VICEROYHOTELS

To, **Date:** 26th May, 2025

The Manager BSE Limited P. J. Towers, Dalal Street Mumbai-400001 (BSE Scrip Code: 523796)	The Manager, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051. (NSE Symbol: VHLTD)

Dear Sir/ Madam,

Unit: Viceroy Hotels Limited

Sub: Transcript of the Earnings call held on 20th May, 2025 under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"]

With reference to the subject cited, this is to inform the Exchanges that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith the transcript of the Post Earnings (Group Conference) Call for Q4 of FY24-25 held on Tuesday, 20th May, 2025.

This is for the information and records of the Exchange, please.

Thanking you.

Yours faithfully,

For Viceroy Hotels Limited

CHAPPIDI SIVA KUMAR REDDY
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"Viceroy Hotels Limited

Q4 FY '25 Earnings Conference Call"

May 20, 2025

MANAGEMENT: **MR. ANIRUDH REDDY – DIRECTOR – VICEROY HOTELS LIMITED**
MR. PRADYUMNA KODALI – CHIEF FINANCIAL OFFICER – VICEROY HOTELS LIMITED

MODERATOR: **MR. PRATHAMESH PARAB – MUFG INTIME INDIA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Viceroy Hotel Limited Q4 FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on a touch-tone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Prathamesh Parab from MUFG, Intime India Limited. Thank you and over to you Mr. Prathamesh.

Prathamesh Parab: Thank you, Muskan. Good morning everyone and welcome to the Q4 and FY '25 Earnings Call of Viceroy Hotels Limited. From the management, today we have with us Mr. Anirudh Reddy, Director and Mr. Pradyumna Kodali, Chief Financial Officer.

Before we proceed with this call, I would like to give a small disclaimer. This conference call may contain a certain forward-looking statements which are based on beliefs, opinions and expectations of the company as of date. A detailed disclaimer has also been given on the company's investor presentation which has been uploaded on the Stock Exchanges.

Now I would like to hand over the call to Mr. Anirudh Reddy for his opening remarks. Over to you sir.

Anirudh Reddy: Thank you. Good afternoon everyone and welcome to the Viceroy Hotels Limited. Q4 Financial Year '25 Earnings Call. We have provided the corresponding presentation summarizing the company's performance for Q4 along with the results from the Stock Exchange for your perusal. Hope you all had a chance to go through the same. As many of you are joining for the first time, I would like to begin with a brief background.

Our management team officially took charge in October 2023 following the final approval of the resolution plan by the National Company Law Appellate Tribunal. This marked the conclusion of the CIRP process which has been underway since 2018. I am pleased to share that all the payments committed under the approved resolution plan have been fully discharged well ahead of the stipulated three-year timeline. This early completion reflects our group's strong commitment to the revival, stability, and long-term growth of the company. In our short stint at the helm of affairs, we have delivered strong performance and have shown that our company is well positioned to capitalize on the opportunities that lie ahead of us in a calibrated manner.

Talking about the hotels, we own and operate two flagship properties in Hyderabad under the Marriott and Courtyard by Marriott brands. These hotels together currently offer 407 rooms and a nearly 10,000 square feet of banquet space located in the central business district. They cater to a wide mix of luxury and business travelers reinforcing our position as a key player in the city's hospitality landscape.

Now looking at the sector, we believe that the hospitality sector is on a strong growth trajectory supported by robust domestic demand, rising household incomes, growing discretionary spending, evolving consumer preferences, and an increased government emphasis on tourism and hospitality.

As the Indian economy maintains its position as one of the fastest growing major economies, these factors continue to act as a powerful tailwind for our industry. With the GDP growth projected at 6.5% and domestic consumption on a steady upward trend, India's travel and hospitality sector has continued to perform well.

Reinforcing this momentum, the 2026 Union Budget has allocated INR2,500 crores towards tourism-related initiatives and includes plans to develop 50 new tourism destinations across the country.

Now coming to our city, Hyderabad has emerged as one of the top performing cities in terms of revenue per occupied room growth in 2024 compared to 2023. The city has gained strong momentum driven by the recovery of business travel, increased corporate and social MICE activity, and a rise in leisure demand. Hyderabad presents a compelling case of untapped potential.

