SAMHI Hotels Ltd.
CIN: L55101DL2010PLC211816
Regd. & Corp. Office: 5th Floor, Unit No. Office - 11, Worldmark 4, Asset Area No. LP-1B-04, Gateway District, Delhi Aerocity, Near Indira Gandhi International Airport, New Delhi - 110037, India

12th November 2026

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001,
Maharashtra, India

Scrip Code: 543984

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051, Maharashtra, India

Scrip Code: SAMHI

Sub: Transcripts of Q2 FY27 Earnings Conference Call

Dear Sir / Madam,

Please find enclosed the transcripts of the Q2 FY27 Earnings Conference Call with the Investors or Analysts held on **Wednesday, 04th November 2026 at 09:30 a.m. (IST)**.

You are requested to kindly take the same on your records.

Thanking You.

Yours faithfully,

For **SAMHI Hotels Limited**

SANJAY JAIN
Digitally signed by SANJAY JAIN
Date: 2026.11.12 18:31:10 +05'30'

Sanjay Jain
Senior Director - Corporate Affairs,
Company Secretary and Compliance Officer

Encl.: ***As above***

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SAMHI Hotels Limited

Q2 & H1 FY27

Earnings Conference Call

November 04, 2026

"E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 4th November 2026 will prevail."

MANAGEMENT:
MR. ASHISH JAKHANWALA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. RAJAT MEHRA – CHIEF FINANCIAL OFFICER
MR. GYANA DAS – EXECUTIVE VICE PRESIDENT & HEAD OF INVESTMENTS
MR. NAKUL MANAKTALA – SENIOR VICE PRESIDENT, INVESTMENTS

Moderator: Ladies and gentlemen, good day, and welcome to Q2 and H1 FY27 Earnings Conference Call of SAMHI Hotels Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Ashish Jakhanwala, MD and CEO of SAMHI Hotels Limited. Thank you, and over to you, sir.

Ashish Jakhanwala: Thank you so much. Good morning, everyone, and welcome to SAMHI Hotels Quarter 2 financial year '27 Earnings Call. Thank you for taking time to join us today. I'm joined by my colleagues, including our CFO, Rajat Mehra. We also have our Investor Relations partner, Strategic Growth Advisors, also on the call.

We have uploaded our quarter 2 and H1 FY27 financial results and investor presentation on the Exchanges and on our website, and I hope everyone has had a chance to go through them.

I'll start the call today by covering our performance strategy and pipeline, and then I'll request Rajat to take you through the financial statements. And subsequent to that, we'll close with an outlook before we open for questions. Let me start with the headlines. Our same-store revenue grew by 12.6%. This is ahead of our long-term guidance of 9% to 11%.

RevPAR growth for the same-store hotels was up about 14%. And in this quarter, it was driven 9% by average rates and about 3.6% in occupancy.

For the quarter, our hotels ran at a 78.6% occupancy, up from 75% a year ago. We have now seen 6 months of near 80% occupancy levels, demonstrating strength of our markets and our products. On 37% of nights in the quarter, our portfolio was above 90% occupancy, effectively sold out. A year ago, that figure was 32%. More compressed nights give our revenue manager more pricing power.

Even though we have a high inflation environment with fuel prices and impact of currency depreciation on imports, yet our business delivered 60% flow-through in the reported quarter before accounting for loss of input tax credit.

About 80% of the room nights we sold this quarter were to domestic travelers. Much of that demand is created locally by the offices, GCCs, and industrial parks around our hotels. The offices in Bangalore and Hyderabad, our 2 largest markets, together absorbed about 7.9 million square feet of office space on a net basis this quarter alone against 5.1 million square feet a year ago. Hyderabad alone more than doubled, from 1.6 million to 3.8 million square feet of net absorption in the quarter. Every one of those square feet became room nights, meetings ,and dinners and micro markets over the next several years.

While the airline data shows declining passenger traffic for the quarter over previous year, but this is not a demand issue. With higher fuel prices, several routes are rationalized, and this is compressing the supply. In terms of pipeline, while the base business compounds, we are building the next leg of growth. Our secured pipeline adds about 1,670 rooms and moves another 473 rooms up market through rebranding. By FY30, we expect upper and upper upscale to rise from 42% of our income to about 60%.

This is important because if you see the last 6 months, the EBITDA performance of our upscale hotel was almost 800 basis points ahead of the broader portfolio. So as we move the portfolio from 42% upscale to 60% upscale, it has a material impact on our reported EBITDA margins.

I'll give you some update on specific projects, starting off with a 170-room W Hotel in HITEC City, Hyderabad. We believe it's a landmark asset in our pipeline, and now it is in the final stretches. MEP, facade, fit-outs, all streams are making good progress. We remain on track to open in Q2 FY28. W will be one of the highest-rated products in our portfolio, along with Courtyard by Marriott Bangalore in one of the India's deepest office markets.

On a stabilized basis, we expect it to add about 10% to our FY27 income base at margins above our portfolio average given our existing Marriott clustering in Hyderabad and no impact of GST regulation change, given most, if not all, rooms will be sold above INR7,500 rate threshold.

The next is the Westin and Tribute portfolio of Whitefield, Bangalore with 142 existing operating rooms and 220 rooms being added. The existing 142-room Trinity Hotel is being renovated in phases into a Tribute portfolio by Marriott.

