Thomas Cook (India) Limited:

Q4 & FY25 Earnings Conference Call – May 14, 2025

Management:

Mr. Madhavan Menon: Executive Chairman – Thomas Cook (India) Limited
Mr. Mahesh Iyer: Managing Director and Chief Executive Officer – Thomas Cook (India) Limited
Mr. Debasis Nandy: President and Group Chief Financial Officer – Thomas Cook (India) Limited
Mr. Brijesh Modi: Chief Financial Officer – Thomas Cook (India) Limited
Mr. Vishal Suri: Managing Director and Chief Executive Officer – SOTC Travel Limited
Mr. Vikram Lalvani: Managing Director and Chief Executive Officer – Sterling Holidays Resorts
Mr. Krishna Kumar: Chief Financial Officer – Sterling Holidays Resorts
Mr. K. S. Ramakrishnan: Managing Director and Chief Executive Officer – DEI

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call of Thomas Cook (India) Limited, hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participant line will be in 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 Ms. Purva from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, ma'am.

Purva Zanwar: Thank you, Sejal. Good morning, everyone, and thank you for joining us on Thomas Cook (India) Limited Q4 and FY '25 Earnings Conference Call. From the company, we have with us Mr. Mahesh Iyer, Managing Director and CEO, and the senior management team. We would like to begin the call with a brief opening remarks from the management, following which we will have the forum open for an interactive Q&A session. I would now like to invite Mr. Mahesh Iyer to make the initial remarks. Thank you, and over to you, sir.

Mahesh Iyer: Thank you, Purva. Good morning, everyone. Thank you for joining us today as we present our results for fourth quarter and full year of FY 2025. It is also my pleasure to share with you an overview of our company's performance, progress and prospects, and I appreciate your continued interest and support from all our investors and stakeholders. I also want to take this opportunity to thank you for the inputs that you have given from time to time, and you will appreciate that we tried to capture some of that in the investor deck that we presented to you.

Before I begin to give you a commentary on the Q4 and FY '25 performance, I'd like to introduce the management team who joins me on the call today. I have with me in the room, Vishal Suri, Managing Director and CEO of SOTC Limited. I have Debasis Nandy, President and Group CFO, Thomas Cook India Limited; Brijesh Modi, CFO of Thomas Cook India Limited; Vikram Lalvani, MD and CEO of Sterling Holiday Resorts; and K.S. Ramakrishnan, MD and CEO of DEI. I'm also joined by Urvashi Butani, whom you all know, manages the Investor Relations.

As you can see, Thomas Cook India Limited delivered a robust set of numbers for the full year ended March 2025. Our results demonstrate not only a resilient financial performance, but more importantly, the strategic momentum across all our business verticals. We have continued to build our strength while adapting to the evolving industry landscape with agility and foresight.

Before I get into the numbers and dwell into it, I'd like to mention that Thoms Cook India Limited was presented the Best Annual Reports Award 2024 in the travel service category presented by Free Press Journal.

Moving on to the performance for the full year as well as the quarter. Income from operations for the quarter ended Q4 of FY '25 grew 18%. And consequently, our profit before tax improved by a sharp 51%, moving from INR 61 crores to INR 92 crores. If I look at the full year numbers, our income from operations grew from INR 7,299 crores to INR 8,140 crores, registering a growth of 12%. Consequently, our profits before tax improved from INR 345 crores to INR 385 crores, which is a growth of 12%.

As you will appreciate that this quarter typically is an investment quarter, but for 2 consecutive quarters in FY '24 and in FY '25, the quarter turned to be profitable. Goes on to reflect upon the fact that the seasonality of travel is beginning to ebb off and you will start seeing more of a flattened curve as we go along.

Some of the factors that are driving our performance or drew our performance in Q4 and for the full year was strong performance in the travel and travel-related segments, foreign exchange, Sterling Holiday Resorts. The one business in our group that didn't do well is DEI, and Mr. Ramakrishnan will dwell upon that during his conversation.

Let me first start talking about the quarterly performance. On the profitability front, as I said, our profitability grew by a sharp 51%, moving from INR 61 crores to INR 92 crores. And I think that's the highest ever quarterly profit that we've seen for this specific quarter. If I look, this was aided by a strong performance on the travel and travel-related segments.

While on the foreign exchange segment you will see a slight bit of degrowth on the EBITDA margins, and that's largely on account of the front-loading of investments that we did, and I will cover that when I speak about the foreign exchange services.

I like to quickly dwell on the financial services segment before I move on to the travel segment. Our financial services reported a 14% growth in revenue with EBIT margins at 43% for Q4FY25. For the corresponding period in the full year, our income from operations grew by 8% and EBIT improved by 21%, moving from INR 124 crores to INR 150 crores. Our EBIT margins improved from 41% in FY '24 to 46% in FY ‘25, and this is largely in line with what we had guided the market to the range of 40% to 45%, and we believe that's the range the business will operate in.

Some of the key highlights for the performance for the quarter and for the full year has been the strong growth on the retail segment. Our retail volumes grew by 11%. You'll appreciate that the numbers that you see in the results does not reflect the gross output. It only reflects the revenue from businesses. I'm trying to give you a lens on the gross volumes that we have clocked in. Our retail volumes grew by 11%, aided by education segment, which grew 26% Y-o-Y and the holiday segment grew by about 5% Y-o-Y.

If I look at the corporates, that was another segment, which grew about 3% year-on-year. Our prepaid card business had a very strong momentum. Our overall volumes inched closer to the $1 billion mark, growing by about 5% as compared to FY '24. And consequently, our float on the business inched closer to about INR 1,325 crores.

From a card segmentation point of view, I've spoken about it in the past. We had an Enterprise Card focused on the corporate segment. We had the Study Buddy Card focused on the education segment. And I'm happy to report that in the quarter that went by, we launched our holiday card called the Borderless Prepaid because this segment that we are referring to is the largest segment as far as the LRS data is concerned.

If you look at the LRS data published by RBI, the total volume is roughly about $30 billion exit in FY 2024. And I think the FY '25 numbers will be closer to that or a shade lower, considering that the numbers till February was 1% lower than what was reported in FY '24. Given that we are looking at an addressable market of about $18 billion, consisting of the enterprise business as well as the holiday travellers, this was a big opportunity for us, and we wanted to do a big bang approach.

And hence we roped in a brand ambassador in the form of Kartik Aaryan. It's an investment that we have made, and this is one of the reasons why our EBIT margin as well as the EBIT for the quarter came in a little lower than what we delivered in the same quarter of last year. This is a front-loading of the investment. The returns on that will come in the subsequent quarters.

One more point on the forex side. Our digital adoption continues to be very strong. Our digital adoption has moved from 20% to 21% in the quarter and for the full year remains at about 21.5%. So, we have seen a steady progress as far as our digital adoption is concerned. Digital KYC, the WhatsApp tool, the FX mate tool, I think all the digital tools that we use in the marketplace are seeing good traction, and we will continue to build on the momentum that we have created.

