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To
The Manager
Listing Compliance
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400051

Symbol: SUBAHOTELS
Series: EQ

Subject: - Submission of Conference Call Transcript under Regulation 30 of SEBI (LODR) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference / investor call held on 27th January 2026 with analysts and investors.

The transcript has been uploaded on the Company's website and is being submitted for your records.

We request you to kindly take the same on record.

Thanking you,

For and on behalf of **Suba Hotels Limited**
(Formerly known as *Suba Hotels Private Limited* and *Hotel Suba Star Private Limited*)

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“Suba Hotels Limited
Investor & Analyst Conference Call”
January 27, 2026



MANAGEMENT: **MR. MANSUR MEHTA – CHAIRMAN AND MANAGING DIRECTOR – SUBA HOTELS LIMITED**
MR. MUBEEN MEHTA – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – SUBA HOTELS LIMITED
MR. CHANDRAKANT SHETTY – CHIEF OPERATING OFFICER – SUBA HOTELS LIMITED
MR. PREMAL ZAVERI – SENIOR VICE PRESIDENT, BUSINESS DEVELOPMENT – SUBA HOTELS LIMITED

MODERATOR: **MS. JANHAVI PATIL – ORIM CONNECT**



Moderator:

Ladies and gentlemen, good day and welcome to the Suba Hotels Limited Investor & Analyst Call hosted by Orim Connect. 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.

I now hand the conference over to Ms. Janhavi Patil from Orim Connect. Thank you and over to you, ma'am.

Janhavi Patil:

Thank you, good afternoon everyone and a warm welcome to all of you. I am Janhavi Patil from Orim Connect, representing the Investor Relations team of Suba Hotels Limited. On behalf of the company, I would like to thank you all for joining us for the Investor Analyst Call.

Before we begin, I would like to state a brief cautionary statement. Some of the statements made during today's call may be forward-looking in nature. These forward-looking statements are subject to certain risks and uncertainties that will cause actual results to differ materially from those expressed or implied.

These statements are based on management's correct expectations, assumptions, and information available as of now. Investors are therefore advised not to place undue reliance on these forward-looking statements when making any investment decisions. The purpose of this call is to share insights into the company's business, performance, and financial business under review.

Now I am pleased to introduce the members of the management team present with us today. Mr. Mansur Mehta, Chairman and Managing Director. Mr. Mubeen Mehta, Whole-Time Director and CEO. Mr. Chandrakant Shetty, Chief Operating Officer. Mr. Premal Zaveri, Senior VP, Business Development. With that, now I hand over the call to Mr. Mansur for his opening remarks. Thank you and over to you, sir.

Mansur Mehta:

Thank you, Janhavi. Good afternoon, everybody. For many of you, this is our first interaction with Suba Hotel. So I'd like to briefly share some context on how the company began and how we think about it. So our focus is very simple.

Rather than focusing on large cities or luxury formats, we chose to build hotels in business corridors, industrial towns, pre-image routes, and emerging urban centers where travel demand has been steady and growing. It has been only over about three months since we have listed. And I would say that still it is very early journey for us as a listed company.

The listing was not an end point for us. It was just a beginning. Since then, we focused on execution, activating strong development leads that are already in our pipeline, strengthening our organization, putting capital exactly where it was intended.

The usage of funds has been very clear and very deliberate. Our focus on renovation and upgradation and last-mile funding is already transferring into visible action on the ground. We have already completed renovation of our hotel in Mirzapur and have commenced the upgradation work of our hotel in Ahmedabad with similar initiatives planned across the portfolio.



These investments are about improving asset quality, guest experience, and long-term cash flow. From an industry perspective, what gives us confidence is that there are no visible signs of slowdown in demand. Domestic demand continues to remain strong, infrastructure movement is increasing, and demand is becoming more diversified.

Internationally, our exposure to UAE has been particularly strong season supported by busy events calendar and sustained travel flows, which reinforce our belief in selecting international opportunities. Another area of optimism in the opportunity is set within our existing ecosystem. The ability to convert choice-branded franchising into management or revenue sharing formats represents a meaningful growth lever for us, one that improves alignment, economics, and long-term value without requiring aggressive capital deployment.

