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Sub: Transcripts of Q4 FY26 Earnings Conference Call

Dear Sir / Madam,

Please find enclosed the transcripts of the Q4 FY26 Earnings Conference Call with the Investors or Analysts held on **Friday, 22nd May 2026 at 09:00 a.m. (IST)**.

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

Thanking You.

Yours faithfully,

For **SAMHI Hotels Limited**

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

Encl.: As above



SAMHI Hotels Limited

Q4 & FY26 Earnings Conference Call

May 22, 2026

"E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 22nd May 2026 will prevail."



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

Moderator:

Ladies and gentlemen, good day, and welcome to the Q4 and FY26 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 on date of this call. These statements are not 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Ashish Jakhanwala:

Thank you. Good morning, everyone, and welcome to SAMHI Hotels' Q4 and Full Year Financial Year 2026 Earnings Call. Thank you for taking out the time to join us today. I am joined by our CFO, Rajat Mehra; EVP and Head of Investments, Gyana Das; and Nakul, our SVP of Investments. Our Investor Relations partner, Strategic Growth Advisors are also on the call.

We have uploaded our Q4 FY26 financial results and investor presentations on the exchanges and on our website, and I hope everyone has had a chance to go through them. FY2026 was a year of tangible performance in the midst of real headwinds, and I'm pleased to share our progress with you.

I would like to start by informing you that the company delivered a profit before tax of circa INR 165 crores, which was 89% growth over last year. This was before any one-time or exceptional items and actually demonstrates how far we have come since we went public.

At the start of FY26, we set 2 specific commitments to our shareholders. A, delivered revenue growth in the range of 9% to 11% and two, bring the balance sheet to a net debt-to-EBITDA of approximately 3x.

Despite revenue disruptions and active future growth, we have delivered both as revenue growth came in at 12.3% for the year, anchored to commercial demand in our core market, total income at INR 1,279 crores. And we ended the year with a net debt at INR 1,450 crores, translating to a net debt-to-EBITDA of about 3x.

What makes these outcomes meaningful is the operating environment they were delivered in FY26 absorbed the sequence of disruptions that bracketed almost every quarter. The India-Pakistan conflict in May and unusually severe monsoons and flooding in our core markets in August, the airline disruption in December and the Middle East conflict in March, which continues.

These onetime events compressed our full year revenue by approximately INR 45 crores to INR 52 crores, leading to revenue growth being diluted from a potential of 16% to 17% to an actual

reported number of 12.3%. FY26 was also the year we set up the next decade of SAMHI's growth.

We formally launched our GIC platform for upscale hotels in India committing approximately INR 750 crores for a 35% minority stake in a 1,000-room platform. Of this INR 600 crores has already been received with the balance to come over the next 2-odd years to fund capex for the Westin - Tribute Bangalore development.

We signed a partnership with Ingka Centers, which is a part of the IKEA Group for a 162-room upscale hotel at Sector 51 Noida structured as a long-term variable lease. It's a landmark addition that strengthens our presence in Delhi NCR through a capital efficient model.

We also secured a lease in a marquee under-development project in Hyderabad, named One Financial District for a 260-room hotel, which will redefine the precinct through a combination of lifestyle retail, office and hotel.

We also resolved the Navi Mumbai litigation and announced the development of our largest hotel project to date, a 700-room combination of Westin and Fairfield by Marriott with a potential revenue of almost INR 325 crores on current market RevPAR.

We have yesterday sought approval from our Board to add a 135-room Marriott Hotel in Sriperumbudur, where we already have an operating Fairfield by Marriott and has achieved an asset level ROCE of more than 30%.

This year, we also entered the experiential leisure segment through an acquisition of a 70% stake in RARE India, which is a curated platform of 73 hotels and 1,000 rooms. This is under discussion for an affiliation with Outdoor Collection by Marriott Bonvoy.

I'll now pass over the mic to Rajat, who will take you through the detailed financial performance. Over to you, Rajat.

Rajat Mehra:

Thank you, Ashish. Good morning, everybody. Starting with our full year FY26 results. The total income stood at INR 1,279 crores, with a same-store RevPAR growth of 9.5%, in line with our long-term guidance of 9% to 11%. The 4 core markets, Bangalore, Hyderabad, Pune and Delhi NCR contributed approximately 76% of the asset income in line with our office absorption concentration.

Consolidated EBITDA for FY26 was INR 463 crores, up 8.8% on a year-on-year reported basis with an EBITDA margin at 36.2%. Adjusted for the impact on account of the GST changes, this would have been circa 13% year-on-year growth. For the fourth quarter, the total income was approximately INR 354 crores, a year-on-year growth of 9.3% with a same-store revenue growth of 6.4%.

The quarter held a revenue growth trajectory of approximately 12% through the end of February before the Middle East disturbance reduced the March revenue to sub-minus 1%, thus diluting the full quarter revenue growth.

Consolidated EBITDA for Q4 was approximately INR 120 crores, while this was 6% below the same quarter last year. It was largely on account of expanded GST impact as more rooms were sold for less than INR 7,500, some FF&E expense through the P&L and the preopening expenses for the new inventory.

The impact of the Gulf crisis added to these factors. For the full year, the key developments, which impacted our performance includes: first, the GST regulatory change, moving the hotel slab from 12% with input credit to 5% without the input tax credit, which impacted the H2 FY26 consolidated EBITDA by approximately INR 14 crores.

Second, approximately INR 5 crores was funded for the FF&E product upgrade. The year-end reconciliation, some actuarial valuation, which is done at the end of the year, which are all routed through the P&L.

Third, the four onetime disturbances that Ashish mentioned earlier, starting with the India-Pakistan conflict in May and ending with the Middle East conflict, which is still continue. Adjusted for these items, FY26 EBITDA growth would have come in line of 19% to 20% with margins of 38% plus.

Q4 FY26 consolidated EBITDA would have been approximately INR 149 crores, representing a year-on-year growth of approximately 16.8% in line with the trajectory we have held before the disturbance. Moving below the EBITDA. Depreciation and amortization for FY26 was INR 127 crores versus INR 116 crores in FY26.

Finance costs for the year was INR 171 crores, sharply down from INR 225 crores in FY25, reflecting the impact of the GIC capital infusion starting in June '25, and consequent deleveraging and the reduction in the cost of borrowing. PBT before exceptional items almost doubled to INR 165 crores for the year, up from about INR 87 crores in FY25.

We also booked deferred tax income of approximately INR 330 crores recognized in the fourth quarter on account of formal recognition of brought forward losses and unabsorbed depreciation that will have recognized in our balance sheet as a deferred tax asset, reflecting management's increased confidence in the continuous utilization of this shield. This is a noncash accounting driven income line.

FY26 reported PAT, included the Q4 deferred tax recognition, the Navi Mumbai and other impairment reversal of close to about INR 83 crores and a gain on sale of discontinued operations in Caspia – Delhi, was approximately INR 567 crores.

