at a topline increase. That's how it works. Whether it's that one or it's President in Mumbai or West End in Bangalore, in all the major metros or key destinations, renovations have a direct correlation with the average achieved rate and your leadership position in the market.

Ankur Dalwani: That makes sense. Final question. Can you give me the ARR and occupancy rates for the quarter? I think what you have in the deck is primarily first half. So I just wanted to be sure I have the right numbers for the second quarter.

Ankur Dalwani: Yes, I think like I mentioned, H1 is more representative of the performance, but we can figure out from the numbers, the overall numbers, what would be for the Q2. For console, it's about 9% which you see for H1 and it was mid-single digits for Q2. That's what would be for Q2.

Sameet Sinha: Got it. Thank you very much.

Moderator: Thank you. Our next question comes from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Thank you for the opportunity. Sir, for the hotels mentioned in slide 21, what would be the year of opening for those?

Puneet Chhatwal: 21 or 20?

Prashant Biyani: 20.

Puneet Chhatwal: The first one that will open will be MOPA. That's 275 keys. And the rest is more than 3 years away.

Ankur Dalwani: Right. And for the corporate bookings, the pricing right now is still at fixed price for few hotels or it is entirely based on BAR minus certain discount?

Puneet Chhatwal: It's based on BAR.

Ankur Dalwani: With the exception of few very large accounts, we moved largely to dynamic pricing. And that's been an ongoing journey with the smaller corporate accounts or the mid-size corporate accounts.

Prashant Biyani: Right. Sir, since it is already on BAR now, so what kind of rev bar growth do you envisage for our key hotels next calendar year?

Puneet Chhatwal: We have been saying that almost 10% is the right way to look at it. And anything which is north of 10 is what we would like to see.

Prashant Biyani: Sure. That is from my side. Thank you so much.

Puneet Chhatwal: Thank you.

Moderator: Thank you. Our next question comes from the line of Sumit Kumar from JM Financial Institutional Equity Securities. Please go ahead.

Sumit Kumar: Hi. Good evening and thanks for the opportunity. My question is also on slide number 28 or 29 of the PDF. If I look at the first quarter numbers, the RevPAR growth was in healthy double digits for even Chennai and Hyderabad. But it seems like they too have sort of slowed down in the second quarter. It's the general slowdown or is there anything specific to these cities? And also for Rajasthan, the occupancy is 45. So is there something in that as well?

Ankur Dalwani: Rajasthan, this is basically what it is in H1 typically. So there's nothing unusual about that occupancy level. It's H2 when they really shoot up on occupancies. And as far as Chennai and Hyderabad market go, I think they were, even Q2 was pretty strong for them. I think with the exception of Bombay, Delhi, which were the two markets where we did have comp challenges and renovation projects, both in these two markets. I think with these two exceptions, I think everything else was pretty much to mid-single digit to double digit markets. Bangalore was healthy double digits. So was Hyderabad and so was Kerala. And some of the other markets were high single digits, which you talked about Chennai, Calcutta.

Sumit Kumar: Okay. And on the standalone numbers for H1, room revenue grew by 2%, but the RevPAR was up by 5%. I guess that's the impact of the renovation?

Ankur Dalwani: That is right.

Sumit Kumar: Okay. So that's all from my side. Thank you.

Ankur Dalwani: Thank you.

Moderator: Thank you. Our next question comes from the line of Sreetika Ray Mohapatra from JP Morgan. Please go ahead.

Sreetika Ray Mohapatra: Thank you for the opportunity. I just wanted to understand. So all of the renovations that were planned for the year have concluded as of now. You already mentioned a couple of properties which would eventually come into the, come into operation. So apart from those, there's nothing else pending that we need to think of in the standalone business when it comes to being out of the base?

Ankur Dalwani: I think like we said, with the exception of 25-30 rooms at Taj Palace, which are expected to get delivered in the next few weeks, next couple of weeks, everything else is sort of out of the picture as far as the domestic market is concerned.

Sreetika Ray Mohapatra: Our second question, not related to earnings, is there's a bit of news flow around the JW Marriott Bangalore being up for sale and IHCL's involvement as part of it. So is there any M&A activity that you are looking at in the context of picking up such assets? Is this being considered?

Puneet Chhatwal: You know, we look at all opportunities that are available because of course, we have the means, we have the cash, we have no debt. If anything is value accretive, we will look at it, not of this asset in Bangalore, it could be anywhere and it could be even a new line of business. We have got used to working on a multi-brand strategy. Our brandscape is very diverse today. So people have become very experienced in doing this. So if you're adding something to a Taj brand is very easy. If you're adding something to Ginger is very easy. If you have to also start something new, a totally out of box like a Qumin or amã is also possible. So there's a lot of confidence and fortunately, since we started all these businesses, there is not even one where we have burnt cash. You know, they have all been positive from day one and we would look at any possible opportunities, whether single asset, multi-asset, small chain, medium-sized chain, that's what we did with the ANK and Pride also. So we would look at every possibility, but it has to come, it has to integrate either with us under one of our existing brands or something new that we may start. We are not interested in owning other brands or other assets or run by other people.