Over the past few years, it has earned recognition for its strong infrastructure and progressive development norms. With India's growing prominence as a hub for global capability centers, Hyderabad has been at the forefront of this evolution. The sharp rise in demand combined with constrained new hotel supply has resulted in a marked improvement in market performance.

This positive trend is expected to continue with the current demand-supply gap, creating fertile ground for new developments. With focused investments and strategic expansion, Hyderabad is well on its way to establishing itself as a premier hospitality destination.

Moving on to the operational highlights for the year, as the new management team, we took time to deeply understand the business and assess its needs. Based on this groundwork, we have outlined a phased investment approach to drive long-term value. Phase 1 of this plan will include the addition of 56 new guest rooms to be added to the courtyard by Marriott, along with a spa, gym, and a bar.

Phase 2 will consist of the upgradation of 168 rooms of Marriott and Convention Center in Marriott to 20,000 square feet from present 10,000 square feet. As part of Phase 3 of our enhancement plan, we have several key upgrades underway at Marriott. This includes the upgradation of our four F&B outlets, along with an expanded executive lounge to enhance guest experience. The altitude venue will be transformed into a premium Pan-Asian restaurant bar, bringing a distinctive culinary offering to the property.

We also plan to revamp the Marriott lobby, introducing a grand new entrance to the Elephant Garden to create a more impactful arrival experience. Additionally, 127 guest rooms at the Marriott will be upgraded with a contemporary design, aesthetic, and modernized bathrooms, aligning with the evolving guest expectations and enhancing overall stay quality.

Further strengthening our partnership with Marriott, we have recently signed a new operating agreement with Marriott Hotels India Private Limited, along with other related ancillary agreements for the upcoming hotel project in Madhapur, Hyderabad. The proposed property spans approximately 7,000 square yards and is expected to feature around 200 rooms. This marks a significant step in our growth strategy as we expand our footprint in one of Hyderabad's most dynamic and high-demand micro-markets.

As shared along with our results, we have also seen key changes in our leadership team. Mr. Venkata Krishna Reddy has taken over as our new Chief Financial Officer, while Mr. Pradyumna Kodali has assumed the role of Chief Operating Officer. We are confident that their deep expertise and leadership will play a pivotal role in driving our next phase of growth and operational excellence.

Overall, this quarter, we have witnessed strong execution and operational efficiency. We are excited with the opportunities ahead of us and remain confident in maintaining this momentum going forward.

With that, I would like to hand over the call to Mr. Pradyumna for a detailed discussion on the Q4 and full-year Financial '25 performance.

Pradyumna Kodali: Thank you, Anirudh. Good afternoon everyone and thank you for joining us for our Q4 and FY25 earnings call. Let me begin by taking you through the financial performance of the company. In Q4 FY25, our revenue increased by 5% year-on-year to INR36.6 crores. The operating EBITDA for the quarter stood at INR10.83 crores, registering a growth of 59% year-on-year with a margin of 29.6%. Profit before tax for the quarter stood at INR7.1 crores versus a loss of INR2.1 crores in Q4 FY24. Profit after tax for the quarter came in at INR7.7 crores, up from INR0.13 crores in the previous year, which is a significant improvement.

On a full-year basis, revenue from operations stood at INR136 crores, reporting a growth of 13.87%. Operating EBITDA rose by a mammoth 61% to INR37.55 crores with an EBITDA margin of 27.61%. Profit before tax for the year stood at INR20.5 crores, with a substantial growth again of 154% year-on-year. Profit after tax for the year was INR76.4 crores, reporting a growth of 986%, but this was mostly due to a deferred tax income, which has resulted in a substantial PAT growth.

Moving on to our key operating metrics, for the Marriott property, the average daily rate stood at INR6,864, marking a year-on-year growth of 1.66%. At Courtyard, the ADR was INR6,758, reflecting a 2.15% increase. In terms of occupancy, Marriott recorded an occupancy rate of 69.4%, and Courtyard came in at 72.6%. The combined occupancy rate of the entire complex stood at 70.3%, compared to 66.8% in the previous year. This, I feel, is a fairly significant achievement, given the Central Business District functions around the 65% occupancy mark.

