

To,

Date: 21st November, 2025

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

Unit: Viceroy Hotels Limited

Sub: Transcript of the Earnings call held on 19th November, 2025 under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”]

With reference to the subject cited, this is to inform the Exchanges that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith the transcript of the Post Earnings (Group Conference) Call for Q2 of FY25-26 held on Wednesday, 19th November, 2025.

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

Thanking you.

Yours faithfully,

For Viceroy Hotels Limited

C. Siva Kumar Reddy
Company Secretary and Compliance Officer
Mem No.: ACS 72022

VICEROY HOTELS LIMITED

CIN: L55101TG1965PLC001048

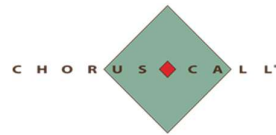
Regd. Off: 8-2-120/112/88 & 89, Aparna Crest, 3rd Floor, Road No. 2

Banjara Hills, Hyderabad – 500 034, Telangana; Ph: 040 40204383

Website: www.viceroyhotels.in Email: secretarial@viceroyhotels.in



**“Viceroy Hotels Limited
Q2 & H1 FY26 Earnings Conference Call”
November 19, 2025**



MANAGEMENT: MR. ANIRUDH REDDY KONDA REDDY – NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR – VICEROY HOTELS LIMITED
MR. P.V. KRISHNA REDDY – CHIEF FINANCIAL OFFICER – VICEROY HOTELS LIMITED
MR. PRADYUMNA KODALI – CHIEF OPERATING OFFICER – VICEROY HOTELS LIMITED

MODERATOR: MR. PRATHMESH PARAB – MUFG INTIME INDIA PRIVATE LIMITED

Moderator:

Ladies and gentlemen, good day and welcome to the Viceroy Hotels Limited Conference Call hosted by MUFG Intime India Private Limited. 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.

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

Prathmesh Parab:

Thank you, Ikra. Good morning, everyone and welcome to the Q2 and H1 FY26 Earnings Call of Viceroy Hotels Limited. From the management, today we have with us Mr. Anirudh Reddy Konda Reddy, Non-Executive and Non-Independent Director. Mr. P.V. Krishna Reddy, Chief Financial Officer. Mr. Pradyumna Kodali, Chief Operating Officer.

Before we proceed with this call, I would like to give a small disclaimer that this conference call may contain a certain forward-looking statement which are based on beliefs, opinions and expectations of the management as of date. A detailed disclaimer has also been given on the company's investor presentation which has been uploaded on the stock exchanges. I hope you all had a chance to go through the same.

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

Anirudh Reddy:

Good morning, everyone and welcome to the Viceroy Hotels Limited Q2 and H1 FY26 Earnings Call. We have shared the presentation outlining our performance for the quarter and the first half of the fiscal year, along with the results filed with the stock exchange for your reference. We trust you have had a chance to review these materials.

Let me now begin with the broader macroeconomic environment and the key factors that have influenced the hospitality sector during this period. India remains one of the fastest growing major economies driven by strong consumption, rising incomes and higher discretionary spending. Against this backdrop, the hospitality sector is witnessing a robust growth.

Travel patterns have stabilized, air traffic has improved and overall demand influences have turned positive and conducive again. The underlying demand drivers remain strong. Domestic travel continues to anchor performance; corporate mobility is steadily expanding and forward bookings for the festive and wedding season are looking very healthy.

Leisure travel is also on the rise, driven by evolving consumer preferences and improved connectivity, while the MICE activity has gained momentum. Importantly, while demand has surged, new hotel supply remains constrained in several key markets, creating a favorable environment for operators to enhance pricing power and profitability. Hyderabad has firmly established itself as one of India's most promising hospitality markets.

The city's strong economic fundamentals, led by its thriving IT and pharmaceutical sectors, have driven sustained corporate travel demand. With grade A office space expanding rapidly and global capability centers continuing to grow, business travel remains a key driver. At the same

time, Hyderabad is gaining prominence in medical tourism and large scale MICE events, supported by world-class infrastructure and connectivity.

Importantly, while demand has surged, the supply of upscale and luxury hotels remains limited, creating a favorable environment for operators to achieve higher occupancies and premier rates. This demand-supply gap, coupled with Hyderabad's growing reputation as a business and leisure destination, positions the market for continued growth in occupancy, ADR and RevPar in the years ahead.

We see this as a significant opportunity for Viceroy Hotels to strengthen its leadership in this dynamic market. Turning to Viceroy Hotels, our journey over the past two years has been transformative. Following the approval of the Resolution Plan in October 2023, we successfully concluded the CIRP process and discharged all our commitments well ahead of schedule, a testament to our group's commitment to revival and sustainable growth.