With this context, I would like to hand over to Mubeen, who will walk you through the business in detail and share how we are posing Suba for the future. Once again, thank you for your time and interest in Suba Hotels Limited. Thank you, everyone.

Mubeen Mehta:

Thank you. Good afternoon, everyone. Thank you for joining us today. Over the last few years, a lot has been said about growth in Indian hospitality. Capacity additions, new brands, and rapid expansion have dominated the conversation. What matters more to us is where that growth comes from, how capital efficient it is, or does it simply add scale? We've been very clear about that distinction, and it guides us in every strategic and operating decision we take.

Let me start with the numbers. For Q3 FY26, we delivered revenues of INR35.28 crores, taking our nine-month FY '26 revenues to INR79.07 crores. The growth has been achieved while adding approximately 528 keys post-IPO, with over 85% of that expansion being asset-light. That combination is not incidental. It is the result of deliberate choices around how we deploy capital, structure our risk, and scale this platform.

Today, Suba operates 97 hotels with 4,517 keys across more than 50 cities, with over 80% of our portfolio concentrated in Tier 2 and Tier 3 markets. These are not aspirational markets for us. These are proven demand centers driven by pilgrimage, industrial activity, infrastructure development, and domestic travel flows that are structurally resilient.

Our experience in these markets gives us strong visibility on demand patterns, pricing behavior, and operating economics. The key reason for how we are able to do what we do is our multi-model operating platform. We operate across owned, leased, revenue-shared, managed, and franchise formats, allowing us to deploy capital selectively. Ownership is limited and reserved for situations where long-term returns clearly justify it.

Leases and revenue-shared structures form the core of our expansion, structured conservatively to protect downside while delivering strong EBITDA. Managed and franchised hotels allow us to scale with minimal capital, high ROCE, and faster ramp-up while extending beyond reach and benefiting from centralized systems and distribution.

This operating flexibility is reinforced by a deliberate and differentiated brand architecture. Today, Suba is the only Indian hotel company that is operating across three business segments, upscale, mid-scale, and economy, with both a domestic brand and an international brand in each



segment. Suba and Clarion anchor the upscale and premium categories, click and quality serve the mid-scale business and leisure traveler, while GenX, R&B, and Comfort address economy and value-driven demand.

This structure allows us to deploy the right brand, cost structure, and service proposition into each micro market while benefiting from shared systems, sales, and operating discipline across this platform. The pipeline reflects the same. With 18 hotels and 901 keys in the pipeline, we're looking at a 20% expansion without putting stress on this balance sheet.

A large part of this pipeline is asset-led, which will enable us for faster ramp-up. Operationally, the business is in a very strong place. H1 FY '26, revenues grew 49% year-on-year. EBITDA grew 54%, and PAT grew 58%, with margins expanding across the board. At portfolio level, we deliver a company-wide occupancy of 73%, with an ARR of approximately INR3,276.

We are also due to launch Choice Privileges, which is Choice Hotels' international loyalty program later this year, which plugs Suba into one of the largest hotel loyalty program ecosystems globally. Choice Privileges today has over 60 million members worldwide with approximately 7,400 hotels and 630,000 rooms that are globally under the Choice umbrella.

Signing up to this program in India will allow you to earn and burn points across the entire Choice Hotels network. Along with this, you will also be able to convert your points into airline partners -- it will allow you to convert this into airline partners like Singapore Airlines and other tie-ups that Choice currently has.

With this, I will go ahead and hand over to Mr. Zaveri, who will take you through the development pipeline.

Premal Zaveri:

Thank you, Mubeen. Good afternoon, everyone, and thank you for having me. I've recently joined Suba Hotels as Senior VP of Business Development. With the past experience of Mahindra Holidays, Chalet Hotels, and consulting firms such as HBS and CBRE, I hope to bring that experience to Suba Hotels' business development strategy, our current portfolio composition, and most importantly, growing our structural advantages that underpin our outlook.

Suba Hotels, as you know, has a portfolio of 115 hotels. 97 are operational, 18 in various stages of pre-opening. So as Mubeen mentioned, this translates to a very healthy 84% of operation conversion. In key metrics, our portfolio comprises 5,418 keys with approximately 4,500 keys already operational. And a pipeline of 901 keys.

