



“The Indian Hotels Company Limited
Quarter and fiscal year ended 31st March 2026
Earnings Conference Call”

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COMPANY LIMITED
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Moderator:

Ladies and gentlemen, good day, and welcome to The Indian Hotels Company Limited Earnings Conference Call for the Quarter and Fiscal Year Ended 31st March 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 this 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 conference call for Q4 and FY '25-'26. We are pleased to inform you that we have continued our record performance for the 16th consecutive quarter, driven by sustained strength in our core business while building scale with profitability.

Let me start with why we think this was an important year, the FY '26. We also call it the year of strengthening the foundation. It was an important milestone year for IHCL, where we built the foundation for the next phase of growth, strengthening our brandscape, enhancing resilience, scaling our platforms and investing in capabilities that will make IHCL future-ready. Despite a year marked by multiple macroeconomic headwinds like geopolitical conflicts and weather-related disruptions, IHCL continued to deliver strong performance with consistency and discipline. This reflects the structural strength of our business model and the agility of our teams across markets.

Over the last year, we have focused on building three defining attributes of the IHCL ecosystem. Number one, the word which I've just used often at the beginning of my speech, that is, resilience through a diversified portfolio across segments, markets and business models, allowing us to deliver consistently across cycles. I call it also resilience by brand, by contract type and by geography.

Number two is scale through accelerated portfolio expansion, strategic acquisitions and strengthening, most important, strengthening our management-led growth platform or capital-light growth. Number three, future readiness by investing in new brands, digital capabilities, refreshed assets and emerging hospitality formats that position us for long-term relevance. Together, these three pillars have laid a strong and enduring foundation, one that now allows us to transition confidently into our next phase of sustainable growth at scale.

Now we should move to what built this foundation. Our business today is structurally more diversified with leadership positions across both luxury and mid-scale segments. Our capital-light strategy continues to be a defining competitive advantage with 68% of our operating portfolio and 93% of our pipeline under managed or asset-light formats. This enables disciplined expansion with superior returns.

Even as we invested meaningfully for future growth, we delivered EBITDA margin of 35%, reflecting operating discipline and structural efficiency. Our balance sheet remains exceptionally strong with gross liquidity of over INR4,300 crores, giving us significant flexibility to pursue both organic and suitable inorganic growth opportunities.

Over the last 3 years, we have invested over INR2,500 crores in capital expenditure to strengthen our iconic assets and enhance strategic capabilities. As we have mentioned over the last several years, asset management was, is and remains a key focus area for the asset-heavy part of our portfolio. Even going forward, we will continue to invest INR1,000 crores to INR1,200 crores annually to strengthen our existing competitive advantages and at the same time, build new ones.

Alongside this, we deployed over INR500 crores across four strategic acquisitions, expanding our presence into high-growth adjacencies and strengthening future revenue streams. Importantly, our newer and emerging brands are now reaching meaningful scale and are well positioned to increase their contribution to enterprise revenues from the current 10%. Taken together, these actions have created a business that is not only resilient in the present, but increasingly scalable and future-ready for the opportunities ahead.

What are the future-ready building blocks in place? That's my point number three. Before we move into detailed performance review, it is important to highlight the structural building blocks that position IHCL for sustainable long-term growth. Over the last few years, we have consciously built a diversified and resilient ecosystem, one that combines scale, brand strength, operational excellence and institutional capability.

Let me start with diversified brandscape. Today, IHCL has one of the most comprehensive hospitality brand portfolios in the country, spanning luxury, upper upscale, upscale, mid-scale and emerging lifestyle segments. This multi-brand architecture allows us to participate across consumer segments, travel occasions and price points.

Number two, portfolio and pipeline. With over 630 hotels, 64,000-plus keys in the portfolio, we continue to scale with discipline through a strong mix of managed, leased and owned assets, creating long-term visibility with capital efficiency. Along with our 375-plus Ama Villas, Ama, which is our homestay brand, our portfolio has now crossed the milestone of 1,000 units when combined with 630-plus hotels portfolio. As mentioned earlier, our pipeline remains strong at 31,000-plus keys and continues to be largely capital light.

Number three, our people and our culture. Hospitality at its core remains a people-led business. Our greatest strength lies in our 50,000-plus associates who bring excellence to life every day through trust, awareness and joy, T-A-J or what we proudly call Tajness, consistently delivering exceptional experiences across brands and markets. The trust, awareness and joy is a common culture and core values that we have put to all brands, and we don't use anywhere by Taj or a bit of Taj as a prefix or suffix in any of the brands because we do believe core values is what drives your business, which drives your resilience and which drives profitability.

Number four, owners and partners. Over the years, we have built deep and trusted relationships with owners and stakeholders across the ecosystem. Our ability to create win-win value

propositions through scalable operating models continues to drive strong signings momentum and long-term partnerships. We have now 40-plus owners who have trusted us with more than one asset in our 630-hotel portfolio.

