

SAMHI Hotels Ltd.

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04th November 2025

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**National Stock Exchange of India
Limited**

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Scrip Code: 543984

Scrip Code: SAMHI

Sub: Transcripts of Q2 FY26 Earnings Conference Call

Dear Sir / Madam,

Please find enclosed the transcripts of the Q2 FY26 Earnings Conference Call with the Investors or Analysts held on **Wednesday, 29th October 2025 at 11:00 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
Q2 and H1 FY '26
Earnings Conference Call”
October 29, 2025

“E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th October 2025 will prevail.”



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

Moderator:

Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '26 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 the guarantees of future performances 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, Chairman, 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 FY '26 Earnings Call. Thank you for taking out the time to join us today. I'm also joined by our CFO, Rajat Mehra; Head of Investments and EVP, Gyana Das; Nakul, who is SVP of Investments. Our Investor Relations partner, Strategic Growth Advisors is also on the call today.

We have uploaded our quarter 2 financial year '26 financials and investor presentations on the exchanges and on our website, and I hope everyone's had a chance to go through them. This quarter marks an important milestone for SAMHI, one where we have not only delivered another quarter of consistent operating performance, but also announced 2 transformational growth projects that expand our portfolio into new strategic markets.

Let me start with a quick overview of the quarter before we move into the specifics. For quarter 2 FY '26, our same-store RevPAR grew by 11.2% year-on-year basis to INR5,026 perfectly in line with the long-term guidance of RevPAR growing between 9% to 11% CAGR. Total income for the quarter was INR 296 crores, up 11% on a year-on-year basis, while EBITDA grew at INR 110 crores a 14% increase, with margins improving to 37.3%.

Profit after tax stood at INR 99 crores, which includes the reversal of the Navi Mumbai land impairment of INR 57 crores. Our balance sheet is in its strongest position since listing. Net debt to EBITDA has reduced to 2.9x. Average interest cost has fallen to 8.5, and our credit rating has recently been upgraded to A+ with a stable outlook. In simple terms, our portfolio is delivering strong growth. Our balance sheet is delevered, and we now have ample financial flexibility to fund next phase of expansion.

Now let me turn to what truly makes this quarter transformational, the growth projects we have announced. We are proud to announce SAMHI's entry into India's Financial Capital with a landmark dual-branded hotel development in Navi Mumbai, which will redefine both Navi Mumbai's skyline and also SAMHI's future.

This project, which is proposed under the Westin and Fairfield brands by Marriott will be located near the upcoming Navi Mumbai International Airport and DY Patil Stadium at the convergence

of major infrastructure such as the Atal Setu and a growing base of commercial and data center developments. We are happy to contribute to the state's commitment to make Navi Mumbai a world-class city.

The Phase 1 of this hotel project will comprise around 400 rooms with a potential to expand to 700 rooms, making the SAMHI's largest hotel by room count. This project is strategic for several reasons. It gives us our first presence in the Mumbai metropolitan region, filling a key gap in our portfolio. This is truly a transformational step that completes our presence across India's 5 largest office markets, Delhi NCR, Bangalore, Hyderabad, Pune and now Mumbai.

It extends our proven city center to new center strategy similar to what we've executed in Gurgaon, Outer Ring Road Bangalore and Financial District in Hyderabad. It positions us to benefit from the structural demand shift by large-scale infrastructure and corporate investments in Navi Mumbai.

The cost to complete the Phase 1 of this development will be about INR 650 crores, which includes land approvals and development costs for the initial 400 rooms, thus entailing a cost per key of about INR 1.65 crores to INR 1.7 crores per key, well below what would be considered replacement cost for similar projects in Mumbai. We estimate this capex to be staggered over a period of 3 to 4 years.

The second major milestone this quarter is signing of a 260-room mid-scale hotel under a long-term variable lease in Hyderabad Financial District, one of India's fastest-growing office corridors. This is the third property in the precinct alongside the Sheraton and the Fairfield by Marriott. With this addition, SAMHI will now operate across all 3 price points in Hyderabad's most dynamic business district, a unique advantage in the market, where Google, Amazon and several tech majors continue to expand aggressively.

The asset will be developed in partnership with the lessor, where the building shell facade and highside services are to be delivered by the developer, and we will only invest in fit-outs post handover of the building. This structure minimizes upfront capital and shortens the capex to revenue cycle, perfectly aligned with our capital-efficient growth philosophy.

Our W Hyderabad in HITEC City, a 170-room luxury development under W Hotel brand is progressing as planned. Design development is in final stages, building modifications are underway and mockup rooms will commence in quarter 4 of FY '26. We are targeting a December 2026 opening, which will be a marquee addition to our portfolio.

Once operational, W Hyderabad will elevate our ARR profile and significantly augment same-store growth. Work on the Westin Tribute Whitefield Bangalore and other initiatives continue as planned. Across the portfolio, we now have over 1,500 rooms under active development or rebranding, which will take our portfolio to over 6,300 rooms in near future.

With this, I'll now hand over to Rajat to take you through the detailed financial performance.

Rajat Mehra:

Thank you, Ashish. Good morning, everybody. Building on the top line summary that Ashish took us through, here are the detailed financial numbers for Q2 FY '26. Our total income for the

quarter stood at INR 296 crores, up 11% on a year-on-year basis. Of this, the same-store asset contributed 9% Y-o-Y growth. The new openings such as HIEX Kolkata and HIEX Greater Noida and Trinity Bangalore added incremental revenue.

We also had small loss of income from discontinued assets, primarily the Caspia Delhi sale and the Sheraton commercial office to rooms conversion. The 42 rooms in Sheraton Hyderabad should be operational in December this year and create materially outsized return vis-a-vis the office rentals we were getting prior to the conversion.

Consolidated EBITDA stood at INR 110 crores, a 14% increase on a year-on-year basis. Same-store EBITDA grew at 13.9%, reflecting a strong flow-through on the back of higher rates and stable occupancy. Consolidated EBITDA margins were 37.3% compared to 36.2% last year, a 110 basis point increase on a Y-o-Y basis.

Depreciation was stable at INR 30 crores. Finance costs reported at INR 43 crores, down nearly INR 12 crores on a year-on-year basis, reflecting the benefit of our deleveraging through the GIC transaction and the sale of Caspia Delhi.

On a cash flow basis, our interest expense stood at INR 35 crores with the balance being non-cash accounting entries. We had an exceptional one-time gain of approximately INR 71 crores net of the deferred taxes, largely from the reversal of Navi Mumbai impairment and gain on sale of Caspia Delhi.

On the basis of this, I'm happy to report that the company has reported a profit after tax of INR 100 crores vis-a-vis INR 13 crores last year. On the balance sheet, our net debt stood at INR 1,370 crores with a net debt to EBITDA at 2.9x. Adjusted for the capital allocated towards growth projects, which are not creating any meaningful EBITDA at present, the net debt-to-EBITDA stands at 2.4x. The reduction in the interest cost has improved our free cash generation and gives us sufficient capacity to fund the current growth pipeline.

With that, I now hand over the mic to Ashish for the closing comments.