Moving on to the travel and travel-related segments. As you can see, we've given a little more color to it in our investor's deck. It consists of 2 parts, B2B and B2C. The B2B contributes about 74% of the overall volumes and the B2C businesses contribute 26% of the overall volumes. We had a very strong growth across both the segments, which is the B2B and B2C. My colleague, Debasis, will talk about the B2B segment and specific reference to the DMS units, India and International, and I'll walk you through the B2C segments here.

If you look at the B2C segments for the full year on a comparative basis, our overall volumes grew 20%, moving from INR 1,463 crores to INR 1,750 crores and for the quarter moved up from INR 253 crores to INR 303 crores, reflecting a strong double-digit growth. I'd also like to highlight here that for the fourth quarter of FY '25, both the international domestic and the overseas international business came higher than the pre-pandemic numbers.

This is something that we've been calling out for some time saying that we expect the recovery to happen, but the last quarter saw the recovery higher than what we had in the pre-pandemic levels. Obviously, for the full year, it still trails. That's because the first 3 quarters were not so strong. The recovery on the long haul did not pan out as expected, but the last quarter was a very strong one, and that kind of aided the profitability and the growth in the income from operations.

Moving on to the MICE and the corporate travel segment. We had some strong momentum both on the MICE side as well as on the corporate travel side of it. On the MICE side of it, you will recollect that the large part of FY 2025, we didn't have any government business. But the last quarter, which we called out in the previous earnings call, we were executing a government business, which is the National Games in Uttarakhand. We completed that in mid of February 2025 and clocked a volume of about close to INR 100 crores, which kind of helped the business.

What's important, if you compare it from FY '24 to FY '25, you'll see that despite the government business coming about 50% lower than what we had in the previous financial year, our corporate business grew by 6% from INR 1,188 crores to INR 1,256 crores.

On the corporate travel side, I think typically, March is a low quarter, seasonally low quarter, , because a lot of budgets got frozen and the new budgets are allocated much later. So, we had a bit of a slower offtake, I would say. And there is also some impact of the tariffs that came in because there was a lot of ambiguity about what the impact of it on corporates. So, we saw a bit of a delayed decision-making. Also, some of the new wins that we had, which were likely to go live in the last quarter of FY '25 is actually moving on to the first quarter of FY 2026.

Overall, I'm happy to report that our focus on improving our non-air share on the corporate travel has worked. While our non-air share in the previous year FY '24 was 6%, it's trend up 200 basis points higher at about 8%. And I think that's a healthy sign because that improves our yields and margins in the businesses. We've continued to acquire new customers on the corporate travel segment, and we added about 11 new corporates in the quarter in question.

On the B2C side, before I hand over to Debasis, I just want to mention that we continue to expand our distribution network. Between SOTC and Thomas Cook, we've added close to about 11 locations during the quarter and for the full year, roughly about 21 new locations. That represents about roughly 12%, 13% of our overall distribution network. And we continue to invest in growing our distribution more specifically in the Tier 2 and Tier 3 markets.

Our digital spends and our digital adoption continues on the holiday side, and we continue to invest in newer technologies, and you will realize that we've actually went live with Tacy and EZY, the 2 voice bots or rather chatbots that we have made live, which enables customers to convert web leads into leads, which can then be converted into actual bookings. I think overall, I'm pleased with the performance of the group. I think we have had a good set of numbers. And I'll now hand it over to Debasis to take you all through the DMS units, both India and international. Over to you, Debasis.

Debasis Nandy: Thank you, Mahesh. Good morning, everyone. So, I will take you through the DMS, Destination Management Services, and I split in 2 parts, the India business and the overseas business. The India business resides in Travel Corporation of India, contributes about 18% of the overall DMS business and operates in India, Nepal, Bhutan and Sri Lanka.

The inbound business had a good year. The turnover grew by 17% in the quarter and 21% for the full year, reached about INR 629 crores for the full year. This was largely driven by the strong business from the top 5 source markets, which included U.K., France, Germany, U.S.A. and Russia.

During the quarter, the company also saw an 11% increase in the passengers in the leisure segment. And on the charter segment, they saw a 2.3x increase on a year-on-year basis. The India inbound business has also opened a new office in Darjeeling and has onboarded new reps in Russia, Mexico and Scandinavia in a beat to sort of broaden network and capture new markets.

Moving on to the international DMS entities, which contributes about 82% of the turnover. So, I'll try to give you some color on the composition of that. We have Asian Trails, which operates largely in Southeast Asia across about 9 countries, and they contribute about 40% of the international business. Desert Adventures operating in UAE, Jordan and Oman contributes to 34% of the business. Allied TPro operates in U.S. and Canada, contributed 19% of the business. And then you have Private Safari, South Africa and East Africa contributing 4% and 3% of the business respectively.

Overall, the DMS business has had a good year and a good quarter. And I will try and add some specific comments on the individual entities now. So, for the quarter, the DMS business grew about 26%. And for the full year, about it grew about 23%. Desert Adventures saw a healthy increase, more particularly in the MICE segment. The FIT business was a little subdued because of lower contribution from CIS countries, but the MICE segment, which operates under a brand name of Gulf Dunes saw significant bookings, including major events such as for Amway which had a record top line of about INR 108 crores and BMW.

And in addition, the luxury travel segment, which operates under the brand name of Arabian Lux and the OTA business showed very encouraging growth. Asian Trails delivered positive growth in the quarter and the markets that did well are Thailand, Vietnam and Australia and also Indonesia. It is a low season for U.S., but it did particularly well during the quarter, and it is expected to do even better as the summer sets in.

Coming on to Africa. South Africa showed very steady year-on-year performance with improved contribution margins, both from the group tours as well as MICE. East Africa lagged behind. That's the only unit which lagged behind a bit, primarily due to the absence of the business that used to get from FTI. As we have mentioned in the past, FTI is a large customer, a German customer, which went bankrupt sometime during the first quarter, and that has affected the East African business.

However, the company continues to make progress on strengthening the business from the existing partners and is also accessing new markets to make up for the shortfall. That's all I have, and I will now hand it over to Vikram Lalvani, who will talk to you about Sterling. Vikram, over to you.

Vikram Lalvani: Yes. Thanks, Debasis, and good morning to all of you. Thank you for joining us on this call today. My name is Vikram Lalvani. I'm the MD and CEO for Sterling Holiday Resorts. And I'm joined by my colleague, Krishna Kumar, who is the CFO, and we are joining in from our Chennai headquarters at Sterling. Sterling closed FY '25 with a 10% revenue growth from operations and an EBITDA margin of 34%, underscoring the transformative journey and the turnaround the company has taken since FY '22.

This has been a year of consolidation and strengthening our position in the hospitality sector, driven up by scaled-up room supply, completion of robust technology and distribution transformation that can now even sustain us for a scaled up 2 to 3x the number of resorts and destinations without much incremental fixed costs, the onboarding of critical leadership to support the significant expansion planned in FY '26 and what we had undertaken in FY '25.