On the balance sheet, the net debt as on 31st of March 2026 stood at INR 1,450 crores, a reduction of approximately INR 516 crores from INR 1,967 crores as of March 31, 2025, translating the GIC infusion deployed for deleveraging. The Net Debt-to-EBITDA at the end of the year is approximately 3x. Total Equity stood at approximately INR 2,286 crores at the year-end versus INR 1,142 crores at the end of FY25.

The effective interest rate for the group is now 7.9% as on May 21, 2026, and an annualized interest cost run rate has actually come down to about INR 130 crores to INR 135 crores. Our Credit rating has been upgraded to A+ Stable by both CARE and ICRA during the year.

The combination of consistent same-store revenue growth, further levers for improved margins, decline in finance costs and fully capitalized growth pipeline gave us a free cash flow generation of approximately INR 300 crores in FY26, after both interest and Lease Minimum Guarantee payments. This is the number that we underwrite for the next phase, and Ashish will speak on how this will compound.

With this, I now request Ashish to take you through the growth projects and concluding statements. Over to you, Ashish.

Ashish Jakhanwala:

Thanks, Rajat. So FY26 was a year that SAMHI free cash flow generation became real and FY27 onwards is the year that free cash compounds. Let me lay this out to you. Our FY26 free cash flow of approximately INR 300 crores became approximately INR 315 crores on a run rate basis once the additional interest savings we have secured is factored in.

Over a 5-year horizon from FY27 to the current fiscal to FY31, that base alone held flat produces approximately INR 1,550 crores of free cash. Layering on the same-store revenue growth, even at the lower end of a 9% to 11% range, adds approximately additional INR 1,000 crores of incremental free cash over the 5-year period.

And on top of this, we have a fully committed pipeline of new openings, beginning in HITEC City Hyderabad at the end of FY27, the Tribute portfolio at Bangalore Whitefield at the end of FY28, Westin at Bangalore Whitefield, the upscale hotel at Ingka Noida and the new Marriott Sripurambudur Chennai in FY29, FY30 together, adding the increment that takes a cumulative free cash post interest over the FY27 to '31 window to more than INR 3,000 crores.

Our future free cash flow is further complemented by demonstrated capital recycling track record. Over the past 3 years, SAMHI has recycled approximately INR 960 crores of capital - INR 210 crores realized by monetizing 4 non-core hotels at an average 20x EV-to-EBITDA and approximately INR 750 crores for the GIC capital infusion into the subsidiary platform.

Of this, approximately INR 650 crores was deployed to reduce debt and the balance funding accretive new acquisitions. So therefore, capital recycling is an established part of our playbook. It's not an opportunistic tool. We have identified further candidates within the portfolio, and we will execute selectively to maximize return from capital employed, accelerate our deleveraging and fund growth.

Going forward, the INR 3,000-plus crores of cumulative free cash over the FY27 to FY31, coupled with established capital recycling program is allocated against a structured framework. First, continue deleveraging towards a medium to long-term net debt-to-EBITDA target approximately 2.5x. Second, the commitment to fully fund the INR 2,200 crores of capex across the existing pipeline, including Navi Mumbai.

Third, retain investable surplus for tactical mergers and acquisitions and adding long-term variable leases where returns are very accretive. And fourth, as free cash flow compounds beyond our committed growth requirements, the Board intends to evaluate disciplined mechanism to return capital directly to shareholders in a manner consistent with long-term value creation.

Looking ahead, FY27 builds from the FY26 base, we are confident of delivering 9 to 11% same-store revenue growth with healthy margin expansion on top of the ongoing contribution of the assets that opened during FY2026. The GST impact being normalized from quarterly 3 FY27 as a year ago basis resets. We are also confident of contributions coming from W Hyderabad in the near-term.

With the GIC platform giving us institutional capital firepower, the Ingka partnership giving us a marquee and Delhi NCR addition on variable lease, the RARE India platform giving us capital efficient entry into a rapidly expanding experiential leisure segment, SAMHI is now positioned to compound free cash, expand the portfolio in core markets, transform the P&L through multiple big-box assets in our pipeline without taking incremental leverage and without diluting equity.

Thanks for your time today, and we'll now open the floor for questions.

Moderator: Thank you very much. We will take the first question from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Firstly, Ashish, can you provide some color on how April and May have trended so far? And how is 1Q FY27 looking so in terms of booking and MICE activities? And as a follow-up, given you have had the benefit of a favorable base in FY26, how should we think about the like-for-like growth expectations for FY27?

Ashish Jakhanwala: So Karan, cumulative QTD quarter-till-date is tracking double-digit revenue growth. And bear in mind, April was flattish, May is strong. And that kind of answers your second part that we also inherited a very weak base in May of last year.

So I think given the fact that we almost lost a quarter last year, 1 month every quarter because of some issues, we think that even though the Gulf crisis will continue to impact absolute numbers through the first quarter, the year-on-year growth will easily be maintained in double digits, Karan.

Karan Khanna: Sure. And just on the GST impact, it seems like GST is more like a permanent reduction in margin since the rules are unlikely to change. So in light of this, what margins are you expecting in FY27, '28 and how would those margins look like prior to the GST implication?

Ashish Jakhanwala: So Karan, the margins we expect to be around 38% or so. There is an impact of GST for sure, which is permanent in terms of absolute basis. But even then, we should maintain a 38% margin through the year. And don't forget, a lot of our pipeline is all upscale where we don't have many rooms selling for less than INR 7,500. So we should maintain a 38%-plus margin at a group level.

Karan Khanna: Sure. And then secondly, if I look at Slide 32, given the kind of pipeline that you have in FY27 and beyond, is there a spillover risk in terms of construction delay in any of these project in pipeline? And given that you have had 4 major hotel development announcements during the year.

For FY27, should we continue to see more acquisition or capacity expansion announcement as well as the asset recycling continuing? Or will the focus now be towards stabilizing the existing pipeline first before pushing the ancillaries towards growth?

Ashish Jakhanwala: So Karan, I think you know SAMHI for a while, we are a very well set management team with specific responsibilities to each group. We have a very strong operating team, largely led by our operating partners. They will focus on ensuring that we deliver on the same-store or the operating assets without being distracted by what's been happening on the M&A space.

That's one that I think at all times, we have separated our operating teams from our growth team. The second question about acquisition versus capital recycling. Capital recycling, I just stated that is something that we'll continue to look at. We have identified a few more candidates within our portfolio which we think where we can extract our capital from.

And as we extract capital from those assets, we constantly look to redeploying them so that the return ratios can be improved for the company and for our shareholders. Acquisitions are always opportunistic, Karan. We want to maintain discipline of discount-to-replacement cost. We want to maintain the discipline of underwriting mid-teens ROCE. We want to maintain the discipline of not investing in long-lead greenfield assets.