Ashish Jakhanwala:

Thanks, Rajat. To conclude, before we take the calls, quarter 2 FY '26 represents a clear inflection point for SAMHI. We are delivering consistent operating performance, maintaining financial discipline and most importantly, executing a transformational growth pipeline that will define SAMHI's next decade.

Our entry into Mumbai, expansion in Hyderabad and progress at W Hyderabad and Westin Tribute Bangalore Whitefield together reinforces our strategy of building scale across India's most dynamic office markets. With a stronger balance sheet, upgraded credit rating, robust free cash flows, we are in the best position yet to compound value for our shareholders.

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

Moderator:

Thank you very much. The first question is from the line of Saurabh Srivastava from Arista Consulting. Please go ahead.

Saurabh Srivastava: Congratulations on a good number. Now sir, my first question is that though you people have been able to trim down the leverage, but it still is on a higher side and some projects are coming, which are also -- will be requiring a lot of money. How are you going to manage it? Any monetization is in the pipeline or any GIC like platform is also there?

Ashish Jakhanwala: Saurabh, thank you for your question. So as Rajat articulated, our total net debt to EBITDA is about 2.9x on an overall basis. We have invested a fair amount of capital in the last 2 years on growth projects, which are not demonstrating commensurate EBITDA. If we were to only take operating assets and the debt on them, it's about 2.4x.

Given all of our debt is between 12 to 14 years with very little amortization in the first 3 to 5 years, we feel that a debt-to-EBITDA level of anywhere between 2x to 2.5x is very, very stable and healthy. As I said, our operating business has already reached that level.

In terms of funding the capital expenditure, we had articulated in our capital markets presentation, which is also uploaded and actually even in the investor presentation yesterday that given the current run rate of revenues and EBITDA, we actually expect to see about INR 1,700 crores of investable surplus in the business.

And whether it's Navi Mumbai or the Hyderabad project, these are nothing but the means for us to deploy that investable surplus. So we do not expect our balance sheet to be put under duress because of the capital expenditures largely being funded from operating free cash. Can we move to second question?

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

Prashant Biyani: Sir, while in Q2, we have seen occupancy declining due to travel restrictions, how do you see the organic travel demand as per your SAMHI Intel software?

Ashish Jakhanwala: So Prashant, thanks so much. So quarter 1 and quarter 2, and as a management team, we hate citing events, right? I mean, whether it was India, Pakistan or anything. But nevertheless, the first half of the year had a lot happening for the sector. First, the India, Pakistan issue, then we had the Ahmedabad crash and then we had some of the worst monsoons across the country. I think it did have some dampening effect.

But what we've seen, Prashant, starting September that any week that is clear of any event has seen a very strong revenue run rate. So with that, as businesses come back post Diwali, of course, till the end of the year, we do expect to maintain a significantly higher growth momentum than what we have seen in H1.

So in summary, we expect the H2 to remain significantly ahead in terms of RevPAR, in terms of occupancies, in terms of total revenue than what we have seen for H1. And Prashant, I will take back our conversations to demand and supply, demand and supply and demand and supply, right?

We have not yet seen any meaningful supply opening in Hyderabad. We have not seen any meaningful supply open up in Bangalore. We've not seen any meaningful supply open up in

Delhi or in Pune, whereas demand continues to grow. So the events sometimes play a dampening effect.

But if you were to look at the structural story of demand continuing to grow and supply just not coming, we remain fairly committed and convinced about the guidance we've been giving that total revenue growth for same-store hotels will maintain 9% to 11% CAGR for the next 3 to 5 years.

Prashant Biyani: Right. And sir, in particular for our mid-scale segment, we saw ADR sharply grew, but occupancy dipped. Is there any hotel-specific factor? Or this is a general ADR strategy for the segment that we are following?

Ashish Jakhanwala: So Prashant, what's happening is even in the mid-scale, there are 2 segments for us, right, the Holiday Inn Express platform, which is mid-scale and the Fairfield and Four Points, they are upper mid-scale. In the upper mid-scale, we saw a fabulous rate growth in some of the markets like Bangalore, where the ARR's almost have grown mid-teens to high teens actually. And therefore, clearly, we are losing out the opportunity in terms of rate,

In the Holiday Inn Express in the mid-scale space, the rates have grown. The occupancies have actually kind of declined slightly, largely because last year, we had some group movement, which were not repeated this year. So nothing to worry. It was effectively an incident that happened last year, which had given us a boost of occupancies. This year, we expect them to be more natural. But the good news is the rates continue to grow.

Prashant Biyani: Right. And sir, for the Mumbai asset or the transaction that we did in Mumbai and for the new Hyderabad property, both these would come in the platform or under SAMHI stand-alone? And just one question connected to the new Hyderabad hotel, we would be operationalizing by when?

Ashish Jakhanwala: So first question, both these assets are with SAMHI. They're not part of the GIC platform. So both these hotels will be with SAMHI or its 100% subsidiary. So that's number one. Number two, in terms of One Financial District Hyderabad, we expect this hotel to take about 36 months to 42 months for it to be operational.

Prashant Biyani: Okay. Right. And sir, for Trinity renovation, we would start by when?

Ashish Jakhanwala: So Prashant, interestingly, we have made a small investment of about INR 8 crores in Trinity in the beginning of the fiscal year. And we've already seen the rate profile change substantially in that hotel. We will make staggered investments in this asset. I think the next round of investment will happen in the summer, let's say, post February and March, should be around INR 20 - 25 crores.

With that, we actually are fairly confident that Trinity will reach its underwritten expectation. So we thought that originally we have to invest about INR 70 – INR 80 crores to get this hotel to be at circa INR10,000 average rate. We had bought it at an average rate of about INR 5,000. We actually think that we would invest about INR 25 – INR 30 crores and not the INR 70 – INR 80 crores to get to that intended average rate.

So yes, I think Trinity is -- as with ACIC, Prashant, the Trinity conversion is happening better than we had anticipated and underwritten. So we do expect FY '27 to be a great year for Trinity, even though we would have not really fully renovated the hotel by then.

Prashant Biyani:

And sir, just lastly, sir, our expertise lies in acquiring stress asset and turning it around. How do you plan to replicate that expertise when you are building the Mumbai Twin Towers ground up?

Ashish Jakhanwala:

So Prashant, interestingly, Mumbai came as a part of an acquisition because this was ACIC acquisition. And our excitement is that our underlying land cost, while book value was INR 71-odd crores, our actual cost that we paid for the piece of land was like INR 26 crores, right? So when you start a development in a market like Mumbai with an underlying land cost of INR 26 crores, we remain pretty excited that this is going to be a mid-teen ROCE investment for us.

Two, let's make no mistake, we have done developments in the past like Courtyard Fairfield Bangalore, which, as you know, have turned out to be extremely successful for us. So our specialty lies in dual-branded hotels. We've done that in Courtyard Fairfield Bangalore. We think repeating that with the Westin and Fairfield in a market like Navi Mumbai will be very exciting.

So we have all the skill sets of development. We have all the skill sets of choosing the brand partner of asset management. And as I said, in the end, Navi Mumbai is a gift through an acquisition. Would we have bought a piece of land in Navi Mumbai for INR 80 - INR 90 crores, the answer is no.