The Westin Tower site has moved from excavation in Q1 to basement construction in Q2. And each quarter, you will see the building slabs being added at a rapid pace. We are very bullish about the performance of this combined 370-room upscale hotel in a very strong market. The other upscale hotel at Ingka Center, Noida with 162 rooms is also making great progress. The hotel is a part of 2.5 million square feet of mixed-use development with direct access to retail and offices.

It is in a long-term variable lease, so our upfront capital during construction is limited. The project is now at second floor slab and making rapid progress.

Moving to RARE India. Integration work for the pilot is at final stages, and they are targeted to go live on the outdoor collection by Marriott Bonvoy in this coming December. This gives RARE partners a global distribution they will benefit from. For SAMHI and RARE, it is a fee-led platform that needs very little capital and will start adding to our Y-o-Y revenue and EBITDA growth starting quarter 1 FY28. The excitement of this platform is that with efforts to keep adding hotels to this platform each year, we create a strong layer of non-same-store growth without material capital expenditure.

I will now hand over to Rajat for the financials.

Rajat Mehra: Thank you, Ashish. Good morning, everyone. I will take you through the P&L performance, the impact of the GST changes and key balance sheet highlights. Our total income for Q2 FY27

stood at INR342.7 crores, representing a year-on-year growth of 15.6%. Of the INR 45.6 Crs increase in the asset income, INR35.5 crores was contributed by the same-store growth.

New and acquired assets contributed remaining INR10.1 crores, led by the Trinity Bangalore and the Holiday Inn Expresses at Greater Noida and Calcutta. Consolidated EBITDA increased by 12% year-on-year to INR123.8 crores with an EBITDA margin of 36.1%.

Excluding approximately INR10 crores impact of the changes in the GST regulation, which was not present in the base quarter of Q2 FY26, comparable EBITDA would have been approximately INR133.8 crores. This represents a year-on-year growth of 21.3% and a comparable EBITDA margin of approximately 39.1%.

As the change in the GST regulation became effective in late September of 2025, the base quarter from Q3 FY26 onwards already reflects this impact. Beginning in the next quarter, no GST-related adjustment will be required as the reported EBITDA will converge with the comparable EBITDA.

The finance cost declined by 10.3% year-on-year to INR38.3 crores, reflecting lower interest costs and improved credit profile. The depreciation for the quarter stood at INR32 crores. Profit before tax and exceptional item increased by 39.9% year-on-year to INR53.4 crores. During the quarter, we also recognized an exceptional gain of INR3.9 crores from the sale of non-core land parcel at Kusur. The tax expense was INR16.2 crores was largely deferred tax and non-cash in nature.

Following the recognition of deferred tax asset in FY26, this asset is now being utilized as the company generates profit. Please note that in Q4 FY26, we recognized deferred tax assets in our P&L. We expect similar recognition in Q4 FY27 as well, which will have a positive impact on our reported numbers.

PAT for the quarter stood at INR41.1 crores, of which INR33.5 crores was contributed or attributed to SAMHI shareholders. The year-on-year decline in the reported PAT was entirely attributed to the high base of Q2 FY26, which included exceptional gains of INR84.1 crores arising from reversal of impairment on Navi Mumbai asset and sale of Caspia Delhi.

Profit before tax and exceptional items for H1 FY27 increased by 35.4% to INR86.2 crores while the PAT stood at INR66 crores. Excluding the onetime exception in Q2 FY26, our PAT for Q2 FY27 grew by approximately 137%, which is more than double as against the same quarter last year.

Turning to the balance sheet. The net debt stood at INR1,458 crores as on September 2026, representing a reduction of INR35 crores from June despite continuous investment in our growth pipeline. Capital work in progress increased to INR219 crores from INR139 crores in March, primarily reflecting ongoing investment in W Hyderabad and the Westin in Bangalore. Net debt to the trailing 12 months EBITDA stood at 3.1x. After adjusting for capital deployed in the growth projects, the ratio was 2.2x.

Our credit rating remains strong at A+. Our effective interest rate is approximately 7.8%, which is around 300 basis points lower than at the time of our IPO. Following the recent increase in RBI's repo rates, we expect the overall cost of borrowing to increase gradually. Free cash from the quarter was approximately INR83 crores after the cash interest payment of INR35 crores. The cash and cash equivalents stood at INR279 crores at the end of the quarter.

With this, let me hand over to Ashish.

Ashish Jakhanwala: Thank you, Rajat. I think I'll pick up 2 points from Rajat's commentary. One is on net debt and the other is on the finance cost. On the net debt, we have made a commitment to take it down to 2.5x in the long term. The direction that we see as of now makes us believe that we will get into at least a 2 handle either by the end of this fiscal year or early next year, which will keep us ahead of our schedule to make sure that the balance sheet is at a stable state.

The second important point is on financing cost. And I think we have always prepared the interest rate environment to remain slightly volatile, which means that we can never take comfort at a point of time. So even if the repo rates go up, let's say, we've seen one round of increase, even if they continue to increase for next 2 more rounds, we see insignificant impact on our overall performance and earnings, also because we have the ability to refinance.

Most of our financing has no refinancing expenses. And the second is that we have the ability to use our free cash more efficiently to effectively kind of control the overall absolute finance cost. So while we are watching out for those particular areas, we're not really worried about the impact of that on our earnings for this year and for the next year.

