



GRAND CONTINENT HOTELS LTD

[Formerly Known As Grand Continent Hotels Private Limited]

Date: 24.06.2025

To,
The Manager- Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, Block-G,
Bandra - Kurla Complex,
Bandra (E), Mumbai - 400051

SYMBOL: GCHOTELS
ISIN: INE12E301017

Dear Sir/Madam,

Subject: Transcript of earnings conference call held on Wednesday, June 18, 2025.

Pursuant to Regulations 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find attached transcript of earnings conference call held on Wednesday, June 18, 2025, for investors with respect to Audited Standalone and Consolidated Financial Year for the half year and year ended March 31,2025.

This is for your information, record, and appropriate dissemination.

Thanking You,

FOR, GRAND CONTINENT HOTELS LIMITED
(Formerly Known as Grand Continent Hotels Private Limited)

RAMESH SIVA
MANAGING DIRECTOR
DIN:02449456



“Grand Continent Hotels Limited
H2 & FY '25 Earnings Conference Call”
June 18, 2025



**MANAGEMENT: MR. RAMESH SIVA – FOUNDER AND MANAGING
DIRECTOR – GRAND CONTINENT HOTELS LIMITED
MR. MITHUN JAYARAMAN – CHIEF FINANCIAL
OFFICER – GRAND CONTINENT HOTELS LIMITED
ADFACTORS PR – INVESTOR RELATIONS TEAM**

Moderator: Ladies and gentlemen, good day and welcome to Grand Continent Hotels Limited H2 and FY '25 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 on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ramesh Siva, Founder and Managing Director. Thank you and over to you, Mr. Siva.

Ramesh Siva: Thank you, sir. Good afternoon, everyone. I hope my voice is very clear and audible to all of you. I would like to extend a very warm welcome to you all to Grand Continent Hotels Limited Maiden Earnings Conference Call to discuss the financial results for the half year and year-end at 31st March 2025. I would like to begin by expressing my gratitude to all of you for taking out

time and joining us today. Being a working day and a busy day, I thank you so much for joining us.

We have on call with us Mr. Mithun Jayaraman, CFO, and our Adfactors PR, our investor relations team. We have already shared our results on the investor presentation. I hope you all must have received it. Since this is the first earnings conference call, I would like to share a brief overview of our company and its recent developments before we get into the business and the financial performance.

I am Ramesh Siva, a hotel management graduate, passed out in the year 1993. I have a work experience of 17 years, started my career with the Oberoi's in the year 1993 as a management trainee after I finished my graduation in hotel management.

Started as a trainee, scaled up into different levels. I was a general manager of Ramada in 2001 to 2002. In 2003, I joined as a Vice President Operations for a hotel based in Chennai, a Quality INN hotel, which is a choice hospitality, a U.S.-based company. I was promoted as a CEO from 2006 to 2010. From 2003 to 2010, I was working in different positions. In 2010, the journey of Grand Continent began.

We opened our first 54-room lease property in Bangalore under the brand of Grand Continent. We started with a single hotel and then slowly started growing one hotel after the other hotel. The first hotel, which we started in 2010, I really waited for around about five to six years to understand the model of the business and how to scale it up, how to make it profitable, and how to structure this company.

So I took around about five to six years to study it. And then the second hotel of ours was started in the year 2016. Again, after a five-year gap, we opened up with that 24-room key, then slowly in 2017 with a 34-room key, then scaled up one hotel after the other hotel.

And today, we are very proud to say that we have around about 21 hotels operational over five Indian states, which includes Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, and Goa. Now, from the very beginning, the philosophy of Grand Continent was very simple and clear.

We are very guest-friendly. We ensure that we have the basics right. We offer the guests what they actually require into the hotel. The concept, what is the model of business, what we follow? The model of business is very, very simple and clear. Most of our hotels, what we do, out of the 21 properties, 19 properties are lease properties. We are an asset-light company.

Two hotels of ours are owned by us. What do we do on a lease property? We take a property on a lease for a minimum period of 10 years, extendable for another five years, so it's on a long-term lease what we take across.

We give the owners a fixed rental of every year with an increase either for one year or for every three years, there will be an increase in rental. Then we give them a refundable security deposit at the start of the business, which is refundable to us at the tenure of the same. This model arrangements makes our investment cost very less into the hotel.

As such today, our investment per key for a hotel would be anywhere between INR7 lakhs to INR8 lakhs. What do we do with the INR7 lakhs to INR8 lakhs? It covers your deposit, security deposit, which we give to the landlord, which is refundable.

Then we use a part of it for the purchasing of this non-fixed assets inside, and we also use some of that amount for the working capital for the first three months. This is the model of business what we operate upon. In the earlier stages when Grand Continent opened, we had a few franchisee partnerships tied with us.

We had tied up with Royal Orchid and with Sarovar Hotels as a franchisee. The reason for us to sign with them was to get a very good brand visibility for us and ensure that we didn't have to wait much time because we had a Pan India visibility by joining with them. Of late, the last seven, eight hotels which we have opened from the 14th, 15th hotel, we have started doing it on our own to ensure that we are also creating a brand of Grand Continent on our own.

The financial year 2025 has particularly been very, very eventful for us. We added the highest number of properties in the year, announcing eight to the portfolio and taking it to close to 20. I'm also pleased to share that we have taken our first step on our international front.

We have also opened up a management hotel in Dubai. We are opening it in the month of July. We have signed up the agreement with the landowners, and then we are going live from 1st of July 2025, but that is going under a marketing tie-up with Grand Continent Hotels.