Importantly, this signed pipeline does not include any additional opportunities that are likely to come our way over the next 12 months. For example, as recently as today, we have declared two new signings of Gurugram and Hyderabad. In essence, what you see today is a very good, conservative, visibility-driven pipeline, rather than just an aspirational one.

Of these 901 pipeline keys, we expect approximately 850, that's over 94%, around 95%, to become operational within just the next 12 months. Broadly speaking, this is structured over various quarters, and we expect about approximately, you can say, 13 to 14 hotels coming up in that period of the next 12 months.



This staggered and well-distributed opening schedule ensures that our execution risk is spread across quarters, while supporting steady revenue ramp-up. From a capital structure standpoint, Suba Hotels remain decisively asset-tight.

Now, only five hotels, which is about 227 keys, or approximately 4% of the portfolio are owned assets. The balance of the portfolio is structured under franchise, management contracts, lease, and revenue share, which together account for the rest of the portfolio. Franchise and management contract alone accounts for 70% of the total keys.

This model allows us to scale rapidly, protect return on capital, generate predictable fee-based income, without disproportionately burdening the balance sheet. A key competitive differentiator for Suba Hotels is the breadth and flexibility of our brand architecture. We operate both international and domestic brands, allowing us to tailor brand selection to each and every micro-market, every asset profile, and the demand mix.

This is a capability few Indian hotel operators, as Mubeen was mentioning, possess very limited at scale. It materially improves deal conversion, enhances our asset performance post-opening, and also allows us to participate across multiple price points without brand dilution or internal cannibalization.

Geographically, our expansion strategy is both diversified and disciplined. We have built a strong presence across Tier 1 and Tier 3, sorry, Tier 2 and Tier 3 markets, while selectively entering higher potential urban clusters, including markets such as Ahmedabad, Gujj, Junagadh, and several emerging commercial, industrial, pilgrimage, and business hubs.

So, as you can see, it's quite well diversified in that way. In many of these cities, Suba Hotels operates multiple properties, which creates local operating leverage, stronger brand recall, and improved distribution efficiency.

These markets typically exhibit lower land costs and operational efficiencies, limited branded supply, and stable domestically driven market that collectively support healthier margins and faster breakeven points for us.

I'm happy to share that since the IPO, the company has already opened six additional hotels across a wide geographic spread, ranging from Vindhyachal to Gangtok, and Kuchinda to Bhuntar. This reflects not just growth in numbers, but the ability to execute across vastly different demand drivers and operating environments.

Another important element of our business development approach is our structured capital support to owners and developers. Suba Hotels selectively provides last mile funding through revenue share agreements, enabling projects to achieve completion and stabilization without over leveraging the owner.

Crucially, this funding is secured and structured to be plowed back over a maximum period of say 3 to 4 years. A growing proportion of new signings comes from owner efforts. This has two direct numerical benefits. First, it lowers customer acquisition hurdles and business development costs.



And second, it shortens stabilization timelines as these owners already understand Suba Hotel systems, standards, and commercial approach. So from an investor's perspective, this actually reduces your execution risk and improves predictability of cash flows.

Looking ahead, the 18 hotels in the pre-opening pipeline provide clear visibility for incremental growth in both hotel count and keys. These assets are largely concentrated in markets where Suba Hotels, as I mentioned, has our presence, enabling shared sales infrastructure, operating teams, as well as brand equity.

This clustering strategy reduces incremental costs and helps if Suba Hotels improve the probability of faster ramp-up post-opening. With 115 signed hotels, over 5,400 keys, and a high confidence pipeline where the majority of keys are expected to be operational within the next 12 months, we believe your company has well positioned itself to deliver sustainable, high quality growth and long-term value for its shareholders.

Thank you so much. I'll pass on the mic to my colleague, Chandrakant.

Chandrakant Shetty:

Thank you, Premal. Good afternoon, everyone. I'm Chandrakant Shetty, Chief Operating Officer. We operate a diverse portfolio totaling to 4,517 keys. This includes five owned hotels, which has around 227 keys, 21 managed hotels, 884 keys, 52 franchise hotels under Choice Brand, which takes a major share, that is 2,638 keys, and 19 leased and revenue share hotels with 768 keys. North of India takes 49% of the total portfolio, which is the largest share that we have.