Operationally, we own and operate two flagship properties in Hyderabad under the Marriott and Courtyard by Marriott brands, offering 463 rooms and nearly 10,000 square foot of banquet space in the city's central business district. These 463 rooms include the 56 newly added rooms in Courtyard by Marriott.

As you all are aware of our phased investment plan designed to enhance guest experience and unlock long-term value. In the first phase, we have completed adding 56 new rooms at the Courtyard by Marriott and we will be finishing the spa and the gym and the bar by the end of December.

With this, the first phase will be completed. The second phase will focus on upgrading 295 rooms at Marriott and expanding the convention to 20,000 square feet, positioning us to capture the large MICE events. The third phase will bring significant enhancements to our F&B outlets, executive lounge and guest rooms, including the introduction of a premium Pan-Asian restaurant and a re-designed lobby experience that reflects contemporary luxury.

These upgrades are aimed at reinforcing our properties as the preferred choice for both business and leisure travelers. I'm pleased to share that phase one has progressed really well and we are looking to complete it by the end of Q3, FY26, marking an important milestone in our journey.

These upgrades are designed to elevate our guest experience and will enable us to command improved ADRs and higher occupancies, thereby fueling revenue growth. Our Greenfield project at Madhapur is also progressing well. We are currently at the conversion and design stage for the project.

Beyond these enhancements, we remain firmly committed to expanding our portfolio through a balanced mix of Greenfield and Brownfield developments ensuring that Viceroy Hotels continues to capture emerging opportunities and strengthen its leadership in the hospitality space. With this, I would now like to hand over the call to our Chief Financial Officer, Mr. Venkata Krishna Reddy, who will take you through the detailed financial performance for the quarter and provide further insights into our key metrics and future outlook.

Venkata Krishna Reddy: Thank you, Anirudh. Good morning, everyone and thank you for joining us. I will now take you through the financial performance for Q2 and the first half of FY26. Please note that in FY26, we do not have any subsidiaries in our financials. Accordingly, for the current financial year, comparison has been made on a basis of standalone numbers.

So, for the quarter ended Q2 FY26, our total income stood at INR31.86 crores. EBITDA for the quarter was INR8.82 crores. So, the EBITDA margins came in at 27.7%, reflecting strong cost discipline and operational efficiency. Profit before tax came in at INR4.3 crores, while profit after tax came in at INR4.38 crores due to the deferred tax adjustment.

On a half-year basis, total income was INR58.31 crores, while EBITDA stood at INR13.64 crores, delivering an EBITDA margin of 23.4%. For H1 FY26, profit before tax was INR4.68 crores and profit after tax stood at INR1.36 crores. Moving to our key operational metrics, the quarterly average daily rate ADR showed commendable improvement.

For Q2 FY26, the ADR for the Marriott property stood at INR 6,620, up 9% year-on-year, while for Courtyard, it was INR 6,837, a growth of 13% year-on-year. For H1 FY26, the ADR stood at INR 6,807 at Marriott and INR 6,748 at Courtyard, marking an impressive growth of 11% and 14% respectively.

The occupancy levels at Courtyard were adversely impacted by the ongoing renovation work undertaken by the company and hence are not comparable on year-on-year basis. For Q2 FY26, occupancy was 71.4% at Marriott and 31.5% at Courtyard, with a combined occupancy of 56.9% across the complex.

In H1 FY26, the combined occupancy stood at 56%. For Q2 FY26, the RevPAR for Marriott was INR4,726 and INR2,156 for Courtyard with the combined RevPAR at INR 3,794. For H1 FY26, the combined RevPAR was INR 3803. These metrics reflect the resilience of our portfolio and strength of our positioning, even as the renovation work continues at Courtyard.

Looking ahead, we expect the renovation program to be completed by Q3 FY26, which will enable us to achieve relatively higher ADRs and occupancy levels going forward. This should help us drive stronger revenue growth and generate improved margins through favorable operating leverage. Combined with our planned expansions, these initiatives will further strengthen our operating performance and create sustained value for our shareholders. With that, I conclude my remarks and would be happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Prashant Kshirsagar from Unived Corporate Research Private Limited. Please go ahead.

Prashant Kshirsagar: Yes. Good morning. Am I audible?

Anirudh Reddy: Yes, you are audible.