Let me now close with the second half. I think we expect a good quarter 3 and quarter 4, which would be the strongest quarters of the year. Bangalore, Hyderabad, Delhi have a heavy calendar of marquee events. In Bangalore, we have Aero India, DCC India Expo, AI India Expo, Digital Manufacturing Expo, and the CAHO Diagnostic Con. In Hyderabad, we have events like BioAsia, Kisan Agri Show, India Pharma Expo.

And in Delhi NCR, we have Bharat Mobility, Auto Expo, India Art Fair and Medical Fair. And we're just mentioning a few of the many events which are lined up in all the key cities. Now these events will compress demand across our micro markets and compressed nights are where our pricing power is greatest, as you saw with sold out nights this quarter. Also, unlike previous year where due to certain one-offs, we saw a dip in quarter 4 EBITDA over quarter 3. We now expect each subsequent quarter to be stronger the previous one.

I'm also pleased to publish our first sustainability report this quarter, which sets the baseline against which we will hold ourselves to account. With that, we are 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 Karan Khanna from Ambit Capital.

Karan Khanna: Three quick questions. First is on Sriperumbudur, which was earlier proposed to be an extension of Fairfield, but will now be a separate Marriott hotel. How does this change the overall capex plan for the asset and also the RevPAR assumptions and yield on cost versus what was expected

earlier? And second one, Ashish, you just spoke about the MICE calendar for 2H across Bangalore, Hyderabad, and Delhi. But any particular trends on rate to call out, especially during these exhibition dates?

Are we looking at more like 20% plus RevPAR growth during these dates or months? Maybe you can answer these first and I'll ask my third question later.

Ashish Jakhanwala: Okay. So I'll take the MICE and the ARR first, Karan. So let's go from quarter 1 till now. Karan, something interesting happened in quarter 1. We can talk about our portfolio.

We closed the quarter at near 80% occupancy, but in quarter 1, the rate was rather sluggish, 2% growth or so. And our understanding is that it was largely because of the health crisis, the booking window had collapsed. And with the collapse of the booking window, the revenue managers didn't have the confidence to price an asset in advance because they were not seeing the business on books.

We closed the quarter at 79%, 80%. In quarter 2, we started seeing improvement in both booking windows. And I think a little bit of conviction about the fact that demand is there, it comes at the last moment.

What's happening with events, Karan, is that we have visibility of demand far before the event, so to say. And therefore, that allows a better yielding of the asset. The second thing we've noticed in the last 2, 3 months is on unaffected days and an affected day for us is, I hate to say this, a holiday, a long weekend, or any sort of business interruption event. On a non-event day, the hotels are sold out and the yielding is very strong. And I would say the total revenue growth is 20%, 24%.

But having said that, that does get normalized and moderated by the affected days, which could be long weekends, holidays, so on and so forth. So I think we've delivered a 15% revenue growth overall portfolio, about 12.5% growth on same-store.

This would have been slightly higher, Karan, but for the fact that in one of our large hotels, and we did mention it on quarter 4 call, we had a very low-rated catering business, which has been stopped. So I would have expected another, I would say, 50 basis points, 100 basis point impact of that. Otherwise, the same-store growth is about 13.5% or so. And I think that is not at risk as we go into quarter 3 and quarter 4. If we get some really sold out dates, we can yield it in high teens. But at least I would think that is pretty secure.

In terms of Sriperumbudur, it's actually very interesting. It's a 155-room hotel. We are already at high 20s return on capital employed in that hotel at a rate of INR8,500. With the addition of the Marriott instead of just adding Fairfield rooms, first of all, we're adding about 134 rooms. We expect the capex to be in the ZIP code of about INR160-odd crores plus/minus.

And with that, we expect the total yield on cost to be in the ZIP code of approximately 17%. Yes, about 15% to 17%, largely because the existing hotel is already paid for the entire land cost. So there's really no land cost per se.

It's a strong market. We have been the market leaders with the Fairfield for last several years that Fairfield has been one of our most consistent performers, including through the COVID period. So we do expect that the additional capital will be deployed at about between 15% to 17% return on capital employed.

Karan Khanna: Sure. Those are helpful, Ashish. Last 2 questions. One is on RARE. 1Q had 75 hotels with about 1,050 rooms, while 2Q mentioned 70 hotels and 900 rooms. So is the reduction due to deliberate portfolio curation or is it owner exits? And second one is on Mumbai.

With MIDC issuing the OC for Navi Mumbai hotels, can you reiterate the time line here for construction completion? And how are you thinking about the overall capex and RevPAR here, especially given the expected supply in the micro market over the next 3 to 5 years?

Ashish Jakhanwala: Perfect. So on RARE, Karan, no significant changes, but we do see almost monthly shifts to the number of hotels. There is a strong pipeline of about 20, 25 hotels waiting to join. So there is some portfolio rationalization that has happened in the last 2, 3 months, but we expect the 70 numbers to be closer to 85 to 90 hotels, I would say, in the next 5 to 6 months. Two, I think a bigger focus, Karan is to see how and when we can onboard part of these hotels on the Outdoor Collection, which is where we think the fee income will start coming to RARE.

So as I said, we are going with the first lot end of December. And then we expect every month to keep adding hotels on RARE Outdoor Collection, which is where I think the fee engine will kick in.