West follows at 24%, South at 16%, East at 2%, Central India at 4%, and International at 3%. Areas like East and Center offer strong growth potential. We are intensely proactive in equipping all units, especially Tier 1 and Tier 2 city properties with Global Distribution System, GDS connectivity, and aggressive RFP pursuits via the Choice Hotel Network.

This targeted strategy supercharges room revenue, sustains high occupancy, and enhances profitability portfolio-wide. By fostering seamless global channel integration, we secure premium corporate bookings and high-value demand, solidifying our competitive edge. Supporting this extensive network are dedicated cluster heads for every zone who provide hands-on oversight and strategic alignment.

Backing them is our dynamic Pan India sales team of 30 highly motivated team members, forming the core of our corporate structure. These professionals travel extensively, often across cities and regions, to forge corporate ties, optimize revenue streams, monitor on-ground execution, and ensure every hotel operates at peak efficiency. This lean yet agile team model allows us to punch above our weight, delivering scalable support that keeps occupancy high, cost control, and guest satisfaction elevated across the board.

It's this blend of structure, geography, and people that powers Suba Hotel's continued momentum. From a demand perspective, our portfolio benefits from a well-balanced revenue mix. Approximately 35% to 40% of the room revenue is generated from the corporate and business travel, which provides a stable year-round occupancy base. Leisure and domestic



tourism contribute roughly 30% to 35%, with predictable seasonality concentrated between October and March.

MICE gives us around 15% to 20%, wedding around 10% to 15%, and pilgrimage around 5% to 10%. In our domestic market, occupancy stands strong at 73%, with an average room rate of INR3,226. Looking ahead, we anticipate 10% to 15% ARR growth next year, complemented by 5% to 7% occupancy percent gain, driven by our strategic initiatives. Thank you.

- Moderator:** The first question is from Madhav Agarwal from SKP Securities.
- Madhav Agarwal:** Thanks for the opportunity. So my first question was on if you can throw some color on what are the different sources of your booking? So how much comes from, you know, your website? How much to the travel agent? So if you can share the breakup?
- Chandrakant Shetty:** Hi, Chandrakant here. So from the OTA, the website is a part of OTA segment. So OTA contributes average around 22% to 25% of the business. Corporate takes a major share, which is around 50% to 60% of the business. And rest all depends on the headings, residential conferences and all those segments.
- Madhav Agarwal:** Okay, understood. And what is the like arrangement? Let's say in case of OTAs. So how is the arrangement typically for you guys? Is it that they buy in bulk the keys? They buy in bulk at a discounted price and then they sell further? Or is it like they charge a take rate and how is the arrangement typically?
- Chandrakant Shetty:** Yes, so generally, see it depends on city-to-city and different. Yes, it depends on city-to-city. So what happens is every hotel has got a bar rate, okay? Where we have differentiated what rate to be given to the OTA, what rates to be given to the corporates and the regular customers.
- So OTA charges us around 17% to 20% of commission. So according to that, the unit decided rate and the rates have been given to the OTA. So it also plays a dynamic pricing. If the city goes sold out to definitely hike up the rate to around 30% to 40% as well.
- Madhav Agarwal:** Okay, I understood. Only in case with corporates. For corporates, how is it?
- Chandrakant Shetty:** Yes, corporate, we have a year-round rate. Every October, we sign a contract with them. Okay. Every October, we renew the contract. It's on an annual basis.
- Madhav Agarwal:** Okay, okay, okay, okay, I understood. And these management contracts, these are typically for how many, like what is the tenure? Is it like too long or what is the typical tenure for management contracts for you guys?
- Mubeen Mehta:** So I'll take this question. Management contracts usually about 15 years with a 7 to 10-year lock-in.
- Madhav Agarwal:** Okay, 7 to 10-year lock-in. Understood, understood. Just one last question in case of franchisee model. So what are your different sources of revenue? One is, I believe it would be like, obviously one would be the royalty, right? Is there any other sources?



The reason I'm asking is, like in some of the cases, what happens is the agreement is such that the inventory, in case of retail companies, I'm saying it happens that the inventory is also sold to these franchisees. So in case of you, what are the different sources of revenues in case of franchisee agreements?

Mubeen Mehta: So at Suba Hotels, we have just one revenue that is royalty. If you are coming to -- if we charge any commission for the sales we give, no, we don't charge any commission for the sales we give. There is also no added commission for the bookings that come through our website. So the only single line of revenue for us is the royalty income.