Another major milestone for the company was we went public with a successful completion of IPO in March 2025. We raised INR74.46 crores through a combination of fresh issue and offer for sale. The issue was subscribed fully. I thank the entire investment investors who have supported us for getting this fully subscribed.

We are listed on an NSE platform, SME-platform on March 27, 2025. This marks not only a financial milestone, but also a strategic one, enabling us for a greater visibility, accountability, and access to capital as we scale up.

Looking ahead, over the next three years, we have set our sights on expanding our portfolio by adding close to 2,000 keys. Our growth will be anchored by Tier 1 and Tier 2 cities and will remain unprecedented. At the same time, we carry a huge opportunity.

Today, our segment of 21 hotels, we have a combination of corporate hotels, leisure hotels, and we have pilgrimage centers. When you talk about the ratio right now, we have a combination of 70% corporate hotels, 20% of leisure hotels, and 10% of pilgrimage hotels. But going forward in the future, when we are looking at the balance, 2,000-plus keys which we are planning to open in the next couple of years, we are sure that we are going to go ahead with more concentration on the corporate hotels and the pilgrimage hotels.

Leisure hotels will also be considered, but the preferences will be given more into the corporate hotels and in the pilgrimage hotels. And this will give us a very standard income and ensuring that the top levels are maintained. The leisure hotels does six months of good revenue and six months usually doesn't do much revenue to ensure that there is a stability in the business.

We prefer to have more of corporate hotels which we are very good on and which we would like to stabilize it. Before I conclude, I thank, to extend my heartfelt thanks to all the employees, partners, and most importantly to you, our investors.

Thank you so much for giving your time in the morning. Now I hand over the mic to my CFO, Mr. Mithun, who will be giving us a view on the financial aspect of it.

Mithun Jayaraman:

Thank you, Siva. Good afternoon to all. I'll brief you now about financial numbers and let me start with the operating metrics. In FY '25, the ARR was INR3,830 up from INR3,410 in FY '24. So this reflected the enhanced pricing strength and improved property mix. Occupancy moderated to 61%. This was because of addition of eight new properties with 425 keys and this was an addition of almost 70% of the portfolio which existed at the beginning of the year.

This has had an impact on our EBITDA and I will give more context on the same on the call. So while this expansion has occurred, this leads to a couple of things. One is it also has higher hotel opening costs, especially in H2, where the bulk of the inventory of about 311 keys was added by us.

So when this happened, there is fixed costs are being incurred at this time and it takes time to ramp up the revenues. Typically our properties take four to five months to ramp up our revenue to the normal operating level and hence in this period there is a cost being incurred when we commission the property. Third impact that we have is that the leisure business occupancy was lower since leisure takes about a year to stabilize and this is the first operating year.

We have that impact also coming in in terms of our profitability. The RevPAR was 2447 as compared to 2498 in the previous year. Upon consolidated basis, the revenue for H2 FY '25 stood at INR41 crores as against INR16 crores in H2 comparable, registering a growth of 160.5%. The EBITDA for the same period came in at INR8.5 crores compared to INR4.5 crores in H2 FY '24 and this was a growth of 95.4%. The EBITDA margin stood at 21% in H2, having some impact of the factors that I stated earlier.

Profit after tax stood at INR3.25 crores, up from INR1.67 crores in H2 FY '24, marking a growth of 95%. The PAT margin stood at 7.97% as compared to 10.64% in the previous year. Coming to FY '25 numbers, consolidated revenue for FY '25 was INR73 crores against INR31 crores in FY '24, which was a growth of 132%.

The consolidated EBITDA stood at INR19.18 crores as against INR9.86 crores, registering a growth of 94% on a Y-o-Y basis and the EBITDA margin for the year was 26.41%. PAT was INR10.67 crores against INR4.12 crores in the previous year, registering a growth of 159.4%. We are now very comfortably placed in terms of debt equity ratio, which stands now at 0.1 post the IPO.

That is all from our side. We can now open the floor for questions.

Moderator:

Thank you. The first question comes from the line of Agastya Dave with CAO Capital. Please go ahead.

Agastya Dave:

Good afternoon, everyone. Thank you very much for the opportunity. And sir, thank you very much for holding the conference call. Sir, my first question is on the employee cost. So you mentioned that a lot of the capacity was added in H2. So if I look at the entire year's employee cost of INR12.47 crores, to what extent does it capture the employee requirement for your existing 956 rooms? And if I were to assume that you're not going to add any rooms next year, how much will this number scale up by the employee expenses?

Mithun Jayaraman:

So see, we plan for employee cost in a couple of days. One is yet to answer point one. Yes, we are manned for 956 keys, which we have opened in a full basis. And if you are asking for ramp up of cost, so basically, we have a per key metric.

We have our employee ratio or headcount, depending on the type of hotel that we are opening. So this may be a per key basis that we are looking at. I mean, Siva will expand on that. Let's say our mid-budget hotels, it will be about 0.5. And if for larger hotels, it may go up to 0.75. And we follow those industry ratios.

Ramesh Siva:

Yes, to add that to what Mr. Mithun says, actually all the hotels, Grand Continent is basically on more concentrating only on the room business. When you talk about Grand Continent Hotels, we have mostly been concentrated only on the room business front. So when you're talking about a room business front, which has got very low F&B outlets here, we work on a very, very minimal set of staying down about for every year. We work with only 0.5 to 0.6.

For example, if there is around about a 50-room hotel, then we don't have anything more than 22 to 25 employees. Whereas when you are an F&B driven hotel, it works into 1:1.5. So that is where our strength lies. And that is what we are able to do and grow in a very faster manner today, because our concentration is more onto the rooms and the employment requirement is only 0.5 to 0.6.