On Navi Mumbai, I must say that we are rather pleased with the current progress in terms of, A, approvals; B, in terms of design development. Having said that, it's too early to call out for changing the opening time line, Karan. And you know that in development in India, the whole disclaimer comes true. Whatever may go wrong will go wrong. So I don't think we would like to reset optimism at this stage.

What we can assure that we are very happy with the progress that we've made so far. We are very confident that it is to what we thought it will be in terms of product configuration. We're getting about 658-odd rooms right now split between Westin and Fairfield.

In terms of capex, we've always guided the capex to be in the ZIP code of about INR900-odd crores to INR1,000 crores. We are in line with that. We do expect to be on ground in terms of starting the work probably early in fiscal year 2028. So I think that's where Navi Mumbai is. I would reiterate since you've asked me this question, Karan, that we are very happy with the progress we're making on Westin Bangalore actually.

So while this is a hotel which is more towards end of FY31, Westin Bangalore, we would love to take some of you to Bangalore probably around March, April. And you will be very happy to see that from a construction perspective, it's actually a real building coming up the ground.

So after W Hyderabad, our biggest excitement is to open the Westin in Bangalore. And then, of course, we have IKEA development in Noida. And then we have both the Chennai Sriperumbudur and Navi Mumbai.

Moderator: The next question is from the line of Jinesh Joshi from PL Capital.

Jinesh Joshi: Yes. Sir, my first question is with respect to the GST meeting that happened in October '26. I think there were some recommendations to allow limited ITC benefit to hoteliers who are operating below the ARR of about INR7,500. And given every quarter, we are incurring a loss of about, I will not say a loss, but GST hit of about INR8 crores to INR10 crores. Can you maybe just update on this development with respect to either quantum or time lines, if any?

Rajat Mehra: Jinesh, I'll let me take this up. See, the council meeting suggested that people who are in the same line of business are actually eligible to take the credit in case of a hotel which is being sold for less than INR7,500. We are also waiting actually for the final print. But as far as our interpretation is at least the same line of business should constitute the commission that's being paid to OTAs, right? Just taking the argument further, would these expenses that we are paying and we are losing the GST on that, will that also be covered?

Unfortunately, the overall notification has still not been issued. We are waiting for that to come. We also understand there are various representation, which is being made and government is actually a little positive towards looking at this and passing on the final benefits to the industry.

Ashish Jakhanwala: But Jinesh, don't forget that you all have taken their interest to LTCG and STT. So I don't think that first, they'll try and resolve that before they get to smaller things like GST Input Tax.

Jinesh Joshi: Understood. And sir, my second question is with respect to W. If I heard you right, you mentioned that we are targeting an opening around 4Q of FY28. Now given the fact that the fit-out is already under progress, and I think our earlier time lines, if I'm not mistaken, were not 4Q. So are we seeing any kind of delay in approval like the situation in Pune, which we are facing right now?

Ashish Jakhanwala: So Jinesh, the project will be completed end of quarter 4. We have built in some cushion because the local authorities had indicated that the fire inspection will only happen after the full building enclosure. So because of that, we are building certain contingencies. Also our experience in Hyatt Regency Pune, where the approvals have taken inordinately long.

But the project will be largely completed by the end of the fiscal year. Any one of you is more than welcome to walk the site. But we're just building contingencies to make sure that our estimates for FY28 are not disturbed at the last moment.

Jinesh Joshi: Understood. And one last question from my side, maybe split into two sections. One is with respect to the commentary that was given in the opening with respect to DTA recognition that can happen in 4Q. And if I talk about 4Q of FY26, that figure was about INR330-odd crores. And given the quantum was very high.

And the commentary surrounding the recognition that will come through in 4Q of this fiscal was also there. So maybe if you can just quantify that figure because that will have an impact on the reported PAT number. That is one.

And secondly, sir, how should we think about the growth in RevPAR split between rate and occupancy in second half? Given I think in this quarter, we saw a growth of about 9% in rates and over the flow-through is considerably better. So how to think about that split in second half, especially given your commentary surrounding a lot of events that are about to happen in Bangalore, Hyderabad, and Delhi. That is the last question from my side.

Ashish Jakhanwala: I'll take up the second one, and I'll ask Rajat to clarify on the total recognition of tax assets later. Jinesh, I think we would see a stronger Q3 and Q4. The only thing is that you know we are very reluctant to sort of to give a forward guidance. But let's break it up. We've seen about a 14% RevPAR growth this quarter.

We expect to maintain that growth through quarter 3 and quarter 4. Don't forget that we will have a Diwali week coming in November, and then we will have about a 15, 20 days interruption around Christmas and New Year.

So I think quarter 4 will be much stronger because post New Year vacation. Till pretty much 31st of March, we see a home run. Last year, of course, it got interrupted by the Gulf crisis. We have fingers crossed. No such things happen this year incrementally over what we have seen happen.

So quarter 4 may end up being much stronger, honestly. But I would think that all of us should continue to underwrite this 14%, 15% growth, driven by about a 10%, 11% growth in the rates and the balance coming through better capacity utilization. I think what may happen is the bridge between RevPAR and total revenue.

So as you know that while the RevPAR grew at 14.5%, the total revenue grew, the same store revenue grew at 10%. I'm talking same-store, by the way, right? Because of increased food and beverage income in quarter 3, quarter 4 on account of events, weddings, so on and so forth, we do expect that the total revenue growth may be slightly better than we have done in quarter 2, largely because it will catch up to the RevPAR growth.

