KAMAT HOTELS (INDIA) LIMITED

"Asia's Pioneering Hospitality Chain of Environmentally Sensitive 5 Star Hotels & Resorts"

13th May 2024

To,
Listing Department
Bombay Stock Exchange Limited
PhirozeJeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

Code: 526668
ISIN: INE967C01018

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra –KurlaComplex,
Bandra (E), Mumbai – 400 051

Symbol: KAMATHOTEL
NSE Debt Symbol: KHIL27
Debt ISIN: INE967C07015

Sub: Submission of Transcript of Q4 FY'24 Earnings Conference Call held on 7th May 2024

Dear Sir / Madam,

In accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a transcript of Q4 FY'24 Earnings Conference call of Kamat Hotels (India) Limited with various Investors and Analysts held on Tuesday, 7th May, 2024 at 5:00 p.m. IST.

The aforesaid information is also available on the website of the Company at the weblink www.khil.com .

Kindly take the same on your record.

Thanking you,

Yours faithfully,

For Kamat Hotels (India) Limited

NIKHIL SINGH

Digitally signed by NIKHIL SINGH
Date: 2024.05.13 18:56:48 +05'30'

Nikhil Singh
Company Secretary & Compliance Officer

Encl a/a.

"Kamat Hotels India Limited

Q4 FY '24 Earnings Conference Call"

May 07, 2024

MANAGEMENT: **MR. VISHAL VITHAL KAMAT – EXECUTIVE DIRECTOR – KAMAT HOTELS INDIA LIMITED**
MS. SMITA NANDA – CHIEF FINANCIAL OFFICER – KAMAT HOTELS INDIA LIMITED
MR. NIKHIL SINGH – COMPANY SECRETARY AND COMPLIANCE OFFICER – KAMAT HOTELS INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Kamat Hotels India Limited Q4 FY24 earnings conference call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

We have with us today: Mr. Vishal Vithal Kamat, Executive Director, Ms. Smita B. Nanda, Chief Financial Officer and Mr. Nikhil Singh, Company Secretary and Compliance Officer. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Vithal Kamat, Executive Director of Kamat Hotels India Ltd. Thank you and over to you, sir.

Vishal Kamat: Thank you very much. Namaskar everyone and welcome to our earnings call to discuss the Q4 and FY24 annual results. I really appreciate all of your logging in, those who have taken the time to be a part of this conference. So I thank you all personally. That said, as mentioned, we would be having a flat year, and we did exactly that. We had a flat year as we had seen but the coming year looks very interesting for us.

I am very proud and happy to say that we have opened the Ayodhya on Ram Navami, IRA by Orchid, Ayodhya is now open on the 17th of April, and it has got an excellent start. We are doing very well in terms of the better than expected start we got in a very short time. Normally there is a long gestation period for such hotels whenever we open a new hotel, but here it has been instant off the block. So I really Thank God for a great start.

We also have some other new properties which have opened in the last year which are now gearing up; Orchid Jamnagar being one of them along with many other locations which you had like IRA by Orchid Sambhaji Nagar, IRA by Orchid Nashik, and many of the other things which I will share forward. How our rebranding and upgradation exercise has given us very good fruit. So thank you very much for that. So I thank all those who have supported us in our IRA by Orchid conversion.

Secondly, one significant development I would like to share, I am grateful to our investors and partners, Alpha Alternatives. The company was able to repurchase its outstanding NCDs, Non-Convertible Debentures amounting to INR128.45 crores, out of that we were able to loan an ALF of INR114 and through internal accruals of INR14 crores, we were able to do INR128.45 crores. So I thank Alpha Alternatives in being a very strong and able supporter and partner and helping us in our difficult times and I look forward to their support in the future as well.

This by the way is a strategic initiative which has a big benefit for us tying up with Axis Bank because their rate of interest is 10.75 from the earlier redemption premium of around 21%. So the company will save huge in terms of interest outgoings and it's towards our target of becoming debt net positive in terms of being neutral. We had planned that our company will be extremely debt light. So that has already been as we can see from INR300 crores or rather INR298 crores, we have come to INR170 crores, and we will be further coming down through a mix of internal accruals and otherwise. So I thank Alpha Alternatives for that. We still have two partners with us who will be retiring in the month of July, August. So I thank True North also and SBI both for being with us there.

With that, ARR has been a significant improvement across our properties. I will specify a little more in detail, especially when it comes to our IRA brand. Our Orchid brand has always been doing well, along with Fort JadhavGADH in Pune. Additionally, both our Lotus Resorts and IRA brand have done exceedingly well.