We crossed several key milestones during the year. The company's revenue crossed INR 5 billion for the first time. This represents a 10% growth over FY '24 operationally. Total revenue, which includes other income, reached a figure of INR 5,200 million, marking a 12% year-on-year increase. EBITDA stood at INR1,697 million, reflecting a 34% margin, which is still above industry average. Absolute EBITDA remained in line with the previous year despite investment-related costs incurred during the ramp-up of new resorts and the sunset of our member acquisition model and product.

Profit before tax stood at INR 1,181 million, and Sterling now has remained profitable for 20 consecutive quarters. We are debt-free, and we continue to remain debt-free. We have strong cash reserves of over INR 2,700 million. Our operating performance was driven by a significant expansion of our resort footprint in FY '25, a 6% improvement in the guest ratio from 69% to 75%, even as the room supply grew through the year and a 16% increase in guest food and beverage spends.

During FY '25, progressively over the year, we opened 13 new resorts, averaging more than opening 1 resort a month. In Q4 FY '25 alone, we launched 4 new resorts in Jawai, Jaisalmer in Rajasthan, Tipeshwar in Maharashtra and Amritsar in Punjab. The full year performance of these 13 properties shall be reflected in FY '26. We expanded from 48 to 61 resorts in FY '25, growing the room inventory from 2,672 to 3,254 rooms, almost a 21% increase. Our footprint now extends across 17 Indian states with strong regional clusters in Rajasthan, Kerala, Tamil Nadu, Maharashtra, Uttarakhand apart from other Indian states.

Our portfolio spans several leisure themes with 13 resorts in Wildlife destinations, 13 resorts in the Himalayan network and 9 in spiritual circuits. We continue to scale through an asset-right model and through sweating our existing owned assets as well. With most of the fixed costs already incurred, we are well positioned to maintain this growth momentum even into FY '26.

Our occupancy for FY '25 stood at close to 60% with an expanded room supply base that ramped through the year. We sold over 600,000 room nights, a 14% year-on-year increase and maintained an average rate of INR 6,200, reflecting a strong dynamic pricing discipline.

In the leisure segment, as you're aware, we are largely leisure driven. Apart from room revenue, the next big significant line of business is food and beverage. Food and beverage crossed INR 1,000 million for the first time, growing at 16% Y-o-Y, driven by higher in-house guest dining participation, innovative restaurant concepts and increased revenues from weddings and from MICE, which is conferences and meetings. In Q4 FY '25, the revenue stood at INR 1,164 million and EBITDA stood at INR 345 million.

The quarterly EBITDA was impacted partly in Q4 FY '25 onetime, impacted by the sunset of membership acquisition approximately 20%, a onetime year-end provision reversals in FY '24, which is approximately 25%, 30%, onboarding of new leadership and investment in technology platforms and reskilling and transitioning of membership acquisition teams into new roles. From a customer experience and the brand recognition perspective, we continue to set benchmarks in our guest delight.

We are pleased to announce that Trip Advisor Travelers' Choice Awards, our resort in Kanha, Sterling Kanha won the Best of the Best for the third consecutive year. That is the top 1% of the resorts being recognized globally amongst 8 million listings globally. 30 of our resorts were awarded the Trip Advisor's Travelers Choice Awards, which is top 10% globally. 10 of them won it for the third time in a row and 8 of them won it for 2 times in a row. Our flagship property, Sterling Puri, 121 rooms was awarded the Best Family Resort for the year at the CMO Asia Odisha Leadership Awards in 2025.

In the last couple of quarters, Sterling has embarked on a journey called Sterling Sankalp, which defines our sustainability and ESG banner. Sterling's ESG initiative continues to focus on sustainability and community upliftment with several initiatives. Energy efficiency, we've deployed heat pumps in most of our hill stations, EV charging stations and investments in solar and wind energy, waste management, plastic elimination via in-house water bottling plants in several of our resorts, water conservation initiatives in rail water harvesting and grey water recycling. From a CSR perspective, we have supported the project Dialysis in FY '25 through Fairfax India Charitable Foundation.

Notably, Sterling Munnar was also awarded the gold winner in the 14th RCI Green Awards sector, becoming the first resort in the entire Middle East, Africa and Asia Pacific region to receive this prestigious honour from them. This award recognizes the excellence in environmentally sustained operations, spanning energy and water conservation, waste management and community engagement.

As I look ahead, we believe that FY '26 marks a transition from a phase of transformative to a high growth. The year has already started strong with Q1 FY '26, tracking almost a double-digit growth and more. With strong demand tailwinds continuing in domestic circuits and tourism, a strong robust pipeline of resorts, at least 13 more resorts that will have a year-round kick in of revenues this year. Core investments already done, we are confident that of delivering another year of strong growth and results and value creation for Sterling as a brand and as a company. Thank you so much.

Urvashi Butani: Thank you. Over to you, Ram, for your opening remarks, please.

K. S. Ramakrishnan: Thank you very much. Thanks, Vikram, and good morning, ladies and gentlemen. My name is K.S. Ramakrishnan. I'm the MD and CEO of DEI. As mentioned by Mahesh in the beginning, DEI has had a fairly challenging year in 2025. Almost everything that had to go wrong went wrong from the weather not playing up in the first quarter to the challenges of the geopolitical situation in the Middle East that lasted nearly up to 2 quarters in the beginning of the year.

And to add to it, we saw that and also took some conscious calls on our costs and trying to make more profitability as our focus. We added the closure of U.S. operations that went on. Another thing that was very unnatural in the year was having 2 Ramadans. In this calendar year, we had 2 Ramadans, Middle East being the sizable portion of our business, Ramadan is the time when there's low business. So, we had to face Ramadan last year was in April '24 and this year was in March '25. So, both of that double dipped us. Hence, I would also say the financial year '24 is not a very ideal comparison for '25.

Having said that, if you go back to the quarter performance, our sequential quarter, if I compare a sequential quarter, it's one of the required results on all the corrections that we have made. From a revenue perspective, in sequential quarter from the past sequential quarter to the current one, we have from a revenue, although we dropped from INR 224 crores to INR 201 crores, on an EBIT perspective, we increased our EBIT to INR 78 crores from INR 58 crores on the past quarter. I'm talking about October to December '24 versus January to March '25.

Having said that, some of the cost controls that we have strongly implemented through has started showing up, and that shows in this result in the quarter itself. So, if you take this quarter itself, and compare it with Q4 FY’24, while the revenue drop was 10%, the EBIT has been fairly flat. From a INR 222 crores revenue to INR 201 crores revenue drop. From an EBIT perspective, INR 7.9 crores has still remained at INR 7.8 crores. We see this as a strong clear indication towards a very, very robust financial year '26.