Agastya Dave:

Sir, have you hired everyone for these 956 rooms upfront?

Ramesh Siva:

For the 956 rooms, which are presently operating right now? Yes, we have the staff in place and we are doing it. We are operating that way. For the new hotel, we have a separate team, which works on to the new project. They are called as a project team, which has got a minimum of four or five people who takes care of the pre-opening operational things. But we don't hire well in advance. As and when the hotel opens 30 days before the opening of our hotel, we hire the employees.

Agastya Dave:

Understood. Sir, I am doing a very simplistic calculation. And I would like some input from you on this metric. So if I just divide the average number of occupied rooms based on the occupancy number percentage that you have shared and the end of the year total key count, right? So those are the two numbers that I am taking.

If I arrive at an average occupied room number and then I divide your revenues with that, so I get an ARR equivalent number, not exactly ARR, and that has jumped quite substantially this year. So is there any explanation for that? Where would that stabilize that number? Because the mix will obviously continue to change and the number of keys, you have a very aggressive

rollout plan. So that will also change. So how should we look at this growth in ARR going forward?

Mithun Jayaraman: Yes. So if I can comment on that, see, one, I think, let me just clarify the question again that you have asked. I think first question that you have asked is that to what level the occupancy will grow? Am I right?

Agastya Dave: So the entire question is on the ARR. The occupancy part, because there is industry level data available, so I can probably understand that separately. But just on the ARR part, given the change in mix, given the new properties and the new cities that you are entering, where will this ARR number finally stabilize? And then on that base, how will it grow over a period of time?

Mithun Jayaraman: So if you look at the room revenue growth generally in the industry, one, it is driven by the type of hotel that you are opening, the location and the demand at that location. So we are well within industry benchmark. There are several reports which give you the ARR benchmark, which are there for each type of hotel that we operate.

So right now we are in the budget mid-segment and proceeding to one level above to the mid-upper segment also. So the ARR, I can put it as a band which can grow, which is charged, say, between INR3,500 to INR5,000 in these three segments. And if you see, it is also in some cases, there is seasonal demand or there is revenue management that we apply. So this can vary at different times of the year. So we use dynamic pricing. So this can vary. So there is no upper band per se that one can specify.

Agastya Dave: Okay. So I have many other questions, but this is the last one that I'll ask before going back in the queue. So you had a target of going to 3,000 rooms. So how do you see that panning out over the next - will it happen over the next two years, three years, four years? If you can share some timelines there. And how do you see the rollout? Will it be like front-ended, back-ended, and then the occupancy levels plus the overall demand in the regions that you're growing? How do you see the entire picture panning out?

Ramesh Siva: This is Siva here again. And the target, what we are looking at right now is planning for another 2,000 keys in the coming two years. That's the target right now. We have set it across and we have set the goal and then we are going ahead with that. So we identify cities which are having demand for these types of hotels and that we can find an occupancy of not less than 70% year-to-date. That is how we work on.

Right now we have -- moving forward, we have already signed up properties. We were mostly in the southern part. Now we are getting into the western and the northern part. So we have already signed up hotels in Dwarka, which is a pilgrimage center which has got a good demand, which is going to open very shortly in the next 60 days time. Then we are coming up with a hotel in Ayodhya, which is going to take another eight months time, which is again very close to the temple. These two are the pilgrimage centers, what we are looking on.

We have signed up a property in Jaipur again, which is a leisure hotel, but it has got a lot of corporate also moving towards Jaipur today, so we're expecting a mixture of both these things.

So we have already lined up a couple of hotels and we have signed up a very good corporate hotel in Chennai, one more in T Nagar, which is the major part of Chennai.

So that's a 100% corporate hotel. So going forward, we are identifying places where there is a demand. We don't want to wait for much time, but we ensure that in three months time of operating, we ensure that we do a break even and start making money into it.

So that combination, where there is a demand into it, yes, we are exploring places and now we are in touch with a lot of other big hotel realtors companies who are ready to give us hotels, because we have also created a good brand today. Wherever there is a demand, yes, we will go forward in those cities and ensure that we have the target of these 2,000 keys in the next two years to be completed.

Moderator: Thank you. Mr. Dave, please rejoin the queue for more questions. Next question comes from the line of Muskan with Niveshaay. Please go ahead.

Muskan: Sir, I just firstly wanted to know, like you added earlier the INR5 lakhs to INR6 lakhs per key cost, and now it has been escalated to like INR6 lakhs to INR7 lakhs to INR8 lakhs. So what is the reason behind this escalation? Is it because they are focusing more on the leisure and pilgrimage properties?

Ramesh Siva: Actually, the INR6 lakhs was there. Now, because of this, there is an escalation in cost. There is a huge demand in the hospitality sectors today. The landlords have also become little aware that there is a huge demand for hotels. They are also trying to, you know, a little bit hike upon on the rental parts and they are also hiking up on the basic security deposit, which we give today. So because of a few segments and there is a cost, sizes also differ.

So based on these things, then there has been a cost escalation of INR1 lakhs to INR2 lakhs per room. But when you compare us with any of the other brands, I don't want to name the brands, you talk about any of our competitive brands, today, the entry cost per room is not less than INR18 lakhs to INR20 lakhs. That is the bare minimum what we do.

When compared to the other brands, we are more specifically oriented and we ensure that we are very conservative on spending money and we ensure that we don't go ahead more than INR6 lakhs to INR7 lakhs. Yes, there are a few hotels which comes at INR8 lakhs. There are a few hotels which is coming still at INR5 lakhs.

But on an overall, today, because of the cost escalation and because of the awareness by the landowners and other people where they are expecting a little bit of more advanced money and all those things, there is a little bit of a cost escalation of 10% to 15%, but we are working out on minimizing it more so that the company will be more profitable.