Sreetika Ray Mohapatra: Thank you for that. Just to also follow up on that, in terms of the brand growth, you did speak about, Ginger being a major focus area. So is there going to be more activity like we saw with the Clark's portfolio happen more for a particular brand, say for a Ginger, since that is a portfolio that you intend to grow quite sharply, or you have you know, ongoing thoughts for other brands which are not as scaled up at the moment, but can get an increment.

Puneet Chhatwal: The way to look at it is a bit different. Scale is critical to brands in the positioning of Ginger. Scale is not that critical in luxury at that level. So we have 137 hotel portfolio. If you look on slide 9, under Taj. Now as a luxury brand, I don't know of many brands in the world today, maybe with the exception of two other brands, which would get to 100 plus in luxury segmentation. So, but in order to become a very strong player in the positioning of a Ginger or a gateway, you need to have scale. So scale's relevance comes in, is driven by the positioning of the brands. We will always focus on a Taj. One good Taj property can give us so much more in fees and so much more in operating leverage if it was owned versus a Ginger, but we have also seen that one Ginger Mumbai airport can turn the fortune of a Ginger brand completely.

So that's a growth is an art and a science which is driven by geography, by brand and by contract type and that's what we try to do. There is not like we will today, now we wake up and we say we will focus on Ginger for one week and then next week we go to Taj. It's not done like that.

Ankur Dalwani: And I think for Ginger also, I think for the moment we have to integrate the incoming acquisition. So I think that's the focus for the moment?

Sreetika Ray Mohapatra: Thank you. That's all from my side.

Moderator: Thank you. We will take the last question from the line of Vaibhav of from YES Securities. Please go ahead.

Vaibhav: Hi, thanks for the opportunity. My first question was on our recent openings. We recently opened Ginger and Vivanta in Ekta Nagar. So I just wanted to check how has been the early trends in terms of demand and where do you see the scaling up over the next two quarters? Secondly, related to for class portfolio where we have opened around 649 keys, we have tied it up with the selections brand. While we had earlier mentioned that most of the portfolio would be rebranded under Ginger portfolio. So just wanted to get clarity on that front. And regarding the Frankfurt property that's planned to be opened in Q4, what kind of revenue or EBITDA contribution do you expect from this property?

Puneet Chhatwal: See, the Frankfurt property will open around in March. So we will have the in the Jan call, we can give you more detail after the Q3 meeting as we will get closer to the opening. On the Clark's part, the Clark's, the four Clark's branded hotels, which are part of UP hotels is in slide 41. It says these are UP Hotels is a listed entity, which runs these four Clark's hotels as an upper upscale brand. They are not mid-scale. These are traditional Clark's Amer, Clark's Shiraz, Clark's Avadh. These are very iconic assets in those markets for several decades. With them, we have done a separate distribution sales and marketing agreement and that's why they are under selections brand. The ANK and Pride portfolio that has Clark's Inns, Clark's Suites, Clark's Resorts, they will be the majority of those 80% to 90% of those will be the ones which will migrate to Ginger upon the completion of that deal, which is expected to happen before the end of this quarter. Does that answer your question?

Vaibhav: Yes, that makes it clear. Just regarding the Ekta Nagar properties, how has been the early demand trends?

Puneet Chhatwal: Ekta Nagar, it is too early because it's been open for a few weeks and in that there were 5-6 very good days because of the hype around Ekta Diwas. But then there were two not so good days because of the VIP visits for the Ekta Diwas. The hotels are very good locations. So, not everybody could get there unless you had an absolute security clearance and a special color on the car. So, you could not get there. So, then on the 30th and 31st and 1st the occupancy dropped there significantly. But the general expectation from that market is that both these hotels will do very well from a leisure perspective as almost 50,000 to 100,000 people are expected every day to visit Ekta Nagar. I have been there twice and on both occasions, I saw these kinds of numbers and the queues to go up in the Statue of Unity. And there is more to do. It's not just the Statue of Unity. They have made a zoo, they have made a butterfly garden; they have many, many other things, a spice garden. So, it's not just that there is a statue out there, they are building the whole infrastructure so that people have other things to do in Ekta Nagar. So, normally, given the size of the properties, given the positioning, it's not luxury, it's a Vivanta and a Ginger, not very large. So, I think they should do very well.

Moderator: Thank you. The line for the current participant has been dropped from the queue. So, I now hand the conference over to Mr. Puneet Chhatwal for closing comments.

Puneet Chhatwal: Well, thank you everyone for joining the global conference call today and we look forward to speaking and interacting with you with the next quarter results in the month of Jan. Thank you and have a very good evening.

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