Moderator:

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

Jinesh Joshi:

Sir, I just wanted to understand the timing issue in relationship to recognizing this reversal of impairment on the Navi Mumbai property. I guess we got an approval from MIDC day before yesterday, but the reversal impact is shown in 2Q results. So just wanted to get a sense of how the recognition time lines ideally work over here?

Rajat Mehra:

Jinesh, see, from an accounting perspective, if there is an event, which was actually existing at the end of the quarter and post the quarter end and before the approval of the results in the Board meeting and there's further development, then we are necessarily required to actually take the impact in the quarter, which is to be approved by the Board.

So we got the final document from MIDC actually before the Board meeting. And as per the accounting regulation, we had no choice, but to actually recognize this reversal in the Q2 financials itself.

Jinesh Joshi:

Understood. And sir, if I heard you right, you mentioned that both the Navi Mumbai and the Hyderabad property will be in our stand-alone channel business, so to say. Now given how the capex is lined up over here, I think for Navi Mumbai, you mentioned about INR 650 crores and for Hyderabad, it is about INR 125 crores.

This is over and above what we had already committed with respect to our other two properties in Bangalore and the second one in Hyderabad. So just wanted to get a sense, I mean, while this was being asked earlier, I mean, our net debt at about INR 1,370 crores, given additional capex

of about INR 750 to INR 800 crores that is lined up, are we going to see some kind of increase in debt levels come through from our side?

Ashish Jakhanwala:

So Jinesh, I'll reiterate that even before Navi Mumbai confirmation, we had presented a whole plan to our shareholders and investors, which highlighted that the company is now producing a reasonable amount of free cash on an annualized basis.

Both these projects are a slightly longer lead than honestly, we would have liked them to be. Therefore, if you look at Navi Mumbai, INR 650 crores, that's spread over a 4 year period. If you were to look at Hyderabad, which will be spread over a period of about, let's say, 3.5 years or so. And that gives us reasonable time.

And as you know, in development projects, the first few years are not really that capital intensive because you're taking approvals, you're doing the building shell and then comes the engineering and the fit-outs.

In terms of leverage, we are currently, let's say, at circa 3x. Our intended guidance was to go to 2.5x. We had accelerated that path because of GIC. We think we will not breach the circa 3x in the short term, and we will get to 2.5x in the midterm, right?

So we don't -- we are not worried about leverage levels being higher than where we are or where we thought they would be a comfortable place for us to stabilize. And that's largely because it's a free cash, which is funding.

And some of the other capital expenditure, Jinesh, that we have, especially for the earlier Bangalore acquisition, for the first 18 months, it's going to be funded through GIC infusion. So we're actually preserving our capital, and that's pretty substantial. That's about INR 150 crores or so, right?

So yes, I think in terms of leverage, we remain fairly comfortable that the circa 3x is what we'll maintain in the short term in spite of the commitments we'll have to make to Navi Mumbai and Hyderabad. And in the long term or in the medium term, we'll be getting to about 2.5x plus/minus.

Just for your clarification, Hyderabad is a leased asset, and therefore, we have no investment in land, building and engineering equipment. So the overall project will be delivered at about INR 45 - INR 50 lakhs per key, even though it's a 260-room hotel in HITEC City. But the structure of the investment there allows us it to be extremely capital efficient, and more so the fact that for the first 1 year from today, we have to make 0 investments there.

Jinesh Joshi:

Sir, one last question from my side. Just wanted to understand the MIDC deal because over here, I think the land is on lease. So what lease rentals will we be paying? And given the fact that land is on lease, this INR 650 crores capex number for 400 rooms appears to be slightly on the higher side. So can you just clarify that.

Ashish Jakhanwala:

So there is no per se lease rent. These are typical MMRD MIDC leases, which are given for 80 - 90 years, and there's a premium to be paid upfront and there is no lease rent to be paid on a

regular basis. The premium that we have to pay has been included in the project cost that we have mentioned to you.

So when you're talking about INR 650 crores for 400 rooms, it actually includes first of all, it includes the premium we have to pay for the extension of 5 years. Two, it actually includes the premium we're going to pay for FSI for the entire 700 rooms.

So when you divide INR 650 crores by 400, it's slightly top loading the cost, what we would encourage is you take INR 1,000 crores total investment over a long-term period, and the total investment there will be approximately INR 1,000 crores for 700 rooms.

So that, if you see cost per key, including the premiums for extra FSI and extension, we feel it's actually pretty reasonable for a market like Mumbai. But for the first 400 rooms, we are adding the premium for the entire 700 rooms to be paid to MIDC.

Jinesh Joshi: What is the premium amount? Can you quantify?

Ashish Jakhanwala: About the premium amount to be paid to MIDC?

Jinesh Joshi: Yes.

Ashish Jakhanwala: So listen, this is broken up into 2 parts. The first part is really the extension premium and the second part is really the FSI premium. The extension premium is in the range of about INR 75 to INR 80 crores. And the extra FSI really depends, Jinesh, on how much FSI we're going to eventually consume. This is connected to the ready reckoner of the area. But we have right now in our estimates assumed about INR 100 to INR 150 crores for the premium to be paid for extra FSI.

Moderator: The next question is from the line of Pratik Oza from Systematix.

Pratik Oza: Sir, I guess, our occupancy across our three segments is slightly clustered between 74% to 76%, which in my sense, it shows that our assets are running at a near peak efficiency. So, as you execute the strategy to shift the revenue mix to 60% upscale, where do you see primarily RevPAR lever going from here? And is there any meaningful occupancy gain left? Or will it be through an increase in ARR?

Ashish Jakhanwala: So, Pratik, first of all, you're right. The investments we've made in the last 2 years and the recent Navi Mumbai development, our share of upscale is inevitably going to go to 60% from the current 44%, right? Of course, the upscale does operate at a total revenue per key, which is 2x of the portfolio average.

So in terms of the inventory addition and its impact on revenue would be very, very substantial. So that's good that the efforts that we've made in the last 2 years would create a meaningful impact on the revenue profile of the company.

And as I said, we love all the segments, but more than that, we actually love markets. So tomorrow, if you were to get an opportunity to acquire or convert something into a Holiday Inn

Express in Navi Mumbai, we would still do that because we love that market, and it's not the segment play.

In terms of occupancies and how much headroom occupancies have, See, on the current state, we think an occupancy level, which is between 75% and 80% is where business hotels would stabilize.

We, unfortunately, as of today, do not see a lot of urban leisure in India, which means like Singapore or London, we're not seeing huge volumes of people traveling to cities for leisure, which would have otherwise given us occupancy levels during long weekends, holidays and so on and so forth.

So we continue to see that those dips during the year, and therefore, year-round occupancies for business hotels, I would be comfortable guiding anywhere between 75% and 80%, and that's really the headroom.

In the long term, I do believe that with the growth of disposable income, better ARR infrastructure, the growth of social infrastructure in India; rock concerts, IPL matches and so on and so forth, I think there is a huge latent opportunity for hotels in the big cities. And as and when that opportunity starts playing out, you would see occupancy levels go to 85% or so.

Don't forget, we are sold out Tuesday, Wednesday, Thursday. So when we start backfilling the holidays and the weekend, the opportunity is phenomenal, but I really can't put my finger to when will that happen. It's really a structural shift.

