

SAMHI Hotels Ltd.

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

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

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

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Sub: Transcript of Business Update Call

Dear Sir/ Madam,

Please find enclosed the transcripts of the Business Update Call held on Friday, 06th March 2026, to discuss the strategic investment to acquire majority stake in RARE India, an established leisure platform with a plan to scale it into a B2C brand in affiliation with Marriott.

You are hereby requested to 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

Correspondence:

SAMHI Hotels Ltd.
5th Floor, Unit No. Office - 11,
Worldmark 4, Asset Area No. LP-
1B-04, Gateway District, Delhi
Aerocity, Near Indira Gandhi
International Airport, New Delhi -
110037, India
Tel: +91-11- 49077700 | Email:
compliance@samhi.co.in
www.samhi.co.in



SAMHI Hotels Limited

Business Update Conference Call

March 06, 2026

“E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 6th March 2026 will prevail.”



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

Moderator:

Ladies and gentlemen, good day and welcome to the Business Update 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 guarantee of future performance and involve risk 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 conclude. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone 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. You know, today we wanted to speak to all of you about a recent transaction that our Board approved yesterday. So in summary, SAMHI has agreed to acquire 70% in a business called RARE India. It's a platform which was started in 2003 and supports more than 60 small experience-led hotels with about 990 rooms across 15 states in India, Bhutan and Nepal.

Post SAMHI's investment, there is a proposed affiliation with Marriott, under which RARE will be appointed and recognized as Marriott's exclusive portfolio platform for the Outdoor Collection by Marriott Bonvoy for these markets. Our total investment is limited at about INR 47 crores or INR 470 million which will allow us to acquire up to 70% stake in RARE India over the next 12 months through a combination of primary and secondary.

We will obviously talk about RARE India and the broader opportunity, but basically this follows our time-tested strategy of discovering undervalued, underappreciated assets, in this case an operating platform, and collaborate with global brands to create and discover the inherent value. I think there are a few key rationale because of which we have considered this small strategic investment.

Number one is we've all noticed as how the leisure segment in India and globally has shown phenomenal growth over the past few years, and especially hotels which are relatively smaller and experience-led have shown a strong pricing power. This transaction interestingly allows SAMHI to create a scalable brand-led platform in an extremely asset-light and capital-efficient model. It's a unique transaction which allows SAMHI to develop a brand platform but through an affiliation with the Marriott Bonvoy's leading distribution network.

A legacy of 20 years, RARE was started way back in 2003 or 2004, so it's a legacy of 20 years, well-regarded founder and team who have remained committed to the portfolio, will allow SAMHI to actually focus, continue to focus on its core competence of tier-one business hotels while we support creating value in RARE.

We believe there are five reasons, compelling reasons that make this transaction in a way transformational. First is the inherent growth in the experience-led leisure business. The legacy

of the business we are investing in which has been more than 20 years. It has respected founder, great set of partners and team.

There is an existing scale of 67 hotels and about 990 rooms with immense growth opportunity. Our entry price, which is about total put together about INR 45 crores, INR 47 crores, and the asset-light model for growth. And in the end, but not the least, affiliation with Marriott to support distribution, which we believe is the biggest challenge for any brand platform.

This is a quick summary of the transaction. We are very happy to kind of report this because this marks two firsts for SAMHI. The first is our entry into the leisure segment in a scalable manner, and the second is the fact that this is SAMHI's first asset-light investment, which means after the first investment of about INR 45 crores, even which is over a 12-month period, we expect this platform requiring very little capital as it scales up.

So we think that in the long term it offers tremendous growth opportunities without really requiring us to put any material capital expenditure. This is a quick summary of the transaction. I'll now open the floor for Q&A and address all other through the questions itself.

Moderator:

Thank you so much sir. Ladies and gentlemen, we will now begin the question and answer session. The first question comes from the line of Mr. Vikas Ahuja from Antique Stock Broking Limited. Please proceed with your question.

Vikas Ahuja:

Yes hi. Thank you for the opportunity and good move in terms of diversification. Mr. Ashish, my first question is, you know, I was looking at the numbers of RARE India and they have been growing at 15%, 16% over the three years. And we are paying INR 45 crores to INR 47 crores what you have called for that 70% of the business. And the company is currently doing INR 3 crores as a revenue. So just trying to understand, see this Marriott distribution, everything obviously we are helping, we would be helping them once, you know, the acquisition is over?

Aren't we kind of, I mean just trying to understand why we are paying this kind of a multiple for this transaction? And especially with everything going around plus, you know, platforms and software which is, you know, which a lot of these companies like the introduction of Anthropic and Claude, so these companies are anyways under so much of pressure. Why we are paying such kind of a multiple for this? Thank you. That's my first question.

Ashish Jakhanwala:

Yes. So Mr. Vikas, thank you. So first of all, the total consideration we are paying is about total primary, secondary put together will be about INR 45 crores. The total enterprise value agreed is actually INR 49 crores. So it's not that 45 is being paid for 70% Mr. Vikas, just to clarify, right? The total enterprise value agreed for our investment is about INR 49 crores for the 100% of the current business value. So that's one clarification.

The second, in terms of value, you are right the trailing revenue is sub half a million dollar or INR 3 crores. But see, this is not a backward-looking earnings acquisition. It's an opportunity to build a platform. Now the value that is being paid has been paid for the following. Number one, this company is 23 years, has held these relationships with about 65 odd hotels, 900 rooms for a fairly long period of time.