And we have some because of adding inventory and so on and so forth. So we have very strong guardrails, but capital recycling is something that we continue to evaluate through the year and next year, including also redeploying their capital for more interesting opportunities.

Moderator: Thank you. We will take the next question from the line of Viraj Mahadevia from MoneyGrow India. Please go ahead.

Viraj Mahadevia: Congratulations on excellent results and on the deleveraging. A very quick question, given the new projects coming up this year, what is likely to be the revenue growth as a percent for FY27?

Ashish Jakhanwala: So Viraj -- sorry, the line is cracking a little bit. Hello?

Moderator: Sorry to interrupt in between. Ashish, I would you request you to please -- I'm sorry, Viraj, I would request to please mute your line. Sir, you may proceed.

Ashish Jakhanwala: Yes, I think the question was about what's the revenue growth we expect with the new openings. I think let's just break it up year-by-year. So what do we have in FY27. So FY27, first of all, we have the same-store of hotels. This portfolio grew in the ZIP code about 6% to 7% last year with a lot of interruption. Without that, this would have grown comfortably in the ZIP code 10% to 11%.

Given the base has been reset, as Karan mentioned on the earlier question, we expect the same-store hotels to comfortably grow in the ZIP code about 9% to 10% year-on-year for FY27. Two, we had undertaken a fair bit of renovation and additions during FY26. Just to mention a few, we have added inventory almost 20% inventory to our Sheraton in Hyderabad.

We have added inventory to our Hyatt Regency, Pune. We have added inventory to one of our Holiday Inn Express hotels. We obviously opened to more Holiday Inn Express hotels during the year. We also undertook significant work in our Hyatt Place, Gurgaon, where a significant inventory was shut for renovation has reopened, there's a new ballrooms and so on and so forth.

So we do expect that the capital and the efforts get invested in FY26 in these assets will add on to the same store for FY27. And if not, they give us enough cushion and hedge if the current crisis was to continue longer. And therefore, being conservative, we feel that while, if there was to be no crisis, same-store would have grown at about 9% to 10% and incremental impact would have been about 3% to 4%.

Total revenue growth would be about 14%-odd. But I think at this point, we like to guide with an element of caution that the current crisis may continue. And therefore, the overall revenue growth should be underwritten in the ZIP code of about 10% to 11% Y-o-Y.

So that we expect FY27. FY28 is a big year for us because we open the W in Hyderabad. And notwithstanding what we are seeing as the current crisis, the location of that hotel, the brand and the product positioning is extremely strong. So we do expect the W Hyderabad to bring on the current revenue run rate basis, almost 6% or 7% growth.

So for FY28, is extremely well set to add that 6%, 7% Y-o-Y growth because of that new hotel opening. And then beyond that, of course, we have larger openings like the Tribute in Bangalore, then the Westin in Bangalore, then the Noida development. So I think starting FY27, we are in a very secured space because of the investments that we have made since we went public.

Viraj Mahadevia:

Understood. Thank you. And Ashish, would you like to guide us towards the interest cost outgo likely for FY27?

Ashish Jakhanwala:

So for FY27, on a pure Excel sheet, the interest expense comes to about INR 127 crores, but we would again caution. The news that we are hearing in the market is that the interest rate cycle may see an upward revision because of the currency weakness. We have already factored in a 25 bps of increase to indicate a total interest cost in the range of about INR 135-odd crores.

So we have factored in what we expect could be the interest rate hardening this year. Otherwise, as of today, the cash interest expense will be about INR 127 crores, but we are guiding towards INR 135 crores, INR 140 crores only because of the fact that we will factor in a 15 to 20 bps increase in the interest rate.

Moderator:

Thank you. We will take the next question from the line of Jinesh Joshi PL Capital. Please go ahead.

Jinesh Joshi:

Sir, I was just trying to adjust the EBITDA margin in 4Q for the crisis. So if I have a look at our reported EBITDA, which includes other income, the figure stated is about INR 149 crores. And if I exclude other income of about INR 8 crores to INR 9 crores to the reported EBITDA and add about INR 22 crores of revenue loss that we have seen in the month of March.

Our EBITDA margin is at about 38.4%, which in the base quarter was about 38.7% while the decline is not meaningful, but we haven't seen any improvement come through in the EBITDA margins. So are we kind of facing any operational headwinds on the cost side? If you can talk a bit about that?

And also in that context, our full year guidance of 38% because 3Q and 4Q our margins typically tend to be higher, so if in 1Q and 2Q, we are slightly lower. So how should we think about that guidance as well?

Ashish Jakhanwala:

Jinesh, very good question. Let me break it up for you actually. So when you do the math in terms of adjusting for other income and then adding back the impact of, let's say, GST and the whole prices that you've seen, you're absolutely right, it's a flattish margin.

But when you drill down our asset level performance this year, one of our larger assets have picked up almost INR 13 crores to INR 14 crores of what is called corporate catering and outdoor catering. That one business came at very low margins, okay. And that kind of impacted a bit of what would have been a slight increase in the margins to what we've delivered.

So as we rationalize the revenue mix of FY27, that dilutive impact of, not a very large, but still a reasonably sized business that was picked this year, which reported very low margin will disappear starting May. So I think there was one asset, one particular contract, a slight dilutive impact, which we will not see through FY27.

Jinesh Joshi:

Understood. And sir, one accounting question. The variable lease hotels that we have announced in Hyderabad and Noida, now given these are long-term leases, will the rent get capitalized on the balance sheet? Or will it be expensed into the P&L? That is one.

And just one small follow-up. While in the PPT, we have given a 5-year capex guidance of INR 2,200 crores. Can you just help us break it down for the next 2 years, which is '27 and '28? Yes, so that's the last question from my side.

Rajat Mehra:

Jinesh, this is Rajat here. See, as far as the lease which are paid till the time the development of the hotel is happening, all leases will get capitalized. So whatever we are paying for the W today on a regular basis is getting capitalized till the time we open the hotel. After that, it will be a state to the P&L as soon as we start generating revenue.

Ashish Jakhanwala: Yes. So just to reconfirm, all leases have a 3- to 5-year minimal guarantee that is really a part of.

Rajat Mehra:

For that, we will actually create a separate ROU and the lease liability, which has a separate accounting treatment, but the variable part of that is a cost which straightway goes as a part of P&L.

Ashish Jakhanwala:

Even today, Jinesh, about almost 1.5% to 2% of our revenue is on account of the variable lease payments we make on our existing leasehold assets. So when you compare the EBITDA margins like-to-like, actually, our EBITDA would be in the ZIP code higher by about 150 to 170 basis points only on account of the lease treatment.

Coming to your second question, for FY27, we have allocated about INR 250 crores to INR 270 crores of capital, capex. Large part of this is actually towards the W in Hyderabad. Almost INR 150 crores is for W, Hyderabad for it to be opening towards the end of the year.