Therefore, when we guide towards 9% to 11% same-store growth, we believe majority of that will actually come from the repricing, and we have seen repricing playing out really well. One would be worried if we've hit a peak. I don't think so. Markets like Hyderabad, Pune, Gurgaon, continue to operate at a significant lower pricing levels than even a market like Bangalore, right?

So actually, we think there is a reasonable headroom for average rates to grow in several markets that we operate in. And combination of the 2 would deliver us that between 9% and 11% total revenue CAGR over a 3- to 5-year period for same set of hotels.

Of course, we have hotels in our portfolio, which are due for rebranding, renovation, and those hotels would bring the above-average performance in terms of total revenue growth and setting the company, I think, on a path of a 17%, 18% CAGR for the next 3 to 5 years. We've not recomputed that with Navi Mumbai. But even before Navi Mumbai, we thought we should be able to get that over a 3- to 5-year period.

Pratik Oza:

Sir, second question is on your 2 new developments. One is your massive 700 greenfield development in Navi Mumbai; and the second is on the 260-room long-term variable lease model in Hyderabad. So going ahead, how should we see these 2 models? I mean, when you enter into a new market, will it be a mix of these 2 models? Or will we be going more towards the lease model?

Ashish Jakhanwala: So I'll reiterate, Pratik, that Navi Mumbai was an outcome of an acquisition that we had made. On our own, are we looking for pieces of land to build hotels? The answer is a flat no. We are not looking to buy pieces of land to build hotels. That is not our business model.

Obviously, sometimes we acquire portfolios, which bring land parcels -- so to be very clear, no, we are not looking for active land acquisition for hotel development. That process is way too long. And also, you will end up paying market prices for land in India. So therefore, your total cost becomes either at or at premium to replacement cost, another business that we are not interested to run.

So that leaves us with sticking to two set of opportunities for ourselves. One is really the classical M&A like the Trinity in Bangalore, where we find an undemanaged, underperforming hotel and we can acquire that to reposition that hotel.

And two, we are actually -- I must tell you, we are really surprised about the success we are getting in securing long-term leases. 2 years back when we articulated this, and we said about 13% of our revenues come from long-term variable leases, we expect that to go to 20% to 25%. We had our work cut out for ourselves because convincing people to give their properties for 50 to 60 years, no guarantees only a percentage of revenue for them to invest their capital in land building and equipment, it doesn't seem like an easy task, right?

But I think our reputation and what we've delivered so far in that space is making us build a really strong pipeline of variable leases. And I can tell today, if I look at my future pipeline, a large part of our actionable pipeline is actually variable leases, which is good news for the company because the cost per key in a variable lease is at a substantial lower level to what it would be for a freehold, right?

So yes, I think the future continues to be about M&A and the future continues to be about securing long-term variable leases. Acquiring land for development is not part of our business plan.

Moderator: The next question is from the line of Samarth Agrawal from Ambit Capital.

Samarth Agrawal: Congratulations on a great quarter. Just a couple of clarifications. In the result note, it's written that company has received a letter from MIDC confirming the extension of development period. So would it be correct to assume that there's no caveats to the land and like SAMHI is free to which we develop and own the asset for as long as they can?

Ashish Jakhanwala: That's right, Samarth. Otherwise, we would have not taken the call to recognize the reversal of impairment. So there are no caveats. We have been given an extension of up to 5 years to complete the project, and we are taking the steps that are required to give effect to that really.

Samarth Agrawal: Understood. And in Slide 11 of the presentation, you've given a list of the key commercial micro markets, basically the ones you're looking at. So, some of them we are present in and some of them perhaps we are looking at.

So, going forward, will the growth strategy be to more towards solidifying presence in the micro markets you are present in or perhaps extend it to these markets you have mentioned in the presentation?

Ashish Jakhanwala:

So, Samarth, this Slide 11 is really critical because what it tells you is that we can maintain a very strict market discipline and yet not compromise on growth opportunities. So, we've always maintained that we've taken -- our investments have been guided by growth of office and aviation markets.

And the cities and the micro markets you see on the table, and there will be more beyond that, but this is more illustrative, are where we feel that the bulk of the office space and aviation markets tend to influence.

We would like to see over the long term, all the white boxes have a hotel from us, but this is a game of patience. because as I said, if we were a builder of hotels, we would have just gone and bought land and build hotels in all of those spaces.

That's not what we do. So in several markets, we will wait others to build. We will wait for the right market cycle or asset cycle to produce an opportunity for ourselves, and that's when we think we can make our presence there.

I mean, I'll give you an example, North Bangalore, we have all blanks, right? Because right now, it's a market driven by greenfield development, and we'd like to stay away from that until such time that market evolves and develops. And we are fairly confident over a period of time, we'll find either a market opportunity or an asset opportunity to give us an entry into that market, right?

So I think this is a white board of opportunities for us. It keeps us very disciplined on not taking a risk on demand, and it puts the team's focus razor sharp on where we think the returns are in the future. So this is pretty much the football field for SAMHI to look at M&A and leases.

Samarth Agrawal:

Understood. Very clear. And just a second question on the pipeline. So most of the partnerships for the upcoming hotels are different brands of Marriott only. So I understand the history and the relationship that the team has with the Marriott team. But is there any special reason why it's mostly limited to Marriott and not perhaps any other brand owner?

Ashish Jakhanwala:

Samarth, it's not my job to market Marriott on a call like this because if I give you all the reasons it will look like if I'm marketing Marriott here. I think we have respect for all operators. We remain open for business with all operators. We have a huge relationship with Marriott. We have a shared services center. We operate with them in Bangalore.

So every time a hotel gets added to that network, we obviously get economies of scale. But they clearly run one of the most enviable loyalty programs in the world, which is Bonvoy. They have a very large presence in India. We have seen their hotels perform at or above our expectation. So I think we have the path of least resistance to Marriott, if I may say so. We do keep our eyes and ears open for other opportunities and other operators, and I'm sure we will expand our relationship.

But as an investor, Samarth, we've been taught to follow the path of least resistance to returns, right, and not get too creative. So we are following that path of least resistance. And the other paths have some resistance, which the counterparties have to remove, and we'll obviously evaluate it as and when it comes.

But yes, the Hyderabad, we've not yet disclosed the operator. But yes, Navi Mumbai, we have an MOU with Marriott signed for Westin and Fairfield. The W in Hyderabad is obviously a Marriott brand. The Westin Tribute is also Marriott. But Hyderabad one Financial District, I'll repeat, we remain open for business.

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

Vikas Ahuja: My first question is, could you provide some more color on 11% RevPAR growth, which we have reported, especially which markets contributed to most of this strength, example, Hyderabad versus Bangalore versus other?

Also on expansion, the Hyderabad addition, it's pretty clear that, that city continues to report one of the best ADRs. For this Navi Mumbai, could you clarify whether the decision was primarily driven by proximity to the upcoming international airport or whether it's a targeted expansion to broader the presence in region like Mumbai because we were not there.

Ashish Jakhanwala: Vikas, thank you. So for Navi Mumbai, let me be honest, this land came as a part of the ACIC acquisition. So we can't claim brilliance about selecting this piece of land. Having said that, we have kind of worked hard with the administration to retain the site. And that effort was for a reason.