As per RevPAR, Marriott posted INR4,765.17, up 13.5% year-on-year. And Courtyard reported a RevPAR of INR4,908, reflecting a decline of 6.29%, but this is largely attributable to the ongoing renovation work, which temporarily affected the property's availability and operational efficiency. However, we remain confident in the long-term potential of the asset.

Once the renovation is complete, we anticipate a significant improvement in both occupancy levels and RevPAR. Despite a decline in Courtyard's numbers, the consolidated RevPAR stood at INR4,804 for the complex, marking a healthy growth of 7.17%. Looking ahead, with the planned renovations and expansions, we anticipate a positive impact on both our realization and occupancy levels. These enhancements are expected to further strengthen our operating performance and, in turn, create sustained value for our shareholders. With that, I'd like to now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer section.

The first question is from the line of Raj Patel from RK Securities. Please go ahead.

Raj Patel: Okay, so I have just two questions. So, for the quarter-on-quarter basis, while the revenues were increased by a single digit, but we can see that the EBITDA margin grew at a strong pace. So, what were the reasons for this significant jump in the margin? And, apart from this, what will be the level of sustainable top-line growth and margin guidance over the next, let's say, one to three years?

Pradyumna Kodali: So, the thing is, the reason why EBITDA margins have significantly improved in spite of not as much improvement in the revenue is because of a lot of operational efficiencies that a new management has brought into the two hotels. There has been a lot of improvement on a lot of back-of-the-house equipment and other things that were adding up to the cost previously, which over the last one year we have enhanced in the properties, leading to far better cost-cutting and improving our EBITDA numbers.

And continuing going forward, along with the renovation, we also expect our ADRs to significantly grow up, a major part of it which flows through straight to our profit, wherein you will see a larger rise in the EBITDA than you see in the revenue.

Raj Patel: Okay, and can you guide us with the top-line growth and margin for over the next one to three years?

Pradyumna Kodali: From the existing complex that we are currently operating, we expect a 30% to 40% increase in revenue as we see the renovation being completed, which could lead to almost an 80% to 90% improvement in the EBITDA. Having said that, we also, in the same 3-4 year timeline, we are looking at opening our next hotel, which is in Madhapur, which is a 200-key inventory, in which case we can see our EBITDA from that also contribute to this and potentially even go to about 3x of what we have reported for this financial year.

Raj Patel: Okay, and my second question was, do you expect to generate any operating leverage as the new property will become operational, and what will be the timeline for achieving this operating leverage, if any?

Pradyumna Kodali: So, we expect the property to go live in about 3-4 years, subject to all approvals and construction that will be required to take place.

Raj Patel: Okay, Yes, that's all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Priti Agarwal from SK Associates. Please go ahead.

Priti Agarwal: Yes, hello. Thank you so much for the opportunity. I would really like to know that are you looking at inorganic growth opportunities as well. Maybe some standalone properties which can be renovated and transformed into luxury property? And if yes, which regions or markets are you looking for such deals?

Anirudh Reddy: This is Anirudh. We are looking for these opportunities on a very continuous and serious basis. And we analyzed several already half-built properties or brownfield projects which are almost in the completion stage.

And we try to see that if we can take them over, or also some distressed assets which could form a part of our portfolio easily. So we look at them, but as of yet, we have not reached anything concrete as of yet to be disclosed to anybody. And the management feels that such opportunities keep coming up and we have to keep looking until we get the right one.

And as of now, we are looking mainly across Tier I cities in India and also which attract a lot of tourism in India.

Priti Agarwal: Okay. And do you plan to expand and diversify away from Hyderabad market? And which cities or regions do you think offer the highest potential?

Anirudh Reddy: See Hyderabad, we believe has really good potential because of the less supply of rooms in the city. And that's why we are going ahead with that new project. But also, we are also looking at other destinations like Bangalore, Goa, and also Pune and some in Chandigarh. So, these are things which we keep analyzing on the properties which are available for such kind of hospitality use.

So, we keep seeing these areas, but nothing has struck us where we think that we will be able to actually maximize the shareholder value. So, that's why we are keen on just looking for that best opportunity.

Preeti Agarwal: Okay. That's all for my side. Thank you so much.