Throwing a little light on the fact that we also used this year to enhance our technology. I'm happy to announce that out of the 140 venues that we had, we have planned for rolling out a new technology. We have rolled it across 38 venues across UAE, Maldives, Indonesia and Malaysia. After piloting the same in smaller venues, we launched the technology in bigger venues like Waterbom Bali and Atlantis Dubai.

The new features of integrating with our ERP, facial recognition, etc, have been very successful on the launch. This month, we are going to see several more launches in bigger sites as we stabilize the solution. We literally planned all the launches in the next 3 months, not to just be over bullish about this, but we are running way before plan on our current revised plan of rollout of WeC. That puts us into a fairly good state to then benefit on our costs and performance, which was planned.

The silver lining above all of this in the financial year 2025, we've had more than 50-plus accounts renewed with a total value of $34 million. We had literally a 100% renewal rate in the financial year. Also from a new account acquisition, we have acquired 30 new accounts, amounting to about $11 million in revenue, INR 90 crores in revenue, which also tells that our financial year '26 will be fairly robust for future growth.

Having said all this, we are pretty positive that in the new partners that we have signed up, we have opened up -- we are getting much more aggressive in our growth in China and the Far East, where our margins have got slightly much better. Some renegotiations at Shanghai Disney and Universal has also helped us better our margins. These are being -- we will see the benefit of this coming through this year. That's all from my side. Thank you very much.

Urvashi Butani: Thank you. Sejal, you can open the floor for Q&A, please.

Moderator: Thank you very much. The first question is from the line of Naveen Baid from Nuvama Asset Management.

Naveen Baid: Sir, my question is on the Sterling and DEI segment. On Sterling, what is the guidance for room addition for FY '26?

Vikram Lalvani: Okay. So, Vikram here, if I may just interject. So, in FY '25, we added 13 resorts that accounted to about 600 to 700 rooms. In FY '26, we are likely to open another 14 to 15 resorts and our room inventory should cross or should come close to 4,000.

Naveen Baid: And just a housekeeping question. What was the average room rate for FY '25?

Vikram Lalvani: This was INR 6,263.

Naveen Baid: On DEI, what is the margin trajectory that we are likely to see over the next couple of years given the fact that this quarter, we have seen some improvement on the margin? And do you see the segment as a whole growing on the top line basis also in, say, mid to high single digits?

K. S. Ramakrishnan: Well, I think from a top line perspective, we will continue to deliver our growth as we've done in the past. From a margin perspective, we have bettered our costs. We have done some -- we have -- as I mentioned already, we have consciously taken decisions of not running non-profitable businesses. So, we've closed that. So, we assume that we'll be continuing the current trajectory in the right form. And Debasis, you can add more if you want to on this.

Debasis Nandy: Yes, sure. Thanks, Ram. So, in terms of the EBITDA margin, FY '24, we had a 9.1% and that dipped to about 6.5% in FY '25 for reasons which has already been explained by Ram. We expect that the worst is over in the business, as Ram said, and the business will go back to its previous levels of margins. And with the higher levels of revenue, the overall profitability is expected to grow.

Naveen Baid: And when you talk of the segment top line growing like what it has in the past, so which period are you kind of referring to?

K. S. Ramakrishnan: Sorry. Can you repeat that, please? Which what?

Naveen Baid: So, on DEI, what kind of growth are you expecting over the next couple of years?

K. S. Ramakrishnan: Within DEI, are you asking for a number?

Debasis Nandy: I'll make it simple, Ram. I think he's asking for guidance, so to say, on what is the growth that we expect in the future as far as the top line is concerned.

Naveen Baid: That's correct.

Debasis Nandy: So overall, without referring to a specific year, in general, we expect the business to grow at least around 12% on a compounded basis.

Moderator: The next question is from the line of Akshat Bairathi from RSPN Ventures.

Akshat Bairathi: My question is on Sterling Resorts. So, sir, despite the increase in the number of rooms and increase in the F&B revenues, we have seen a flattish revenue for Q4 and a dip in EBIT margins. So, can you please explain that despite this growth, why are we flattish for Q4?

Vikram Lalvani:. In fact, some of these aspects I did cover in my commentary, but I will repeat that. Now the inventory addition that's been happening, it's been happening in a phased manner, and it's not a full year inventory addition. As I said, we opened our 4 new resorts during even Q4, of which 1 was Jaisalmer, the other was in Amritsar.-So these are staggered inputs that come, number one.

Number two, when you open a resort, it takes at least a good 60-90 days to attain a complete ramp in the resort. So, for which you do incur a little bit of an input cost at least for the first 30, 60, 90 days before the whole thing ramps up. that's number two. Number three is the fact that we've also sunset the entire membership acquisition, which actually had an impact in Q4 of the previous year and Q4 of this year. And that affected us by actually 15% to 20%, but we managed to substitute that with the scale that we've managed to attain with the resort growth in FY '25.

Number four is that normally in Q4, seasonality from a leisure point of view is a slightly weaker quarter unlike Q1 and Q3. From an EBITDA margin point of view in Q4, while the entire year is in line, we still maintained a good margin of 34%. Now there was a slight change, as I said, from last year same quarter on account of the fact that we did make some investments in onboarding leadership, number one. Number two, we completed our technology transformation journey in FY '25, which will enable us scale even to about 100 to 150 without adding incremental fixed costs.

We had a onetime provision in Q4 last year, which accounted to about 20% of the differential. And most important, we also continued to transition or reskill a large team of membership acquisition into taking on new roles in the resorts that we were expanding into and in sales. So hence, these impacted the Q4 results marginally. Most of them are onetime issues. Fundamentally, we are absolutely on track.

Akshat Bairathi: I have a question on Sterling again. Sir, what will be the impact of Nature Trails merger with TCIL and on the top line? And any timelines for that?

Vikram Lalvani: All right. So, I'll start off with this and probably give it to my colleague, Krishna Kumar, as well. We completed this, the slump sale in March. Now this actually includes 3 resorts close to Bombay. They account to about 80 to 90 rooms in terms of supply. And they constitute probably about INR 10 crores to INR 15 crores in terms of a top line revenue. But having said that, from a Sterling perspective, this should be very easily substituted during the rest of the year.

Akshat Bairathi: And just 1 bookkeeping question on the other income side. This quarter, we have seen a big jump in other income. So, is there any one-off?

Debasis Nandy: No, no. I think that's a consolidation question. So, I'll take that. You're talking about the consolidated level, right?

Akshat Bairathi: Yes, sir. Consolidated.

Debasis Nandy: And not at the EBIT level, right? So, for the quarter, overall, it has gone up from about INR288 million to about INR 531 million. And there are 3 things, which contributed to this. One is the higher interest on the bank deposits. As you know that we have surplus cash, which we invest in, conservatively in bank deposits and mutual funds. So, on the bank there's a significant amount of interest on the bank deposits. That's about INR 7 crores.

Another about INR 7 crores comes out of the exchange gain. You will recall that last quarter, which is the December quarter, we had explained during the analyst meeting that we had some exchange losses due to the strengthening dollar, due to the dollar versus the various currency fluctuations. We have made up for that during this quarter, and there is an overall gain of about INR 7 crores.