Earlier when it was not IRA, we had an average YTD ARR of around 5,800, but now we have it around 6,300. So that's a significant jump we've had in the YTD, that includes some parts where you know it took a time to gear up, but in the last average of five months you can say that the average has been at around 6, 7 around approximately which has been very good.

So IRA Mumbai and same way with IRA Bhubaneswar, earlier the ARR was around 3,500. Now it is closer to the 4,000 mark [3,900 -3500] approximately and even in terms of occupancy also both have shown very good consistent occupancy. So that's been also a very good thing and even the same thing with us in our IRA by Orchid Nashik where we have done an average after upgradation to around 2,900 ARR from earlier 2,150.

So from 2,150 it has gone to 2,900 and that is by the way let me let you know our ARRs are always minus of meals which we provide. So if we do a AP plan which is including your breakfast, lunch, dinner which we do a conference or MAP plan which is your breakfast and one meal which is sometimes a lunch or a dinner or just breakfast this is after cutting that because some industry people don't report ARR with breakfast cutting, they do it as a net sale whereas we do it minus the breakfast and all. So that's where it's really good to see that.

Our brand IRA has got very good response and Ayodhya again in a very short time we are getting an almost 6,800 ARR in Ayodhya in this last whatever short tenure that we've had of just 15 odd days, 14 days. So God is kind, thank you very much to all our team members who made it happen.

Another factor was that which impacted basically our EBITDA which we already know was our high lease rentals because after the sale of IRA from INR125 crores we saved 21% cost of interest on that so that was around INR8.5 crores of lease which is there which earlier would have been has become a EBITDA -sorry which has got minus from the EBITDA.

So that's definitely one of the reasons why our EBITDA looks lower than it actually is but that's because of the shift from interest to now a lease rental. But that said and done still IRA was able to earn as we had discussed that after paying our interest also rather our fixed lease rental also the company had made an additional GOP on top of that which basically is approximately INR4 crores in the last five months.

So I had given in our guidance that the company will make INR5 crores annually above and beyond after paying our interest our lease rental which is little on the higher side but that said and done, our company is still doing well. So I'm very proud of our IRA by Orchid Mumbai team that in five months above and beyond the interest sorry the lease rental we have made as a company and made EBITDA of INR4 crores, so that shows that the move was a win-win for us both in terms of saving interest also and at the same time still getting money more if you would then if you would have taken it as a simple management agreement.

So thank you for all those who showed confidence in us our investors and others. With that the outlook definitely we are looking at expanding across India our expansion is not as aggressive as people would expect it to be the reason being that we are wherever we are growing we are growing with a sure-footedness we are growing where the product fits in and we will have a long term we have learnt a lot of things in the past and unless and until it is either an asset light or if it is a product where we are putting down and doubling down in terms of a lease rental then the product should be of that standing in nature which adds value to our members list we have a huge list of regular members and more than 32% of our sales comes from repeat business.

So this is something which is very important that wherever we are opening our customer confidence remains the same. So that's one very good thing that in the coming year Orchid Dehradun will open, Orchid Chandigarh will open, IRA by Orchid Bhavnagar will open we are very proud to let you know that by June the Orchid Toyam which is a management hotel 21 rooms but a high-end Ayurveda and other spa-based hotel it is treatments and Ayurveda long staying that will open.

Then one more good news which Dr. Kamath had shared what that is fructifying is basically one more hotel in Ayodhya approximately 50 rooms will open that is also going on and looking at what we have already got we are very buoyant about that then IRA by Orchid Noida will open and our work on Mahodadhi Palace which is going on that also expansion will go on.

So we have a good set of hands full with the coming and this is above it this is what is confirmed not more than there are other things also happening, but this is what we have committed we have confirmed that is way. With that I'd like to hand it over to Smita to say a few words with her what she does best which is handle the company's finances and keep us on track and make sure that the company does not overspend and is doing a good job and keeping us in check because as promoters we are always rearing to go but you need a good sounding board and Smitaji is just that. So Smitaji please take it from here. Thank you very much.

Smita Nanda: Thank you sir. Good evening and namaskar everyone. I would like to briefly touch upon the key performance highlights for the quarter and full year end date 31st March 2024. I would like to begin with the quarterly update on consolidated basis revenue Q4 FY '24 were up by 5% year-on-year stood at rupees INR84.5 crores. This was due to improvement in ARR annual room revenue across all our properties as just now rightly mentioned by Vishal sir, our IRA Mumbai, IRA brand IRA by Orchid Hotel brand, the ARR has increased significantly.