Muskan: Right. And sir, I believe this cost includes both the fixed cost and the operational cost as well. So, I just want to understand what will be our EBITDA margin or like ROC once our portfolio process 1,500 keys or 2,000 keys and what will be the major driver for that?

Ramesh Siva: Actually, we are a very young company and it's been very clearly that we are not supposed to give any forward statement on what will be the EBITDA when we have 2,000 keys. But I'm sure that we will live up more than what we all expect and whatever we are doing now. I think last year, we have closed with around about 26% EBITDA, but I'm sure that we're going to live up much, much more than what it is.

Moderator: Thank you. Ms. Muskan, please rejoin the queue for more questions. Next question comes from the line of Dr. Amit Vora with The Homoeopathic Clinic. Please go ahead.

Amit Vora: Sir, when you start a new hotel, how do you plan to market or what is your strategy so that this new hotel breaks even soon? Do you have any membership programs or anything like that? Or what are the other marketing avenues ?. Yes, go ahead.

Ramesh Siva: Yes, that's a good question on the marketing part of it. See, when we pick up a hotel, we do a detailed analysis on what is the location what we select, what is the demand in that particular area, what is the supply in that particular area, what is the market ARR which is going in that area, and what is the growth of that particular area in the next two years' time? Based on all these researches only, we start selecting and identifying a hotel.

The moment we identify a hotel, we ensure that, you know, this is marketed upon to the local clients who are available there. Then we have a strong relationship with the entire OTA portals, which includes MakeMyTrip, Wego, and all these portals, booking.com and everything, which acts as a very good partner for us.

Moreover, we have set up a very big corporate team right now. We are still in the process of building a corporate team, which has got a vertical of the sales and marketing side. We have hired a new Vice President of Sales and Marketing based out of our corporate office in Bangalore. And we have in every three, four units has got a sales manager.

So we have set up a very strong vertical on the sales and marketing team, where they reach out to the companies which are in and around, and then we do a cross-selling of every hotel from each of the cities. Since we have now in five different states, the strength of our hotel is growing on cross-marketing, that is, cross-selling of rooms from different states, which is slowly picking up right now. And we are also in the plans of setting up our own sales officers, regional officers in Mumbai and in Delhi very shortly.

Amit Vora: Okay. So there is one suggestion I would like to, if I can speak.

Ramesh Siva: Tell me, sir.

Amit Vora: Yes. So I've been using Taj Hotels for a lot of time and you know that there was a membership programs like Epicure and all. Even ITC has such a plan. So membership programs generally inspire people to go to the same hotel in different states also. So I, just in case if you can also plan such membership programs, if it's possible from your side.

- Ramesh Siva:** That was a great suggestion of yours. I really appreciate that. Thank you so much. Yes, we are also planning to do it in the future. Now we have those placed across in different parts of India. Now we are drawing up a line to match all those dates and connect everything.
- So we are in the process of that is what I told you on the cross-marketing. In this process, we are also planning to have these membership cards and we are also going to have points, reward points for them for the maximum utilization of it, which is going to happen in the near future. So we have a plan on getting it done. Thank you for your suggestion.
- Amit Vora:** Thank you so much. So in fact, I have personally used your hotels at Goa and other places.
- Ramesh Siva:** Amazing, sir. How was your service? How did you feel it?
- Amit Vora:** Goa was very good. The main hotel, which you have at Morjim. So I've been to that hotel. Morjim was a fantastic hotel. The rooms are quite big. The only thing was the road to the room was little, I think that might be done over a period of time.
- Ramesh Siva:** Yes, we are planning to get that road - you're talking about the accessibility to the hotel.
- Amit Vora:** Yes, that was quite small. So that was a little bit of hassle.
- Ramesh Siva:** We are working on it to get it done, because that belongs to the government, which we are also put some request on getting it completed. I'm sure that will be done very soon. That was a great observation for you once again. Thank you so much.
- Amit Vora:** Yes. And I also used the Sarovar Hotels at Goa only. That was also very good. That was a very good hotel.
- Ramesh Siva:** That was at Anjuna?
- Amit Vora:** Yes, at Anjuna. Yes.
- Ramesh Siva:** Amazing. Thank you, sir. Thank you for partnering with us. And please spread our word to all the other friends of yours, which will help us growing up.
- Amit Vora:** Definitely. I'm actually planning to come to Bangalore also for some personal work.
- Ramesh Siva:** We have 10 hotels in Bangalore.
- Amit Vora:** So personally, since I'm a shareholder, I would love to go to my hotel only.
- Ramesh Siva:** I'm very happy that you used the word my hotel, your hotel. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Satish, an Individual Investor. Please go ahead.
- Satish:** Sir, I'm an existing investor since your inception of IPO. And I'm very impressed with the expansion that has been rolled out so far, sir. And I have attended your interview so far, and I always get impressed because of the customer part that you look for. Even the last discussion, what you had with the participant, you clearly observe every small details about the experience.

About my question, sir. One question about the growth part. Sir, I know you have said that you cannot give the details. There's 2,000 keys in next two years. That is still FY '27. Right, sir?

Ramesh Siva: Yes, you're right.

Satish: Okay. So I'll not go to FY '27, but FY '26. Can we maintain the same growth in terms of EBITDA and the PAT margin, sir?

Ramesh Siva: Yes, I will give you a very clear picture into it. We are trying to maintain it. As you are aware, as you keep opening up hotels, you know, there is a stability time which takes for a hotel to settle down. So that might take some time. So as we keep expanding, that PAT margin and EBITDA margin might not, you know, really stabilize upon. Once we open the hotel and stabilize for three to six months of operations, then your EBITDA margin settles down as we get a fixed occupancy and a fixed ARR.