There is also the miscellaneous income also includes some degree of write-backs, which Vikram has already explained that there is about INR 5.3 crores of write-back that has happened in Sterling and that finds place in other income. So, between these 3, it's about INR 20 crores out of the INR 24 crores of increase.

Moderator: The next question is from the line of Chetan from Systematix Shares.

Chetan Mahadik: I have a couple of questions on Sterling. Firstly, we have a target of around adding 20 resorts, around 900 rooms in the next 1.5 years. Could you provide detail on the planned composition, basically the target geographic locations for this expansion ahead? And the second question on Sterling again. So, as we are aggressively expanding our resort count, so what strategies are in place to ensure that the ARR and the occupancy levels are maintained or ideally say improve than being diluted by the new inventory?

Vikram Lalvani: Okay. Thanks. This is Vikram here again. I think these are very good questions. Number one, as far as our expansion is concerned, we will continue to expand our network in the leisure space domestically. I think that's the priority that we have in mind. We have strengthened, as I say, the entire wildlife segment. We're very strong in the hills segment. We have strengthened ourselves in the spiritual segment.

And we are also seeing success in moving in those markets where there is a cusp of leisure and business. For example, Madurai, Dehradun, Bokaro, Karwar, and we’ve also just recently launched

Amritsar, but there has been a blip in the last 4 to 5 days. So, our strategy then is moving in that direction as well. So, we will continue to be India-focused, and we will go where we are able to strengthen our leisure network as well as the tier 2, tier 3 towns where there is a cusp of leisure and business.

As far as the ARRs are concerned, as you are highlighting, just before I get into that, I just want to also reflect that if you see 2 years ago, Sterling had hardly any presence in Rajasthan. And Rajasthan is a key market for leisure, for weddings, for MICE. But in the last 2 years, we have scaled up to having 9 resorts currently in Rajasthan in all the key markets.

And we are also, for example, fast expanding in Rajasthan. Our focus will continue to be even in Karnataka, where we are fast expanding there as well. We are very strong in Tamil Nadu, Kerala. So, we are going where also in those markets where we have relative strength. So, to that extent, also the occupancies will start -- will be in line with supply growth and will not dip as a result.

As far as the average rates are concerned, if we have been tracking Sterling over the last 2 to 3 years, in fact, pre-COVID, our average rates were close to about 3,000 to 3,500. We scaled it up to 6,200 as of today. So, we have moved, and we are moving the needle towards the upper mid upscale and the upper upscale segments and moving away from just the mid-scale segments that we have. While simultaneously ramping up the average rates, we have also ramped up the guest ratios over a period of time, and that will continue to happen.

So, number three is the investments that we've made in technology in FY '25. All this is actually keeping in mind that if we are going to scale the company portfolio, we should not be adding incremental fixed costs.

For example, the entire AI-generated chatbots, the entire lead management systems, the distribution systems, which will enable us to connect to every travel point across not only in India, but globally as well and connect it straight to our inventory and rate management system. So that's what we have actually put in place to ensure that these ramps happen quicker, and that's our actual focus going ahead. I hope that answers your question.

Chetan Mahadik: Yes, sir. That answers my question. And my second question is on DEI. So, I wanted to ask how is the company negotiating the contract terms to ensure profitable operations ahead, particularly, say, in the new markets? And how are we leveraging the learnings from the performance impact, which we have seen in the past?

K. S. Ramakrishnan: Well, first and foremost, this is Ramakrishnan from DEI. How we are negotiating our contracts is, obviously, we've been in this business for over 18 years. And every contract that is taken or done, a feasibility study is conducted before to understand what the potential of the partnership is or the market is or the particular attraction is, what kind of footfalls come there, what kind of pricing they have. So, there are various parameters that are taken. And then there's something called as market standards where the revenue shares given are based on those.

So, there's a very scientific method of giving this particular revenue share or offering the revenue share for the deal. We always learn from our mistakes in the past. So whenever there is an area of drop, for example, our business is divided into 5, 7 different segments. We have water parks, we have theme parks, we have towers. There are categories of those. We also understand what the average spend of each of these categories are, how much a person would spend on a picture.

Like I can tell you that the average person spends of buying photographs when he goes to a theme park is in an Indian rupee equivalent INR 100 per person attending the park, whereas when it comes to a tower, it will be about INR 250 per person attending the park. Based on these parameters is how we offer the revenue share. Based on these factors, we also make sure all our cost structures are structured around it.

Having said that, how are we going to be maintaining going forward? This is purely market standards. As of now, DEI stands as one of the most profitable souvenir imaging business across the world. There's no other imaging company that's near to us from a profitability perspective. Even from a top 10 perspective, we are the number one by far today across the world as compared to anybody else. So, while we don't focus so much on being on the #1 position, hence, we've taken conscious calls when the U.S. became very expensive on cost, we decided to wrap up the operation.

So, we do learn from mistakes. Time and again, we operate in 22 countries. So far, we closed 2 countries. So, I think from a ratio perspective, there's a 10% trade-off that happens, whether it comes to countries or accounts on an ongoing basis. But our inflow, we always work towards getting more inflow than the outflow. So, we've signed in more businesses ever than lost businesses through our history. If that helps you give you a parameter of how it works.

Moderator: The next question is from the line of Yashowardhan Agarwal from IIFL Capital Services AMC.

Yashowardhan Agarwal: I just have a couple of questions. First one is that what is the impact of Maha Kumbh on revenue and EBIT? And if I remove National Games and Maha Kumbh contribution from revenue and EBIT, what would be the number look like for travel and related segment?

Mahesh Iyer: I'll take that question. This is Mahesh here. So first to answer your question on Maha Kumbh, the top line income or revenue was roughly about INR 9 crores that we did spread across 2,000-plus passengers that we manage for Maha Kumbh. As you know, and we've guided this before, our gross operating margins on the domestic business is roughly about 15%. So, you can do the math around it as to what that number will be or the impact on EBIT is.

Coming to your second question on MICE and specific reference to the national games, as I said, the total volume that we did in the current quarter was about INR 100 crores. Roughly government business operates about 7%, 7.5% margin, and that's the kind of uptick that we saw. I think it's important to highlight here that the volume of government business that we did in FY '25 was 50% of what we did in FY '24. And clearly, we'll appreciate the fact that FY'25 was a year of elections. Obviously, the spends on some of these activities are much truncated.

As we speak, we see balancing that, there's a lot of inquiries that are happening. We are participating in a lot of bids with the government, be it Khelo India games or National games. And as we've called out again, we also managed the Paralympic games that happened in New Delhi, albeit a smaller volume. I think these are little events that are coming up, and we are actually making a stride in the government business.

Moderator: The next question is from the line of Advait Lath from Nippon India Mutual Fund.

Advait Lath: Congrats on a great set of numbers. Just wanted to ask of the cash balance, what is the float number? And the second is, are the margins in the forex business, do you think these are steady-state margins? Or do you think there will be some changes going forward?