The balance is for the work going on in the Westin Bangalore. Then we are allocating some capital towards maintenance, and we've seen that the for P&L, there is some maintenance requirement. Then we are doing minor renovations in Four Points, Pune and Jaipur. So we have allocated about INR 15 crores to INR 20 crores there and then some bit of investment in leisure.

For FY28, we expect to maintain a similar ZIP code of capex and which then will be directed majority of that will be directed towards the Westin in Bangalore, because W would have been largely fully invested so far. So that's how we see the capex plan for the next two years, ZIP code of INR 250 crores to INR 270 crores per year run rate as of today.

Jinesh Joshi:

Can I ask just one more question, small clarification. So sir, in the presentation, we have mentioned that due to the GST change, the number of room nights sold for less than INR 7,500 have increased quite a bit. But if I look at the occupancy of the upper mid-scale and mid-scale assets that we have given in the PPT, that figure is more or less constant. So I was just trying to think through what has happened exactly?

Ashish Jakhanwala:

The funny part about the GST regulation is it has nothing to do with segment. It has nothing to do with the average rate of a hotel also. It is applied to each room, which is sold for less than INR 7,500. So even in a hotel where we have reported an average rate of INR 9,000, if during the month of March, because of the Gulf prices, they saw a cancellation of a group or an event and they replaced it by another group, which came at a rate lower than INR 7,500. On that proportionate income, we would have lost the GST input tax credit.

So this will not be visible from segment performance. Actually, even if you look at our best-performing hotel like a Courtyard Fairfield Bangalore, in the month of March, they would have ended up selling a few rooms, let's say, it's less than INR 7,500, right? So the impact is of every room, which is sold for less than INR 7,500.

And as the revenue management logic would unfortunately tell you that when you go through a period of crisis, you tend to secure market share and volumes and some of that comes at a slightly discounted price than you would have otherwise planned for.

So that's why if you see in the last 6 months, the total GST impact on a Y-o-Y basis in the quarter 3 was about INR 7.5 crores actually. right? And the same amount expanded to about INR 10 crores in quarter 4, even then that's not proportionate to the revenue growth we've seen Q-on-Q actually, right? So that demonstrates that more rooms were sold at less than INR 7,500. That's standard revenue management.

Moderator: Thank you. We will take the next question from the line of Vikas Ahuja from Antique Stockbroking. Please go ahead.

Vikas Ahuja: Ashish, my first question is regarding this INR 153 million impact because of the West Asia disruption. And in our presentation, we have written that inbound FIT cancellation, near Land Cruise and MENA. So I mean, is there any residual impact also, which is going into April and May? Or this is just purely a one-off and we may not see this recurring in Q1?

Ashish Jakhanwala: So Vikas, we have seen that continue through April. May started seeing a solid recovery. Well, May two things are happening, to be honest. One is last year, base was very poor, Vikas, because we had Operation Sindoor in May. Operations Sindoor started around 9th of May or 1st of May. So clearly, you inherited a very extremely poor base.

But even if I ignore it, constantly tracking this current quarter over the same quarter in FY25, actually, okay? Because comparing it to FY26 is kind of blindsiding ourselves for future. So whatever we delivered in FY26, while for management, it's very easy to use that as a base to look like heroes in FY27, but it clearly doesn't set them for success in the long term, right?

So when we look at quarter 1 performance, we are actually comparing it to the quarter 1 of FY25, because that didn't have an incident like Operation, Sindoor which was actually as severe an incident as what we are seeing currently, right?

But adjusting for all of that, what we've realized is that even long-haul international travel has resumed, okay? Even the customers from U.S. have started flying. Don't forget the flying time has now increased to 20 hours. It clearly impacts the number of people who would like to come for a small meeting. But we have clearly seen a very encouraging resumption of business from all core markets.

The occupancies are not a problem. We're running really strong capacity utilization across the group. But as the business rebalances we will give us the conviction to restart repricing. So I think as of today, that's why we feel reasonably confident. Okay, listen, these operators give you a calendar year number. We report a fiscal year number.

In a typical year, the ratio fiscal year to calendar year is about 1.04, 1.05, right? So about 4% ahead of the calendar year is the fiscal year ending. Last year, that dropped to about just barely 2%. So it was 1.02, okay? If I take the numbers that have been delivered from Jan till now, which is a very period full of turmoil, to be honest with you. We actually think that the early double-digit growth rates are fairly secured.

But when I say fairly secured to be very vigilant and keep monitoring what's happening to the current situation. But as of today, we feel that double-digit revenue growth is not something that is at an alarming threat. But the world is volatile, we need to keep watching where we are heading.

Vikas Ahuja: That's helpful. So roughly, we should build in a similar kind of impact at around INR 150 million for maybe Q1 as well, which will hit the margin. And as you rightly said, FY25 is the base we should look at. So I just want to clarify on that. So if I look at the GST impact, which was largely

for the second half, INR 180 million, if I annualize it, it would be roughly INR 300 million for the year.

And if I compare it with FY25 base, so there is a 2.5%, 3% drag. So when we say 38%, which is 50 to 70 basis points higher than FY28. So roughly, if I exclude that, our margin would have improved more than 3 percentage points. Is that the right understanding?

Ashish Jakhanwala:

Absolutely correct. The group level would have been upwards of 40% minus the GST impact. Our upscale is already upwards of 42%, 43%. Our ACIC has now moved in line 41%, 42% actually, our Holiday Inn Express portfolio has done really well. So you're absolutely right, GST has a permanent impact on the margins, and that's why for this year, we're guiding to be 38%.

The good news, Vikas, each year, our reported margins will keep going up on a normalized basis, because most of our incremental inventory is upscale, where we don't expect to sell many rooms for less than INR 7,500, right. So I think structurally, the company will secure its place at 40%-plus reported margins. Only given the fact that our incremental investments and openings are all upscale, actually and in strong markets.

I mean, let me be cautious. An upscale in Ahmedabad has the risk of selling rooms at less than INR 7,500. A mid-scale in Hyderabad and Bangalore has lesser risk of being sold at that price. So our inventory is opening in upscale and in markets like Bangalore and Hyderabad, which gives us a reasonable security about not selling rooms below that price point.

Vikas Ahuja:

Right. And Ashish, is that fair to understand once things normalize, so there would be some upward bias on this 9% to 11%. The target we have on income is there because of the GST introduction, there should some upward bias there.

And finally, anything on this NCR where RevPAR declined minus 9%. So is the renovation of Hyatt Place is largely over and we should start seeing growth coming back there from a RevPAR growth coming back from this fiscal year? Thank you. That's my last question and thanks a lot.

Ashish Jakhanwala:

Absolutely. So Hyatt Place, Gurgaon renovation got concluded actually by end of quarter 3, right? And if you see, Jan till now we've seen fabulous growth in that asset. So we do expect NCR to come back to mid-teens in the current fiscal year. There's no doubt in our minds about that because the base was very low.