- Prashant Kshirsagar:** Yes, I just wanted to ask you about the expansion plans. One is, you had mentioned in your slide, phase one, two and three. So, can you share what was the budget for the same and what has been the actual spent in the phase one?
- Anirudh Reddy:** Yes. So, the total budget for all the three phases put together was around INR120 crores. And today the spend is, we have completed spending around INR50 crores. Now, coming to what the phase one, phase two and phase three are. Phase one was completion when the new management took over the company.
- The courtyard hotel was only five floors of the hotel was completed and the balance four floors were left open. So, we undertook the finishing of these four floors, which included adding of 56 new rooms, a gym, a spa and a rooftop restaurant along with a swimming pool. And we also completed the complete facade of the building to make it look new and modern.
- So, this, we are happy to announce that 56 new rooms have been added and are open to guests from this month. And the other two floors, which are the gym and spa and the rooftop restaurant, will be completed by the end of December. And the phase two involves expanding the Marriott Convention Center from 10,000 square feet of Convention Center to 20,000 square foot.
- And also upgrading the existing 10,000 square foot Convention Center to a modern facility. And also doing certain -- some amount of rooms in the 295 room inventory we have at Marriott. And then the third phase involves also completing more of these Marriott rooms, which have 295 rooms and upgrading our lobby and some of the F&B outlets at Marriott.
- Prashant Kshirsagar:** Yes, I just want to further ask or clarify on this. What was the budget for phase one and in the sense and how much would be spent further because up till now you've spent INR50 crores for completing the balance, how much will be spent?
- Anirudh Reddy:** So, the balance as we said about INR70 crores will go into the rooms and Convention Center and the F&B outlets at Marriott. Now, courtyard is completely finished. We have completed courtyard with INR50 crores. So, there's no more spending in courtyard. So, the balance INR 70 crores will be spent at Marriott only for room upgradation, Convention Center upgradation and the F&B upgradation.
- Prashant Kshirsagar:** Now, in phase one, what should be the this thing further spending required?
- Anirudh Reddy:** There's no spending required. We're all -- we're done.
- Prashant Kshirsagar:** Because all everything has been done in INR50 crores?
- Anirudh Reddy:** Yes, everything has been completed. We are actually in the process of...
- Prashant Kshirsagar:** [inaudible 0:13:33] part of it is spending till end of December that's why I am asking?
- Anirudh Reddy:** Yes, there are little bit spent, but major like, let's say, about INR1, INR2 crores of spending is left. Other than that, nothing is left.

Prashant Kshirsagar: Oh nothing is left. So, around -- we should take around the figure as INR55 crores, approximately for this?

Anirudh Reddy: Yes, approximately.

Prashant Kshirsagar: Okay. And secondly what is the timeline for phase two and phase three commencement and completion?

Anirudh Reddy: So, phase two the Convention Center -- phase two split again into two parts. Phase two, the first part is the Convention Center, where we are going to take it out in April on April 1 of 2026. And we aim to complete it in six months, which is by 30th September 2026.

Prashant Kshirsagar: Okay.

Anirudh Reddy: And the second part of phase two is a continuous refurbishment and renovation of the existing 295 inventory. So, we will be taking out in a phased-wise manner, like 20 or 30 rooms at once and making them new. And this will continue over the course of the year.

Prashant Kshirsagar: So, as you said, the Convention Center, the renovation or upgradation would start from April 1st of April 2026 and you said the inventory, entire inventory is going to be refurbished?

Anirudh Reddy: Yes, the entire inventory is going to be refurbished, but in a phased manner, where we are only going to take out 20 to 30 rooms at once. So, once we complete 20..

Prashant Kshirsagar: No, go ahead.

Anirudh Reddy: Yes. So, basically, the total room inventory is 295 rooms. We because to protect the business and to protect the revenues, we will be only taking out 20 to 30 rooms at once. And once we complete them, we will be moving on to the next rooms.

Prashant Kshirsagar: Because in the presentation, it is written 168 rooms only will be upgraded. That's why I was...

Anirudh Reddy: Yes. So, basically, this, we aim by the end of next year to do those many rooms in a phased manner, because we won't be able to do 295 rooms in one year. So, that's why we have put an estimate of...(inaudible)

Prashant Kshirsagar: Okay, up to 31st March 2027, you mean to say you want to complete the 168 rooms?

Anirudh Reddy: 168 rooms, yes.

Prashant Kshirsagar: 168 rooms. And what is the budget for this phase two?

Anirudh Reddy: Budget for the phase two is around INR30 crores to INR35 crores.

Prashant Kshirsagar: And phase three will be after that?

Anirudh Reddy: Yes, phase three will be after that.