Debasis Nandy: Hi, this is Debasis. I'll answer part A of your question on the cash balances. The overall cash balances at a consolidated level is about INR 2,070 crores as of 31st of March, of which about INR 1,360 crores can be attributed to the float. And we have a gross debt of INR 240 crores.

And so, you can net that off from that cash if you want to. And about the part B, I would request Mahesh to take over.

Mahesh Iyer: Thanks, Debasis. I believe that as we've said before, if you look at and track the foreign exchange EBIT margins over the last few quarters, you will see we hovered around the 40%, 45% range. And for the full year of FY '25, we've actually come at the same level, which is the 45%. So clearly, the business will continue to operate at that kind of range, which is the range between 40% to 45%.

There will be -- and as you would see in the Q4 FY 2025, there is a conscious call that we took in terms of investing to the market, trying to harness the potential of a big opportunity. So, we will make those tactical strategic calls, which will have a medium-term or short-term impact. But I think in the long term, the 40% to 45% range that we've said as the EBIT margin for the business should hold good.

Advait Lath: Right, sir. And just a follow-on question on that. What would be our prepaid card market share in the entire market compared to banks, etc?

Mahesh Iyer: So let me put it this way. Currently, the prepaid share, there's no official data that's being published on this. These are information that we kind of collate from different competitors who operate in this space. The market is roughly about, give or take, $3.2 billion, and we represent about 31% of that market.

Advait Lath: Right, sir. And just a question for the travel segment. Which segment in the DMS is the fastest growing based on the tailwinds in that according to Asian Trails. We do Desert Adventures, what is the traction there?

Debasis Nandy: These are different markets, and each market has their own sort of growth rates. So, in some quarters, it will be Asian Trails, in some other quarter it will be Dessert Adventures or something else. So, I would not really say one market is better than the other.

Moderator: The next question is from the line of Meet Shah from Finance 360.

Meet Shah: Sir, my question is on whole business. I mean, we are quite well diversified among in the whole travel ecosystem. We offer B2B, we offer B2C, we offer B2G. And we are geographically also well diversified. But sir, if you see, every quarter, there are some challenges which we are facing, right? In the first quarter we had heat waves and election. In third quarter we had foreign exchange loss. I mean, obviously it was minimal, but it did impact our bottom line. So, we were very confident in Q4 of FY '24 about the growth. But the kind of growth which we were expecting at that time didn't came this year.

So, sir, despite us being so much diversified, what are the other things you are looking to minimize the risk? I mean we have geopolitical risk also, which we are facing. And I just recalled when we met on the Capital Market Day, you mentioned that there are lots of geopolitical risk, which we are facing, the Russia- Ukraine, we have Israel and Palestine and now India-Pakistan. So, despite us being so much diversified, there are impact which we are seeing. So, what are the strategy we are looking to minimize this kind of risk?

Mahesh Iyer: Meet, thank you for the question. This is Mahesh here. And I think the answer to the question lies in your question itself. Look, we have a geographical and a business spread, and that kind of diversifies our risk if it has to come about. And that is what we've actually reflected time and again. If there is one market or one season in a particular market that doesn't work well, there are others in the group that stand out and deliver. I mean, take the case in point for the Q4 FY '25, the travel and the foreign exchange services fired very well.

Sterling Holiday Resorts had an excellent set of numbers coming in for Q4, albeit in a nonseasonal quarter, and DEI continued to struggle for the full year. But as a group, you would see that despite all these challenges, our revenue grew by a healthy 12% for the full year and profitability grew by about 15%. And I think that reflects upon the strength of the brand, the diversification of our risk, both geographically and as well as in business. And I think that's how we will look at it.

I would also like to add here that there are some of these factors which will be beyond us, like a black swan event that happened during the pandemic or some geopolitical tension that will come up or the recent incident that happened in India. And I think these are events one can't plan for. I think as a responsible corporate citizen, our strategy is to keep ourselves abreast of what's happening, keep device strategies to minimize our risk, take care of our customers because we believe when a customer comes across to us, he is coming to book a holiday and create a great experience for him. And I think that's what we are focused on.

There will be events like that, that will come and play out. I think as an organization, given the depth of our businesses and the strength of our leadership, we are much equipped to deal with situations as they come along.

Meet Shah: Okay, sir. Got it. And sir, can you throw some quantitative and qualitative bit of a guidance about how the forward bookings for Q1 is?

Mahesh Iyer: Meet, I think I'll refrain from making a forward-looking statement at this point in time. I can only say that our bookings are looking strong, albeit there was a bit of a softness that happened post the April 22 episode. But I think the last 2 days post the ceasefire that has happened, we're starting to see the demand coming back. Our expectation is that the business will grow at double digits, and that's what I can tell you, which will be more or less aligned with what the industry growth rates will be.

Meet Shah: Okay, sir. Got it. Sir, my last question is on Sterling. Sir, I do understand that we have been expanding since last couple of years. But if you see, in industry, there has been a lot of expansion. But the growth rate, if you see the revenue, we are quite underperforming the industry. There are lots of players in the industry growing above 15%, 20%, but still, we find it difficult.

So, I understand that, obviously, when you open a resort, it takes 1.5, 2 years to break even. But sir, everyone in the industry is venturing into new hotels or resort. So, is there anything which we are facing and industry leaders or other players in the industry are not facing?

Vikram Lalvani: Let me answer that. One is, yes, we also do compare ourselves with the other listed companies that do declare results. One of the key aspects one needs to know is that Sterling has been a pure-play leisure player. And leisure does face seasonality pressures unlike a typical hotel in a city. Having said that, even another gentleman had asked what we are doing about risk etc.

Having said that, we are also derisking and moving towards the Tier 2 markets where there is a cusp of leisure and business, where our strengths lie. And I mentioned that as well. Number three is, if we see Sterling over the last 4 to 5 years, we first transformed our business model from a vacation ownership membership-driven model into a hospitality model. And while we transformed the company's business model, we also transformed the business results in the company, and that has kicked in, and that will continue to kick in.

Now in terms of percentage growth, obviously the portfolio variations will matter. We are not in the luxury segment. As I said, we have moved from a mid-market to an upper mid-market, some in upscale and some in upper-upscale segments as well. So that transformation has also taken place. Having said that, I don't think you need to look at only Q4. Even Q4, 10% is a healthy growth. 34% EBITDA is still solid and above industry average. Even if you see it from an average perspective, industry runs between 30% to 32%.

And as I had mentioned before, we will continue to be in this range of 32% to 35%, and that's where we will be. So, while we are transforming, we've also grown. And we are also scaling and ramping. So, I think the effort has been phenomenal. The point over here in terms of comparing ourselves with others, I think if you have to see even in the first 9 months of the declared results amongst all listed companies, if you compare ourselves with what it was, say, 3 years or 4 years ago, today, in most of the parameters, we are in the top 10. And I think that's where the change has taken place, and that's where the change will take place.