Madhav Agarwal: Okay, understood.

Moderator: The next question is from Saurav Singh from Infosys. Please go ahead.

Saurav Singh: Yes. I wanted to know, you just mentioned that the only source of revenue for us is the royalty portion. So how are we ensuring that the franchisees, the hotel owners, they are keeping up the standards in terms of the quality of the manpower, in terms of their training on hospitality metrics? And what is our reason to increase or help them increase their revenues for each of the franchisees in terms of the occupancy, in terms of the ARR?

Mubeen Mehta: Okay. So what we do basically is that we have a training session every quarter where we go ahead and we train the staff. If there's somebody new, they get freshly trained. And we also implement a Train-the-Trainer model, which is a person who is at the site. He's able to train the staff regularly. And that's how we maintain our standard when it comes to the hotel.

We understand that people get complacent at some point. So we also have a quarterly -- we have an audit, which is basically like a mystery shopper who goes in and gives us a report on everything, on how the person checked in, whether he had requested for a pickup or not, whether any kind of upselling opportunity was presented to him or not.

And from there on, we go as far as to putting INR50, INR100 in somebody's pocket and giving the clothes for laundry, just to see if it comes back, is a kind of detail that we go through in our mystery audits? And that's how we ensure the quality.

And I think your second question was on the revenue. The revenue that we provide, of course, we have a 30 people sales team across the country today that is actively selling all our hotels. We have national contracts with big conglomerates that translate to business for the franchisee and also listing on our website gives them decent traction. When somebody is looking for a hotel in a particular city, the franchisee options are also presented to them and they can book from there.

Moderator: The next question is from Naville from Credent Asset Management. Please go ahead.

Naville: Yes, so sir we are currently the ninth largest hotel chain in the country. So do we have a roadmap or a plan to -- in place to reach the like third or fifth position over the next three to five years?



Mubeen Mehta: Yes, of course. So see what happens is when you try to reverse engineer something like this, at some point you will compromise your quality. So what we try to do is we try to focus on quality first, scale later. What that basically means is that we won't grow for the sake of growing. Opportunities do come our way. We are well on track to reach that number sooner rather than later, but yes that is not a target that we have in mind. It has to be a byproduct, not the objective as such. That's the plan. That's how we think about it.

Naville: Okay, sir. And are we considering an asset-heavy approach in the future or will we stick with the existing asset-light model?

Mubeen Mehta: So asset-heavy is basically something that we want to do. Look, as a company, we've decided to do one. We've built our own asset, at least one in a year because what happens is that, yes, I understand that the return metrics there are not as good as normal, but at the same time never say never. Tomorrow, anything is possible.

But yes, we have a clear plan to develop one asset every year because what happens is that in case there's a COVID-like situation, never again. The company has to have the capacity to raise money by itself. Raising money from the market becomes tough. So at some point, there should be some way that the company can raise money and that's why we have some assets that can be leveraged later, at a later date, whenever the need arises.

Naville: Okay, sir. And sir, one more question. So what is the typical timeline for the hotel to achieve operational stability?

Mubeen Mehta: So operational stability and profitability is something that we target for within four months. The hotel has to be started and it has to stop losing money within four months. And that's what we call a successful project. Of course, not every project is successful. Sometimes it takes two months and sometimes it takes even six months, but yes four months is what we target.

Naville: Okay, sir. Thank you very much for answering the questions. I will join back in queue.

Mubeen Mehta: You're welcome.

Moderator: Thank you. The next question is from Aniruddha Pandhare from Param Capital. Please go ahead.

Aniruddha Pandhare: Yes, hi. So I understand there is a focus on increasing direct bookings overall. I understand there's a sales team involved, but from a marketing standpoint what is the spend or activities that are expected going ahead?

Mubeen Mehta: Thank you for the question. Yes, the objective remains. So what happens is that we don't really market. Yes, we do the Instagram marketing and the influencer marketing, but what we want to do and what we want to concentrate towards is the loyalty program. What happens is that the loyalty program has a lot more to offer to a customer than just low prices. Why would you come stay with me today?