- Prashant Kshirsagar:** Okay. And just another question was on the -- in the rights issue, you had utilized INR37.5 crores, which I presume must have gone in phase one. And in the balance sheet, there is a capital work in progress of INR36 crores. So, what -- Can you just give a color on that what is this thing?
- Venkata Krishna Reddy:** Yes, in capital work in progress, you see INR36 crores. And there is in current assets, there is a capital advances of close to INR15 crores so put together.
- Prashant Kshirsagar:** Okay. And the balance budgeted capital work in progress is for which the next phase or is it for the...
- Venkata Krishna Reddy:** Sorry we didn't get that question.
- Prashant Kshirsagar:** INR15 crores is capital advances, which you -- and this INR36.89 crores is for a phase which both phase combined?
- Venkata Krishna Reddy:** Yes, phase one. See this 15 plus INR36 crores both put together is for phase one only.
- Prashant Kshirsagar:** It's for phase one only. Okay.
- Venkata Krishna Reddy:** Yes.
- Moderator:** Sorry to interrupt, Prashant. Please rejoin the queue for more questions.
- Prashant Kshirsagar:** Yes, sure. I will do that. Thanks.
- Moderator:** The next question is from the line of Varun Mishra from SK Investments. Please go ahead.
- Varun Mishra:** Hi. Thank you for the question. I had a couple of questions from my end. I mean, the courtyard occupancy has dropped significantly due to the renovation. And when can we expect like the full operational capacity to resume? And also a follow-up for that is like post the renovation, what can we expect in terms of margins for EBITDA and what are we targeting in the near-term future, if you could throw some light on that?
- Management:** Yes. Hi. So I'll just take the question part by part. So as we speak, the rooms have just started getting operational. So we are expecting by the end of this month, November 30th, that all 168 rooms of the courtyard are operation. And this is also coinciding with the best two quarters of the financial year.
- So with that, with having those rooms operational for us, the target is that at a portfolio level to have an EBITDA margin that is North of 30%. So that's what we are aiming to do, not just with the courtyard, but with the Marriott upgradations as well. So even last year, we had I think ended the year at about 28%.
- But we've also made multiple other upgrades in the hotel from a back of the house standpoint to improve our efficiencies, so that this margin crosses 30%. And in the longer term, when we have an entire facility of 463 rooms that are upgraded with a modern convention center, this margin

is something that ideally has to go to that 40% mark, because that's the benchmark that we want to work with.

Varun Mishra: All right. So with the planned upgrade in the F&B outlets like what incremental revenue contribution can we anticipate from this segment and it would be great if you could share the revenue mix for that it would help?

Management: Yes. So essentially, if you look at our business, typically about 45% of our revenue comes from F&B, which basically includes the banquet and the restaurants that we have. Amongst the restaurants, we are now adding a new restaurant, which we know will take a restaurant count from five restaurants to six, along with one bakery that we have.

So with the projections, I mean, which I unfortunately would not be able to share at this moment, we continue to expect our contribution from F&B and banqueting to be at that 45% to 48% mark. And we definitely expect to grow at least 30%, 35%, from our annual revenue once the entire renovation is completed.

Varun Mishra: All right, sir. And like, so if we look at our cash flows, the operating cash flows has improved in H1 despite our lower profits like what has been the key drivers for this improvement and like, do you see this growth sustainable?

Management: Yes, absolutely. So the thing is, see, if you look at the numbers, whilst our courtyard occupancy has been less than 50% of last year H1 numbers, because of how many rooms had to be inoperational due to the renovation. In spite of that, you see the difference in the EBITDA or the EBITDA margin is very, very minimal.

This is because we have managed to push the envelope with the ADR. We utilize the situation of limited supply to further improve our ADRs. And compared to INR 6000, which was the number last year for H1, we are at INR 6800 this year. And this is just a start because the new rooms that we are adding, we intend to market those as a premium like club level sort of room, where the ADR will be a significant 25% to 30% higher than the rest of the inventory. So with that, I only see the ADR significantly improving further.

Varun Mishra: All right, sir.

Management: And which comes also with the fact that the Q3, Q4 demand is significantly always higher. So we are ready to capitalize on that opportunity.

Varun Mishra: Absolutely, sir. And sir like on the Madhapur courtyard project, like what has been the timeline and the funding structure for this development and like are we seeking any actively like in terms of expansion for Greenfield or any Brownfield opportunities outside Hyderabad?

Anirudh Reddy: The Madhapur update is that we are in the process of converting the land from residential to commercial and taking the permissions. So parallelly we have also initiated design, what do you call, appointments for like the architect and interior designer. So parallelly that will happen.

So we are looking to get ground as soon as we receive the permissions from the government. That is the update on Madhapur. Secondly, we are concentrating a little bit on Hyderabad for looking for more Brownfield and existing hotels. And we are actively looking and we would like to announce something once something is concrete and crystallized. And other than Hyderabad, we are looking at other destinations, more like touristy and like vacation type of destinations to add to our portfolio. But as of the moment, there is nothing crystallized yet.

Varun Mishra: All right, sir. And like in terms of Hyderabad, we see like the footfall tracking has been high because of the increase in the, like as we see, H2 is better than the H1. So in terms of like conferences and events been happening. So do we like cross promote other sites and other amenities, like in terms of that anything happening in that?