So notwithstanding what we are seeing as crisis, we're not worried about some of the assets they have taken on interventions because the base was doubly impacted: A, because of the renovation and; B, because when they opened the market was really, really bad.

So absolutely no need to be concerned about NCR. Hyatt Place Gurgaon is fully renovated and open, and it's set to deliver, at least, in our opinion, mid-teen revenue growth, if not more.

Vikas Ahuja:

Ashish, we missed on that 9% to 11%, if there is any upward bias towards that because of the GST reduction and all?

Ashish Jakhanwala:

So listen, just look at the last year number Vikas, last year, the total revenue growth in the portfolio was about 12%, okay? If I look both at the external environment and internal issue so such as renovation at Hyatt Place and ballrooms in the Hyatt Regency and Sheraton, and we've spoken about this in the first half. Unfortunately, we all forget in public markets.

But this year, we had undertaken certain capital investments for product improvement, which did impact our revenue run rates, right? FY26 should have easily been a 15%, 16% revenue growth for SAMHI okay? If we see the Gulf prices settle down, even if it takes another 3 months to settle down, right? I think this year has a fair bit of an upside potential.

But that's the potential, right? Our current plan on EBITDA growth, cash flow generation, our targeted leverage, all of that is dependent on just that 9% to 11% revenue growth. Anything we get on top of that, we'll do a couple of things.

Number one, it will substantially improve our EBITDA growth plus margins. So all of that incremental EBITDA will go straight to our free cash and that, of course, has a snowball effect of what that can do to the company. And that's why every management, just like every equity investor tends to be cautious of the downside, but clearly works hard for the upside.

And that's why we have articulated our capital allocation plan because we do feel over the next 3 to 4 years, there's a lot more upside built into our business that allows us to do all the 4 things, which is quickly deleverage, clearly continue our capex plan which is not being impacted by anything, continue to look for growth opportunities and last but not the least, has the optionality, and I don't want to speak ahead of time, have the optionality to start considering any sort of shareholder return.

So I think there is an upside in the business plan, but we need to be very cautious, especially in times when bombs are flying around the world really.

Moderator:

Thank you. We will take the next question from the line of Shrinjana Mittal from MS Capital. Please go ahead.

Shrinjana Mittal:

I have two questions. One is if I look at Slide 28, the income bridge that we share, the same-store EBITDA shows a negative impact even if I look at the ex-GST number. So in this, is this drag largely because of that one asset that this margins were structurally lower? If yes, can you qualify that further?

And then a second one is, just our understanding is that the incremental flow-through from incremental revenue is about 50%-odd, right? That's generally the case for us. But given the GST impact, how should we think about this going forward?

Ashish Jakhanwala:

Yes. So that's a good question. So when you look at Slide 28 and the quarter FY26 same-store, you're absolutely right, but the GST has been separated from this. It does include what Rajat mentioned about the FF&E expense and some of the year-end reconciliation and two, of course, the impact of the outdoor catering and group corporate catering business taken at in Hyatt Regency, Pune. So both of those things impacted the revenue growth.

One thing we need to be aware of is that typically, we see a very significant jump between quarter 3 and quarter 4 revenues, historically. And most of them coming actually post 20th January until end of March. So we've always seen the first 10, 15 days of January, mirroring the last 20 days of December, which is a year indication period. Post 20th January, we see a very strong growth in revenue and typically, hotels are geared to deal with that.

And that's the case this time also. And then in that situation you get a sudden loss of income of growth and so on and so forth, the ability to control cost is not immediate. So if you see the same thing in April, for instance, you'll see an improved number because the management had a month to respond to outsourced labor, fixed contracts and stuff like that.

So when you hit with the crisis in a quarter when you're prepared for a significant revenue jump, it's sometimes difficult to maintain the flow through the recovery. So what you see is minus 3.7% is on account of the FF&E expense through the P&L.

You will see the impact of year-end reconciliations, factorial costs, all of that and then of course some impact from their outdoor catering and corporate catering business that was taken, so, yes, that's the combination. Can you repeat your second question, please?

Shrinjana Mittal: No, I think that roughly answers. Our second question was just the that flow through that 50% flow through, that we do, this is a one-off thing that is what I meant, that 50% flow through what we usually expect and that has not changed even after the GST change?

Ashish Jakhanwala: So we do expect a 55%-plus flow-through. 50% is underwhelming, 60% is where we are happy. We have seen a median to be around 55% flow through across the business, and that structurally has not changed.

Shrinjana Mittal: Understood. Very clear. Just one more question. The depreciation number has also increased a fair bit sequentially as well. So can you help me understand what has led to that?

Rajat Mehra: See, this is actually on account of onetime revaluation of the balance life of the assets. So we after every 3 years do a reassessment. So whichever asset that we feel that actually have almost lived its life, so we've taken a onetime hit of that. And subsequent to this, I don't think there's going to be any material change in the depreciation numbers that we have been reporting.

Moderator: Thank you. We will take the next question from the line of Achal Kumar from HSBC. Please go ahead.

Achal Kumar: The first question is about your long-term targets, which you have just spoken about. So 2 things here. So one, you have shown the path for FY27, '28, but I just want to understand where do you see in terms of your, with all these assumptions you're put in and the growth you have put in, where do you see in terms of your ROCE target in FY31 and your net debt-to-EBITDA? And how are you going to fund this INR 2,200 crores of capex over the next 5 years? If you could give a bit of a color.

And obviously, what kind of assumptions do you have in terms of your ARR growth over the next 5 years? And when we do you -- how do you see these hotels to generate the group level EBITDA margins. So if you could also give a bit of color on that, please? Thanks.

Ashish Jakhanwala:

Okay. So I think I'll summarize what 3 or 4 questions you've had. One was the expected ROCE. Second was net debt-to-EBITDA target. Third was how do we fund our capex and fourth was the asset level RevPAR growth, right? So let me take the easier question first, and then I'll come to the more difficult ones.

So in terms of net debt-to-EBITDA, so I think I'll repeat. Since we've gone public, there are only 2 guidance we have given, one in terms of what we expect the revenue growth to be in the long term. And I'm kind of proud of the fact that we've held on to our 9% to 11% guidance pretty much from the day of IPO till today, and we've seen lots of highs and lots of lows in markets.

And I think what we have learned is that when you give a long-term guidance, it should remain long-term stable and should factor in the events. So we had factored in event and we stay absolutely confident of maintaining a 9% to 11% total revenue growth from same-store hotels, right? That's number one.

Second guidance we have given is the fact that this company is committing to bring the leverage to 2.5x net debt-to-EBITDA, right? We are currently at 3x net debt to EBITDA. If we had not seen the interruptions that we saw during the year, these number would have already gone to a 2 ZIP code right?