Number five, customer and loyalty. We continue to strengthen guest engagement through our expanding loyalty ecosystem, digital platforms and partnerships, enabling deeper customer connect, higher repeat business and improved customer value proposition. Finally, enterprise resilience. We have significantly strengthened institutional capabilities across governance, digital infrastructure, risk management and operational processes, creating a more agile, resilient and future-ready organization. Collectively, these building blocks provide the foundation for sustained growth, stronger margins and long-term value creation.

Now is the time to come to Q4 performance highlights. Let me now begin with Q4 performance highlights. On a consolidated basis, revenue for Q4 '25-'26 grew 14% year-on-year to INR2,845 crores, EBITDA grew 15% year-on-year to INR1,052 crores, yielding EBITDA margin of 37%. Our consolidated PAT before exceptional items grew 14% year-on-year to INR600 crores. Our stand-alone performance in Q4 was also the best ever with industry-leading 12% growth in RevPAR.

This resulted in overall revenue growing to INR1,721 crores and an EBITDA margin expansion by 160 basis points to 49.5%. Stand-alone PAT before exceptional items grew 15% to INR569 crores, taking PAT margin to 33.1%. Other parts of our performance highlights for FY '26 is that on a consolidated basis, revenue for '25-'26 grew 16% year-on-year to INR9,971 crores, EBITDA grew 16% year-on-year to INR3,477 crores, yielding EBITDA margin of 34.9%.

For the first time ever, we crossed milestone of INR2,000-plus crores in profit after tax. On a stand-alone basis, revenue grew 10% year-on-year to INR5,640 crores, EBITDA grew 13% year-on-year to INR2,543 crores, yielding EBITDA margin of 45.1%, an expansion of 120 basis points year-on-year. Stand-alone PAT grew 14% to INR1,632 crores, taking PAT margin to 29%.

What is important is to step back and reflect on our growth journey over the past 4 years. We have delivered a double-digit CAGR across revenue, EBITDA and PAT on both a consolidated and stand-alone basis. This underscores the consistency, quality and the structural strength of our business model. Let me move on to the new businesses, which are at an inflection point.

Our new businesses vertical comprising Ginger, Qmin, Ama, Stays & Trails and Tree of Life delivered 25% growth in FY '26. This resulted in a consolidated revenue of INR753 crores. Over the past 4 years, the new businesses vertical has delivered a CAGR of 31% growth, reflecting the strong momentum and successful scaling of our high-growth brands.

The flagship Ginger Hotel at Mumbai Airport crossed the milestone of INR100-plus crores in revenue for the first time, while delivering an industry-leading EBITDA margin of 56%. Qmin expanded its footprint to 100-plus outlets, while Ama crossed the milestone of 375 bungalows in its portfolio with 85 villas signed during the year. Qmin also on a GMV has crossed almost INR200 crores last year.

We have never left our focus on asset management and investment. On the contrary, we remain committed to investing in our assets and building our capabilities for the future with strengthening our competitive advantages. IHCL in FY '25-'26 spent over INR1,000 crores towards capex, out of which around INR650 crores was used for renovations, routine maintenance and digital initiatives, while the rest half was used towards greenfield projects.

Coming on to dividend payout. Our strong and consistent financial performance has enabled us to continue enhancing shareholder returns while maintaining a disciplined approach to capital allocation. Reflective of this sustained performance, the Board has proposed a dividend equivalent to 25% of consolidated PAT amounting to INR3.25 per equity share, subject to shareholders' approval.

This includes a one-time special dividend of INR0.50 per share to commemorate IHCL's landmark 125th AGM as well as the exceptional gains realized during the year. The proposed dividend of INR3.25 per share represents an increase of approximately 44% over the dividend of INR2.25 per share declared in FY '24-'25. More importantly, over the last 4 years, IHCL has delivered a dividend CAGR of 48%, reflecting both the strength of our cash generation capabilities and our commitment to delivering long-term value to shareholders.

As we move now to FY '27, we do so with immense confidence and strong momentum. The foundations built over the past few years position IHCL well for the next phase of accelerated growth. In conclusion, in FY '27, we expect 60-plus hotel openings across brands and geographies. Number two, our recent acquisitions are expected to contribute over INR250 crores in incremental revenue. Number three, Ginger and the mid-scale platform continue to strengthen our leadership position in a structurally underpenetrated segment.

As I mentioned on a few occasions, we expect the Ginger brand itself to have a total portfolio of 250 hotels either under development or in operation at the end of FY '27. Number four, renovated inventory across key assets is expected to create further upside through improved pricing power and guest experience. Finally, industry fundamentals also remain favourable, supported by resilient domestic demand and limited incremental supply across key markets.

On the outlook, as we look ahead to FY '27 and beyond, we remain confident of delivering double-digit revenue growth with sustained margins, strong cash generation and improved quality of earnings. Our ambition is not only to grow larger, but to build one of the most admired and future-ready hospitality ecosystems around the globe. With strong foundations in place, disciplined execution and a clear strategic direction, IHCL is well positioned to continue creating long-term value for all stakeholders. Thank you very much for listening, and we will now be happy to take your questions.