And I think it's not just the -- so what I would request is if you see the slide numbers 7 and 8, one of the big themes we have seen, Vikas, play out in India over the last 15 years is shift of economic activity from traditional city centers to newer business districts.

And we saw that how 20 years back, Connaught Place, Nehru Place was the epicenter of office activity in NCR. And today, actually, it's Gurgaon and Noida to some extent. If you were to talk about 15 years back, 20 years back, when I was in Accor, the whole focus was finding an opportunity in Hyderabad City Center. Today, you would not even talk about that and you'll focus about opportunities in HITEC City, Gachibowli Financial District.

Same thing has happened to Bangalore. Today, we are able to sell a Courtyard by Marriott at a premium -- on outer ring road to a premium to sometimes JW by Marriott in Bangalore City Center, right? What we have seen is that given how Indian urban environment operates, which is very limiting, the newer areas tend to benefit the most because of better infrastructure, critical mass and, of course, the entry price for large corporates.

We think this shift in Mumbai to Navi Mumbai was planned for almost 50 years, right? It couldn't happen because of lack of infrastructure. And kudos to the new government that they have resolved the infrastructure in the matter of the last 5 - 6 years. So today, for you to go from South Bombay or Central Bombay to Navi Mumbai using Atal Setu is kind of without any friction.

Add to that, the fact that Navi Mumbai Airport is 110 million passengers planned. Current airport is at about 45, 50. Delhi is already touching 75, 80. And there's no reason why Navi Mumbai Airport will not start getting filled up before we all know.

So if you look at the way the economic activity will shift from -- not necessarily from. The new economic activity will concentrate itself in the island and Mumbai will remain to be what Mumbai is. But I think it's not just the airport. You have Seawoods Grand Central by L&T. You have Mindspace in Juinagar. You have the Dhirubhai Ambani Knowledge City. You have the Reliance Corporate Park in Ghansoli.

You have the data center developments by Prestige, Adani, Connex, WeWorks City, etcetera. You have industrial demand from Turbhe and Mahape. You have the CIDCO Exhibition Convention Center, the DY Patil Stadium. I mean, there's so much happening in Navi Mumbai. And our site sits right in the center of all of this. So our South of our site is airport, North of our site is -- would be Mindspace, Dhirubhai Ambani Knowledge City. On East of our site will be the whole data center development, right?

So I think as economies tend to grow, which is more focused on technology, AI, you would see Navi Mumbai benefiting a lot because all that data center tech development is more favorable in Navi Mumbai given the land cost rental than it would be in the island.

So I actually think our call to make a large 700-room investment, that is considered basis both the pace and the density of development that we will see in Navi Mumbai from now over the next 10 years. I often tell people that Courtyard Fairfield Bangalore created SAMHI 1.0. It was a 330-room development, which we undertook in Outer Ring Road Bangalore, not Bangalore City Center. Today, that Courtyard runs highest average rates for many Marriot hotels in the country. We're crossing almost INR 200 crores top line, INR 100 crores EBITDA on that asset.

I think Navi Mumbai is the start of SAMHI 2.0. The 700-room hotel will redefine how SAMHI would be over the next decade, just as Navi Mumbai will redefine Mumbai's place. Today, Bangalore absorbed 7 million square feet of office space in the last 6 months, right? And Mumbai was less than that. There is no reason over the next 4 - 5 years, Mumbai supported by Navi Mumbai will not catch up to office space absorption as equivalent to Bangalore, right?

So I think our excitement emanates from urban planning trends, and they are very long term and structural in nature. And that's why I said our programming for 700 rooms. I will repeat, the site came as a gift in the ACIC acquisition. We have very little underlying land cost. And therefore, our ability to take a bold call is easier because we have to solve for return on construction costs, which, as you would know, Vikas, is much easier than if we had to take a call on return on construction plus market land cost in Navi Mumbai today. That would have been a hard call.

In terms of RevPAR contribution by cities, actually, what we've seen is Hyderabad, Bangalore, have grown really well. Pune has seen a pretty good uptick, but that's largely because our Hyatt Regency Pune has really outperformed. But generally, that 9% to 11% is spread evenly across cities, Vikas, as I can see it.

- Vikas Ahuja:** Sure. This is very useful. I have one more follow-up. So if we talk about the overall rates, so if you can give us some maybe color on how rates are shaping up in October. Have we seen momentum picked up meaningfully, especially in the first part before Diwali? And how you are viewing November, given that relatively, it's a clean month with no major festivals, especially compared to last year when Diwali fell in November? This is my last question.
- Ashish Jakhanwala:** Vikas, what we've seen was that from 10th September or 15th September till pretty much the week before Diwali, we saw fabulous business coming across the portfolio. We had some record daily run rate numbers show up on our dashboard.
- And I think that more than any guidance on November gives us the confidence that the need for business travel continues to be very strong. Of course, October this year, we had Dussehra and midweek Diwali. So it wasn't necessarily didn't show the right numbers, but you're absolutely right. The expectation was that from this week onwards still pretty much a week before Christmas, New Year or let's say, 10 days before Christmas, New Year, we should see pretty good numbers.
- So I think business on books, space, clicks on websites, all of those trends continue to be fairly robust for the current quarter. And also for actually quarter 4, which, Vikas is the best quarter because quarter 4 sees -- both quarter 3 and quarter 4 sees the same run rate for a normal day. It's just that quarter 3 has many less normal days because of holidays compared to quarter 4. So for us, the most fun quarter is actually quarter 4 from 10th, 15th January till 31st March. But even November and the early parts of December show pretty good signs.
- Vikas Ahuja:** No, this is very useful. And I think after quarter 4, we have, I think, the strong expectation of Q1 also because 1 year, there was election and then there was war, so there's a lot of pent-up. So I understand.
- Moderator:** The next question is from the line of Yashowardhan Agarwal from IIFL Capital Services Limited.
- Yashowardhan Agarwal:** Congratulations on a good set of numbers. So a couple of questions from my side. Could you please clarify the reason for tax outflow in the quarter? And on the finance cost in the PPT, we have mentioned that the annual run rate is around INR 120 – INR 130 crores of the interest cost. But in this quarter, it was more than INR 40 crores. No reason for the same? Why wasn't it around INR 30 – INR 35 crores?
- Rajat Mehra:** So, Yash, first of all, on the tax, what you see in the P&L is actually only creation of deferred tax. There is no tax outflow that SAMHI has. On the cash flow side that you see the tax, which is there is predominantly the TDS, which the customer actually deducts, while they are actually making the payment to us. So there is no tax outflow, which is there in SAMHI. The only tax outflow that you see or tax expense that you see in the P&L is the creation of deferred tax. It's a non-cash.
- Yashowardhan Agarwal:** It's a non-cash entry, okay. And we don't expect to pay tax in the future quarters as well, right?
- Ashish Jakhanwala:** No, we don't expect to pay tax in the near future.

Ashish Jakhanwala: So you're right, Yash, we had reasonable tax shields available across entities. You would also -
- so we don't expect any cash payouts from the company at least for the next few years. Yes, a few years.