Why you would come stay with me today is because you will earn points that you can eventually spend by converting to a partner airline or you can also spend these points on any hotel in the



US. So this wide pool of options that you get is something that not many hotel companies can offer today and that is the USP and that is what we are going towards. But yes, the general efforts of social media and all of that remain. Of course, it's not a very big chunk. But yes, we are focusing on the loyalty program that is going to be coming up very soon.

- Aniruddha Pandhare:** Got it, thanks.
- Mubeen Mehta:** No problem.
- Moderator:** Thank you. The next question is from Naville from Credent Asset Management. Please go ahead.
- Naville:** And so are there any plans to add capacity or expand our presence in the Dubai and any other overseas market?
- Premal Zaveri:** Hi, this is Premal here. Thanks for the question. Yes, we currently have our presence in Dubai where we are operating three hotels and we are very encouraged with the presence and the performance of those hotels over there. Keeping that in mind, we are now looking at expanding in other markets in that region of Saudi Arabia, Ras Al Khaimah maybe and maybe a few other markets around that region.
- So yes, we are very enthusiastic and optimistic about looking at shores which is outside India. Of course, to add to that, I would just like to mention that these will be definitely value accretive developments, which add value to our portfolio as well as to our top lines and bottom lines.
- Naville:** And sir what is the projected growth in terms of room inventory over the next three years and can you break down how many of these rooms will be choice rendered versus branded Indian brands?
- Mubeen Mehta:** Right, so this is Mubeen. So in terms of growth, what are the agreement that we have with Choice Hotel is to expand by a minimum of 500 rooms every year. That is just Choice Hotels. So that is some growth that we have to achieve by hook or by crook every year. Again, mind you, this is just Choice Hotels. This does not include any Click Hotels or any of our Indian brands. Whatever growth will come from there will be additional. So you can consider it to be a bare minimum of 500 rooms every year as per our agreement with Choice.
- Naville:** So, sir most of our focus will be on the international markets?
- Mubeen Mehta:** That's not true. That is not true. Very selectively, we will go for international markets. It's going to be very, very selective. It is only going to be in places where we are absolutely sure of the business.
- Naville:** Okay. Thank you very much for answering the questions.
- Mubeen Mehta:** You're welcome.
- Moderator:** Thank you. The next question is from Kushal Chauhan from Vyom Partners. Please go ahead.
- Kushal Chauhan:** Yes, hi there. Can you hear me?



- Mubeen Mehta:** Yes, we can hear you.
- Kushal Chauhan:** Yes, I just had two questions. Like I just wanted to know what is the, what are the number of rooms and ARR in Dubai? And can you throw some light on the PWIP line item on the balance sheet? Like I just wanted to know like what is there actually in that?
- Mubeen Mehta:** Okay. So we have three hotels in Dubai, Click Square, Click Grand and Click Park. Click Square did an occupancy of 94.7%. Click Grand did an occupancy of 97% and Click Park that opened just on 15th August has done an occupancy of 87.3% with an average ARR across all three hotels of 172 dirhams.
- That translates to about INR4,300. The capital work in progress what you see on the balance sheet is our Pithampur project that is partly operational and partly under renovation. We have about 80 rooms over there. 40 rooms have been operational in the last year and 40 rooms that we had accounted for as objects of the issue are under construction now and are due to start within 45 days.
- Kushal Chauhan:** Okay. And like how much is, like how much of the PWIP is, will be used in this year?
- Mubeen Mehta:** Almost all of it.
- Kushal Chauhan:** Okay. Almost all of it?
- Mubeen Mehta:** Yes.
- Kushal Chauhan:** Okay, Okay, sir. Yes, thank you so much.
- Mubeen Mehta:** You're welcome.
- Moderator:** Thank you. The next question is from Sahil from Samara Capital. Please go ahead.
- Sahil:** Yes, hi, sir. My question is, can we quantify, you have mentioned the increase in ARR and the number of fees that you are looking for in the upcoming years, but can we quantify those into actual numbers in terms of top line or maybe bottom line? What are your internal targets for maybe 2 to 3 years down the line?
- Premal Zaveri:** Hi, this is Premal here. Just to reiterate your question, you wanted to understand the kind of inventory coming into the upcoming quarters. Is that the right question?
- Sahil:** Sir, you have mentioned the inventories and the number of keys that you are looking to add up, but I am looking at them on the more financial statements perspective. Like what could those numbers actually be in terms of maybe revenue growth or maybe the margins that you are looking for?
- Premal Zaveri:** I think it would be slightly premature for us to talk about what kind of rates and occupancies the future hotels will be able to generate or stabilize at. But, you know, this is something which is because -- mainly because it will be market driven, depending upon the demand supply dynamics.