So if we are keeping on growing this year with another, say, around about 1,000 keys, if it is going to be 2,000 in two years and 1,000 keys this year, yes, we will try our best to maintain a good EBITDA and good PAT. But as the growth goes up until we get stabilized upon, there might be a little bit of a, you know, geographical or the graphical ups and downs will be there, but we are here to stabilize it very soon, sir.

Satish: Thank you, sir. You keep communicating all these details as and when. Sir, one last thing...

Ramesh Siva: We will be doing it on a regular basis. As per the guidance, we will be able to do everything to you. We will keep you posted with all that.

Satish: One last question, sir. Sir, what would you be saying to your long-term investors, just in short, sir, just as a part of assurity?

Ramesh Siva: First thing is I thank all the investors for having confidence in us. That's the first thing. The second thing is we will never let you down. We are going to live up more than what your expectations are. I entirely believe in God and I'm sure that He will make me show the right direction and live up to your expectations, sir.

Moderator: Thank you. Mr. Satish, please rejoin the queue for more questions. Next question comes from the line of Prabal Jain with SM Holdings. Please go ahead.

Prabal Jain: Sir, I wanted to understand, like, your market positioning and the overall landscape with respect to the pilgrimage tourism and your positioning in that. So, here, my first question in this part is, like, you mentioned you're opening a hotel in Ayodhya, which will commence in 8 months from now.

So, if you can talk a little bit about like do you acquire a working property or you built or you are open to building it from the scratch given the location is excellent and why is the deal favorable for the landlord or the hotel owner who is renting it out? Is he not able to remain competitive in terms of prices or is he not able to get customers and that is where you have an agent, you are able to get the customers.

Obviously, the angle of brand is there to it. And there are a lot of people who want to just rent out, sit back and have an assured income. But if you can talk a bit about these aspects, especially to the pilgrimage cities all apart Ayodhya or Ujjain or Tirupati or something?

Ramesh Siva:

Yes, I would like to answer this question. See, when it comes to the hotel owners, the realtors, most of the owners would like to have a lease, property leased out because they have a fixed revenue coming for them every month. That's point number one. Today, there are a lot of competitors for us.

When we talk about any big brands, you talk about Tata, Sheraton, ITC or Lemon Tree, any other brands. None of these hotels work on a fixed lease rental to the owners. They talk on a management concept where they charge you around about 4% to 5% on the top line of your business and they take the revenue and everything else relies on the P&L relies on the landowner side.

So, when landowners are not sure about what revenue they are going to get into it, now many people have slowly started shifting into giving out the hotels on a lease model. So, where the Grand Continent stands today here is Grand Continent is only one of the organized sector hotels today in India where we have a group of hotels, where we are ready to pay them a lease rental and then we are taking up the building and then we're operating it.

The entire P&L is in Grand Continent and the lease or the landowners doesn't have any risk. They get a fixed return and they get an yearly increment and they keep moving ahead. Why we do this is because we don't have any interferences from the landowner. We are let free to have our own business model done and we ensure that we select properties where there is a demand for hotels.

And that is why we are confident that after giving a lease then we will still be able to make a decent EBITDA margin of 25%. 28% or 30% maximum. That's what we work on to it. Now, the real estate people they are not into hotel management. They do not know they build a hotel. Even for example, let's talk about the pilgrimage center in Ayodhya.

The owner has got variety of lands and other things into it. So, he wanted his passion was to build a hotel for himself. So, he started constructing the hotel, the shell was completed. He wanted someone to operate the hotel. So, he had approached lot of management companies and other things.

He was not very confident in giving it to them because he thought probably will I be able to make that revenue what I require and all those things. So, when he had a meeting with me, when I met him, when I went to the hotel, when I saw the site which was very close to the temple which was on the main road which has got all the good things to get done for a good business in the future.

I had a long conversation with him and he was very comfortable. He said, okay, let's give it on a lease and then take it. The reason why he gave it to us, it's only one thing that we already have a good brand image down in the South. We have been established. We have been growing. And the second thing is he is comfortable. He is getting a good fixed returns for him yearly.

Plus, he's got a security deposit which we are giving him to complete the property also. So, these are the factors which make him give us the property and that is why we are also able to get good properties at this point of the time.

Prabal Jain: Okay, sir. Noted. On this part, I'll be happy to put you in touch with some of the big hotel owners in Ujjain, one of the cities where Maha Kumbh and this pilgrimage tourism happens since I happen to come from this city?

Ramesh Siva: Please go ahead with that. I'd be so happy if you can connect us to the right people so that you know that will be a good part for our growth, sir.

Prabal Jain: Sure. I'll get in touch with you. And just on the second question, you mentioned in your opening remarks you are planning for another 2000 keys or the plan is to take overall to 2000 keys in two years?

Ramesh Siva: We are planning to add another 2000 keys in the next two years. That is the vision what we have and we are all working hard towards achieving that goal, sir.

Moderator: Thank you. Mr. Jain, please rejoin the queue for more questions. Next question comes from the line of Mann with Growth sphere Ventures. Please go ahead.

Mann: Hi, sir. Congrats for the great set of numbers and congrats for successful IPO. So, I have a couple of questions. So, I'll start with it. So, how do you see the average revenue generating room keys in FY26 panning out? Because I think that we are actually getting some of the hotels in next two to three months. Then the Ayodhya one is coming, say, close to FY27.

But Jaipur one, we are not sure on the timeline. So, I just wanted to understand what will be the timelines of the new additional keys that will be generating the revenue in FY26?