On the interest Rajat will chime in, but we did clarify that the actual cash interest expense was about INR35 crores in line with what we were saying. What we have done is that we are in the process of refinancing a large facility, where the interest rates will go down from existing 8.4% to about 7.9%.

And on account of that, what we had done was there was a certain upfront payment made at the beginning of the loan, which was amortized over a full tenure. Because we want to refinance that, we have kind of accelerated that write-off and that's again noncash. So that INR3 crores expense is adding to the finance cost. But again, it's noncash. And on top of that, it helps us reduce financing cost from current 8.4% to about 7.9% in that particular portfolio should be done by the end of the year, right?

Rajat Mehra: Yes. That's close to about INR 350 crores out of the total debt that we have, which is getting refinanced.

Ashish Jakhanwala: Correct. So Yash with that, you will actually see the overall blended interest cost further is coming down for the company.

Rajat Mehra: Yes, which is not incorporated in the 8.5% that has been reported right now.

Ashish Jakhanwala: Correct.

Yashwardhan Agarwal: Got it, sir. This is helpful. Sir, my another question is on the Navi Mumbai project that we are planning. In the initial remarks, you mentioned that GIC is not part of this project, even though we are planning to have some rooms in the upper upscale segment as well. So what is the reason for it?

Ashish Jakhanwala: So the key reason, Yash is that we have that understanding for future projects. There are existing upscale hotels like Sheraton in Hyderabad or Hyatt Place in Gurgaon or Renaissance Ahmedabad, which are not part of the GIC joint venture. So this asset was a pre-existing asset at the time of the joint venture and therefore, was not part of the JV.

When we say that future assets, it's about the future upscale assets may be considered in the JV. It's not a hard and pulse rule, but of course, we will take it to the JV. So this asset is not part of the JV.

Also from a purely selfish perspective, we feel that the value creation in this asset is phenomenal. If we were to take the market performance of compset and the competitive set today in Navi Mumbai is at an average rate of about INR 11,500. And of course, the Westin will be at premium to all that.

We think even if we take some blended performance for the current year, this on a full 700-room hotel is about INR 180 – INR 185 crores of EBITDA potential. So I think our job and our

excitement is to execute and deliver that. And if at all, we need to do some capital recycling, it will be only after we have created the value in the asset. So as of today, it remains part of SAMHI, and we remain committed to delivering that number from this asset.

Yashowardhan Agarwal: Okay. So INR 180 crores that you gave is for the 700 rooms, right, and not 400 rooms.

Ashish Jakhanwala: That is right.

Yashowardhan Agarwal: Sir, another question on the same. So if we look at the market currently, there are around 1,500 rooms. And even in that 1,500 rooms are announced and majority of that in the midscale segment. So why are we still inclined towards adding more inventory in the midscale and not towards the upper upscale segment considering that we already have land and the rental profile in upper upscale segment is better.

Rajat Mehra: So Yes, to give you some context, and we have experience of dual branded hotels. We have the Courtyard and Fairfield in Bangalore, where the Courtyard sells at an average rate of about INR 22,000 – INR 23,000 for the year, and the Fairfield would be selling at about INR 12,500 – INR 13,000 per year.

What we've seen is when you do large-scale hotel developments and if it's a single branded hotel, you still need a lot of what is called "base business". And the base business comes at a discount to what your targeted rates are.

When you do a dual-branded hotel, invariably a lot of your base business goes into a lower category hotel for which it is built. So in terms of capital expenditure, in terms of operating expenses, you've built it to operate at lower rate. And therefore, the bulk of your base business can be redirected towards that, leaving the upscale hotel to be fully leveraged for the high-priced business.

And therefore, no surprise, Yash, that nobody would have heard of a Courtyard by Marriott in India operating at an average rate of INR 22,000, right? That is possible in Bangalore because we have 170 rooms of Courtyard, about 170 rooms, 155 - 165 of Fairfield. And therefore, a lot of relatively low rate and even that low rate is INR 13,000 there tends to go into Fairfield.

So I think in terms of managing your capex, leveraging the market opportunity, we think the dual-branded hotels present a very unique opportunity. And as the saying says, what in broke, don't try and fix it. The dual-branded hotel have worked really well for us in Bangalore. And therefore, we think repeating that in Mumbai is intelligent.

We have debated and deliberated this enough with the operator as well. So it is not just our and our Board's point of view. The same point of view has also been revalidated with by an operator of Marriotts stature, where they also feel that dual-branding will help us get the highest yield from the asset.

The highest rate will come from a single branded hotel because obviously, the Fairfield will operate at a discounted average rate, but we're not chasing rate or RevPAR. We are chasing

return on capital employed. And I can assure you that the highest return on capital employed will come from a dual-branded hotel in that location.

Moderator: The next question is from the line of Murtuza Arsiwalla from Kotak Securities.

Murtuza Arsiwalla: Congratulations on getting that extension in Navi Mumbai. Just a question, something that I've been debating in my head as well. When I look at your revenue mix, obviously, the upscale tends to seem to have a higher revenue contribution relative to the number of keys. If I were to think of management bandwidth in terms of building hotels, would you be better off building more upscale than midscale just because it would almost require the same amount of management bandwidth, assuming return on capital employed margins, etcetera, would be similar in both categories. And I can see incrementally your portfolio sort of leaning towards upscale. Any thoughts on that?

Ashish Jakhanwala: Yes, Murtuza, that thought crosses our mind more than often. But we have a job -- we are in a capital-intensive business. So risk and reward are things we need to look at both at the same time. The upscale assets tend to have capital concentration Murtuza. And we've seen markets go through unexpected surprises, right?

And our job here is to make sure that we do not create a concentrated pool of capital in an asset or in a market. So we are pretty dispersed across all office markets today, right? I think there is more effort in mid-scale for sure. But we've also seen that over a very long period of time, the mid-scale tends to give you a more measured returns vis-a-vis the risk -- so yes, when things are going really well, you can see a lot of excitement in the upscale because the revenues are covering up for both the capex and the opex.

But in cycles where revenues tend to get slightly tight, we've seen the mid-scale because of their lower capital intensity, both in capex and in opex tend to hold their head more firmer than upscale sometimes, right? So you're absolutely right. Obviously, you do one large hotel and you get INR 200 crores of EBITDA or INR 150 crores of EBITDA. But the fact is that you are also taking the risk on a single asset or on a single market.

Murtuza, we did see unfortunate incidents like bad monsoons or terror attacks or economic activities because of certain things shifting. And as much as we are excited about today, we need to remain very, very cautious for the long term. I think mid-scale tends to produce insane amount of ROCEs if you do it right.

So for instance, I will repeat that even today in our portfolio, the highest ROCE asset continues to be Holiday Inn Express and HITEC City Hyderabad, well 2 reasons. A, it's mid-scale -- 3 reasons. A, it's mid-scale, so very low capital; two, it was leased. So therefore, we never paid for land and building. Three, it's HITEC City Hyderabad.