Secondly, I would like to even mention over here Orchid Mumbai and all across Orchid brand have also done the good job and even their room revenue has been increasing significantly. However, EBITDA is stood at INR23.32 crore, largely due to increasing employee cost pertaining to the appointment of additional employees for new properties that is Noida, Ayodhya, Jamnagar, and Aurangabad that is Sambhaji Nagar.

Total key we introduced or newly introduced in our hotels is 127 (Edited for Factual Error) rooms approximately and the PAT was down 99% (Edited for Factual Error) year-on-year basis for Q4 FY '24 due to tax and finance cost. Moving on FY '24 update, our revenue stood at INR304 crore by 3% Y-on-Y basis EBITDA was down by 17% year-on-year basis stood at INR91 crore while EBITDA margin was at 30%. PAT stood at INR45 crores. With this I conclude my remarks and request the moderator to open the floor for a question-and-answer session. Thank you.

Moderator: Thank you very much. The first question is from Guneet Singh from CCIPL. Please go ahead.

Guneet Singh: Thank you for this opportunity. I would just like to follow up on the question that I posed in the last con call. I specifically asked that if we would be able to meet the INR100 crores guidance that we had given for FY '24 and I specifically asked that if we are confident to do INR33 to INR35 crores EBITDA in Q4.

And to that you made a remark that companies are confident of achieving that in Q4. So I just want to understand I mean what gave you the confidence back then to achieve a INR33, INR35 crores EBITDA but we fell short by about 30%, 40%. So I mean what might have gone wrong probably that we fell short by this much?

Vishal Kamat: That time now one of the things basically what has been we have also done the redemption of the share of the NCDs. We did the repurchase of the NCDs. So there are expenses related to that also which have been there. There have been few additional expenses which have come it's called statutory requirements which are there which have been done in the year.

So there have been certain things which as a operating are one time which have come out of the EBITDA obviously, but there have been onetime expenses which have been part and parcel of our business. So if I was to tell you one of the basically things which is there is basically like I said once there were various expenses related to certain statutory payments which have been done that has deducted from our GOP.

Then secondly, we have done the redemption a lot of our fees from that whatever EBITDA you mentioned that has gone over there. There have been certain brokerages and other fees legal fees also which needed to be paid which have been done. So before the year ending definitely, we would want to give a clear thing of the past before April and that's how those payments are there because of which the EBITDA guidance would have come down as for what we said.

But on an annualized basis if you recall I have said that we would do 100 and if we add some of these onetime extraordinary expenses which we have done over the last one year it is definitely crossing EBITDA that 100, 105 which we said. One is basically like example like I said the lease. Now the lease which is interest got 8.5 if you write that back as a loan if it were then that would have been going as our interest cost.

So that is definitely one of the things which is 8.5. Then there have been some opex also which we have done which were needed to be done which were because in the prior years we have not done those opex's. So those opex expenses have had to be done which is around INR2.5 crore. So we have done that also because now the coming season will be there off season rather.

So we need certain things to be ready so that in the off season we can take advantages when it comes to the high-volume mice which comes from pharma and other companies. So based on that our overall annualized guidance still was correct in that sense. Now whether that 33 we felt short definitely we felt short in terms of that absolute achieving number, but it is based on whatever logical and required expenses had to be done.

Guneet Singh: All right so fair enough, but I just want to understand did you not forecast while giving the guidance for Q4 of about say 33 to 35 crores EBITDA because the actual numbers fell way short of that. So I mean did you not forecast this one time?

Vishal Kamat: Guneetji the simple thing if today the company would save suddenly a windfall thanks to our partners willing to their lock-in was there till 18 months, but on their own accord is as a win-win partner if they gave us an opportunity why would I not - why would the company not save 21% to 10.75%. I mean that itself on INR120 crore we are talking about a 10 crores benefit.

So for that if I have to pay out certain things and the company will benefit in the long run then I must see the bigger picture and not just a small picture that okay, just to keep my existing guidance I should not should the company not save that INR10 crore in interest which on 21% on 120 it would have been INR22 crore rupees. So we've saved that much money for the company so I'm okay if I was wrong to be right in the long run, I'm okay with that sir.

Guneet Singh: I mean it was just that if I mean the guidance is not made then there is certain questions about whether we can trust the guidance in future or not, but I got your point but so for FY 25 I mean what kind of interest payments are we looking at with this reduction?

Vishal Kamat: We are looking at sir 10.75 on 10.75% sir and we are more than what we would be around approximately 25 crores for the year in a cumulative.