Our EBITDA margins will continue to be strong. Our EBITDA per room and PBT per room will continue to be strong, and we can have that even compared with some of the others who claim to have portfolio strengths even larger than us. I hope that answers your question.

Meet Shah: Okay, sir. And sir, last small suggestion. I don't know what part of our revenue comes from the Turkey market. But sir, it would be really a very patriotic move if we cut short the kind of packages we offer to domestic customer for Turkey. That's all from my side.

Moderator: The next question is from the line of Praneeth, who is an individual investor.

Praneeth: So, regarding DEI Solutions, according to the commentary, you mentioned that U.S. operations have closed due to cost constraints or whatever profitability constraints. But in previous commentary, the management has mentioned that U.S. is supposed to be a growing market for them in terms of growing the top line or bottom line. So, since U.S. has been shut down, where are we seeing this growth, from which countries are we seeing?

Since we are one of the largest players, how do we plan on growing? Are we planning on acquiring market share through more contractual leases taking from other companies? Or are we planning on going to the new resorts that are opening up? And how is the overall demand and onboarding scenario there?

K. S. Ramakrishnan: Okay. So, this is Ramakrishnan and let me take that. The reason we closed our operations in the U.S. was the U.S. market was getting extremely expensive from a labour perspective with the laws coming up for every state being different. Hence, our profitability was -- if we were not profitable there, hence, we had -- we closed the U.S.

Talking about where exactly we see the expansion, our expansion historically from the past has been seen between the Middle East and the Far East. To throw some market names, it is Saudi Arabia, which is fast growing up, and we are expanding there pretty well. We have signed up, if not 50%, about 70% of the prospective attractions are coming up in Saudi Arabia.

The other markets are Far East itself. Indonesia itself and Malaysia has been our growth market for the past 4 years, and we are continuously growing up in that region, too. In terms of how do we go about it, there are 2 forms of acquisition that we have. When a new attraction opens up, we bid for it through an RFP process. If an existing attraction has a current operator, we bid against them when it's due for renewal. We do not go directly, and we normally do not go in between an existing operator's contract to negotiate and get the terms back because that's -- we see that as a dampener on our profitability, if that answers your question.

Praneeth: Yes, that helps. And I had a few questions regarding the DMS business. So basically, as I understood, the DMS B2B business is basically us providing some services to travel agencies and all of those other third-party services with our services. But I'm curious on how do we onboard these B2B agents and all of these people. And do we actually work on the Thomas Cook brand? I understand we work through SITA and TCI in terms of growing this particular B2B business.

So, can you give me more context on how you're planning on onboarding? And with a lot of venture funding that has happened through travel over the last few years since COVID due to the prospective opportunities. So how are we navigating through this? Because at the end of the day, these new companies are also taking market share. I understand the market is growing. But how do you see the overall demand situation and supply situation in terms of this particular DMS division internationally and in India?

Debasis Nandy: Okay. Thank you for that question, Debasis here, and I'll try and answer. There are multiple parts of your question. I'll try and answer all of them. You are broadly right about the business model. It's a B2B model where we tie up with overseas tour operators. The way it works is that we will create white labelled customized tours for the overseas tour operator based on their specific requirement. And he will sell the same tour as a branded to his customers under his own brand.

When those customers come in, the individual customers come into the country, whether it's India or elsewhere, we will service them from the time they land till the time they get on to the plane again. And this will take care of the hotel, the sightseeing, the tour guides, at times the food, so on and so forth. So, the way we usually tie up with large tour operators overseas with well-known names and to ensure that the business is on a good footing and the business is risk-free.

We do this business in India and, as you know, in several other countries. We do not use the Thomas Cook name. We are licensed to use the Thomas Cook name in 3 countries: India, Sri Lanka and Mauritius. And overseas, we do not use the Thomas Cook name. Honestly, Thomas Cook brand doesn't align with the DMS, is not known for DMS operations. And therefore, we find it better to work with the local brands because these are easily 40-, 50-year-old brands, most of these. And therefore, they have their own recognition in their respective markets.

For example, if I take Allied TPro, it's about 50-year-old brand now. Asian Trails is close to about 25 years, so on and so forth. So, these brands have their own recognition. In terms of how to grow this business, it is about doing more of the same in the sense that tying up with more operators, be it in the countries where we already are operating or looking for new destinations.

For example, the business is very strong, and I'm talking globally, not any particular market. Globally, we are very strong in capturing operators from Europe or U.S.A. We are now spreading into South America, trying to capture the markets of Brazil and Argentina, not necessarily for India, but also to get into the other parts of the world where we operate. Did I miss out anything?

Praneeth: Yes. Like regarding the competitive landscape because there's a lot of venture funding that happened in terms of the space. So, I was wondering how we are navigating that particular thing because even though demand is growing, supply has also been growing. I understand recently there has been some consolidation and all of that. But can you give you like outlook on how the industry is shaping up to be?

Debasis Nandy: I think if you see the results for the past few years, the growth has been pretty strong. It's on an average about at least about 15%. If you look at our DMS business specifically, the growth actually has been from where we were in 2017 when we took the units over to now, the growth has been actually phenomenal. But we are not saying that we replicate that growth year-on-year. The current year growth has been about 23% at an overall level. But in the longer term, we can easily see a 15% plus growth.

When you're talking about the new start-ups, etc, I guess those are more of nature of B2C rather than a B2B. So, we are B2B operators and not B2C. If you have any specific B2B operator in mind, maybe it will help you to answer your question.

Praneeth: No, actually, I don't have any specific B2B in mind. and since our B2B operations are mostly tying up with tour operators, are we also are tying up with these new age start-ups because they're mostly B2C, and we're just providing the back-end services of these people. Are we tying up with these new age start-ups and online for start-ups? How is that going?

And I wanted to understand the moat of this business in terms of Thomas Cook because we've been able to grow this well at a decent scale despite the high base. I was wondering what is the incentive for other operators to take our white label product? What is their cost benefit? And what is the gross margin or EBITDA margin on these particular products?

Debasis Nandy: I think the key moat that we have is technology. So, once we took over these businesses, and also in the existing business, we have upgraded our technology substantially. This business used to be very manual in nature in the sense that the way it used to operate is that the overseas operator would ask for a quotation and with quotation will ask for itinerary, we'll create an itinerary, offer a quote, and there will be a bit of to and fro on that before things get finalized.

And obviously, this used to happen over e-mails, and therefore, it would take its own time. And what we have done today is very different, is that we have upgraded the technology so that it gives the opportunity to the overseas operator, our customer to sort of log into our system and look at the rates that we are offering for various hotels or various sightseeing, so on and so forth. And we have both dynamic and static rates that are available.

And therefore, we can quickly figure out what it will cost to sort of create -- and we have some standard templates or itineraries that are already in the system. If you want something customized, he comes back to us, he leaves his requirement on the system, and we can quickly get back to him because everything -- we are also connected to the hotels through the same set of software.