And Nakul can correct my number, but I think the ROCEs would be 45%, right? And when you see 45% ROCEs in an asset-heavy business, you tend to salivate and you're okay to make some extra efforts to get there. Look at the Fairfield in Bangalore Outer Ring Road Murtuza, right? To be able to sell a Fairfield at INR 14,000, right? You can well imagine the ROCEs that asset is producing vis-à-vis if I had done a smaller upscale asset selling at INR 18,000, right, or INR

19,000. So I think very similar to a fund manager, we sometimes have to take bets, which are not lazy and easy, but that's the only way to create outsized returns for our shareholders.

Murtuza Arsiwalla: Would it be possible if you were to think of it, we have the revenue mix across the various categories and some sort of indication on at a portfolio level, not at individual assets, but when you think of the entire portfolio, break it down between like you have mid-scale, upscale, upper mid-scale, what would be the ROCEs for the current year? Like any indications, any number crunching that you would have done?

Ashish Jakhanwala: So Murtuza, if you were to take upscale as one and the broader mid-scale as one, right, and not get too granular about lower mid-scale and upper mid-scale. If you were to take upscale separately and mid-scale separately, I would and we can come back to you, but I think the numbers would be fairly comparable.

Rajat Mehra: Micro market.

Ashish Jakhanwala: And again, as I said, it's very micro market driven. And I think Murtuza lead -- I also take you back to Slide 11. What is really important for us is to be in HITEC City across 3 price points. It is important for us to be in Navi Mumbai across 3 price points. It is important for us to be in Outer Ring Road across 3 price points and so on and so forth, right?

So rather than doing another hotel, let's say, in Mysore or in Varanasi or in Lucknow and with all due respect to those markets, right? We think we feel very, very comfortable with Tier 1. We think the equation of demand and supply is far more visible and predictable in Tier 1. And therefore, if SAMHI has to grow over the next 10 years, 15 years, 20 years, right, we are giving ourselves optionality to grow without compromising on the locations.

And Conrad Hilton taught this to us 100 years back. The only 3 things important in the sector is location, location and location. So I would not compromise on location. I would rather put 3 price points in the same location, then be forced to go to a suboptimal location because I cannot do multiple price points.

So I also think that operating across price points, Murtuza ensures the management team, the Board and the shareholders that this company will have a runway to grow for the next decade or 2 and not just run out of opportunities after doing 5 upscale hotels and then be forced to buy land and build hotels, and that's the task, which is good for some, definitely not good for us, right?

So it gives us optionality, maintains a ROCE, allows us to dominate markets across all price points, which has its own advantages. So I think there is a lot of merit in pursuing a multi-price point strategy, but not compromise on the location.

Murtuza Arsiwalla: If I may just chip in, given that you did direct us to Slide 11, should I think of the blank spaces as your future opportunities across price points and locations?

Ashish Jakhanwala: Absolutely, yes, Murtuza. But if wishes were horses, as they say, getting something in Delhi, we need to be careful, especially given the rules we put on ourselves, which is not about replacement

cost. But the answer is absolutely, yes. This is a football field, Murtuza. This is where we would like to take our capital.

There are times we've waited for years to get into a micro market because, a, we need that micro market and we need that micro market at discount to replacement cost, right? So we know where we need to be. As I say, luck is about being at the right place at the right time. The place we know, the time will come and we'll get lucky.

Moderator: The next question is from the line of Viraj Mahadevia from MoneyGrow.

Viraj Mahadevia: Congratulations to the management team on the direction of travel in the business. Quick question regarding the Courtyard by Marriott in Pune, which is a conversion from Four Points. When do you expect to see that up and running as a property? Is it early FY '27?

Ashish Jakhanwala: So Viraj, the property is already operational, fully operational. We're actually continuing to see pretty good Y-o-Y growth in that property because earlier it was franchised and now it is managed by Marriott. And I think FY '27 will be a great year.

We expect to start renovating that hotel from March, April. And like all of our renovations, we typically don't do any shutdowns. We do it on a wing wise basis staggered manner. So I think our current guidance is that by end of FY '27, we should have renovated that hotel in phases and be ready for it to be a Courtyard.

Viraj Mahadevia: Understood. Also, the point you mentioned on refinancing of your debt, would you say that the interest cost would come down to sub 8% starting FY '27 onwards? Is that possible for your entire debt stack?

Ashish Jakhanwala: So basis the current benchmarks, and Viraj, interest rates are highly dependent on the benchmarks. If you were to freeze the benchmarks, where they are today, I think very possible that our overall financing costs will come sub-8% in FY '27, largely because a large debt that we have, we can only refinance it in May, right? Before that, we have some refinancing cost. But FY '27, clearly, our target is to bring the total weighted average cost of financing below.

Rajat Mehra: As per the plan that we have, it's reaching to 8% by FY '27 with the current...

Ashish Jakhanwala: With the current benchmark. See, the latest refinancing that we have done, Viraj, is actually at 7.9%. And also, let me clarify how we get to 7.9%. The actual coupon is going to be 7.55%.

Rajat Mehra: 7.55%.

Ashish Jakhanwala: There is a 1% upfront, but instead of amortizing it over a 12-year period, which is the tenure of the loan, we're actually deciding to amortize it over a 3-year period, right? Because as you've seen in the Citibank case, once you refinance, you have to take that into your P&L. And we think that the credit rating of the company will keep improving every year.

So we should not bind ourselves to certain interest rate benchmarks for the long term. So what we are doing is we are taking an accelerated accounting for the upfront, and that's how it actually gets to 7.9%, right? Otherwise, the coupon will be actually 7.55% and...

Rajat Mehra: Based on cash outflow.

Ashish Jakhanwala: Yes. We actually think that, therefore, 7.98% is what we will now push hard for. We are only at A+. We think that if we continue to deliver these sets of numbers, we should keep doing better on our rating. So that's really the expectation here.

Viraj Mahadevia: Fantastic. And if the RBI were to cut rates, obviously, you would have that as additional benefit, right, on the benchmarks.

Rajat Mehra: Yes. Quite a bit of our loans are actually linked to repo. So the moment there's a reduction in repo, it straight away flows through our interest.

Viraj Mahadevia: How much of your overall loans are linked to repo as a percentage?

Rajat Mehra: Close to about 55% to 60%-odd would be linked.

Ashish Jakhanwala: So 3 categories. There is small, which is fixed, about 20%. And the balance, let's say, 20% would be linked to MCLR, yes. And the 55% - 60% will be linked to repo, Viraj.

Viraj Mahadevia: Fantastic. My last question is regarding transferring incremental properties to the GIC joint venture platform. Do you see incremental properties over the next 1 or 2 years from your upper upscale being monetized and transferring to that platform, which may ease some of the concerns that investors have had around leverage and your capex point of view.

Ashish Jakhanwala: So I will -- first, I will repeat the fact that we are not -- we think we have promised near term 3x, midterm 2.5x net debt to EBITDA. We will get there. We are seeing -- last 12 months, Viraj, we saw almost INR 350-odd crores of free cash.

A lot of our money is invested in the Tribute in Bangalore or the W in Hyderabad or the new hotels that we've opened earlier this year or the inventory we are opening. FY '27, minus the W will give us everything, and therefore, they will see an exponential growth in EBITDA.