Guneet Singh: Sir my last question would be regarding the guidance of INR400 crores in FY 25. So I mean is it an internal target or is it something that we aspire to reach or is it something that we are pretty confident of achieving and if so I mean what kind of contribution do we see from our existing properties and what kind of additional contribution we see from the new hotels and secondly since we would be having lots of we have new properties coming up so that also might have one time fixed cost of setup cost.

So I mean will that impact our EBITDA margins negatively first of all and if so, I mean what kind of steady state EBITDA margins on a consolidated basis are we looking at for FY 25?

Vishal Kamat: So sir we have given guidance which I stick by which is in the coming year of doing 400 crores because of the additional of new properties. We will have the Orchid Dehradun, the Orchid Chandigarh. We were a little delayed unfortunately by a few months in the case of Ayodhya otherwise Ayodhya should have opened ideally when Ram Janmabhoomi Stapana happened.

But there are many things which are out of the company's control because these are assets which are developed by the promoter of the property because it's a lease it's not me doing it and that's why sometimes certain things take a little time we will not compromise when it comes to our standards or safety so if some fire safety matters have to be completed if certain interior matters were to be completed then we would want that to be done.

And then only take handover we don't want to be in a hurry to take something so we stand by the INR400 crore turnover target for the next year because by then IRA Orchid Bhavnagar would have opened the entire year has got now for Jamnagar to mature earlier we only had a short time and the Ambani wedding also happened at that time so we the company benefited for whichever that duration was there and so all these properties which we now opened will fully give their entire annual turnover. So next year INR400 crore turnover guidance which we are given the company will stick by that on a console basis to have that turnover.

Guneet Singh: The steady-state a better margin that we're looking at considering new properties are coming in would be we able to maintain 30% steady-state margins on consolidated basis?

Vishal Kamat: 140 sir is the guidance we are given, and we are sticking by that guidance for the coming year on a console basis of 140. This would hopefully take into account also the existing hotels maturity and the new hotels which are opening and some of the costs which are related to that so 140 is the guidance for the coming year.

Guneet Singh: All right sir. Thank you, all the best.

Vishal Kamat: Thank you.

Moderator: Thank you. The next question is from the Deepesh Punetha who's an individual investor please go ahead.

Deepesh Punetha: Hi, sir. Thank you for my question. First is that in the quarter gone by the quarter 4, I see the finance cost was INR14.9 crores and depreciation amortization was 4.8 so how much of this was lease payment I just want to know what are total rent cost is?

Smita Nanda: Total rent cost was my INR8.5 crores. My total payment was the INR20 crores against the interest, so I have saved over here nearly 50% which is attributed to my PAT which is coming for INR2 crores, INR1.75 to INR2 crores.

Deepesh Punetha: So INR8.5 crores is the total rental cost for the quarter is that correct?

Smita Nanda: No not for the quarter this is for five months.

Deepesh Punetha: Five months?

Vishal Kamat: You're telling about IRA, I think he asking holistic?

Deepesh Punetha: Yes.

Smita Nanda: INR9.3 crores.

Vishal Kamat: INR9.3 crores.

Deepesh Punetha: This is for the quarter.

Smita Nanda: Yes. This is for the quarter.

Deepesh Punetha: Okay. Thank you, got it. Second my question is around the Orchid Mumbai Hotel that we have so what I was reading at the annual report of Plaza Hotels Private Limited as well and what I saw is that it is it is owned by Plaza Hotels, and it is given to KHIL on operations and maintenance and then we call it an owned hotel so is it technically a hotel owned by KHIL or no?

Vishal Kamat: Sir the land and building are two different things in 1994 when this IPO had happened of Kamat Hotel from that time for whatever reasons I am actually unaware of why this really this equation is like that. But it is right there from the inception which is when IPO happened in 1994. We call it an own hotel of Kamat Hotels and it is the own hotel of Kamat Hotels because the building the entire asset of the building basically not building, and machinery are basically the Kamat Hotels thing and the land itself is basically owned by Plaza, and it is an arrangement which is there from 1994. So that is how it is. So it is owned by Kamat Hotels because the entire turnover is captured in the books of Kamat Hotels sir. So that's basically it. As we have reported in our balance sheet from '94.

Deepesh Punetha: Okay and KHIL paid a INR3.6 crores royalty expense to Plaza Hotel in FY '23 I am assuming for the leasehold land, so is it on a percentage of revenue basis or is it a fixed payment each year how is that determined?

Vishal Kamat: It is a percentage of the basis percentage as reported in our balance sheet. So if Kamat Hotels doesn't do well Plaza loses.