It could have been 2.8, could have been 2.9. But we would have been at 2.8. So typically when we guide our investors, we keep a margin of error. So we were thinking and hoping we'll be at 2.8x net debt-to-EBITDA at the end of the year. That is to circa 3.0. We are precisely at 3.07 as when we reported our numbers.

As of today, we maintain our guidance that the company will stabilize its net debt-to-EBITDA at 2.5x. And I think give us another 12 to 18 months, we should be in that ZIP code. Third thing is in terms of capex funding, and I think we've articulated that our last year's free cash flow production which is nothing but EBITDA minus interest expense and lease MG is approximately INR 300 crores.

When we looked at the recent interest rate reductions that we've been able to achieve, that number without changing the EBITDA number would have been about INR 310-odd crores. So now there are 3 things which will happen. We are underwriting, Achal, that this INR 310 crores is largely secured. Only this is on the back of a really one could say a tough year, right?

So the INR 310 crores is really available to us for the next 4 to 5 years, because the base is tested on a really tough year. The second thing that we are underwriting clearly is that 9% to 11% revenue growth. Now when we looked at revenue growth, EBITDA growth, what could be the future value of this company, we are obviously put in a lens of optimism and growth.

When we underwrite cash flows and leverage, we put a lens of pessimism. So therefore, what we do is we assume no operating leverage, and we pretty much apply the same RevPAR or revenue growth to EBITDA growth.

So if we only get about 9% to 10% EBITDA growth, that will give us an incremental INR 700 crores of free cash from our existing pool of assets in a 5-year period. And then starting FY28, when the W opens and then subsequently, we open other hotels. As said from now till FY31 we will contribute incremental about INR 400 crores to INR 500 crores of EBITDA.

Now as we've articulated, we are not taking incremental debt, and therefore, the EBITDA from those assets have a real flow-through to our free cash. So we have reasonable source and visibility of financing for funding that approximately INR 2,200 crores of capex.

Now again, to be cautious, we have done 2 things. When we are considering the revenue and EBITDA, we have ignored Navi Mumbai and One Financial District, Hyderabad. We've assumed 0 contribution from those because these are quasi greenfield, and we know what happens to greenfield, right?

But when we are considering the capex, we are assuming these hotels are going as per plan, and therefore, we've taken the full capex for this 5-year period. So we have built in some margin of error hopefully, in the way we've laid out our cash flow forecast. So that's the 3 easy questions, okay.

Now let me come to the more difficult question, which is the ROCE part. So if you see our current pool of assets are really well geared to get to the targeted 14% to 15% ROCE. We think there is very little risk to that. So the current pool of assets we could underwrite to be at 14%, 15% ROCE.

Now let's target the new openings. Now the new openings will be a mixed bag, okay. There will be hotels like Ingka, there will be hotels like W Hyderabad. These hotels are on variable leases. And unlike the freehold assets, they tend to deliver very good ROCEs early on.

So if the group level, ROCEs in the ZIP code of 14%-15%, the W, Hyderabad opening, let's say, in FY28, when that asset gets fully capitalized. First of all, we don't carry the depreciation of the building in our books because we leased it, right?

We expect the ROCE to be not dilutive to where we are targeting the group to be, right? Similarly, when we get the delivery of the IKEA the Ingka Center hotel, our investment is largely in FSME and hard finishes and to be a strong market. So again, this is an asset which will not be very dilutive.

Third thing, which I think we've not spoken about enough today is this Marriott in Sriperumbudur, Chennai. Now this is not very often that a company can add a whole Marriott hotel to its existing portfolio without investing a rupee on real estate. So the current Fairfield by Marriott on that piece of land is at about 30% return on capital employed.

So if you take the total capital employed in that asset and the current EBIT, we should be at about 28% to 32% return on capital employed. On that piece of land, we are adding a whole 130-room Marriott hotel. So as that hotel opens, we expect the ROCE to be extremely high for that hotel because there's no underlying real estate expense.

So generally, we expect our ROCE profile to be maintained in that mid-teens ZIP code, even though we are opening a lot of new hotels and classical wisdom will caution you that new openings could be dilutive to your ROCE, but a combination of variable leases and the fact that we are on a piece of land that the underlying value of land has already been accounted for, gives us a reasonable protection. So I'm sorry I took long to answer this, but I think it needed a bit of an explanation.

Moderator: Thank you. We will take the next question from the line of Vaibhav Muley from Haitong India Securities. Please go ahead.

Vaibhav Muley: Congratulations on a good set of numbers. My first question was, I wanted to delve a bit more on asset recycling that you mentioned, you want to evaluate more opportunities. I believe you have already done asset recycling of north of INR 200 crores. And as per our earlier target, only INR 100-odd crores recycling is to be done. So are you planning to go beyond this INR 300 crores targeted number in terms of recycling?

And in terms of the nature of the recycling, is it the complete sale of asset like saw in case of Ahmedabad or Chennai or for our Caspia asset? Or will it be similar to what GIC did of minority dilution at asset level? That's my first question.

Ashish Jakhanwala: So Vaibhav, first. I think asset recycling is a part of our long-term strategy and the driving factor behind asset recycling is nothing but ensuring that we deliver a higher return on capital employed and higher growth.

So constantly, the investment committee first and then the Board evaluate that all of our assets gear to a, deliver higher ROCE; b, protect ROCE and c, continue to deliver earnings growth from the contribution of the earnings growth from that particular asset, right?

Two, we are constantly looking at opportunity costs that what is the, for instance, the market value of that asset? And what could be our ROCE on the market value? So one thing is the ROCE on our book value, which has been depreciated. Second, what is the return on capital employed on the opportunity cost or the underlying market value of that asset?

And if we feel that the market value is really high. And therefore, on the current income, the ROCE will be really low. But at the same time, we have the ability to acquire a hotel where our ROCEs will be mid-teens to high teens, we are often compelled to evaluate that candidate for an asset recycling.

So this is something just as our investment committee and Board needs often in a year to evaluate where should we deploy our capital and the same Board meetings we have debates about is our current portfolio behaving well? And are there candidates within our portfolio, which would be

better recycled than held on the book? So that's really a capital discipline that we carry as a byproduct of an institutional investor group, right?

So therefore, you're absolutely right. We think our target on asset recycling is bigger than our residual INR 100 crores. We expect that in the next 2 years, it should be about INR 200 crores, INR 250 crores, largely through sale of assets, okay?

In terms of minority dilution, that is a larger strategic goal and often is done when either we expect to monetize a value created in an asset just as we did in Courtyard, Fairfield, Bangalore, where we created tremendous value for our shareholders. And then we kind of, in your language public market booked a profit by diluting 35%, and it secures the base for perpetuity effectively, right?

That's a more longer-term strategic decision, which I would not like to comment because it will be totally speculative, right? But in terms of asset recycling, I can confirm that our current target is more than INR 100 crores.