So first and foremost, we, as a team, do not see any concerns on leverage. Our investable surplus is adequate to fund everything we have committed to so far. That's number one. Number two, about transfer to the GIC asset is dependent on the value accretion and not solving a leverage problem, right? So I think for us, it's about if we can extract the right value and use it to fund future growth, future means beyond what we have, Viraj, right? We will consider that.

But as of today, we don't need to. I had mentioned earlier that a lot of our active pipeline is actually variable leases. And variable leases as unachievable as it may sound, you basically secure a large asset for INR 10 – INR 15 crores upfront, and then you have deferred capital expenditure over a 2.5 – 3 year period to finish it.

So that kind of allows you to match your cash flows with capex, right? And that is giving us the confidence of maintaining a certain amount of balance sheet discipline while delivering growth.

The intent of the GIC platform is to grow. We are looking at certain opportunities in that platform to grow that platform. Will we transfer an existing assets to that platform depends entirely on

the growth opportunities that we see, the value in the growth versus the value we extract from monetizing the existing assets. Nothing so far, Viraj. So I don't want to kind of need anybody to...

Viraj Mahadevia: No problem. Last question is, if you can just guide us, Ashish, given the many moving parts around capex commitments, over the next 5 years, what would be the cumulative capex of SAMHI maybe?

Ashish Jakhanwala: Just a second.

Viraj Mahadevia: If it's close to about INR 1,000 crores.

Ashish Jakhanwala: So the total capex before Navi Mumbai was INR 1,100 crores, of which part of that was to be contributed by GIC. So on our own, the total capex is about INR 800 – INR 850 crores, right? And Navi Mumbai, we need to add to that, which is the first phase is about INR 650 crores. So about INR 1,500 crores.

Viraj Mahadevia: INR 1,500 crores.

Ashish Jakhanwala: INR 1,500 crores is the total capex.

Moderator: The next question is from the line of Rajiv Bharti from Nuvama.

Rajiv Bharti: So on the Navi Mumbai asset, the cumulative capital employed without the working capital includes the INR70 crores write-back which you have done, is it the INR 1,000 crores number?

Ashish Jakhanwala: No, no, it does not.

Rajiv Bharti: Okay. And second part is there is Hotelivate report, which we have seen came in October, talks about 1,500 - 1,400 odd rooms in Navi Mumbai. I'm not sure whether it includes your announcement as well. But what is the visibility, for example, acceleration in terms of the overall capacity, which would come in the next 5 years? I'm seeing what you are seeing otherwise?

Ashish Jakhanwala: So Rajiv, Hotelivate and HVS and STR are 3 sources. And all of those 3 sources are indicating about 1,500 rooms to be added, does not include our asset. So when you add our asset, that will take it to 2,200 odd rooms.

I think 2 things. One is, of course, we've seen only about 60% of the all announced projects ever being delivered in India. Two, we should also be prepared for more hotel development to come upon in Navi Mumbai Airport precinct. Of course, it will take its own time, but we should be mindful as investors that there will be more supply coming in at Navi Mumbai International Airport.

But Rajiv, in a market like this, there's enough precedence to demonstrate that the current base is not an indicator of what the future would be. And we had the same situation at Delhi International Airport, where the overall Delhi supply on that day was about 10,000 rooms and Delhi Airport announced auctioning plots equaling about 4,500 rooms, right?

So on a high level, you thought, oh, 50% supply increase, all of that concentrated in a 2-kilometer radius. But as we've seen, Delhi Airport precinct has really done exceedingly well because it has been well supported by a massive infrastructure next to it, which is the airport.

I think Navi Mumbai will see a very similar transformation that I don't think we're going to stop at 1,500 rooms or 2,000 rooms or I think Navi Mumbai will eventually be a 5,000, 6,000 room market over the next 10, 15, 20 years. But at the same time, it will be backed by a massive 100 million, 110 million passenger airport and all the data center office developments that you're seeing around it.

So you would see a completely new city emerging here, much like Delhi Aerocity or Outer Ring Road Bangalore, where there were no hotels 10 years back really, right? So I think in newer precincts, Rajiv, sometimes taking existing supply, adding proposed supply is not the right mathematics. I know sometimes we all do it.

But the whole thing is about understanding the nature and the size of demand, which is being created. And unlike many other things, Rajiv, like office development or IT parks, the only one development, which guarantees demand is an airport because it's regulated, the current Bombay Airport is capped off at 45 - 50. The new airport is being built for 110. So I think airport brings a very high degree of assurance of how demand will be created.

So we are prepared for supply. And actually, when we look at our guidance of INR 180-odd crores, INR 185 crores EBITDA from this asset, when we open this, Rajiv, interestingly, it assumes that the RevPAR freezes to current levels. So we are already making an assumption that the RevPAR will remain to be the same in 2030 as they are in 2025.

And we are all gunning for the fact that we'll be proven miserably wrong and the RevPARs would continue to grow at 5%, 6% a year. But we are making that assumption because we don't know what will happen to supply. So we need to be prepared for it.

Moderator: The next question is from the line of Ishmohit Arora from SOIC Research.

Ishmohit Arora: Congrats on getting the Navi Mumbai asset in place. Sir, question is that in H2 of this year, we expect the ballroom renovation and the new inventory to kick in, right, which wasn't there in H1 of this financial year.

Ashish Jakhanwala: That's right. So H1, we -- not just -- actually, if you ask me, we had no ballroom in Sheraton Hyderabad, we had no ballroom in Hyatt Place, Gurgaon. Some inventory in Hyatt Place, Gurgaon was under renovation because of the adjacent work around ballroom. We would have and then the hotels that we opened in Kolkata, Greater Noida, new inventory in Bangalore, all just in the first few months.

We also delivered additional rooms in Sheraton Hyderabad, we are in November or no, in November, in the next few days or 2 to 3 weeks. So quarter 4, we will get a clear run for all of that new inventory and hotels, and it's also a great quarter. So what happens is that you are pretty much sold out Tuesday, Wednesday, Thursday in that quarter. So as you deliver new inventory, the absorption is pretty quick actually.

- Ishmohit Arora:** That was my only question. Congrats to the entire team on getting the assets and hopefully basically we deliver for the shareholders and also the stakeholders in times to come.
- Moderator:** Thank you so much, Ladies and gentlemen, due to time constraint, that was the last question. I now hand over to the management for closing comments.
- Ashish Jakhanwala:** Thank you, everyone, for your time. I know we've taken a lot of your time today, but it deserves it. I will repeat that I was excited about when I started SAMHI in 2011. It has taken us 14 years to get to an inflection point, where the company is now producing a lot of free cash to fund its own growth.
- We are even more excited about the fact that we've been able to secure avenues to deploy that capital. As we see that companies have different problems in different cycles, we had a problem of leverage till about 2 years back. And in the last quarter, there were a lot of questions around us about growth.
- I think we have the free cash. We have the growth opportunities for ourselves. I couldn't be more excited about SAMHI over the next 5 to 10 years. A lot of our value creation is now in execution. So we'd like to go back to our desk and make sure we execute the promises that we made for you. Thank you for your time, and we'll speak to you soon in January, hopefully. Yes. Thank you so much.
- Rajat Mehra:** Thank you very much.
- Moderator:** On behalf of SAMHI Hotels Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.