Moderator: Your first question comes from the line of Sumant Kumar from Motilal Oswal.

Sumant Kumar: So, can you talk on the current scenario, how the city-wise impact or any benefit of, say, lowering outbound? So how is the scenario for the hospitality industry?

Puneet Chhatwal: Sumant, just help me clarify. You mean because of the West Asian crisis or you mean because of the comments made by some leadership or by the Prime Minister or -- I can't follow because

we are having business as usual. Dubai is down. Maldives is down. London is okay and domestic is very strong. So, it's a very simple answer.

Sumant Kumar: What about the current scenario, say, in the month of, say, April and the current month, how is the business considering current scenario?

Puneet Chhatwal: The business was a bit sluggish. I would say March was a difficult month. Beginning of April was difficult. Middle of April came the stability. Since then, we are seeing strong growth. But there is months and weeks. I think it's important to state what we just said in terms of our outlook. We remain fairly confident that we will again deliver double-digit growth between 12%, let's say, and 14% in the FY '27 fiscal.

And should everything subside in West Asian crisis, you could expect more of the figures in line with what we had in the last financial year, which was not easy either because we started with Pahalgam in April, Sindoor in May, airline accident in June. You can go on and on and finish the year with the West Asian crisis. So, I don't see any reason, especially in light of our not-like-for-like growth that we should be able to do double-digit top line growth.

Sumant Kumar: And when we see the subsidiary performance, consol minus stand-alone overall operating level, we have seen a subdued performance. So which geography has done better, say St. James or U.S., how is the performance in this quarter?

Ankur Dalwani: Ankur here, you're talking about Q4?

Sumant Kumar: Q4.

Ankur Dalwani: Yes. So, Sumant, I think Q4 kind of reflective of the full year trends, which you saw on the slide we put out. So, there was definitely impact after the West Asia conflict in the global market. So, we did see some loss of revenues in some of our hotels internationally, including London. And that's what we tried to summarize also on the slide on impact of the West Asia conflict, about INR40 crores to INR50 crores of revenue on the consol basis and almost close to INR100 crores on an enterprise basis, which got impacted because of cancellation and reschedulement of events, which were kind of last-minute cancellation, which came through.

But I think the good thing about this is that domestic has been pretty resilient. And even in the month of April, domestic has actually done quite well. It's pacing quite well, keeping in mind that international travel is kind of subdued right now. So, let's just see how the quarter goes. Overall, we think double-digit growth should be possible on the line, which was just guided by Mr. Chhatwal.

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

Shaleen Kumar: So, when I was looking at your presentation, and I was looking for the city-wise performance for FY '26, I think there's a big variation we can see like 5% to something like 15% kind of a growth, right? That's the kind of variation in FY '26. So, is there any market where you're looking that the trend will change, for instance, Mumbai or Goa? You're looking at your base is

favourable or there's something else is happening where those cities can help you achieve your double-digit growth guidance? So that's question number one.

Puneet Chhatwal: Good question, Shaleen. I think half of it you answered. Mumbai, the base is very high. So, it's difficult to get to 15% growth. But Goa, we have seen almost in the month of April north of 25% growth in all our hotels. Some have gone to 30% and beyond. So, averaging at 25%. Goa is definitely back since the last few months, March and April, and the trend is not changing. Kerala could improve and Chennai could also improve. But Delhi had a very good year last year. So, Delhi and Mumbai have a high base.

Shaleen Kumar: Okay. Actually, I thought you will say Mumbai because I think there was some renovation happening, right? So, I thought that Mumbai can...

Puneet Chhatwal: Yes, you're right. In President, we had renovations. So, President will show an exceptional gain, but Lands End has been operating consistently at 90% plus occupancy. So only rates can go up. And we have -- if we, on a very high base, if you do high-single-digit is good. If you do 6%, 7%, 8% on a 20,000 RevPAR is as good as you do 15% on a INR10,000 RevPAR.

Shaleen Kumar: Then there is actually a fundamental question because that -- why are you operating at 90%? Like I know this is a very basic question. I'm asking like why don't we see that let's increase the rate by more and maybe operate at, let's say, 80%, 85%? Or do you think no, 90% is better rather than keeping the rate where they are? I mean I'm asking that even 90%, you have a lot of pricing power, isn't it?

Puneet Chhatwal: Yes, I don't disagree with you, but we prefer to do both, increase the rate also and the occupancy also. So that's what we have done. If you go back 4, 5 years back or even 6, 7, if you look at the rates or the RevPAR together, it's more than doubled in our main hotels in Mumbai. So, we also need that because in India, you make money on food and beverage. And more of the people staying in hotels eat in hotels.

So, I think that's also important to find the right balance. Given my experience, personal experience of the West, you look more at only rate and occupancy because F&B is not profit-making in most of the Western parts. So that's a different way of looking at it.