So my sense is we should model the total revenue growth to be also in the ZIP code of about, I would say, 13%, 14% for same-store. RevPAR also around 14%, 15% good flow-through. In terms of just optics Y-o-Y growth, they'll be very good because we've been reporting comparable EBITDA margins for the last 4 quarters because of the GST.

From quarter 3 onwards, there is no comparable because we have impact in both years. So we will go back to reporting the right EBITDA growth will be in high teens, honestly. So I think we'll see some of these changes in quarter 3, quarter 4. But Jinesh, don't forget and there's a lot of volatility. So we should bank the performance and continue to work hard rather than expect that magic to keep happening.

So I've banked the performance, but we remain very cautious about how quarter 3 and quarter 4 will pan out. There's nothing on the statistics and data, which makes us worried. But of course, there are events which are beyond control. Rajat, from your side.

Rajat Mehra: So Jinesh, specifically on the deferred tax, the deferred tax recognition, which is still left for us to take in the P&L is roughly around INR100-odd crores put together. And we expect that to be taken in our P&L in the Q4. That's the time as per our internal policy, accounting policy, we discuss with the auditors and take the final impact of that in the P&L. And the moment that's recognized, that's an effective upside in the P&L for that particular quarter.

However, there will still be tax expense which will be coming on account of the deferred tax that's been recognized in the past. On a net basis for the next H2, the tax benefit netting off against the expense with the tax assets will be somewhere in the range of about INR25 crores to INR30-odd crores.

Moderator: The next question is from the line of Prashant Biyani from Elara Securities.

Prashant Biyani: Sir, can you corroborate whether HITEC City micro market has seen a very sharp ADR growth in the last 6 months. And your assumption of around 10% revenue contribution from W on a stabilized basis, if the high rate growth continues in HITEC, is there some upside risk to that assumption?

Ashish Jakhanwala: Okay. So Prashant, A, we are extremely bullish on Hyderabad as an overall city because of fantastic infrastructure, a very good base of existing businesses, a rather diversified nature of businesses between HITEC and Financial District, presence of infrastructure companies in Hyderabad. So we are long on Hyderabad in terms of the next big city in India, number one. Within that, HITEC City is perhaps the most mature area/curbside. It has over 100 million square feet of existing office space, low-single-digit vacancies, good rents, and the growth continues to remain unabated, right?

With that backdrop, we do think that the HITEC City market has obviously done well. I mean I'll give you an example. We have a Holiday Inn Express in HITEC City, and that for several quarters has remained operating at 20%, 25% premium to the portfolio average for Holiday Inn Express. So if we do a portfolio average of INR4,000 in running that hotel at about INR5,000, INR5,100. That's a 25% premium of that market.

And I'm not going on external data sources. I'm going by data that we collect internally. So that's one.

Second, we know that the product is turning out to be exceptionally good. We also believe that W is a much loved and awaited brand for a Tier 1 city in India. It's kind of rather surprising. There's only one W in India as of now, which is in Goa. Of course, there are multiple Ws being developed as we speak by different owners.

There's one opening in Bangalore. We are opening in Hyderabad. There's one happening in NCR. But nevertheless, this W will be amongst the first Ws in a Tier 1 location, especially in that sort of a curbside. So we do expect that hotel to deliver outstanding results in terms of rate.

In terms of an upside potential, I think you're right. W has the potential to outperform and deliver more, W has a potential to go up to INR170-odd crores of top line, which will be in excess of 10% of FY27 total revenue. So I think this is one asset where I would tend to not remain very

conservative, but on the side of being optimistic just because of the quality of the curbside and the asset. So yes, there is an upside in this asset as we open it.

Prashant Biyani: And stabilization period would now narrow down to around 2 years for likes of Delhi, Hyderabad, Bangalore?

Ashish Jakhanwala: FY29 will be stabilized for this hotel because don't forget, we are getting enough time in FY28 to open this hotel, capture the full RFP cycle for the next calendar year. So our assumption is that FY29, this hotel is a stabilized hotel, which is literally the second full year. And it's a 170-room hotel in a market which is very large. So if this was a 400-room hotel, 500-room hotel, we would have been more cautious to give another year. 170-room in that location with the W brand and the Bonvoy distribution, it shouldn't be a hard thing for us to deliver, really.

Moderator: The next question is from the line of Achal Kumar from HSBC.

Achal Kumar: First of all, in terms of your target around net debt to EBITDA, you mentioned you want to reach 2.5x. Can you give us a bit of a bridge from here on, how do you see reaching 2.5x, including like what kind of capex, what kind of FCF you're expecting? And over what time line we should expect 2.5x?

Ashish Jakhanwala: So Achal, just give me a second. Gyana is just was walking up to me with the bridge. So we are at about 3.1 right now, plus/minus, like double decimals. As I said, we are really working hard to make sure that we get to below 3 by either the end of this fiscal year or another quarter or so. And then what's happening is that a lot of our current cash/debt is in development assets such as W Hyderabad and which produce no EBITDA.

So as W Hyderabad opens for FY28 and that EBITDA starts coming through. And by the way, our net debt is not really changing materially. There will always be a plus/minus INR100 crores movement because of quarterly cash in, cash out. There may sometimes be higher gross cash also on the books. But I think, generally, we've always committed to the fact that our net debt will remain in the range that it is right now.