So, you know, while certain markets would be at 3000, the others could be at 4-4.5, depending upon the life cycle of the property, of the asset. So I'm not sure we should be able to correctly or accurately forecast the ARR's of the future hotels.

Sahil: Okay, and in terms of the first year occupancy, what does this Suba Hotels management actually have a target for? Like 50%, 60% the internal targets that you take?

Premal Zaveri: We're targeting at a conservative number of around 55%, which we should be able to achieve.

Sahil: Okay, sir. Okay. And one thing that I wanted to ask is, how is Suba Hotels differentiating from all other hotel operators? Is it a partnership with choice or are we offering some other value added benefits to the customer? Why would anyone prefer Suba over any other XYZ hotel in that same region?

Premal Zaveri: Sure. In fact, if you remember, I touched upon this when I spoke about the business development and growth strategy. A key competitive differentiator is our breadth and flexibility of our architecture, of our brand architecture. Now we operate both international and domestic market, brands in the market.

And what happens is this allows us to give a very tailored brand selection to our owner partners in each and every micro market, whether it is advanced mature market like Bangalore or even an upcoming market or a pilgrimage city like Ayodhya.

Now this is a capability that not many Indian hotel operators possess at scale. It materially improves our deal conversion, our asset performance improves post-performance and also allows us to participate across multiple price points, of course, in the scale and segment where we are present in.

And at the same time, we ensure that, you know, we don't dilute our brand equity. So having said that, what we do is we offer our brands such as Click, for example, from our domestic portfolio, as well as choice hotels, brands such as Clarion, Quality Inn and Comfort Inn. And not only from the brand perspective, but even as a deal perspective, as a business structure model perspective, we are offering various types of operations possible to our owners.

For example, we offer management contracts, which of course, you must have heard about. And at the same time, we are also depending upon the market and the kind of partners we tie up with. We look at minimum guarantee revenue share.

We look at lease. And of course, through Choice Hotels brand, we look at a franchise option. So not only do we have the scale of brands that we offer, but also the kind of business models that we can structure our deals based upon. I hope that answers the question.

Sahil: Yes, sir. Very well explained. Thank you. I'll join back in the queue. Thank you very much.

Premal Zaveri: Thank you.

Moderator: Thank you. The next question is from Amin Hemant from ASIAMIN CAPITAL Advisors. Please go ahead.



Amin Hemant:

Yes, hi. Thanks for taking my question and congratulations on holding this call. My question really was, you know, you have a blended income as you state revenue from operations, which involves managed hotels, which involves taking the top line from Choice Hotels, etcetera.

How are we as investors supposed to make sense of the quality of that revenue in terms of what is the profitable areas? What are the profits from the different areas? Would you be open to doing that in the future and getting us a little bit more color on the breakdown of that operations, the revenue overall?

Mubeen Mehta:

So what we intend to make is a hospitality platform. What we want to offer to our hotel owners is not what we want to give them. It's what they want. Like I mentioned in my opening statement also is that we are one of that we are the only hotel company in the country that is operating across three segments, with one domestic and international brand each. So it really comes down to what the owner wants. For us, operationally, yes, the highest margins do come from franchising and management.

But what we like to do is revenue shares. Why we like to do revenue shares is because it gives us more operational control. It gives us cash flow that we can that we can do lots of stuff with. And the margins there also might not be as high, but that is something that allows us to split our costs that allows us to split our overheads and ensuring good profitability over the course of the year.

Amin Hemant:

My only submission was just to get some color on the quality of the revenues that you'll have, because just giving a figure of INR79 crores doesn't sort of speak much to us as investors. If a breakdown was possible in how that revenue is coming across from your different management of hotels versus revenue from the top line, it would just give us a little bit more color to the depth of the quality of the earnings. It was just a submission to you. Please see as you deem in the future. All right.

Mubeen Mehta:

So just for the sake of clarity, we do about 73% of our business comes from revenue share hotels. 22% comes from owned hotels and 5% business comes from franchise and management hotels together.