Shaleen Kumar: Fair enough, sir. Just one last question on your guidance. Let's, if we work with even 12% for, let's say, you were able to target 12% in FY '27. How should one think about breaking that growth? I mean, how should I think about RevPAR or ARR plus occupancy plus the new asset contribution plus anything else? Is there a possibility to give a broad breakup, even a range is fine. It will help us to think and conceptualize like what kind of a growth we are looking at on various parameters.

Puneet Chhatwal: See, if we take your example of 12%, it would be fair to say that 4% to 5% will come from new businesses and not-like-for-like growth because we'll be opening 60 hotels. And then we have Atmantan, all these new businesses that we have added. If only 7% is left to come from the rest, it would be fair to say occupancies are at a very high level. So, you could have most of the growth coming, which is driven by rate only.

Ankur Dalwani:

So, I think we've maintained, Shaleen, consistently that on a sustained basis, high single digits, let's say, anywhere starting from 7-ish going up 8%, 9% depending on the hotel and the region and the quarter you pick. That's the kind of range for like. And then, of course, you could have quarters when you end up doing double-digit like we did this quarter. So that is a positive surprise. We did 12% on stand-alone, as you saw from our announcement.

So that's the endeavour to push it up. But I think if you want to look at like a 1- or 2-year horizon, I think that's a safe assumption, we'll be in this mid-plus to going high -- close to high single digits. And then, of course, the good thing is our pipeline is very real. It's not a pipeline which is not converting to opening. So, you see a consistent trend of hotels moving from pipeline into openings. And then, of course, that keeps on chugging the management fee income, plus also whatever keeps coming on our balance sheet.

So Ekta Nagar full year benefit should come through. Frankfurt is a bit delayed. We expect it to open in June now. And that's also, in a way, it's good because of the situation the way it is. It also helps from that point of view. So, we'll get the benefit of that in this fiscal year. And then the rest of the hotels which will open on management contracts and the Ginger leases will add to the not-like-for-like growth.

We also have the acquisitions to hopefully fire, Atmantan, etcetera, is doing very well. And I think that -- as well as the ANK & Pride integration is going very strong. So, from a business perspective, our sort of endeavour is to ensure that we are able to integrate the brand portfolio in this fiscal year and therefore, get the benefit of that, let's say, towards the second half of this fiscal year.

Shaleen Kumar:

So, sir, is it fair to assume then that 12% to 14% bridge, then a lot will basically then if we're looking at ARR from 7% to 9%, that's where the needle will move, right? So we can work with the base case of 7%.

Ankur Dalwani:

Yes, that's right. I think -- these are the tailwinds and are also a little headwinds, as you know, because of the West Asian conflict. So, there is, right now, the international hotels are a little bit subdued performance. We saw that in April. And so, we are also watching the situation carefully.

We have -- fortunately, Dubai, we don't own hotels. But it's still painful to see what's happening there as well as the impact of both Indian travellers as well as transit hub, Dubai being a big transit hub impacting our hotels in London and some of the other markets.

Moderator:

Your next question comes from the line of Prateek Kumar from Jefferies.

Prateek Kumar:

My first question is on your foreign tourist mix. Have you seen any change in your foreign tourist mix in the past say 2, 3 months? Also, a related question is like on currency depreciation. So, this is more like a technical question. When a foreign tourist is booking on your portal, he or she will be like looking at a lower rate now with currency depreciation so sharply? Or like -- I mean, my question is regarding your rates on your portal are rupee-denominated or dollar-denominated?

Ankur Dalwani:

So, they are rupee-denominated. I think that's a decision we took a few years back. So that remains the way it is. We do get the benefit of rupee depreciation in two ways. One is, of course, our international hotels translation happens at the average exchange rate for the period. And the second is, of course -- in a way, it also this -- rupee depreciating in a way makes it more expensive for people to travel abroad. So domestic tourism, and that's one of the trends we have seen both in March, April, and that I think will continue for the year. You have drive vacation, drive-to-vacation and consolidation of MICE towards domestic resorts.

I think that's a strong one, which we expect that trend to continue in this fiscal year. On your other question, Prateek, on the percentage of tourists, I think it's not moved dramatically at least for the fiscal year. As we had mentioned earlier, it's close to 30% for stand-alone is what we call foreign tourists or people who are having foreign passports. And that is slightly lower for the enterprise because, I guess, the stand-alone has hotel in the bigger cities.

So that number is pretty much consistent for the year. We'll see the trend, how it continues. But I think the good part in all of this is the domestic tourism is holding up. The domestic travel has held up quite nicely and which is supporting us.

Puneet Chhatwal:

If I may add, Prateek, the foreign tourist arrivals remains a hidden upside in perpetuity. We are all waiting for it. But one day, it will come. And it will come by leaps and bounds and then that will help us compensate. But it's at the moment challenging. The flying time is longer. But the currency, as you said, that will help in choosing India as a destination. And a lot of connectivity was happening through the Gulf with the airlines the way they are, which has also moved the pricing of the tickets very expensive on other airline carriers.