I would put that number to be in the ZIP code of about INR 200 crores, right, INR 200 crores to INR 250 crores, largely in form of single assets, where we think our money should be redeployed in more high-growth opportunities. Vaibhav, I hope I've answered your question.

Vaibhav Muley:

Yes, sir, clear. Just a quick follow-up on this, actually. Isn't there a risk to invest the money that you generate from the sale of assets into a newer venture? Is there a significant delta that you can capture in terms of ROCE to take that risk, let's say, if your existing asset is delivering 12%, 13% ROCE. And if you are generating 15% ROCE in a new venture, with the risk that it may or may not be successful. Isn't there a trade-off in terms of taking that risk?

Ashish Jakhanwala:

So Vaibhav, I'll give you some of the examples. So last year, for instance, we sold Caspia Delhi. And we sold Caspia Delhi for a consideration of INR 65 crores. And well, on that day, the EBITDA contribution was just about INR 1.5 crores, INR 2 crores. But even if we had fully renovated, rebranded, capitalized on the current value of that asset, we would have not solved for high ROCEs for that asset, right?

Interestingly, what are we doing with that capital? With that the capital we are using to do something like a W Hyderabad, for instance, just to give you an example, right? Money is fungible, so hard to say it went from A pocket to a B pocket, but the same money, which was delivering INR 1.5 crores, INR 2 crores of EBITDA against a INR 60 crores value, it's guaranteed to deliver you a double-digit ROCE in an asset like W Hyderabad.

I'm using a word that I normally hesitate to which is guaranteed, but I'm using that word because the margin of error is very, very large in that asset, right? So I can be a slight bullish on that. So you're absolutely right. Asset recycling needs to come with a very, very large margin of safety and unless that margin of safety is not there, you're absolutely right, Vaibhav, it is not worth considering asset recycle.

So all of our asset recycling have carried that significant margin of safety. So even if your new deployment goes wrong on your underwriting, you would still outperform your existing assets, and that's the basic thesis.

Vaibhav Muley:

Perfectly understand, sir. Second question typically on Bangalore market. Bangalore market is expected to see good pickup in terms of the upcoming supply, especially into upscale, upper upscale markets, where our majority our portfolio lies. Again, another competitor of yours actually yesterday announced that they are planning to set up a Westin brand in Bangalore with Marriott.

So is there a risk that you see for a Bangalore market, especially given the market has run up quite a lot. And over the last couple of quarters, we have started to seeing occupancy taking a hit, though ADRs are still sustaining at higher levels. So longer term, is there a saturation risk for Bangalore?

Ashish Jakhanwala:

So Vaibhav this question needs to be answered at the market level, okay? If you look at our presence in Bangalore is Outer Ring Road, and clearly, we are seeing new hotels open through this year in Outer Ring Road in Bangalore. And we have, therefore, in our own underwriting when you give a guidance 9% to 11% for the group level.

In that asset, we've kind of moderated our expansion on growth, given the fact we have a large opening over the next 12 months in Outer Ring Road. Our second investment is in Whitefield, which is where we have the Tribute and the Westin. And I think more -- Westin has absorbed a lot of supply over the last decade and now is coming to that tum where the new supply is not material over the existing base.

So supply growth percentage is not sitting in Whitefield, Bangalore. The new supply in Bangalore is concentrated between airport and Hebbal, okay, which is really where the land is available, new office growth is happening. We have zero presence in that precinct.

So if you were to take the list of future supply in Bangalore, and I don't want to put a number to it because I don't have the data. But more than half of that future supply is concentrated in that 25-kilometer corridor starts at the Bangalore International Airport and would end at Hebbal, which is where you have the Manyata Tech Park and all.

So I think it's a business of micro market. It's not a business where supply and demand could be evaluated at a city level, to be honest with you. And the same thing will apply to Hyderabad also, Vaibhav. If you look at Hyderabad, there's a lot of announcements of new supply. But a lot of those announcements are not in the precinct to the micro market where we have a current inventory or proposed inventory.

So all of this needs to be evaluated at a micro market level, that's one. Second, is Bangalore as a market today is a total inventory of about 17,000 rooms, 18,000 rooms, right. Bangalore needs to add 1,000 rooms more every year for it to be growing at 5% a year, right? And if supply is growing at 5%, which doesn't seem the case by the way in Bangalore, which means 1,000 rooms a year every year for the next 5 years, right?

So the supply CAGR in Bangalore, maybe in the ZIP code 5%, 5.5%, we need to make sure that demand continues to grow ahead of that, right, which obviously is a factor of GDP growth rate, growth of office, airlines, ancillary business, so on and so forth.

I think the demand environment, the current supply base, the percentage supply growth in Tier 1 market is not a threat. But again, I will completely agree with you. We need to be cautious and evaluated it at a micro market level.

Vaibhav Muley: Understand, sir. Can I squeeze in last bookkeeping question, if I may?

Ashish Jakhanwala: Sure, please.

Vaibhav Muley: Just on W Hyderabad, you have said opening will be in '27. Can you specify the quarter in which it will be opening? And related to that, Hyatt Regency, Pune has been in preopening for last quarter as well. Any particular reason that we are still mentioning the status as preopening on that?

Ashish Jakhanwala: These are 22 apartments, which are ready and waiting for the final approvals, Vaibhav, right? So these are, sorry, this is not a hotel. The hotel is operating completely. These are 22 new apartments. We have completed, but we are waiting for the final regulatory approvals. That's why unless we don't get that, it will unfortunately be seen as preopening.

Vaibhav Muley: Okay. And on the revenue growth that you mentioned, 9% to 11%, we had mentioned the same-store revenue growth..

Moderator: Sorry to interrupt, Vaibhav. I would request you to please rejoin to queue again for more questions. Thank you. We will take the next question from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Sir, I had a follow-up question on the capital recycling that you answered to previous participants. So you are recycling hotels which are struggling? And if the ROCE based on the market value of any of your hotels is less than what you desire because of increase in the market value of the hotel, then you're willing to recycle that capital also if the understanding is right.

Then in a way, sir, you are trying to operate a hotel, which has kind of mediocre ROCE, looking to scale it up and offload it. In that case, sir, aren't we kind of digressing our business model to trading of hotels also and not just running the hotels?

Ashish Jakhanwala: No, Prashant. I don't think we are trading hotels. In the last 3 years, we have sold 3 hotels or 4 hotels, right? Number two, let me clarify, the hotels that we sell often are non-core hotels. We often have bought portfolios and when you buy a portfolio, you get hotels. Otherwise, on a stand-alone basis, you would have not bought.

And therefore, they better be recycled and that money deployed in markets and assets that you are core to you. So I'll give you an example, Caspia Delhi in North Delhi. I know it looks like a Delhi ZIP code, but non-Delhi business is very different to the business we are used to operating in.

So I would want to clarify that it is not trading of hotels really. Our job is to build a very large portfolio of operating hotels. But if you look to any large income-producing hard asset business globally, right? The way to protect shareholder value in the long-term is to ask yourself hard questions, right? About is asset creating future value?