Amin Hemant:

Okay. Is that in your in your release, in your results release, is that breakup given?

Mubeen Mehta:

I don't think so.

Amin Hemant:

Thanks very much.

Mubeen Mehta:

Thank you.

Moderator:

Participants who wish to ask questions, please press star and one. The next question is from Madhav Agarwal from SKP Securities. Please go ahead.

Madhav Agarwal:

Yes, I just wanted some clarity. So I'll try to what I asked earlier, I'll try to put it in an example. You correct me if I'm wrong somewhere. So in case of OTAs, you mentioned there is a bar rate.



There is a bar rate. So basically what I can understand is, let's say if the bar rate is, let's say, INR2000.

So the OTA, let's say MakeMyTrip cannot charge for the room any day. It cannot charge below INR2000. It can only charge at INR2000 or above. So let's say if the pricing is 3000 based on dynamic pricing. So on INR3000, the OTA will get whatever is the take rate. You mentioned 17% to 20%, let's say. So the OTA gets the take rate of 20% and remaining 80% of this INR3000 would be your revenue.

Chandrakant Shetty:

Right. So is this correct? Correct. See what happens is, you know, the entire system has been handled by a revenue management team, which works from the head office. Okay, every unit before we sell, there is a rate structure being given. Okay, so when I say see OTA doesn't have any rights on changing the rate. First of all, it is a revenue team which works from behind.

We have a channel manager by the name of Staah, Okay, which does the entire game. Okay, so the rates have been given. They have been fed to the channel manager, which works on a real time. So once the rate has been fixed for a week or for a day, we can change the rate on the morning time. Also, we can change in the evening time also.

All those rate management is done by the channel manager. So OTA practically doesn't have any kind of rights directly to enter decrease or increase the rate. The rates are being managed by my revenue management team. So those rates, the bar rates, which I mentioned are being done by the revenue team. So when we define the budget of a hotel, so we define saying that, Okay, this is the month of October and I have to do an ADR of INR3500.

So accordingly, all the segments, we spread the entire ADR and we put it across the channel manager and accordingly we pay. So sometimes we have to do a dynamic pricing. Dynamic pricing is not done every day. Suppose in a city hotel, it has been done between Monday to Friday for a leisure destination. It's been done between Friday to Sunday or Monday, depending on the long weekends. So that may be the case.

Madhav Agarwal:

Okay. So this pricing is set by your in-house channel manager.

Chandrakant Shetty:

Correct, correct, correct. So we have a tool to play on the rates.

Madhav Agarwal:

Yes. The rates are decided by you and the take rate is already decided as per the agreement. Whatever is the pricing? Okay, understood. Great. Very helpful. And on corporate side, correct me if I'm missing somewhere. So in the corporate, what I can understand is basically let's say you entered into an agreement with a particular company. So the agreement, I believe would be such that in a particular, as you mentioned, these are annual contracts.

So I am assuming that the contract would be such that let's say you signed an agreement that in a particular year you will sell 50 keys at a particular pre-decided rate. So 50 keys can be like the corporate can book 50 keys in the particular year at the pre-decided rate. So is this correct or am I missing something?



- Chandrakant Shetty:** Yes, so basically that's called cat rates. So we categorize A, B and C. So corporate which are giving around 300 room nights a year, we give them a special rate. Corporate which are giving below 300 room nights, we give them a special rate. So those have been defined as categories, cat rates. So all these rates have been pre-decided by the sales team, the general manager and also from the owners if it is a managed hotel.
- Madhav Agarwal:** Okay, understood. Very, very helpful. Thank you. Looking forward to good numbers.
- Chandrakant Shetty:** Yes. Thank you. Bye guys.
- Moderator:** Thank you. Ladies and gentlemen, to ask questions, please press star and one. Participants who wish to ask questions, please press star and one. If there are no further questions, I'd like to hand the conference back to Ms Janhavi Patil from ORIM Connect for closing comments.
- Janhavi Patil:** Hi. Thank you everyone for joining the call today. On behalf of Suba Hotels Limited, we appreciate your time and participation. For any further queries, please reach out to us on letsconnect@orim.in. Thank you everyone.
- Moderator:** Thank you very much. With that, we conclude today's conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.