So, it should normalize. And at some point, I think we will have some good campaigns on India as a destination. And we are doing our bit, as you know, at different trade fairs and which we will keep doing. But it remains a hidden upside in perpetuity.

Prateek Kumar:

Yes. My question is also regarding like has that number of 30% or slightly lower? Has that changed in like month of March, April, May?

Puneet Chhatwal:

Of course. See, but there is one thing which you have to know, which has changed in India. We should not look at foreign arrivals as tourist only. I think we have to coin a new term called foreign business arrivals. Whether they come for AI Summit or they come for now the Africa Summit, which is going to happen or in September, October, we'll have again a B20 or a G20 kind of event happening. So -- the BRICS, sorry I am saying, not G20, B20, the BRICS in September, October.

So, there is a lot of these events which have moved to India as India has gained economic prominence. So, a lot of delegations keep coming. Just last week was Vietnamese delegation Head of State. And if you start from the month of Jan, you had the German Chancellor and you had the -- December, you had the British Premier, everybody has come in. And it will -- it's something which is not going to stop in foreseeable future.

So, a lot of people who come on business tend to combine other cities for business, and that is helping us. Tourist per se is on a decline and has stayed subdued to less than pre-COVID level.

- Ankur Dalwani:** And I think it's fair to say that there will be some impact of non-resident guests coming, numbers going down for us. But I think that's being made up at least domestically, we see our numbers in April, they've done quite well. So, I think they're being made up by both the not-like-for-like growth as well as the domestic MICE consolidation.
- Prateek Kumar:** Sure. One other question on domestic tourism. While you're saying fairly looking like leisure tourism is benefiting. But have you seen any changes in corporate travel slowdown or in terms of the mix of corporate versus leisure, particularly for domestic?
- Ankur Dalwani:** Not meaningfully impacting the numbers, Prateek. We will see how it -- we'll monitor in the sense, given what's been announced over the weekend, is there any impact. But as of now, nothing.
- Moderator:** The next question comes from the line of Achal Kumar from HSBC.
- Achal Kumar:** So first of all, just going back to your comments about the domestic travel holding up. And I guess, as Ankur rightly said, that must have been replaced by international because international people are not able to travel. So, do you see that sort of has replaced the international completely in terms of volume as well as the pricing? Of course, I believe that international tourism is sort of a high-end of the hotels -- but they stay at the high-end of the hotels. So how do you see the replacement?
- And now especially after today's comments from our honourable Prime Minister not to take foreign travel, do you think domestic could actually hold up well and replace the international demand pretty well. Can you please give a bit of a color on that, your thoughts around that?
- Ankur Dalwani:** So, you're right. I mean there was definitely some displacement. We did -- and I mentioned that in the beginning that on consol about INR40 crores, INR50 crores of impact, which obviously included some domestic impact as well as the international hotels. So, some of it has been a displacement from this quarter to maybe Q1 or Q2 depending on how things shape out. But is this going to continue is something we are also watching.
- Now the impact of the recent announcement or the current announcement is something obviously not known. It could be a positive as well because it would just spur more domestic sort of activities in the country. So it's too early to react to that statement, Achal.
- Achal Kumar:** And especially since Mr. Modi asked for more work from home, going back to the COVID times, do you think that if there is more work from home could increase the length of the stay at your hotels? I mean is there any sort of color from your experience previously?
- Ankur Dalwani:** So yes, I mean, those are all things we will have to just wait and watch. And as to also what shape and form this gets taken ahead and how it is implemented, it's again, too premature. But I think the good thing is that the institutional memory has been built. COVID is only 4, 5 years back. So, everybody knows what to do if such a situation arises. And we will obviously figure out a way of handling that if it does come to that level.

But if it comes to that, there are various ways of figuring out whether we do more staycations, etcetera, like the same people have long stays or leisure markets can get a fillip. So, it's a little bit of a flux situation, Achal. So, it's very difficult to give an answer to you with some clarity. But I think the levers are there. The teams have seen this situation before. So, we are confident that whatever comes, whatever gets thrown at us, we'll be able to tackle it.

Achal Kumar:

Okay. Fine. My second question was around the ARR growth. So, you have given the guidance of ARR growth of 7% to 9%, say assume 7%. So, is that -- so 7%, I mean, how much of that you think could be because of the changing mix?

How much of that could be because of the revenue management? Are you doing strong revenue management and Puneet spoke about digital. So you're spending a lot -- you strengthen digital. And how much is the underlying ARR you think will grow? So can you please give a bit of a color breaking down your 7%, please?

Ankur Dalwani:

So very broadly speaking, I think firstly, 7% to 8%, which I mentioned or 7% to 9%, which I mentioned was more on the RevPAR side. So it's a combination of occupancy and ARR and also the F&B side, so more like a total revenue type of same-store growth. Again, various levers exist. Revenue management is clearly a big sort of focus area for us. We have actually invested a fair bit of money behind that by getting some of the latest tools on that front.