Deepesh Punetha: Okay got it. And one other question is on the NCDs that you had raised…

Vishal Kamat: Sir I am sorry I cannot answer please let's give everybody chance there are others also in queue you can come back again sir after this call because otherwise it is not fair to others there are a bunch of people also so, please sir come back afterwards.

Deepesh Punetha: Okay I will come back no problem.

Vishal Kamat: Thank you sir. Thank you.

Moderator: Thank you. The next question is from the line of Aashav Patel from Molecule Ventures. Please go ahead.

Aashav Patel: Firstly I would like to congratulate the entire KHIL team for refinancing our majority proportion of the outstanding NCD at almost half the interest rate. Moving forward my question is that we will be receiving close to INR40 crores on account of warrant conversion, so how do we plan to use that INR40 crores because we already have a steady state run rate of INR80 crores of annual CFO which we are doing from our internal accruals. So on top of it we are going to get a cumulative INR40 crores on NCDs, sorry, warrant conversion. How do we plan to use that amount?

Vishal Kamat: Thank you Mr. Patel. That's a very, very good question. Basically the funds, by the time they come, we intent use that for two purposes one is, we also have to pay the pending NCDs of true-north and SBI, so we intent to use that money for repayment of NCDs along with internal accrual money which is available to the company by that time for paying them off. So the company will not require much borrowings as, sorry everyone, sorry Aashavji the line got cut. So basically like I was saying INR40 crores will be used for repayment of our NCDs sorry repurchase of our NCD and there will be also a part of it that will be used for – from internal accrual to repay them.

Aashav Patel: Got it sir. So total cash flow inflow which we are going to get for FY '25 would be closer to INR80 crores of cash flow internal accruals and INR40 crores on account of this foreign conversion. So we would get close to INR120 crores. So which we can actually repay the majority part of the debt, so do we intend to do that? Like how do you expect the debt number to pan out at the end of the financial year?

Vishal Kamat: The company does not intend to repay the debt of Axis Bank anytime soon, considering that we want to basically establish again natural banking relationship with the banks and banking listing. So, our target is not what we have reached at 10.75, but to be extremely well-listed, well, what do you call, rated company where it comes to something around the 9% mark, which actually is not very difficult if we continue to do what we are doing and we continue to expand from our internal accrual.

So then there is no shock again to the system. Just to remind all my listeners and people in general that even in corona, the worst case EBITDA that the company did for the year was INR33 crores. So if today I am sitting with a INR100-odd crores of Axis supported finance, then even with a 10.7% or a 9%, we are talking about only INR10 crores, INR12 crores, which even in the worst of Corona, because now we've seen the worst, now if ever Corona type, any situation comes back, we know what the worst will be, because now we are veterans of a disease.

So basically, we know it will only be more plus of that. So keeping that in mind, we are in a very comfortable position that we will be able to fulfil our obligations at that time also. Though I hope Sitaraman will give us ECGLS Part 3. Firstly, Corona is not going to happen. But if it happens, then I am sure the government will be more proactive in supporting this type.

Aashav Patel: Got it sir. Sir, second last question from my side. Can you please quantify given that historically we had made losses for couple of years, so can you please quantify cumulative tax benefit which is sitting on our books?

Vishal Kamat: Sir, I do not know the answer to that question. I can do one thing. We can take that note it down Smitaji and let us see accordingly and share that later on in future.

Moderator: Thank you. The next question is from Shyam Garg from Ladderup Finance Limited. Please go ahead.

Shyam Garg: My first question pertains to how we intend to move forward in future. Will we be looking more towards the managed business, or will we be going forward with owned business as well?

Vishal Kamat: A very nice question. We are intending to do both. We intend to take up properties of management like The Orchid Toyam, which will open on 1st of June or 1st week of June. It's again a management property. There are a few more management properties which we have in pipeline, which we will share at the appropriate time. Till they sign up, we would not like to put the cart before the horse.

So management and lease, both are the focus of the company. We tend to look at lease more because lease gives us better control. But what has happened is that as we have been coming out of our financial challenges over the last 18-14 months, people have looked at us with much more positive and more aggressively that no, we are one more contender.

So more and more people are offering us properties on management terms which are favourable to us. What I mean by favourable to us is not necessarily monetary. It is basically that when we are saying that when we are Kamat and we intend a qualitative experience for our guests, we want that the owner also have that same mindset.