Management: I mean, of course, see the thing is with the increased footfalls, obviously, your F&B revenue also goes hand in hand. And with the fact that we're also launching a spa which is bigger than the existing one and like in terms of quality significantly higher. So the APCs, as in essentially the per person spending in each of these facilities also is going to only increase.

Varun Mishra: All right, sir. That's all from my end. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D Patil: Good morning to the team. I have two questions. First is Viceroy Hotels is expanding in leisure hospitality at a time when customer expectations are shifting towards more premium listings and global standards also. Over the next one to two years, what is the big change that you are planning that will make Viceroy stronger and more trusted in the hospitality business? Whether it will be through expanding your brand presence or building deeper customer relationships? What is the USP that you are going to be putting into place? That's my first question. After this, I'll ask my second question. Thank you.

Management: Yes, so essentially, I mean, there are two things. So this first is in terms of what we are doing to capitalize on the change in people's spending habits or spending patterns is one thing that we are very, very actively looking towards is having additional assets in the right location. For example, the Greenfield project that we have announced also is in a micro market that is significantly stronger than the existing micro market that we operate in.

Having said that, in terms of having any sort of direct relation with like customers, we don't operate our own hotels. We have Marriott operating agreements with Marriott. So Marriott on their front, does a lot of engagement activities to continuously grow the business. In fact, their loyalty program is, I'm sure the Marriott Bonvoy program is considered one of the best loyalty programs in the world.

And as we speak, quarter-on-quarter, the contribution of occupancy in our hotels from this loyalty program only keeps increasing, which is why we want to continue to invest in a relation with Marriott and even all the other assets in the future as well as and when we acquire, we would always want to have like an international operator on board.

Anirudh Reddy:

And also to add to that, see, we are really upgrading all the facilities, the amenities, the rooms and providing something more. For example, if you take a small example like the spa, if you see the spa, I think the spa, the investment we have made in the spa is among the best in Hyderabad.

So we really think that the amenities that you provide to the guests really enhance the experience and would want the guests and the guests would want to come back and stay at our property. And that's why just not on the rooms; we're also really concentrating on the public areas to really provide that experience.

The gym, which we have curated for all the members and they've already equipped it with techno gym equipment, which is very high end so that people are experiencing these new facilities with these enhanced experiences will really come back to us and really choose us as the preferred destination to stay.

Sucrit D Patil:

Thank you. My second question, again, a forward looking one on margins and cost learning. In the hospitality business, the margins are always under the mercy of whether it is food, beverage, staff costs, energy, compliance, maintenance maybe. So all these factors always put some pressure on the margins.

I want to understand how you are thinking about protecting the profits without slowing down the growth. Do you rely more on any partner sourcing or pricing control? How do you balance these and put into practice so that Viceroy can stay, keep the profits in line even when sometimes things get out of control or it won't go exactly how you have planned? Thank you.

Anirudh Reddy:

Yes, so basically, see, one of the major things which where we can really come to the profit margins is the spend on the back of the house, which is the MEP. The MEP is something which we really concentrated for the past two years after taking over this property, didn't really upgrading these amenities so that the cost outlier tomorrow is very less as compared to having older equipment.

For example, the generators or let's say the chillers or the piping or whatever, the cost of these MEP stuff, which is really hitting the profit margins, we really pushed them to the -- pushed Marriott to bring them down and we really invested in them also. And also one major thing which we did was we outsourced the laundry. The laundry was putting a little bit of cost on the margins.

So we actually got a third party to run the laundry for us and we created the facility from that. So these are the kinds of things which we are doing and also the back of the house. We believe that back of the house is something which is very lowly looked upon by other hotel companies, but we believe that providing the best back of the house will actually help us get better margins. So even in courtyard, the basement one, we have really created a new, completely new back of the house so that the margins are higher for us on the longer run.

Sucrit D Patil:

I think that's good guidance and I wish the entity best of luck for Q3. Thank you.

Moderator:

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

- Vrudhi Vora:** Yes. So I have a question that Hyderabad has shown a strong RevPAR growth and corporate demand. So how do you plan to leverage this trend?
- Anirudh Reddy:** Simply put broadly the supply of hotels or rooms in Hyderabad for the next five years is very less or minimal to be very frank. So this is a big gap between the supply and demand and that is the main reason why we are taking the advantage of it and the ADRs are growing. But regardless of that, we are not just relying on that but also upgrading our facilities to meet the international standards and standards of modern hotels. So with these both forces coming together, we believe that our product will be the most favored one.
- Vrudhi Vora:** Okay. And like with the industry projected to grow at 7% to 8% CAGR, so what is Viceroy's growth target for FY27 and beyond?
- Management:** So the thing is -- so for us, ideally, we would also -- we would always the way our company is we always want to beat the industry benchmarks. So if the industry is growing at 7%, we would always aim for a 10% growth. But having said that, because for the next couple of financial years as well, our existing portfolio will continue to be seeing some sort of renovation in a phase wise manner. In spite of that, we still want to continue to have that 5-7% growth. So that's the target that, you know, we intend to give even our operator for the following financial year.
- Vrudhi Vora:** Okay. And how do we see the occupancy and ADR trend shaping up for Q3 and Q4, given the festive and wedding season?
- Management:** So both we expect to significantly improve. ADR has been, I mean, as we speak, I can't give you the exact numbers, but we've already noticed that there's a significant improvement in both the occupancy and ADRs, because the demand like you mentioned in Q3 and Q4 is very, very strong. And what also will further help us is the fact that we have significantly more inventory available now that we've completed most of Courtyard's renovation. For these two quarters, we have most of our inventory available and we've maximized on that.
- Vrudhi Vora:** Okay. And my last question is that could you provide an EBITDA margin guidance or any range that you're aiming for?
- Management:** I've already answered this question.
- Vrudhi Vora:** Okay. Thank you. All the best.
- Moderator:** Thank you. The next question is from the line of Ruchika Jain from SMSV Capital. Please go ahead.
- Ruchika Jain:** So the PAT has seen a sharp drop this quarter. What were the primary drivers behind this decline? Also, could you share some light about?
- Venkata Krishna Reddy:** Can you repeat that question, please?
- Ruchika Jain:** So the PAT has seen a sharp drop this quarter. What were the primary drivers behind this decline? Could you shed some light on that?

- Anirudh Reddy:** Yes. So majorly the whole of Courtyard, one of our properties which contains about 163 rooms was under renovation. And the major drop you see is because of the deferred tax element that factored in last quarter. Last quarter in the financial year 2025, there's a deferred tax element. So that's why that is the larger figure you're seeing in 2025 compared to what is now.
- Ruchika Jain:** Okay. Got it. And also, sir, finance costs have come down compared to last year. Was this due to debt repayment or refinancing at better term and what is your current cost of debt?
- Venkata Krishna Reddy:** It's reduced because of refinancing. We have repaid the promoter's loan and refinanced from the Kotak. And most of the interest cost is being capitalized because it is a borrowing cost on the expansion, on capitalization and interest rate is also 8.25%. The interest rate has been reduced to 8.25% compared to last year.
- Ruchika Jain:** Okay, sir. Got you, sir. And so the ADR has also improved despite your occupancy. How sustainable is this pricing strategy in the current competitive environment?
- Anirudh Reddy:** See, because as I said, the supply is very low of the new rooms come in the current market we are at. And if you see in the market we are at, we're almost a monopoly where there's no other five-star hotels very close to us. So we still see a very strong growth in ADR because of that reason. And added to this is because we're upgrading the facilities and the rooms. And we're not doing any kind of refurbishment. We're rather doing a renovation where the rooms are looking modern and new. We think that this kind of ADR jump can be easily sustained.
- Ruchika Jain:** Okay, sir. Thank you, sir. All the best.
- Moderator:** Thank you. The next question is from the line of Viral Jain from SMG Finance. Please go ahead.
- Viral Jain:** Yes. So thank you for the opportunity. A couple of questions from my side. So first one was, I just wanted to know that what were the key reasons for the decline on the year-on-basis in revenue and EBITDA for the Q2 as well as for the H1 FY26 apart from the courtyard renovation impact? Were there any other factors which lead to this decline?
- Anirudh Reddy:** See one of the major factors is the courtyard renovation is because of the -- we did the whole facade of the new of the building. When the facade was done, was being done obviously we cannot sell rooms to that portion because of the work being carried out outside the windows. That is one of the major reasons. If you look at Q1, one of the major reasons and a little bit of cancellations we saw from the corporate sector was because of the war. That we did take a small hit, but we bounced back immediately after everything settled down.
- Viral Jain:** Got it. So the courtyard renovation was the major impact in Q2?
- Anirudh Reddy:** Yes, the courtyard renovation was a major impact. As we also, we anyways expected this and we thought this is the best quarter to take that hit because we wanted to finish everything and be ready for the next two quarters, which are very strong for us.