And we are seeing some benefit of that actually already come through because what we measure very carefully is what is our RGI relative to the comp set for all the key hotels. And I think wherever we have kind of deployed these tools, you can see that actually in the RGI numbers. Now if the market itself is a bit subdued, then of course, that also shows -- that will get reflected in revenues. But I think the sort of the lead indicator is RGI, and I think that we're happy to see that we continue to maintain the premium.

And I think this is an ongoing exercise, actually. It's hard to break down that 7%, 8% saying that how much is from absolutely revenue management and inflation. It's going to be a combination of several things: what crew business you take, what you don't, what you decline, etcetera, what kind of events are happening in the city. So, I think it's a combination of several things which actually go into that. It's more of an art rather than a pure science. So hard to pinpoint and say, okay, this is how we will dissect the 7%, 8% number.

Achal Kumar:

No. I mean, you're right, Ankur. Why I asked this is because I think -- so in the PPT, you have given 2% crew business. So, I mean, at such a high occupancy level, are you going to do strong revenue management? Are you going to remove the low ARR business?

So, from that perspective, are coming through, and of course, you are spending a lot on digital from that perspective, you are thinking that what space or what sort of leeway you have to play with the revenue management and further increase ARR. And that's exactly where I was coming from.

Ankur Dalwani:

Yes. No, I think that's a good question. We have -- I mean, this is definitely an area for us to keep on improving. Not only -- I mean within this also, you could have different types of -- like MICE is one segment. You could have corporate MICE versus individual MICE.

Transient, we've also got some mixture of corporate transient versus noncorporate transient. So I think those are all levers which the commercial team actually does this for a living, and they do a pretty good job of that. And you can also see on the right-hand side of the chart, how the distribution mix is also evolving with the website investment coming up, and we've seen a gain of almost 2 percentage points. So, all of these goes into getting the RevPAR's up where they are.

Achal Kumar:

Okay. My final question is around the trading in the first quarter, while you've guided for a 12% growth in revenue in FY '27, how the Q1 looks like? I mean, do you see impact in April, May going on from March? Or do you see the sort of booking levels are holding up well? And what kind of business do you see on the books at same point versus last year, please?

Ankur Dalwani:

So, I think Q1 has both headwinds and tailwinds. The headwind is, of course, the West Asia conflict, which we have talked about. I think the good tailwind is that we have a good base to sort of work on. And that's particularly true for second half of May and end of -- till end of June. So, I think that will play to our strengths.

I think we should do okay overall. Of course, I think between domestic and international, domestic market will, I think, do much better than international, and that's what we are sort of observing. We think we should be above 12% for the quarter.

Moderator:

The next question comes from the line of Sameet Sinha from Macquarie.

Sameet Sinha:

So first, I wanted to stress test that 12% to 14%. I can imagine it's not a science, but just trying to see how you arrived at that number. Did you just take the weakness in April and kind of calibrate the rest of the year based on that? Or are you making some assumption about the extent or the duration of this conflict? That's my first question. I guess I'll have follow-ups after that.

Puneet Chhatwal:

Yes, sure. I think we have key account management. We have some corporates. We know what rates we have locked in for the current financial year. Second, we know what are the number of wedding dates, what is the business on the books.

Number three, what is our not-like-for-like growth. We are expecting to open 60 new hotels, and we have certain income from them. But more importantly, also, the 26 plus 36 hotels, which we opened in last year, they were also in their growth phase, so they have not stabilized. So, I think their returns also should increase.

So, if I take all this into consideration and then add to it, what are the other possibilities that we have in terms of other businesses, how they are scaling up, what are our initiatives. I've said it all in my opening remarks, asset management, which places are under renovation. As an example, last year, we had 100 rooms less in Taj Ganges in Varanasi. This year, we have added that. Last year, we had 2 floors less in Taj Palace, which we said to you in our previous quarterly calls.

They're all renovated. They are back. Similarly, we had 2 company-owned hotels less in Ekta Nagar, the Vivanta and Ginger. Then we have some other critical Ginger openings on capital-

light model. So, I think growth is a very important part, coupled with asset management. And then comes what everybody asked, all the analysts always ask only RevPAR.

And I've always maintained and I still say RevPAR is one very important metric, but not the sole metric. In India, RevPAR is very important because your total revenue per available room has sometimes a more significant impact, especially if it is driven a lot by, in certain quarters, a lot by the saaya dates or the auspicious dates you have for weddings and other activities.

Sameet Sinha: Got it. Okay. Then in terms of your fiscal '27 number of openings, if I'm seeing it correctly, did you reduce the number of rooms by 500 for this year?

Puneet Chhatwal: I don't know that -- once again. Ankur, would you have an idea? Did we reduce 500 rooms?

Ankur Dalwani: You're saying openings for FY '26?

Sameet Sinha: Correct, yes.

Ankur Dalwani: Yes. I think it's pretty much what we had sort of mentioned, 5,000 keys on an average per annum. So...