Anirudh Reddy: Thank you.

Moderator: Thank you. The next question is from the line of Vivek Gupta from Star Investments. Please go ahead.

Vivek Gupta: Yes. So, my first question is like, what is the level of capex that you are expecting over the next one or three years and what is the payback period you expect from your investments?

Anirudh Reddy: So, we take this two-part question. One, I will take this question. The first, we expect a capex renovation of about INR120 crores over the next two to three years. This is mainly for the upgradation of Marriott, which is a 295 room hotel. The upgradation of the convention center, which is about 10,000 square feet, which will be converted to a 20,000 square feet convention center.

And it is also going towards the completion of courtyard, which was left uncompleted by the previous management, which includes four floors that includes 56 new rooms, a gym, spa and a rooftop restaurant. Along with this, we are also looking at renovating the Marriott lobby and some F&B outlets of Marriott. So, this combined together, we look at this INR120 crores outlay. And for the payback, Pradyumna you will be answering the question.

Pradyumna Kodali: Yes. Hi. So, on the ROI bit, we've actually conducted an exercise where we've engaged a hospitality consulting firm called HVS Anarock, who's also done an exercise in terms of the capex that we are investing and what sort of projections they have, not just for the city, but the micro market and our hotel in particular.

And based on the reports that we've received and EBITDAs that we expect to have once the renovation is entirely completed, this amount that we are infusing as capex is possibly going to be returned within two to two and a half years. So, that is why the management is also very confident in doubling down on putting this sort of money and renovating the properties.

Vivek Gupta: Okay. And when is the construction of the new Marriott properties that is situated in Madhapur, Hyderabad planned to be completed?

Anirudh Reddy: So, we have a timeline of about three to four years. We are currently in the process of converting the land and getting all the permissions to start construction.

Vivek Gupta: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Vrudhi Shah from SAS Capital. Please go ahead.

Vrudhi Shah: So, my question is what is the level of incremental debt that you plan to take to fund the expansion?

Anirudh Reddy: Can you repeat that, please? I couldn't hear you.

Vrudhi Shah: What is the level of incremental debt that you plan to take to fund the expansion?

Pradyumna Kodali: So, yes, just to answer your question, right now, as you see, we've already recently had a rights issue done through which we had raised INR49.52 crores. Apart from this, we also have a lot of cash reserves for which we are utilizing for our current renovation. But having said that, because we also have another project in Madhapur planned, we are looking at another QIP exercise which would raise another INR100 crores to INR120 crores into the company.

So, what we plan and what the management thinks is that, preferably we'd have as less debt as possible on the books of the company so that, you know, we can continue to grow with less stress on any of our financials.

Vrudhi Shah: Yes. And then, what are you targeting as a debt level or a net debt to EBITDA?

Pradyumna Kodali: So, the debt level which is currently on the books of the company is about INR50 crores. So, we possibly maybe have to add another INR50 crores of debt over the next 3 years, 4 years.

And we expect once the renovation to be completed and all three projects, all three properties are operational, to have EBITDA close to INR100 crores. So, that's possibly putting the ratio at about 1 is to 1.

Vrudhi Shah: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Esha from IM Capital. Please go ahead.

Esha: Viceroy has emerged successfully from NCLT and I would firstly like to congratulate you for that. I just wanted to understand from you, like, when you set out to take over and turn around the hotel, you may have had some objectives or targets in your mind. So, I wanted to know if you could share some insights and help us understand as to where exactly you stand in terms of achieving those objectives and goals?

Anirudh Reddy: When we first took over the hotel, the hotel industry was just recovering from the COVID pandemic impact. And after that, once we entered, once the takeover was completed, our main area of focus was what does this hotel actually provide for the consumer. And we have realized that the MICE segment is one of the biggest factors which contributes to the occupancy levels and the banquet space being rented out.

So, based on that, we have formulated a plan that first we try to improve the rooms because we need to make sure that these are aligned with the new expectations of customers. And the second thing is to hit the banquets, which we really want to make it big enough and modern enough for the current usage of corporates.

And we currently are in the first phase of renovation to execute what we thought will uplift the company and which we think will also uplift the company. In the first phase, we are completing about 56 new rooms in the courtyard and also finishing the gym and spa and the rooftop restaurant.