- Viral Jain:** Got it, sir. And my next question was regarding with the balance sheet. So from the balance sheet, we saw that the capital working progress have been increased significantly. So could you just give us a walk with the regarding of the major component that lead to this increase?
- Management:** So essentially, yes, I mean, so like Anirudh had previously mentioned, the courtyard, the 6th, 7th, 8th, 9th floors of courtyard was incomplete when we had acquired the assets, the company. So the 6th and 7th floor is where we have added the 56 new guest rooms. The 8th floor is where the new spa and new gym are going to become operational and the 9th floor has a brand-new bar with a swimming pool along with a small banquet hall. So these are where the major costs have gone in.
- Viral Jain:** Understood, sir.
- Management:** And particularly within that, sorry yes.
- Viral Jain:** Yes, sir. Please continue.
- Management:** Particularly with that also, a majority, major part of the cost was towards the interiors. Because like Anirudh mentioned, we have really invested in like a high-quality guest room, a high-quality spa because we feel like that's the sort of experience that modern day consumers are looking for.
- Viral Jain:** Got it, sir. And my next question was regarding with the expansion. So is the company planning to expand beyond Hyderabad, like into other major Tier 1 cities such as Delhi, Mumbai, Kolkata or the Tier 2 cities as well, with the given any strategy, Greenfield or Brownfield?
- Anirudh Reddy:** See, we are concentrating on acquiring other hotels and other Brownfield projects across various cities and other destinations like locations like, let's say, Tiger Reserves or other vacation destinations. But the issue is same thing comes because all hotels which are, let's say, running the price is a little high because of the strong growth in ADRs and EBITDA margins. Because of that, we want to restrict ourselves until we get a right price to buy the right product.
- And, of course, we are looking at different Tiger Reserves where we can, might be able to develop a resort property because that kind of travel is really on the increase and the ADRs are very strong there. But the only thing is, it's very seasonal there. So we have to be very careful at selecting the right spot and right cost should be spent there to get the expected return.
- And other cities, if you say, as far as the company is concerned, Hyderabad, we feel like has the maximum growth potential because of less supply of rooms. And the cost of setting up a hotel is much higher because of the higher land rates that are in Hyderabad. So that is what is contributing to the less supply of rooms.
- And that's why we are bullish on Hyderabad. And Hyderabad also is growing massively where a lot of GCCs are also coming to Hyderabad at a very large scale. So that's why our concentration is currently on Hyderabad. But yes, we are at the outlook to see other areas where if there is a potential upside to it, yes, we are open to that as well.

- Viral Jain:** Got it, sir. Thank you for explaining this much. My next question was regarding with renovation plan. So we saw that the company is planning for INR100 crores plus renovation, which is quite a bit expensive. So can you give us some more clarity with regarding how this INR100 crores is going to be funded, whether it's through internal accrual, debt or equity infusion?
- Anirudh Reddy:** Yes, so the total plan is about INR120 crores, out of which INR50 crores to INR55 crores has already been spent. And that is with relation to phase one. So courtyard is completely done. And for INR50 crores to INR55 crores, we've almost built half of the hotel, which is four floors of the hotel, which includes 56 new rooms, a spa, gym and a rooftop restaurant along with the pool and the total facade of the hotel.
- And the balance INR70 crores is going to be spent over phase two and phase three, wherein the Marriott property, which is the other property, which is connected to the courtyard through a bridge, there the 295 rooms will be upgraded. And a 10,000 square feet convention center is also going to be upgraded and a 10,000-convention center is going to be added.
- So these are the new facilities that are going to be upgraded and also the F&B and the lobby is also going to be upgraded. So when this kind of major renovation is occurring, the cost is on the lower end, I would believe. And coming to the funding plan of it we had raised around INR37.5 crores from the rights issue.
- And that continues accruals from the ongoing running hotel. And this phased wise renovation has also helped us keep that good healthy EBITDA, which is contributing to cash flow and the cash in the company. So this can easily be funded through that and also, we have an open limit from Kotak for another INR70 to INR80 crores.
- Viral Jain:** Understood, sir. And my last question was regarding the return. So what kind of ROI or return on investment do we expect from this renovation and upgrade investment?
- Anirudh Reddy:** See, once the complete renovation is complete, I think the ROI is going to be for the amount spent is going to be less than two to three years compared to because of the facilities we are going to upgrading and the push in the ADRs. So the ROI is very aggressive and that is why we are spending this kind of money there because we believe that the convention center upgradation will really boost the revenues and improve our EBITDA by multifold.
- Viral Jain:** Understood, sir. That was all from my side. All the best for the future.
- Anirudh Reddy:** Thank you.
- Moderator:** Thank you. The next question is from the line of Murtaza from PinPoint X Capital. Please go ahead.
- Murtaza:** Hi, sir. Good morning. I had a couple of questions. My first question is on the Madhapur project. The filings had mentioned that the 7000 square meter land parcel belongs to a relative of a director. So could you please clarify the structure we are adopting, like whether are we purchasing that land or are we entering into a term lease kind of an agreement or some kind of arrangement and can we assume the transaction is at an arm's length value?

Anirudh Reddy: Yes, so the transaction is at an arm's length value and the procedures were followed for approving that said transaction. The land is owned by the wife of the managing director and the brother-in-laws of the managing director. And they have leased the land to the company on a 25% EBITDA lease rental basis.