Unfortunately at times, owners don't have that same mindset. They think a hotel is just a fancy room and with no logic of the service science behind it. So that's where basically when we get like-minded owners, we don't mind management also. And luckily now we are getting that. So we will give you some good news in the coming time of some more management hotels. That will basically add scale.

It may not add much to our top line or bottom line, considering that what will you earn in terms of percentage. But what it does offer you is basically a scale, and it also offers your customers more options, people who want to stay with us. Like I said, 32% of Kamat Hotels is repeat business, business from people.

And this is not just some hearsay. We have a proper, we track it based on mobile number, based on guest profile, based on our members who come and stay with us and then they get points. So basically based on this scientific methodology, we know that 32% of our business is repeat.

Shyam Garg: Thank you so much, sir. I will come back in queue.

Vishal Kamat: Thank you, sir.

Moderator: Thank you. That was the last question in queue.

Vishal Kamat: So I think you can come back.

Moderator: We have a follow-up question from Aashav Patel from Molecule Ventures. Please go ahead.

Aashav Patel: Sir, our employee cost, as you mentioned, because of our new hotel openings, employee expense is up from INR50 crores to INR60 crores year-on-year. So how do you guide that employee cost going forward in FY'25? Can we expect that employee cost would remain at similar level of

20% of sales and the increase in employee cost would only be in sync with the increase in top line?

Vishal Kamat: It's a very good question. See, what had happened is that till 2022, broadly we were on a no need to grow. So we were on a very set manpower, what do you call, manning. See, if you are not going to expand, you will not have a cost of keeping the next in line. If you are not expanding, you will have only ideal amount of people working in a particular department or in a particular role. But now that we are expanding, a simple thing like that we are expanding, people who, let me share with you, who were not part of Kamat Hotels before, when we were not expanding, were people from, say, a project team.

Now we have to invest in a project team because every month we are signing up with one or two people or our own internal upgradations are there. There are many things happening within the company. So suddenly now you have a team of four people who are your internal project team, going to different places.

So there is a travel cost, there is a labour cost. Now many of these costs are added into the labour also because a car or a vehicle provided, or this thing is an added expense in the salary, and it is kept in the salary cost. So we know that the actual life cost of an employee, some people might be putting it in operating cost, but we put it that if it is associated with that employee, like uniforms, it is associated with the employee.

So it goes into our labour cost. So that's how we know the real cost of our labour, not that what is just a salary or a thing. Even if a perk is provided, that perk is put in the labour cost. So there are many people like this who I gave you about project team is there. Then there are people who are part of our expansion team in business development. When we had no business development, there was no business development person.

But now we have people in BD. Now we have people in, like I said, interior and in civil. Now we have people who are there in part of our taxation and in part of our head office who earlier were not required because we were just doing a functional work. But now with more units coming, multi-states coming, taxation department has grown. So this cost is going to be there, but this cost will start tapering out as more units come about on an actual level basis, on a unit level basis and on different functions. But naturally expected that as we expand, these people were to join.

And somewhere down, within the next probably 12 months to 15-18 months, this will automatically taper down because it will be a part of our normal business cycle. See when corona happened, many people showed a reduction in their labour because first people, like say if corona was, suppose this was on right now and suppose corona came back, the first team which would go in our company is basically the people who would be from project. Because if there is no project, what would they do?

So they would probably leave us. So suddenly our payroll would look good but it's not a good thing. It's that those people who were doing an expansion growth are lost. So that's how basically during corona people brought their payroll cost down. We were not operating swimming pools so there was no lifeguard. We were not operating gyms so there was no staff in the gym.

Today again everywhere all those staffings are there. So that's how basically these costs are there. So that's coming to your payroll example.

Aashav Patel: Got it sir. Thank you for a very detailed answer. Sir, the NCDs which are around INR45 crores of remaining NCDs which we expect to even refinance post July. So what sort of timeline are you looking at the same? And can we use the warrant conversion amount towards refinancing that NCD?

Vishal Kamat: Sir, firstly it's INR58 crore and I answered this question that when you asked me before. The warrants money which is coming along with internal accruals will be used to pay off this INR58 crore rupees. In the months of probably around July-August when their 18 months complete.

Aashav Patel: Okay. And what would be our currently the total annual lease payment considering the upcoming hotels as well?

Vishal Kamat: Sir, upcoming data I don't have but the current for the last quarter 9.3 was shared by Smita ji.

Aashav Patel: Got it. Okay sir. That's all from my side. Thank you. All the best.

Moderator: Thank you. Next question is from Deepesh Punetha, who is an individual investor. Please go ahead.