Ramesh Siva: In FY25, I'll tell you, we are planning to open up this year. We are going to open up Dwarka in the next two months' time. In next 30 days' time, we are going to go live with our T Nagar property, which we have talked about 72-room hotel in T Nagar, which is a corporate hotel. The other two properties which we have signed is in Jaipur and in Ayodhya, which we are planning to go live by February 2026.

That is we are trying to get it open before this financial year. So, that we are planning. And moreover we have also signed up with other three, four hotels right now. All are planning to get open before, we are trying to close it before this financial year. So, going forward with these hotel openings, yes, we are sure about the dates.

We have a plan of action on what we are doing. And then we are going by the path what we have in mind. But as far as the numbers are concerned, as I told you earlier, we are not supposed to give any forward guidance or any numbers. So, I would be restricting that to this level.

But as far as the hotel openings are concerned, yes, at least round about today, we have a clarity of another 500 keys, 600 keys with us for this financial year. We are ready with that. And we have a couple of more hotel owners who are calling us to identify and sign up these properties.

I think we will be closing with the opening of at least close to 700 to 800 keys this year, with 200 keys, 300 keys added, signed up and kept in the early first quarter of 2026.

Mann: Got it. The second question that I have been having is that more than 50% to 60% of our portfolio is in Hyderabad and Bangalore. And these are some of the cities that are witnessing a strong set of tailwinds and then some of our competitors are basically guiding for and they are actually witnessing 40% sort of ARR growth. So, I am just trying to understand our ARR picture in terms of hotels and portfolios that are actually existing within our groups?

Ramesh Siva: When it comes to the Southern part of India, the three major corporate segments lies in three different cities. One is Bangalore, one is Hyderabad and the other is Chennai. So, when you are talking about Bangalore, yes, we are well established. Hyderabad, yes, we have the fourth hotel open, which is also growing. We are also identifying one or two more hotels there. Chennai, the third hotel is also opening up.

The reason for me to tell you this is the corporate segment lies around and we are able to tie up with most of the corporates who travel around in all these places. And because of this, we are able to also get a standardized business and a standardized ARR. Going forward, when we have tie-ups with all these corporates having our hotels in these states and these cities, I think our ARR will be very much better and very much stabilized in the days to come, sir.

Moderator: Thank you. Next question comes from the line of Varun Agarwal with Networthy Financial Services. Please go ahead.

Varun Agarwal: Thanks for the opportunity. In one of your interviews, I have heard that for a hotel to breakeven the occupancy rate should be around 60%. So right now, our occupancy is about 61% and we are making EBITDA margins in 20%, 30% range. How should I understand this number?

Ramesh Siva: See the occupancy rate is 61% today. It's only because we opened up four hotels in the second half of 2025. Okay, that 24-25 financial year we opened up . So the occupancy is hovering around 61%. But in the days to come, when these hotels get stabilized in three, four months of operation, then we touch a figure of about 70%, 72%, which is what we are also targeting on and aiming at.

The ARR also would be initially slightly less because we would like to attract the right people to come and experience our hotel services, our hospitality and the comfort in the rooms. Once they get into it and once they are comfortable, then slowly we would start increasing the ARR, which would automatically give you a very good bottom line, which is the fact. So these are the basic things we strongly work on and believe in.

Varun Agarwal: So adding new hotels or additional rooms is one way of growth in our company. The existing hotels and rooms which we have, do we also track that metrics? How are they performing? Let's say last year you had 500. And this year, if we remove the new ones, just the old ones, if we compare how much is the growth in that? Do you track that? And if you do, then how is the growth in the existing rooms compared to last year?

Ramesh Siva: Okay. Mr. Mithun would be answering this for you, sir.

Mithun Jayaraman: Yes. First, I would just like to add to your previous question or reply that the occupancy percentage wise itself is not the determinant of profitability. It is the combination of both the rate and the occupancy. And if that is optimized, you get a very good EBITDA and bottom line. Coming to your second question about the occupancy, yes, we track existing portfolio versus new portfolio.

And existing portfolio has also done very well and shown a growth and it has had occupancy driven growth more, which is also good for us. And we are at about 75% occupancy in our existing portfolio. Mentioned in the beginning of my talk, the ARR also has grown for the portfolio by INR400 and that is a good average to see, the rate growth.

Moderator: Thank you. Next question comes from the line of Nayan, an Individual Investor. Please go ahead.

Nayan: So my first question was can you throw some light on subsidiaries like what business activities the subsidiaries and your group companies engaged in and what kind of work arrangement we have with them and what kind of RPT arrangement do we expect with the subsidiaries and your group company?

Mithun Jayaraman: So, ma'am, we have only one business, group company plus subsidiary. All are in the same, we run exactly the same business, which is Rooms and F&B. Even in our subsidiary companies, these are actually our own subsidiaries. We control the operations and finances fully here and so, you can be rest assured that there is no other activity or business that we are in.

Ramesh Siva: Grand Continent, here Siva again. Grand Continent specializes only on hotels. The subsidiary to JVs right now we have with us, which was opened a couple of years before. Both the JVs, one hotel, one of the JVs having a property in Tirupati, which we are operating today. The other JV, we have a hotel of 50 rooms in Bangalore. These are the two subsidiary companies we have at JV, which Grand Continent holds almost all over the majority of debts in that.

And we take care of the operations. Everything is under the purview of Grand Continent. They are all silent partners. The people who have invested money in the JVs, they are only silent partners and they take the returns. And that's it, ma'am.

Mithun Jayaraman: Just to clarify further that we have two group companies which don't do any business. And these are also disclosed to investors in our balance sheet.