This is not something that everybody has. And therefore, I think the big advantage is that the TAT, the turnaround time, is very, very quick, and it leads to efficiencies in the entire process. In terms of margins, typically, the business operates at a gross margin of about 15%, 16%.

Mahesh Iyer: Debasis, if I can comment. Praneeth, I also would like to add to what Debasis said. I think while technology is one important lever and moat for the business, the other is our ability to buy together as a group. I think if you look at the 3 big markets, which is Allied TPro, Desert Adventures and Asian Trails and combine that with the outbound business from India, which is SOTC and Thomas Cook, I think what we're doing is we are buying from a concerted set of suppliers in the market, maybe some of the larger hotel groups, some of the larger airline companies and stuff like that.

So, when you go and do this bulk buying, it also brings efficiencies and scale. And I think those are the factors at play which allows us to put a much better pricing to the customer, which also then allows us to win business in the marketplace.

Praneeth: Understood. So basically, you are saying that technology is the main moat because of the turnaround time and because of the manual intensive nature, Thomas Cook is able to scale the revenues in this particular aspect. I was wondering if there are any other players at similar sizes…

Moderator: Sorry to interrupt sir I would request you to rejoin the queue for your follow-up question. Thank you. The next question is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.

Deepak Lalwani: Sir, first question is on Sterling. We look at the revenues of the F&B that has grown. I'm assuming the room revenues also would have grown. So, is the accounting related aspect regarding the membership sales that -- is that the reason why the top line was flat this quarter? And if you can quantify how much of membership sales that have not been accounted for in this quarter?

Vikram Lalvani: Yes. Hi, Deepak Lalwani. This is Vikram Lalwani here, and glad to speak with you again. I think your question was on 2 parts. One is, yes, there has been F&B growth of 16%. I also recollect your question in Q1 when we grew only at 6% in terms of F&B. Now for the entire year around, we grew at 16%.

F&B actually has 2 components. One is, since we are mostly in leisure destinations, a large component of it comes from resident guests. And when we sell to resident guests, we sell it as a composite package, say, INR 6,000, INR 7,000, INR 8,000 depending on, which includes maybe 1 or 2 meals. So, to that extent, there is a dependency on the resident guests and which is why I said the in-house participation and the improvement of the in-house participation is one of the factors that led to this growth.

Number two is in markets like Madurai, Bokaro, etc, which are a cusp of leisure and business, a lot of them also have non-residential F&B component in it, which has also now started kicking in. Obviously, weddings and MICE, which has impacted in Rajasthan because we've expanded in Rajasthan also has had an impact.

So, F&B is continuing to be a strong focus. As far as the membership is concerned, the impact, if you're talking about, it could be approximately INR 3 crores to INR 4 crores take out from an IndAS perspective. But having said that, we are still servicing our existing members. We have only stopped the acquisition of new members. And when these members also travel into our resorts, they do spend on ancillary services, including F&B. Okay.

Deepak Lalwani: And sir, on the cost side, is there any related cost that got booked in the P&L because of the membership sales or any other that could be one-off which would not repeat in the future?

Vikram Lalvani: Yes. So, as I mentioned, since we sunset the acquisition of membership, that has been in Q4 of last year, so there has been some numbers there. So, talking from a differential perspective, on the EBITDA must have been about 15% to 20%, as I had mentioned. But in terms of the fact that we had still people with us, it was important that we re-skill them. Obviously, the same people were not generating revenue for the quarter, but we use that to re-skill and redeploy them in aspects of this regard or relates to the resorts. That's the call that we have taken, and that's why there has been a onetime slight impact in Q4.

Debasis Nandy: There are a couple of guys waiting in queue and we are closing out almost. So can you give the others a chance, please?

Moderator: The next follow-up question is from the line of Naveen Baid from Nuvama Asset Management.

Naveen Baid: Sir, you mentioned that one of your moats is technology, especially in the travel business. But could that not be a double-edged sword in the sense that what kind of threat do you see from AI?

Debasis Nandy: I'll request Mahesh to answer that question.

Mahesh Iyer: Naveen, I think when you look at -- it's not in isolation, it's not a single variable that when we speak about technology. It's never a means to the end. It's something that enables customers to transact seamlessly with us, allows multiple distribution points to be connected and gives them seamless experience. We also will appreciate that when you talk about holiday packages, it's a high-touch experience-driven business.

And in that, what technology does is gives the information on a readable format in a much better presentable format. And I think that's what it does. But if you look at a market like India and if you were to look at an international holiday, you have to navigate the first big challenge, which is visa, what kind of documentation you're going to put it through to ensure that your visa comes through right. And then that's the last thing you want to go wrong when you're planning a family vacation. So, I think there is high touch in it. And I think that's the point Debasis was alluding to. There is a set of people and touch that is rare in the business, and there is technology to smoothen out.

And technology plays a more important role in getting to as to how customers will interact with us, how can I get across to a lot more customers, give them information on the go, on their hand-held devices through WhatsApp or chat bots and stuff like that. So, I think technology is more like an enabler to the business and not necessarily an end route. And we believe that both in the B2B and B2C businesses, we've used technology for different reasons. In the B2C business, it's more about driving customer conversions, customer conversations. And I think that's what our focus is.

In the B2B side of the business, it's more about improving productivity and trying -- as Debasis rightly said, improving our TATs in terms of quoting to our agent partners and stuff like that. So, it's a mix of both. And as a travel company, we always maintain that we operate a hybrid model. There are physical expansion of stores, and I alluded to that point in terms of our distribution reach that we expanded in FY '25. We continue to invest in technology also. So, it's always going to be an and-game and not an or-game.

Talking about AI in specific, it's not something that we are ignoring. We are also investing in AI. You would have heard us talking about Dhruv AI, which is specifically on the corporate travel segment where it enables customers to seamlessly manage their ticket booking, scheduling, rescheduling and stuff like that. It's currently at a POC stage, and we will do a commercial rollout somewhere in Q2 of FY 2026.

We also have our AI chatbot for our holiday business, which basically allows customers to interact as if it's talking to a human being and enables them to convert a lot of those conversations into conversions, I think. That's where we are at. We are trying to use the best of both technology and human being in creating a good value proposition for the customer.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to Mr. Mahesh Iyer for closing comments.

Mahesh Iyer: Thank you, gentlemen. I'd like to once again reiterate that we had an excellent FY '25, aided by strong performances from our travel, foreign exchange, Sterling holidays and to some extent, from DEI also, albeit with some of the difficulties that they faced during the year. As I mentioned, we're committed to growing this business.

We see opportunities. There will be some headwinds that will come along the way. But I think as a management, we are well diversified, both in terms of geography and in terms of product portfolio. And I believe that FY 2026 will be a good outcome similar to what we delivered in FY 2025, irrespective of the some of the challenges that you will see in the near-term horizon. Thank you so much for joining our call. I really appreciate you talking to us. Thank you.

Moderator: Thank you. On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.