Deepesh Punetha: Hi sir. Thank you again for the follow up. I had two questions. One is on the NCDs that were raised in January, INR22 crore I think loan was given to Plaza Hotels]. Do we know what the rate of interest was for this loan that was given?

Vishal Kamat: Sir, on the NCDs the loan was 21% on the net redemption of the premium.

Deepesh Punetha: But part of the proceeds of the NCDs was used to give out the loan to Plaza Hotels by KHIL. I think that was INR22 crore.

Vishal Kamat: No.

Smita Nanda: Plaza Hotel has given a corporate guarantee.

Vishal Kamat: Plaza Hotel has given a corporate guarantee sir. There is no loan given to Plaza. You have misread somewhere, sir.

Deepesh Punetha: Okay. Then on the contingent liabilities in FY'23 annual report, there were INR60 crores of contingent liabilities relating to a tax demand which had not been provided for. Are there any details around this that you can share?

Vishal Kamat: I will check up sir. Nikhilji, please note it down.

Deepesh Punetha: Clause 45.3 of the annual report.

Vishal Kamat: Okay. Just write it down, Nikhil. We will look at it later. We will reply to Deepeshji.

Deepesh Punetha: Actually, I have written to your IR as well. I didn't get a response on this asking these questions. I will write a follow up in the meantime.

Vishal Kamat: I will be happy to answer all your questions like I have been doing over here. So I apologize if it got missed from my team.

Deepesh Punetha: No problem. Thank you so much, sir. Thank you for taking my questions.

Vishal Kamat: Thank you.

Moderator: Thank you. Next question is from Manoj Shroff from Kivah Advisors. Please go ahead.

Manoj Shroff: Hello, sir. Thank you for the opportunity to ask. Sir, if you can take us through the guidance of the INR400 crores for next year. So the INR100 crores incremental, if you can give some granularity about where that INR100 crores is going to come from. Like is the breakup half-half from the existing hotels and half or 40% from the new hotels.

And if you can share, you know like we had some hotels which we have just taken over in the second half of the year. And some were not operational, and they are going to get operational. If you can just share some granularity or some occupancy increases. So, that will give us some visibility on the INR100 crores incremental we are speaking of.

Vishal Kamat: So sir, it's a nice question and I will give it to you a broad, broad, broad breakup. Basically sir, out of 400, approximately 80 to 90 will be OHPPL which is a subsidiary 100% owned of Kamat Hotels India Limited. Around INR300 crores again would be Kamat Hotels India Limited. And around approximately INR30 crore would be the acquisition we have done in Envotel along with ILEX. Smita, ILEX, Envotel, all those are subsidiaries of Kamat?

Smita Nanda: No, OHPPL.

Vishal Kamat:` OHPPL holds them. All our other subsidiaries all put together, operational subsidiaries like Envotel now and this one our ILEX, all put together would be the balance.

Manoj Shroff: Actually I was - sorry, I was trying to ask the INR100 crores incremental, is that INR100 crores incremental from which properties like a few properties, like you said Kamat?

Vishal Kamat: You mean to say specific operational property? I am not following. Hello?

Moderator: We seem to have lost the line. We will move to the next question. The next question is from Guneet Singh from CCIPL. Please go ahead.

Guneet Singh: I have the same question as the previous participant. So basically, I mean we would like to understand the incremental INR100 crores of revenues that we are looking at. Can you give a breakup of I mean how the incremental revenues will come up like in a granular form?

Like what percentage of revenue would come from say the existing properties due to higher occupancy or higher ARR? And what percentage of it will come from new hotels that are coming up? I mean just to get a sense of how we are arriving at this number.

Vishal Kamat: So sir, I will repeat again. Approximately 80 to 90 will come from Orchid Hotel Pune Private Limited which is the 100% subsidiary of Kamat Hotels India Limited. Approximately INR20-odd crores will come from Envotel which has been recently purchased by the company. So that basically comes to around 120. And the balance 280-290 would be basically from Kamat Hotels India Limited. This includes again, this is basically the breakup.

Guneet Singh: Sir, just to understand - I want to understand what percentage of the incremental revenue would come from, say, I mean existing 16 properties that we have. So are we looking at say 15%-20% growth in the existing properties itself, I mean for an example? So I want to understand the breakup in that sense.

Vishal Kamat: Okay, that detailed breakup -I got what you mean. You want to know that if Orchid Hotel has done INR100 crores hypothetically this year, then next year if it did 105, so you want a 5% increment in Orchid. If IRA has done 50, then next year it has done 55, then you want 10%. Like that you want a guidance.