So with the net debt remaining stable and all of our growth being funded from our free cash, right? And the EBITDA growing not just on a same-store basis, but also the incremental EBITDA coming from hotels like W Hyderabad. We do think that the path from current 3x or, let's say, 2.9x going to 2.5x is another, I would say on a conservative side, 18 months.

Now in that, what we are not factoring in is any incremental capital recycling. And I think we have stated on earlier occasions, Achal, that we have identified 1 or 2 hotels in our portfolio where we think we would rather recycle that capital than hold it for the long term.

The challenge we face is we always need a counterparty to recycle capital, and therefore, we will hesitate to commit on a time line. But since I'm asking for, let's say, an 18-month period, both to deliver incremental EBITDA and also have the optionality to recycle some capital, we remain extremely confident that SAMHI will deliver that stated around 2.5x over the period that I'm stating right now. So it's a rather execution-driven part, not a lot of risk on where the market would be really in terms of RevPAR, and rate growth, and all of that.

Achal Kumar: Okay. Perfect. My second question is about RARE India since they've been so bullish. I mean, can you give us a bit of a color in terms of now, where are you in terms of sort of revenue, EBITDA in FY28, FY29? Do you have any sort of updated color in terms of numbers from where you gave us when you actually launched it or when you acquired it? So any update on that, please?

Ashish Jakhanwala: Yes, surely. I think that there are 2 things. Our excitement about RARE is in multi-fold. Number one is that for a company like ours, which for the last 15 years, has either grown same-store, which is plus/minus the market performance, or has grown through investment-led growth, put capital, build new hotels, I think what we're trying to do is build a non-capex-led fee stream for the long term. And asset-light models take time, but as they mature and they ramp up, they become a well-oiled machinery. So that's one. But that's more long term really.

The second is that the economics for us is rather attractive. As these hotels go on the distribution platform, we get a commission of about 18-odd percent on every booking that is made. I think you'll start seeing the revenue ramp-up and the profit ramp-up happen from FY28 because the platforms just go live end of this calendar year.

So FY28 will be the first full year of operations of some of those hotels. We think we should get to about INR15 crores to INR20 crores of top line in the next fiscal year, which is almost, interestingly, half a turn of our total investment in a single year. This will be a reasonably good margin business because as you say, there are really no employees in our rolls, no power expense, no, nothing.

So we do think, as we had articulated in March when we had acquired this, this is going to be a business which will grow on its own without capital. This is a business where solving for a 50% ROCE is not a hard thing to do. And in our owned asset, I just responded to Karan, you put capital and you go to 16%, 17%.

So I think both in account of bringing growth to SAMHI on a Y-o-Y basis and also very high ROCE, even though the underlying investment is small. So I'm not claiming that, that ROCE will shift the needle on our portfolio ROCE. For that, I still need to make operational Westin, Bangalore and W Hyderabad in our existing portfolio. But I think this platform will become accretive on all of those accounts in FY28.

Achal Kumar: Okay. Fine. My final question is about -- I just want to understand...

Moderator: Mr. Kumar, may we request you return to the question queue for a follow-up? Thank you. The next question is from the line of Viraj Mahadevia from MoneyGrow.

Viraj Mahadevia: Congratulations on the strong operating performance. I noticed that there's a large deferred tax in Q2. Can you explain to us a little bit about what is this deferred taxation? And why is it so lumpy? And how is it likely, you partly explained it to play out in H1 versus H2 of this year?

Rajat Mehra: Sure, Viraj. So Viraj, SAMHI actually has been sitting on accumulated losses and unabsorbed depreciation in our books. Now for many years, since we were not profit making, we were not able to recognize the advantage of that in our balance sheet and the P&L. Now as per the

accounting standard, the moment we turn positive and there is a forecast that we believe will allow us to use these tax credits later on at the time when we become tax payable, this is the setting off of the losses against the profit for the subsequent year.

That is the time we recognize the asset in our books, which basically means that all of these losses that we have with us today will allow us to save cash outflows at the time when we are actually liable to pay taxes.

So for those assets where we had clear path and we were able to demonstrate to the auditors that we have full certainty of recovering of these accumulated losses and unresolved depreciation in form of tax credits. We recognized that last year. And the balance, which is left with us will be getting recognized in the Q4 of this year.

Viraj Mahadevia: Understood. And any further plans for asset monetization specifically, Ashish, over the course of this and next year?

Ashish Jakhanwala: Yes, correct. So we have earmarked 2 hotels. And I think on a realistic basis, the realization value should be about INR200 crores to INR230-odd crores. I wouldn't promise this fiscal year, we are only left with 5 months. But I think, as I said to Achal's questions earlier, we would like to get at least half of this executed in the next fiscal year, and that kind of accelerates us to that 2.5x.

Actually, we don't think it depends on that, honestly. We just think it brings additional capital to the company. And therefore, I use the word not monetization, but recycling because I do believe that balance sheet is strong, does not need any external support, including capital recycling. It just allows us to improve our ROCEs and revenue growth.

Viraj Mahadevia: Understood. This INR200 crores, INR230 crores is cumulative or per hotel?

Ashish Jakhanwala: Cumulative. These are small hotels with insignificant contribution to EBITDA. So as we take this capital back into our balance sheet, you will not see any impact on our revenue or EBITDA.

Viraj Mahadevia: Excellent. And the cumulative capex till FY30 from today till FY30? That's my last question.