Puneet Chhatwal: See, these are rounded figures. They don't include any growth which is of an existing. See, last year, we added Gateway Palolem in Goa or we added Gateway in Ahmedabad. They never hit the pipeline. The time they got signed and by the time they got opened was like a few weeks' difference.

So, there are certain properties that come in. Ones which we, from a prudence point of view, show is what we already know, which is signed and announced to the market. So, some of these may get delayed. So, let's say, instead of 5,000, maybe we open 4,500, but there could be 500, 700, 800 that may come in, which we don't know of today.

Ankur Dalwani: Yes. Because on an ongoing basis, we keep on having discussions for platform partnerships, which could easily get us, like Mr. Chhatwal mentioned, 300, 400 keys through a portfolio of partnership. We've had a few of them signed last year. And some -- I'm not talking about acquisition, I'm talking about partnerships. So, these are something which is a work in progress thing and can definitely make up for any shortfall that we have on the organic side.

But I think this is a fairly good number to work with, roughly 5,000 keys, give and take, 5%. But I think the key point is that a large portion of this is management keys. And therefore, the impact on the P&L is actually very, very miniscule. And that's actually more than made up by what the existing ones which have opened this year, would be delivering on the full year. So more than the physical keys, I think the impact on P&L is actually quite small; very, very small number.

Sameet Sinha: Got it. No, I can imagine you guys are balancing a lot of things. So, one final question. So, Puneet, as you think about -- if you look at your pipeline, I think by the end of fiscal '30, you'll probably end up at 30% owned and operated, 70% is going to be under the capital-light model. Last time we met, which was at your Analyst Day, you had said a goal was 43%-67%, something

like that, 37%-63%. So, this number seems to have changed. So, is there going to be an update in terms of your long-term ROCEs and things based on this kind of change?

Puneet Chhatwal:

Very, very good question. So, because you remind us it's time to announce our next Capital Market Day, which we will do so in the next few weeks. We were just waiting for the right moment. And now that we have completed the Brij transaction, and we are hoping to announce also that we have signed more than 30 amendments to that ANK & Pride portfolio, of which 15 should convert and open in this first quarter itself.

I think it's time for the next Capital Market Day to be announced. So, we can give you more accurate guidance because with the uncertainty around what was happening with the West Asian crisis, all the focus was there. But allow us to do that. I think it's better that what we said, we'll do 63% capital-light. And if it is moving towards 70% on a larger portfolio, we are obviously very pleased with it, and I'm sure you are also pleased with that.

Ankur Dalwani:

Yes. I think, Sameet, just to add, I think we didn't have the hindsight of the ANK & Pride portfolio when we did the Capital Market Day. That portfolio is actually largely -- it is actually completely capital-light with the exception of very few hotels which are on the balance sheet. So essentially, that has obviously made the portfolio look more capital light, but it is not at the cost of letting off any capital-heavy assets. It's actually on top of that.

Puneet Chhatwal:

Just to sum it up, that is what was a very important part of our introductory remarks on building resilience and scale by brand, by contract type and by geography.

Moderator:

The next question comes from the line of Karan Khanna from Ambit Capital.

Karan Khanna:

Congrats on double-digit RevPAR growth during the quarter despite external headwinds. My first question to you, Puneet and Ankur, with the overall crude oil volatility and global geopolitical scenario feeding into aviation costs and broader inflation, while we haven't heard anything yet, but if we start seeing capacity reduction announcements by domestic carriers over the next few months and if this volatility continues, how should we think about the second-order impact on travel demand, pricing power and perhaps even the operating margins over the next 2 to 3 years?

Puneet Chhatwal:

Karan, every crisis is an opportunity. Some of the brands that you hear today were created in the worst crisis where everything came to a halt. Qmin, Ama, all these started without any upfront capital investment during COVID. And for a sector that has kind of seen zero revenue in a lockdown, I think a few shifts here and there might create opportunities even, let's say, work from home, but the home could be in Holiday Village or in Fort Aguada or in one of our Ama Homestays & Trails.

So, there is a lot of change that may happen and also may not necessarily happen because we don't know, maybe the war is called off. But we are monitoring it very closely. And one of the reasons we got to the growth in Q4 and a decent start in April and the first 10 days of May is we do a lot of tactical stuff. We cannot control where the market is going, but we can control our market share. So, we can increase our market share with the strength of our brand, with the strength of our sales and marketing activities, and we have been successfully able to do that.

So, I think we remain overall quite optimistic. If a doomsday scenario comes in, then it's doomsday for all, then we figure out what we'll do. The only difference this time would be, last time when that happened, we had a lot of debt. This time, we have none, and we have a lot of cash. So, it might throw other opportunities.

Karan Khanna:

And just on the comments regarding RevPAR. And if you look at FY '26, despite several one-off headwinds every quarter, you still manage 78% occupancy and 8% RevPAR growth for FY '26. But going into FY '27, where you're also talking about the industry tailwinds and also a favourable base. The 7% or 8% RevPAR guidance like-for-like, is that on the lower end because of these geopolitical uncertainties? Or are we nearing somewhere the fag end of the cycle wherein growth here on will not be pricing led, but not-like-for-like driven?