Nayan: Okay, so thank you for the answer. And my another question was why there is a net loss in revenue from food and beverages segment and are we planning to raise?

Mithun Jayaraman: So we don't have a net loss in food and beverage. I think the way we run our business is we don't have a F&B concentration or revenue or focus to go beyond serving the breakfast in most of our properties. So if you see the food cost percentage is higher, but we don't have a loss per se.

So when you are doing that, the F&B is actually included in the room rate. And so you have to view our portfolio as a consolidated performance of the hotel only.

- Moderator:** Thank you. Next question comes from the line of Hiral Desai with Ethigrity Financial Services. Please go ahead.
- Hiral Desai:** Thank you for the opportunity. So just wanted to understand on the lease rental. So I obviously understand that these are diversified set of 21 properties that you run right now. But typically as a percentage of revenue, what would the lease rental sum up be in and what would be the annual inflation on that?
- Ramesh Siva:** I'm sorry, your voice is a little jarring. Can you , just move the phone closer.
- Hiral Desai:** Is this better now?
- Ramesh Siva:** Yes, please.
- Hiral Desai:** Yes. So just on the lease rental I understand that these are 21 diversified properties, but typically as a percentage of revenues, what would the lease rental come up to and what is the annual inflation that you would typically experience?
- Ramesh Siva:** The actual lease rent what we work on is close to anywhere between 25% to 27% of the revenue what we have. So that is what the lease rent we work on. We don't for the net revenue, we don't go more than 25% or maximum 27% is the lease rent what we make into it, but with the escalation and all put together in the 5% increase and then actually when the ARR also increases automatically, we still try to maintain the same level of 27%, 28%.
- Hiral Desai:** Got it. And the other question is the franchise model that you have, how does the commercial work there? So is there like a franchise fee that you would typically pay to let's say Royal Orchid or some of the brands that we use? And when we account that in the P&L, would you take the total revenues and then knock off the franchise fees? How does that work?
- Mithun Jayaraman:** So sir, I will clarify to you, we have -- so basically we are working with two partners here, Royal Orchid and the Sarovar Group. So the franchise fees ranges for most properties between 3.5% to 4.5%, and for a couple of properties, it is around 7% which is there. The P&L disclosure is as a cost to the P&L. We disclose it under our operating expenses as an expense.
- Ramesh Siva:** Yes. You are audible, sir. Please go ahead with that.
- Hiral Desai:** Hi. So I had a couple of questions. I think I was cut off. I just wanted to understand the nature of the international pipeline that we are actually planning. So why are we routing it through the related party and why are we not routing it through GCE hotels as own name? So what was the rationale behind it and what would be the ERR and occupancy? What is the picture behind that international expansion?
- Mithun Jayaraman:** So this is Mithun here. So basically, see, this is a new market for us. The foreign market is new and international operations is not what we are trying for immediately at the moment. We have decided not to use right now the investor's capital in the new foreign entity in Dubai.
- Hence, we have taken the route of a management contract. And in future, after the business stabilizes and once we know that, you know, once we see the performance, once we gauge that

market, then we will look at foreign investments and force, once we have the operating experience.

Ramesh Siva: To answer the second part of your question, this property, what we have identified, it's in Deira, Dubai, which is in the heart of the city, which is very close to the airport and to all the other city centers there. It's a 125-room key. Grand Continent has taken it on a management, on a marketing concept, where we take the top line, where they're going to pay us around about 3% for the first 3 months, post which 5%, they're going to pay us as a royalty to us.

We are going to try it out for the first 3 to 6 months, see how the business is going, how are we stabilizing, are we getting the same profits of what we are getting it in India. Based on all this, then we will look into investments into the other part of the outside India. Till that time, it will be only on a management-run business.

Hiral Desai: Got it, got it. And I think, so we - I was just referring to your deck and there's some, I think 7% to 8% of the issue size was one of IPO expenses. So just wanted to have a clarity, how much of the same has been written off in this financial year, that is one off expense and how much of the same will be amortized to the next year, if we can give some sort of clarity on that picture.

Mithun Jayaraman: Yes, so this is a balance sheet item and actually the bulk of this expenditure has been adjusted against the securities premium and we don't have the IPO related - we don't have a cost expense here. There are some related expenses which are incurred, which are, you know, expensed in the P&L and the issue expenses are not in the P&L.

Hiral Desai: So what would be the quantum of that expenses that is written off and those other expenses? I just wanted to get a picture of one off items this quarter.

Mithun Jayaraman: Around INR50 lakhs would, is a cost which is expensed in the P&L.

Moderator: Next question comes from the line of Mr. Dave. Please go ahead with the question.

Dave: Yes, so most of the questions were answered subsequently. Okay, so just one question on the capex, sir. For the next 2 years, do you have a budget that you can share with us on the capex side?

Mithun Jayaraman: No, we have not got any information since it may be a forward-looking statement, but in the call we have expanded sufficiently on where we are -- how we are expanding and also the capex.

Moderator: Thank you. Next question comes to the line of Himanshu Bisani with Pinpoint X Capital. Please go ahead.

Himanshu Bisani: Sir, I would like to understand the demand for the dynamics in the mid-range segment where you are primarily positioned, right? Like, how would you characterize the current demand-supply balance in this phase? And, you know, typically how long does it take for a new supply to come into the market?

Mithun Jayaraman: So, if I can answer that, typically if you see all the surveys that are being put out by JLL, Hotelivate and all the leading companies in this field. We have top 10 cities of India where the

demand is higher than the supply, and there is -- that is basis the number of hotels at this moment. That being said, addition is happening in this space as this is the largest segment that remains in the industry to brand.