So until the property is up and running and making a good healthy EBITDA, there would be no lease payments to the related parties of the management. So that is what the structure is. And that is in all ways very beneficial for the company because that's what the promoters of the company believe is the growth of the company and value accretion of the shareholders.

Murtaza: Sure, that helps. I had another question. I would like to understand the current contribution or the outlook for the MICE segment, the meeting incentive and the conference exhibition segment. That's kind of on growth?

Management: Yes, so I mean, so right now the thing is that we have a Convention Center that is 10,000 square feet, which Anirudh had mentioned, which we are going to expand to a 20,000 square feet Convention Center, along with the fact that we are going to have 463 rooms in the entire portfolio level.

So the kind of MICE events that we are going to be eligible for once the new convention space is up and ready will be something that today we are not able to capitalize on. So the MICE business that right now contributes like under 30% of our overall revenue, we expect that to go close to 50%.

And significantly contribute because and live up to the name because our hotel is by the end of the day called Marriott Convention Center in Hyderabad. So we want to become the proper convention hotel. But the fact that is when you have so many rooms and have like a revived new convention space, also start getting a lot of social engagement. So we expect to also become a wedding destination once that happens.

Murtaza: Okay, this helps. And one final question I just have is, in the phase two of our program, when we will be upgrading our Convention Centers for the six-month period, can we assume that it will impact the revenue in some way?

Anirudh Reddy: You see it will surely impact the revenue because the convention center will be unavailable to be leased out, rented out. And that will also have an effect on the room occupancy, because a lot of the convention center usage contributes to the room occupancy. But what we're trying to do is we are trying, we've completed the courtyard, which is a standalone building and it's a completely a fresh product. So with this, we are going to cover trying to cover that gap also. So that is the strategy we adopted behind coming with this plan of phase one, phase two and phase three. So there shouldn't be much of a gap is what we think.

Murtaza: This helps. One follow up I have on this. So I do understand there will be some kind of an impact on the Convention Centers and a slight impact on the rooms related to the Convention Center. But is it fair to believe that the second part of the phase two, that is refurbishment of rooms, that will not have as much of impact on the revenue because of the strategy we are adopting of like having 20 room at once. So I believe it won't have that much of impact on revenue?

- Anirudh Reddy:** Yes, that won't have much of an impact anyways, because we have added 56 new rooms. So at any point of time, our current inventory will not be affected, because the additional rooms are already there. So what happens is when we're taking on that 20-30 rooms, that additional inventory is anyways there. So there's no impact on the rooms being offered, because we are adopting this 20-30 rooms being taken out at once strategy.
- Murtaza:** Sure. These were my questions. Thank you very much, all of you, guys.
- Moderator:** Thank you. The next question is from the line of Prashant Kshirsagar from Unived Corporate Research Private Limited. Please go ahead.
- Prashant Kshirsagar:** Thanks for the follow-up. I wanted just a macro question. What sort of supply demand you see in the mid-segment, upper scale and in Hyderabad?
- Management:** I mean, see, so right now, I mean, if you're expecting like a very, very specific answer, my suggestion would be (inaudible) because there are various different articles that indicate various different percentages in terms of this growth. And at the end of the day, Hyderabad whilst there have been like GCCs being announced on a monthly basis, even in the last one week, we've heard of newer businesses.
- So what we know is that supply at a city level is increasing at about 10% to 12% per year. Sorry, demand is increasing at 10% to 12% per year, with little to no increase in the supply. Even if you look at some of like the slightly weaker brands, which are not very upper-upscale or luxury, it's about 3%, 4% per year that the supply is adding. So that gap between supply and demand is only increasing every year.
- Having said that, I think pure luxury demand is like increase may not be as much, which is why our focus has been on running our hotels as a business hotel. In fact, even the Greenfield project that in Madhapur we're looking at, we're looking at a Marriott brand that supports business demand, because that is something that is consistent and strong.
- With the luxury demand, you always have to be careful because already it's the nature of business in hospitality is slightly cyclical. The fact that and the thing is the luxury can get further cyclical, where most of the demand might come in during the wedding season or the corporate event season. So that is something that you always have to be careful. And as your portfolio is growing, we believe that the right time will come where we also might consider doing a luxury hotel.
- Prashant Kshirsagar:** Okay, thanks a lot. That answers my question. Thanks a lot and all the best.
- Management:** Thank you, sir.
- Moderator:** Thank you. Ladies and gentlemen, this is the last question for today. I now hand the conference over to Mr. Anirudh Reddy for closing comments. Thank you and over to you, sir.
- Anirudh Reddy:** Thanks for the conference call. Thank you for the very interesting questions and hope we are able to answer all of them. And please feel free to reach out to us if you have any other further queries. And we look just do stronger in the hospitality sector. Thank you.

Moderator:

Thank you, sir. On behalf of Viceroy Hotels Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.