Ashish Jakhanwala: FY31, I would add that to include Navi Mumbai. So that will be about INR2,200 crores, of which about INR150 crores will be funded by GIC. So I think INR2,400 crores capex of INR150 crores will be funded by GIC. So our net SAMHI will be about INR2,250 between FY27 and FY31. So that's say, the 4-year period.

And all of it, as I said, funded by our internal accruals. I would again make sure that we give the right guidance. Our net debt is circa around INR1,450 crores -INR1,500 crores.

It will remain in that ZIP code, Viraj, but please be patient and consider it that it may shift by INR100 crores plus/minus in quarter-on-quarter. But there are certain quarters where the capex is high and the EBITDA is low, let's say, quarter 1, quarter 2. And there are certain quarters, quarter 3, quarter 4, when the EBITDA and cash production is very high and the capex remains

largely the same actually. So we would ask for a little bit of tolerance, but largely, it will remain in that ZIP code of where it is right now.

Moderator: The next question is from the line of Vikas Ahuja from Antique Stock Broking.

Vikas Ahuja: So my first two questions. So the first one is with H1 already near 13%, well above your 9% to 11% guided range. And we expect second half to be strong, then you did talk about tailwinds in FY28 from W HITEC City, RARE India and hotels rebranding coming into FY28, some part in '29 and then we also have 5, 6 hotel opening post that.

So why keep the range unchanged at 9% to 11% rather than raising it? Because from where I'm looking at and what you are guiding, it looks like it's going to be a much better number. So that's number one. Number two is, could you also share the ADR or RevPAR performance, especially for maybe the 3 key cities, maybe how Gurgaon has done versus maybe Hyderabad and Bangalore.

Ashish Jakhanwala: Okay, Vikas. So let me clarify. When we say 9% to 11%, it is for same-store hotel, okay? It does not include the impact of new openings. So that's one clarification that we have.

Since we met some of you prior to our IPO, which is May of 2023, we have remained consistent on saying 9% to 11% is same-store hotel growth. Very happy to say last 3 years, average CAGR for same-store is 10.4%. I'm saying it for we said for moment, but it's more important to say that the long-term guidance is in the range and there's no need to change that at least in the short term.

Second, you're absolutely right. We've had some, if I may use, boring few quarters, last 2 years, where I would think 98% of our revenue was same-store unlike most of our peers, which were adding new hotels during this time. So for us, 98% of our revenue has been same-store, and that's why our revenue growth has been in that ZIP code of 12%, 13%, 14%, 15% this quarter.

We are very happy with that. This changes as we open W Hyderabad, and we were discussing this earlier that just that one hotel on a stabilized basis should add on an FY27 basis, let's say, 10%, but let's say, on an FY28, FY29 basis, 6%, 7%. So then you layer that on top of the same-store growth, okay?

So same-store, let's say, 10%, which is the middle of the range, 10.4% in the last 3 years. You add 6%, 7% on top of that, you get to 16%, 17% revenue growth. And then the good news is that almost every 6 quarters, or so with some lags and some catch-ups in between, we would have a new hotel open till 2031. So we opened W Hyderabad. We will have some more additions in Sheraton Hyderabad, so FY28, you have W Hyderabad, which is non-same store.

You would have some contribution from RARE, which is non-same-store. FY29, we would have incremental inventory in Sheraton Hyderabad, which is non-same-store and ramp-up of W Hyderabad and RARE. Then in FY30, we would have, fingers crossed, we should have the Westin Bangalore, maybe we'll catch up a quarter or so in that year. And then after that, the ramp-up of that hotel, then we have Ingka, then we have Navi Mumbai.

So I think I would say I keep looking at Slide #6 of our investor presentation, where from FY12 till FY26, SAMHI grew at a revenue CAGR of 22%, okay? Now I know that's not the number we have gotten used to seeing in the last 7, 8 quarters. That's because we only started reinvesting capital in '23, '24, '25. So there's a lag. But I think our eyes are set on taking the company back to that high teens revenue growth, combination of 10% same-store and the balance coming from new inventory addition.

And I think we're very confident we'll get back to that path and this without exerting any pressure on our balance sheet because now we are a cash machine.

So this year, for instance, if we will produce about INR320 crores, INR350-odd crores of free cash from operations. Our capex will be more or less the same. So no change to net debt. Next year, of course, we see growth in EBITDA. Our finance costs even with another 2 rounds of repo rate increase will remain in the ZIP code of INR125 crores to INR140 crores.

And therefore, there's a lot more cash being coming in. I think you're absolutely right. We are not saying SAMHI will grow at 10%, 11%, Vikas. We're saying same-store will grow at 9% to 11%. SAMHI with new additions should go back to a growth trajectory, which is high teens, if not early 20s, which is what our past has seen. Okay.

Now second on RevPAR, so we saw Bangalore grew at about total revenue of 12%, same-store hotels pretty much, RevPAR was about 8% of high base. Hyderabad, fabulous, 21.4% total revenue growth, 19.1% RevPAR growth. NCR, ignore the number, it was 44% RevPAR growth, but that's because we had Hyatt Place Gurgaon last year was going through renovations.

And therefore, I wouldn't like to think this is the RevPAR. And Pune, we have seen a RevPAR growth of 17.2% because of the fact that we left a lot of, I would say, no paying F&B catering business, the total revenue growth is rather muted, but RevPAR growth is 17.2%. So it's been a healthy environment across most key markets actually in the last 6 months.