Guneet Singh: Sir, not even that granular. But yes, just to get a sense of say on a consolidated level of the 16 properties, let's say INR300 crores this year. So I mean what kind of growth are we looking at the existing properties that are already functional? And what kind of incremental revenue is coming from the additional properties that are coming in FY'25?

Vishal Kamat: So this year as a consult we have done INR310 crores of top line. Okay. So we have done 300 and approximately 10, approximately. This 310 will become 400. Out of that, basically the additional new units which have been there, which is basically 90, out of that 70 will come from the new unit addition and the normal growth of business or about 5%-8% in our existing Mumbai hotels will come from this INR80 crores.

And the balance basically will be Envotel and other new acquisitions we have done which will now mature for the full year and give us the result of the full year, because we bought them at a different time. So now that's how basically the INR310 crores guidance of the actual of this year will become 400 of next year.

Guneet Singh: All right. So basically from the new additions we are looking at INR70 crores additional revenue. Got it. And sir, just to get a sense, I mean what kind of reduction in the other expenses or the statutory expenses or savings from that end, from the restructuring that we did? I mean can you give a quantitative figure of what kind of savings are we looking at in FY'25 because of not incurring these?

Vishal Kamat: Yes, so basically if at 20%, the company was to -if the company would not have done the refinancing and the payoff and other things, the company would have broadly around INR66 crores worth of interest the company would have paid when it did the entire transaction with Alpha --INR63 crore worth of interest.

But midway we were able to save the company a lot of interest by selling off our one property which is IRA Mumbai but luckily still being managed by us. And like I gave the figure that we earned INR4 crores above and beyond after selling that property. So the company basically reduced that interest on 125 which comes to around INR26 crores rupees.

And then now further the company on buying back its NCDs with the support of Alpha because it was mutually agreed. So based on that the company has reduced on INR128 crores which would have become INR30 crores of interest broadly has come down to 10.75 with now Axis Finance coming in. So that is a reduction of now from 128 to INR14 crores.

So INR14 crores now is the interest annually we will have to pay on this 128. So that is the big reduction as you can see from where on 128, we are talking about almost INR35 crore-INR38 crores coming down to now INR14 crores so that's a big saving there also. So these are onetime expenses related to whatever would have happened, but this interest outflow burden has gone.

And also in the meantime the company has reduced the percentage of the shares because now new shares also have come based on the warrants that were issued when this transaction happened. The promoter having full confidence has put its money where its mouth is and increased the reduction in the what you call listed, what do you call it? Pledged shares.

And going forward we are very confident that the company once it repays its obligations of INR58 crores the company will ensure that it is free from all the past challenges.

Guneet Singh: Right sir, I got this point. Sir, we are also looking at other expenses of about I mean INR30 crores per quarter. So I mean with the restructuring almost done and with the entities and everything out of the big kit I mean mostly majority of it. So I want to understand what kind of savings are we looking I mean in terms of statutory or legal expenses that we incurred say in Q4 or in FY ’24. So what kind of savings are we looking at with the restructuring and all of this I mean the mess already behind us?

Vishal Kamat: So yes, you are right. Out of this 30 you can take at least 10 which is not going to recur. There have been certain statutory payments we had to make which were basically routine to regularize and other things and all that are there.

Then there are certain other expenses of brokerages and fees some legal fees which have had to be paid which are not recurring in nature. So this 30 should come down next time towards 20 figure. Maybe even lesser than that. Smitaji is confident of that coming even lower. But she is indicating to me around 60. But I will still say you take it as 20.

Guneet Singh: All right, sir. So I mean that comes to about INR40 crores savings annually if I am not wrong.

Vishal Kamat: Yes, sir.

Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to Mr. Vishal Vithal Kamat for closing comments.

Vishal Kamat: I am really grateful to all. And Guneetji, I really appreciate your very specific. You really do your extreme homework and come. And that's very good because it keeps Nikhilji, Smitaji and myself on our toes in terms of having that clarity of thought and being able to share that and express it with people like you who take all this effort. I am grateful to all who have taken the time out and asked their questions. If there is anything pending, like Puneetji has asked that one thing.

Okay, so we will definitely get back to Mr. Puneet and even Aashavji asked something. So for sure, Aashav Patelji. So those people also we will get back to. But thank you everyone once again. And I look forward to the coming year and fulfilling what we said and probably with good news to break it even further. Thank you. Namaskar.

Smita Nanda: Thank you.

Moderator: Thank you very much. On behalf of Kamat Hotels India Limited, that concludes this conference. Thank you for joining us, ladies, and gentlemen. You may now disconnect your lines.