So, this will help us in the first viewpoint, which we look is increasing the rooms ADR. That will help us increase the ADR and also the revenue per occupied room. And the second phase, which we will be doing next year is the main thing is the banquet. And in the banquet, we will see a substantial increase in occupancy, which will lead to further increase in the ADRs of the room. High level objective of the company in the future in the long term goal is to reach 1,000 rooms.

Esha: Okay. And my second question would be like, was there any specific reason for the change in the CFO? Could you please brief us on the previous experience of the new CFO?

Pradyumna Kodali: Yes. So, there's two parts to this. One is in terms of actually getting a new CFO on board. And also, the second is myself moving on to the role of COO. So, in terms of the first year of us taking over this company, the focus was in terms of stabilizing performance, financials of this company and having everything in place where the company also had certain subsidiaries that were contributing to the company.

So, those were liquidated. And now that we've stabilized and have a solid performance, we wanted two things.

One was actually have a person who has a significant finance background to come and take over the books so that I can additionally take up the responsibility of the growth of this company. Because as Mr. Anirudh Reddy, just mentioned, we are looking at how we can take our current inventory closer to that thousand rooms. And for this, I think a lot of focus would have to happen upon any sort of deal making and possible acquisitions of hotels. So, that's where a lot of my focus would continue to be on.

Anirudh Reddy: And also, further to answer your question, the Board discussed this on several occasions, also felt that operations and finance had to be divided into two different segments led by two different individuals, which will contribute to the overall growth of the company and keep check of the budgets and the actual cash flows.

Esha: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Sahil Singh from RJ Investments. Please go ahead.

Sahil Singh: Yes. Hi, sir. Congratulations on a great number, sir. So, I had a couple of questions from my end as well. So, has the promoter group considered any time limits of divesting their stake in the company? Like, we have a threshold for 75%. So, are we planning to do that any time sooner?

Anirudh Reddy: Yes. So, as you know, in my opening statement and also in the further discussions, we have discussed about the signing of a new hotel at Madhapur, Hyderabad. So, we intend to do an exercise of a QIP or another rights issue as the Board feels correct. And based on that, we will be diluting for constructing that new hotel.

And that will be announced in the due course once all the permissions and all that are in place. And the budget for that hotel to be operational is in place. We will then think about this dilution.

Sahil Singh: All right, sir. I'm sorry. I joined a bit late. So, might have missed that. So, another thing is like, any guidance, sir, on the EBITDA margins that we have seen a healthy EBITDA margins for this quarter? So, like, do we maintain, like, is it sustainable to maintain this sort of a margin?

Pradyumna Kodali: Yes, absolutely. Particularly with the renovation in mind, we've managed now to get closer to the 30% mark. And in fact, once the renovation is completed and our ADRs further improve, we only see this EBITDA margin, breaching that 30% mark.

And I think that from that standpoint, from that point on, we probably maintain that 30% above EBITDA margin. And the new hotel that we have planned as well is mostly a business hotel with a predominant focus on room business, which normally drives the EBITDA margin significantly higher.

Sahil Singh: All right, sir. And so, like, what is our occupancy rating as compared to, like, the previous quarter and the same quarter for the last year? Could you just provide me that? That would be great.

Anirudh Reddy: Year-on-year, it's 66 and 70. And quarter-wise, it is, on a composite basis, we are down minus 3% because of the renovation.

Sahil Singh: Okay, sir. Yes. Last question is, like, is there any Greenfield or Brownfield projects, like, any acquisition or anything, like, further investments are we planning to in the future?

Anirudh Reddy: Yes, see, as of now, the concretized goal is to have the Madhapur Hotel. Other than that, we actively look at several brownfields and several operating hotels and also several commercial spaces, which are currently not being leased out, whether they're convertible to hotels. So, we are constantly looking at these opportunities.

But when the opportunity does come, we will obviously present to everybody and present to the Board and take an opinion there. And then a result of that would be put out to everyone before we do any of such investments.

Sahil Singh: All right, sir. That's all from my end, sir. All the best and congratulations once again on the great numbers. Thank you.

Anirudh Reddy: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. On behalf of Viceroy Hotels Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.