Moderator: The next question is from the line of Adithya Srinivasan from ithoughtPMS.

Adithya Srinivasan: I just have a couple of questions. So one would be with respect to ROCE. So ROCE today is about 7% or 8% and with ACIC being about 6% or 7%. So I just wanted to understand what it would take to reach the line of about 17% to 18%, which is the ROCE of mature assets. So if you could put some color on that.

I'll just quickly just tell my second question, too. So I'd just like to understand the year-on-year path to reach INR3,000 crores of free cash flow over the next 4 to 5 years. And also, if you could put some color on the revenue guidance by FY30 or '31, that would be great.

Ashish Jakhanwala: Thank you, Adithya. So some easy questions, some almost impossible to answer. On ROCE is an easy one. So, you're absolutely right. There are 3 buckets of capital employed in our business. If you can mute, there's some background noise, Adithya.

Adithya Srinivasan: Yes, sorry.

Ashish Jakhanwala: So our mature assets are at about, I would think, 15%, 16% return on capital employed, and there's a large pool of assets which have demonstrated that. To us, that's important because that shows that as we invest capital, open hotels, and let them stabilize, that's the kind of return on capital employed we will get. I think it's low because of a large goodwill. And I think we've explained this before.

Both SAMHI and ACIC were foreign-owned controlled companies prior to the IPO. There was a fair valuation done of both entities, and that resulted in SAMHI's stock price being at INR238, which was the allocation price to ACIC. And at the same time, there was a goodwill in the ACIC's asset value. So that goodwill technically depresses the return on capital employed of ACIC.

Having said that, I feel goodwill is a true representation of a company's value just as INR238 potentially was the right representation of SAMHI's value back then. We think that as we mature Fairfield Hyderabad and that hotel is doing really well, we are in the process of renovating Four Points Pune and eventually, it will become a Courtyard Pune.

The same thing is happening to the Four Points in Jaipur. So this assets, this company is work in progress, Adithya, as we speak. And the performance of the underlying market and assets where we are maturing is very strong. And therefore, we have no reasons to believe that ACIC will also end up being in mid-teen ROCEs in times to come.

And then there is a pool of capital employed in assets which, let's say, we have put some money in Hyatt Regency Pune or Sheraton Hyderabad or some of those assets which are just opened. Now the amount is not very large. But nevertheless, they need to start producing stabilized profits. So we do think that in the long term, we should deliver a 14% to 15% ROCE. Having said that, we need to watch out for new capital employed.

There, the good news is that several of our hotels like W Hyderabad, Ingka Noida, One Financial District, Hyderabad are long-term variable leases. Which means even though these are new hotels and when you open a new hotel, you're prepared for low ROCE because you've capitalized the entire asset and denominator not depreciated, your depreciation is the numerator and the income is not stabilized. So that's the recipe for low ROCE.

But in long-term variable leases, Adithya, the good thing is that the denominator does not carry land and building and the numerator, therefore, does not also carry the depreciation for land and building. It does carry interest/lease expense. So a lot of our new openings are on long-term variable leases, which will not be ROCE dilutive even in the initial few years. And then we go to assets like Sriperumbudur, which Karan kind of led us to explain, where because it's an extension to an existing hotel, which is already in high 20s ROCE, the opening year ROCE should not be 4% as with typical development. It would be accretive to our portfolio average.

So largely, I think even the fresh capital deployment we are doing unlike typical new developments would not tend to pull down our ROCE significantly. There will be some impact in the first year or so. But I think we are very, very confident that the company will deliver mid- to high-teen ROCE as we open these hotels.

Now that's the first part of the question. The second part about FY30, right? I will repeat. Long-term same-store total revenue growth, 9% to 11%. We'll be happy with 11%, we'll be happy with 9%.

We'll be excited at 12%, we'll be disappointed at 7% and 8%. So we believe that given the current demand-supply situation, one thing I was writing and then Gyana said it didn't read well. So I said maybe I'll speak about it. I've been guilty of that narrative as well in the last quarter. When we say we've done 15% revenue growth in spite of all the problems in the world, okay.

I think the second limb should not be said anymore. And I'll tell you why, for 2 reasons. Number one, it tends to make you believe there will be no problems in the future, okay. So it's creating a false sense of optimism in an increasingly volatile world. Second, it disregards the fact that the size of the Indian economy is so big that it has the ability to absorb certain amount of global volatility.

I will not be cocky enough to say all volatility for all times to come, but you've seen what's happened in the last 6 months. I think we need to take assurance from the fact that the demand in India is very strong. The supply, at least in Tier 1, will find it really hard to catch up. And therefore, we will operate in that environment where total revenue growth should remain in the ZIP code of 9% to 11%.

It has been now 3 years. We remain confident for the next 2 years. So 5 years is a long period to hold to one long-term guidance. As and when we see more data come our way, we will revise that.

Moderator: Ladies and gentlemen we will take that as the last question. And now I would like to hand over the conference to the management for closing comments.

Ashish Jakhanwala: Thank you so much. So thank you so much for your patience to being on this call and coming on the previous calls. As I said, we've had a very reassuring H1. We are fairly confident about H2. But I think our excitement comes from what's coming from next fiscal year when we start breaking away from same-store and start adding inventory to our portfolio. And I think I'd look forward to speaking to all of you as we get on to that path. Thank you so much, and speak to you soon.

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