Himanshu Bisani: I think there is some background noise which is interrupting. Yes sir, you were explaining something, sir.

Mithun Jayaraman: Yes, so I just explained that, you know, there are detailed India surveys also put out by JLL and Hotelivate and leading hotel consultants. Demand exceeds supply in this segment as far as, you know, the market goes on an overall India basis. Right now, the market is divided into top 10 cities, which are largely Tier 1 and some Tier 2 cities.

And the industry continues to expand in the mid-scale space, and there is a large push by all players to enter this space, and mid-scale is a large opportunity because most of the rooms in this segment are unbranded

Himanshu Bisani: Understood. So, for the expansion that we're targeting, we see enough demand and opportunity in that case, is that it?

Ramesh Siva: Yes, you're right. Based on the demands in that particular area, yes, in the particular city, we will get into it, and before we get into the particular state or city, we will do an analysis whether we have to get into it. Who are our competitors? That's very, very important, and once we know these are our competitors, then based on that, we start looking into the properties, zeroing in on a property, and getting into it, sir.

Today, to talk about one line about Grand Continent today, Grand Continent is the only brand which is very, very organized in this 3-star segment, 3-star and the entry 4-star segment, where we have a group and we are able to do a good sales and a marketing strategy with good SOPs in place and having a very stabilized organization, which is very, very important today. There are a lot of players in the market who have got one hotel, two hotels, three hotels. But as a group, yes, when you talk about Lemon Tree, when you talk about ITC, Taj, they are a bigger brand.

We don't have any competitive brand much equivalent to us, which are having smaller segments and which are having a very organized sector, which is a very, very strong strength of us. So, I think if you are able to capitalize on our strength in the future and able to identify the right locations and places, and I am sure that we can cross all the boundaries.

Moderator: We have the next question that has come from the line of Ashwani. Please go ahead.

Ashwani: Trying to match that with the profitability in the second half. Can you elaborate a bit on two line items? Firstly, the other expenses and on the depreciation because one has increased quite a bit and depreciation has reduced comparatively. So, if you can explain both of those.

Mithun Jayaraman: Yes. So, as mentioned in the beginning of the call, we have had, because of the opening of new properties in H2, we have had one property opening costs. We have had also one-time costs, which are also related to IPO. So, these are the two costs. And as we explained that, there is a time lag to scale up the revenues.

So, first, your fixed expenses get incurred when you open new hotels. And that is why you see cost increases first in H2, for which these hotels are stabilizing and they are on the growth track in terms of both occupancy and revenue.

Moderator: Thank you. Mr. Ashwani, please rejoin the queue for more questions. Next question comes from the line of Varun Agarwal from Networthy Financial Services. Please go ahead.

Varun Agarwal: So, thanks for the opportunity again. How much do we spend on marketing and do we track the average customer acquisition costs for room booking?

Mithun Jayaraman: So, sir, right now, we don't have high marketing spends because we don't do advertising, etcetera, in public or online to a great degree. Our rooms are filled more through our OTA channels. They are filled also by corporates directly to our sales teams. And this has kept the marketing overhead quite low for the costs.

Moderator: Thank you. Next question comes from the line of Ashish Bansal, an Individual Investor. Please go ahead.

Ashish Bansal: Thanks for the opportunity. I really appreciate it. So, I have a question regarding the expansion. So, we are looking at an expansion of additional 2,000 rooms within upfront expense of INR78 lakhs per key and that would translate to INR140 crores to INR160 crores over the next 2 years. So, my question is that how are we going to manage these additional expenses over the next 2 years?

And if I were to put it simplistically, say it's INR150 crores or INR40 crores per half year, I mean, to put it in a linear line, I'm sure it won't be a linear thing, but to put it simplistically. So how are we geared to manage this additional cost and of our balance sheets without existing and growing assets? Are we confident that we'll be able to maintain what we are targeting, 28% to 30% operating margin? That's the question.

Mithun Jayaraman: Yes. So, we have a plan to deploy the hotels and future hotels will be funded by a mix of debt and internal accruals and we are prepared with our plan to make this growth in keys happen.

Moderator: Thank you. Mr. Bansal, please rejoin the queue for more questions. The last question comes from the line of Sahil with Samdareeya Capital Ventures. Please go ahead.

Sahil: Sir, my question was regarding the lease rentals that we expense out in our P&L statement. Have you ever considered to capitalize them? Like other hotel industry?

Mithun Jayaraman: Sorry, I was not able to hear the last part of your question.

Sahil: I said that the lease rentals that we expense out in our P&L, have we considered to capitalize them instead of expensing out?

Mithun Jayaraman: No. So, these are considered largely as a operating expense because there is no scope for capitalization of the lease expense. We have to expense them as is for.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we will not be able to take any questions further. I would now like to hand the conference over to Mr. Ramesh Siva for closing comments.

Ramesh Siva: Hi, thank you all. I thank the entire team of Grand Continent Hotels for their untiring efforts, hard work, dedication, which drives the company forward through various market conditions. Also, I appreciate all of you for participating in our conference call. Please do get in touch with our Investor Relations team for any other questions, any further questions in the future. Again, being in the mid of the week and a very, very strong day today, all of you have given us time and then spent a lot of time with us. Thank you all.

We are growing. Grand Continent is growing only with the support of all our investors. Thank you for having confidence in us and I'm sure that we will do our best to ensure that we live up to your expectations. Thank you once again. Thank you PR team for connecting us. Thank you all for joining us. Have a wonderful day ahead. Thank you.

Moderator: Thank you. On behalf of Grand Continent Hotels Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.