Now, not every year, you'll get an answer that 2 hotels are not. But every 2, 3 years, you will clearly get an asset or two where you feel that you're better of disposing of the asset to redeploy that in a higher return segment. So it's not active trading, but it is a tradition that we evaluate the value of each hotel.

We make sure that the hotels we own are geared to provide long-term value creation for our shareholders. And if there is friction to that, I think it's a fiduciary responsibility to make sure that we do the right things to redeploy that capital.

But it does not make it as a trading of hotel and the percentage of that remains to be miniscule. The impact, by the way, could be substantial, but the actual monetization program itself is a miniscule of what the value that we carry. So just to clarify that.

Prashant Biyani:

So sir, hotels which are struggling, we recycling that capital is understandable. But if the market value of any, I mean, the property prices of any micro market increases and based on the market price, we are not able to supposedly, the ROCE profile is not as per what we are targeting.

In that case, sir, I mean, that is a bit confusing. I mean, in that case, I would be a bit confused. If you are going to sell off your marquee hotels also may not be so frequently, but I mean, that sort of creates...

Ashish Jakhanwala:

Prashant, I used the word non-core hotels, even in the presentation if you see we have use of our non-core hotels. So we are not going to sell a Courtyard Bangalore or a Sheraton Hyderabad, Hyatt Regency, Pune, right? I think this is about some of the smaller hotels that we acquired sometimes as a part of our portfolio acquisitions.

So I don't think anybody needs to be worried about us tomorrow saying, "Oh, the value of Courtyard Bangalore has become INR 3,000 crores in the market, and therefore, our EBITDA is only INR 100 crores, should we sell it, right?"

So if you see the Slide number 10, we have used the word our non-core hotel sold, right? So it will always be applied to non-core hotels where their EBITDA contribution is negligible, their future EBITDA contribution to the group is even less than negligible.

So you don't see the needle moving in terms of revenue growth, EBITDA growth, absolute revenue, absolute EBITDA, because these are non-core hotels, which are not material contribution to the portfolio.

Moderator:

Thank you. We will take the next question from the line of Karan Kamdar from Choice Institutional Equity. Please go ahead.

- Karan Kamdar** Sir, so GIC, I believe, has committed around INR 750-odd crores and we have received about INR 550 crores. And there's some conditions precedent which are pending. Could you sort of elucidate on what are we expecting? And when are we expecting the rest of the money?
- Ashish Jakhanwala:** We've received INR 600 crores so far. The balance investment is INR 150 crores. That could come over the next two year period because that's coming in line with the capex spending on the Westin - Tribute Bangalore.
- Karan Kamdar** Got It. Got it, sir. And are we expecting further such investments in a subsidiary platform? Or are we only expecting sales of entire assets?
- Ashish Jakhanwala:** No. So we, as I said mentioned earlier, in the short-term, we've identified a few of hotels, which total value should be about INR 200-odd crores. So clearly, these are small hotels. At a subsidiary level, there is no plan as of date.
- Moderator:** Thank you. We will take the next question from the line of Viraj Mahadevia from MoneyGrow India. Please go ahead.
- Viraj Mahadevia:** Ashish, a big congratulations to you and the team on doing a fantastic job of managing the ship. Just a very quick question. Given your performance and ramps in earnings trading at a massive discount to sector, and maybe that's partly because of the leverage on the books and the fact that we've just become profitable 2 years ago.
- Given the -- where the stock is trading, and I understand the growth and deleveraging our priorities, but would it make sense for management to consider carving out a small amount of capital for buybacks on a sustained basis?
- Ashish Jakhanwala:** So Viraj, okay. So Viraj, I'll address it into 3 things. Number one, multiples are decided by all of you, EBITDA is decided by us. We are fairly confident that notwithstanding the multiples, this company is a compounding machine when it comes to growth of revenue, EBITDA and cash flow and that itself will create phenomenal shareholder value, okay?
- Number two, your question about would achieve stock attract us towards looking at things like buybacks? And I would take everybody to that slide number, just a second, I think Slide number 16. And this is an evolving discussion at a Board level. Notwithstanding the share price or the discount Viraj, we are under a fiduciary obligation to create shareholder value and allocate capital.
- And I think our waterfall has already been stated on Slide number 16. And the waterfall states that the first commitment that we have is to maintaining a strong balance sheet because that preserves all of our wealth. Viraj, you have to mute yourself.
- So first is the deleveraging, 2.5x net debt-to-EBITDA. And the reason we are comfortable with 2.5x because a, all of our debt is circa around 12 years. We have very little principal repayment for the first 3 to 5 years. Our financing cost is now down to almost 7.9%. So when you have the ability to carry such high-quality long-term debt with no repayment pressure, 2.5x clearly is a very accretive position to create shareholder value.

So I just wanted to articulate why 2.5x net debt-to-EBITDA and why not lower? Second is, clearly, we need to make sure that the company has not just adequate, but slightly more than adequate capex to fund its growth because when you're developing hotels, there's always a risk, as I have seen Karan articulated about cost overruns, inflation and so on and so forth. So the company needs to create reasonable buffer for no surprises.

Third is we continue to feel that India provides tremendous growth opportunities, in terms of continue to look at leases, so on and so forth. Having said that, we've become very efficient. If you see last year, all of our deals were leasehold or asset-light and RARE. And therefore, we have moved more rapidly than we would have imagined ourselves to be in a more capital efficient growth model, right?

And after all of that, if there is surplus capital, we have already committed that the Board will consider a disciplined mechanism to return capital directly to the shareholders' side. So you're absolutely right. Any good company globally will have a capital allocation discipline. We have tried to set that discipline on Slide number 16.

It is going to be a continued discussion at a Board investment committee level. But I think the discipline will decide what we do in future. But you're absolutely right. I think we will -- to making sure that we do everything in our means without disturbing long-term prospects for the company, but yet create shareholder value.

Moderator:

Thank you very much. Ladies and gentlemen, due to time constraint, we will take that as our last question for today. I now hand the conference over to the management for the closing comments.

Ashish Jakhanwala:

Thank you so much for a very engaging conversation. As I'd mentioned earlier, FY26 was 12% revenue growth, while some may say it's good, some may say bad. From our perspective, we are excited because in spite of severe interruption, the company and the sector largely held on to a long-stated conviction that the demand/supply is in our favor.

I think as we start seeing normalization of many disruptions we've seen during the past 1 year, the upside continues to be ahead of what we have delivered so far in the past. And that upside obviously goes straight towards bottom line and allows us to have a lot of flexibility to grow the SAMHI and also shareholder value. Thank you so much for all of your confidence and participation, and we look forward to speaking to you soon. Have a good day.

Moderator:

Thank you, members of the management. On behalf of SAMHI Hotels Limited, we conclude this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.