Ankur Dalwani:

So, I think on cycle, you see a chart on supply. We've looked at what's got announced, what's really got built. And I think we feel reasonably certain that this is going to be a tight supply situation, at least for the reasonable future. And therefore, RevPAR should continue to sort of be inflation plus, giving it the ability to pass on costs, etcetera, and beyond that. So, I think that is the context in which we are sort of dealing.

Of course, there is -- on top of this, you have this sort of overhang of what's happening geopolitically. So, there is some -- we have tempered that outlook with what's happening geopolitically. But that's the upside also. At the end of the day, this is not going to last forever. And like we've said in our slide that it means we lost out on certain amount of revenues, which were actually quite visible on basis the pace we had February 28, right?

So, I think that's also the upside we see that as and when things become normal, which could be this month, it could be 6 months, we don't know that. But we're well positioned to take advantage of that as and when that happens.

Karan Khanna:

Sure. And then lastly, on the cancellations during the quarter, specifically on MICE business that was lost. Are you expecting this business to return over the next few quarters? Or has that gotten cancelled altogether? And also on outbound travel, which is expected to see a slowdown, are you seeing any sustained substitution of that by domestic luxury and leisure demand? And perhaps do you expect that trend to continue beyond FY '27 as well?

Ankur Dalwani:

It will be a mix. All these things are always a mix. Some of that does get deferred and comes back. We postponed our own sort of conference, hospitality conference. So, some of that actually is something which gets deferred.

And of course, in hospitality, there will be some element which will be lost because nights are gone. But I think that's part and parcel of the game. So, we are sort of factoring that in as we look at the forecast for Q1 and for the year.

Moderator:

The next question comes from the line of Murtaza from Kotak Securities.

Murtaza:

Sir, just on some data points on Roots and TajSATS, if you could give your full year revenue and EBITDA numbers?

Ankur Dalwani:

TajSATS is there in the segment, if you see the segment slide, there on Slide 26. These are impacted by -- so I would like to just clarify that some of the growth numbers you see on EBITDA, which is lower than revenue, is primarily because of the levy impact, which we had called out at the beginning of the year that there will be this year some impact of levy, which was accounted in a different manner as per how the airports have now charged that to TajSATS and to every catering company. Adjusted for that, the margin actually expanded by a percentage, but the revenue growth would have been lower. It would have been more like 11%, 12% and not 16%.

Murtaza:

And Roots, Ginger?

Ankur Dalwani:

Yes. I think Roots also -- I mean, we have given the Ginger slide, which gives you an overall revenue of close to INR700 crores, which is effectively Roots Corporation and Ginger Mumbai Airport because the thing is Roots Corporation does not own Ginger Mumbai Airport. So therefore, from a business perspective, it makes sense now to look at Ginger consol rather than looking at Roots on a stand-alone legal entity. So, this has grown at about INR709 crores, which has grown nicely and maintained a very high EBITDA margin. That's also on Slide 29 on new business.

Moderator:

We will take the last question from the line of Rahul Jain from PhillipCapital.

Rahul Jain:

Congratulations on a resilient set of numbers. I just have one question on the operating leverage side. The annual stand-alone portfolio, I mean, the revenue has grown high-single-digit, but we've still managed to expand our margins at a decent rate in FY '26. And FY '26 consol numbers on the margin front were relatively flattish, but we're still seeing good healthy like-for-like and non-like-for-like growth. So how do you see the margins going forward?

Do we still have room for operating leverage to play out in the system? Or is it more of a mix between the non-like-for-like and like-for-like growth?

Puneet Chhatwal:

I think there is still scope for improvement. And the reason is that most of these brands, as we have said, are in an infancy phase. They have not yet scaled up. On top of that, we had high costs of acquisitions. It's not just that you acquire something, you have high legal fees, you have high travel costs, cost of due diligence.

So, we are very happy with the 35% margin as long as, I've said it in several quarterly calls, that we did not put any upfront capital investment with the new brands. So, we need to put enough horsepower behind them in terms of sales, marketing, talent, people to scale up that business. So that's how we are scaling up our portfolio, and we have more than increased it by 400% in the last 8 years.

And at the same time, we have more than -- at an enterprise level, we have almost increased our revenue by 300%. And by the right mix by brand, by geography and by contract type, we are getting this margin and the resilience in the margins. So, there is a little bit of an art and a science attached to it. Art is the art of growth and science is the kind of growth that you do to create that resilience in your margin and create elasticity in the portfolio by removing whatever volatility is possible to be removed in this kind of business.



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

Puneet Chhatwal: Ladies and gentlemen, thank you very much for joining us on this call. We are very pleased to have shared our results with you and the management summary. We look forward to interacting with you in the next fiscal and in the next quarter in a maximum of 90 days from now. Thank you very much. Everybody, have a wonderful evening. Thank you.

Ankur Dalwani: Thank you.

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