Second, if you go on rareindia.com and by the way all of this will go through a transformation, you will see the quality of assets that RARE is giving us access to. Now in the end the value will be created as RARE transforms from being a B2B platform to being a B2C platform, which is where the real income stream will start coming through.

But there is a tremendous value in the fact that it carries an existing scale of about 1,000 rooms. So if you see, the total enterprise value is just about INR 4.5 lakhs per room. And if you put the B2C transition and the affiliation, the fact that these hotels will be sold on marriott.com, I think the equity multiplier is massive. So absolutely this acquisition is not based on an earning multiple because it's a very, very – the whole business is going to be transformed from where it is to where it will be.

It's about the value of the portfolio, the properties, the scale, and the transformation value that we will bring fairly quickly. Now you're right, the efforts will be made by us Mr. Vikas, no doubts about it, but if you look at a reasonable estimate of what this platform can generate, it is expected to generate almost 60% to 70% return on capital employed. So while we're doing that effort, but us and our shareholders are being more than adequately compensated for that as well.

Vikas Ahuja: Okay, fair enough. Secondly, how does this RARE India investment fit into SAMHI's long-term strategy given the company's historical focus on business hotels and office spaces? Could this investment signal a broader shift towards leisure and experiential hospitality or it remains a small adjacency?

Ashish Jakhanwala: I think it's an adjacent opportunity. We remain fairly bullish and committed to our core business Mr. Vikas. So that's why we've taken a bit of an asset-light point of view on leisure rather than deploying a lot of capital. We remain fairly excited, committed, and comfortable deploying capital in tier-one business hotels. That will continue to be by far our principal strategy for the foreseeable future. RARE India is a unique opportunity and you know, for the price and the amount of investment we are making, it can become a significant scalable asset-light model in future, but I don't think it distracts us from what we do on a daily basis.

And that's why there is a value to the team as well, because RARE India's team has been running this business for the last two decades and also you know, bringing this collaboration or affiliation with Marriott ensures that there is very little friction to grow this platform within existing team and the brand. And therefore we can continue to focus on where we make most money.

Vikas Ahuja: Yes, yes, sure. And my final question is, could you please share RARE current EBITDA, so we can understand the implied valuation on EV/EBITDA multiple paid?

Ashish Jakhanwala: No Mr. Vikas, that's difficult because it's a partnership firm right now which is being converted into a private limited company. So in a partnership firm, deriving EV EBITDA is just a very flawed method. I will repeat that we are paying about INR 4.5 lakh per room value for an asset-light platform.

INR 45 crores value if today you were to go to a new startup, a founder who started a company with no business, you would see when my investors invested in SAMHI in 2011, in a business center with zero hotels, the pre-money valuation was \$5 million, right? Now when you look at

a team which has been running a company for the last 23 years, when you look at a platform with 1,000 rooms and 65 hotels in 15 states, three countries, I think the price is extremely extract it's a very low entry price for the value that will be created.

So again I'll urge everyone to not look at backward-looking. It's no different to some of the assets we've acquired, Mr. Vikas in the past where we paid acquired assets at 2% yield and 3% yield and 4% yield, but today we are sitting at 20% yield and 30% yield. So our inherent business model is to buy or invest in underappreciated, undiscovered assets, in this case operating platform, and our entire valuation is based on what value we will create out of that.

Vikas Ahuja: No fair enough. Thanks a lot. I'll get back in the queue.

Ashish Jakhanwala: Thank you Mr. Vikas.

Moderator: Thank you. Our next question comes from the line of Mr. Jinesh Joshi from PL Capital. Please go ahead.

Jinesh Joshi: Yes. Sir thank you for the opportunity. I just wanted to know that how many hotels and rooms that are currently listed on RARE already have a branding partner? And also what is the typical listing fee that a hotel needs to pay for listing on the platform? I mean is it linked to the revenue or is it kind of fixed in nature?

Ashish Jakhanwala: Great question, Jinesh. So as of today of the 67 hotels, there is no brand affiliation that these hotels have. They of course are listed on OTAs. A few of the hotels may have affiliations like Mr. & Mrs. Smith which are very similar platforms globally. So all of that rationalization will happen, but most of the hotels are independently owned, independently operated, being represented by RARE for a long time.

There may be some overlaps with Mr. & Mrs. Smith, maybe one or two with Small Luxury Hotels of the World, but not really beyond that. Okay, there is no global brand distribution which is conflicted at this point of time.

Two, in terms of the transformations, so right now you're right, there are two sorts of contractual opportunities that RARE has. One is a subscription fee which is very minimal, which ranges from INR 2 lakhs to INR 4 lakhs per hotel per year for it to be listed. They are also entitled to 18% to 20% commission on direct sales. But because RARE had not completed the transition from B2B to B2C, their tech platform, the booking engine, all of that was not ready, they were not really generating any B2C income even though they're entitled to an 18% to 20% commission.

Post the investment by us and actually equally important affiliation with Marriott, there are a few things which are going to happen. Number one is of course we're going to enable RARE India to start receiving direct bookings which will be then distributed on marriott.com as part of the Outdoor Collection by Marriott Bonvoy.

So as we've always learned, it's a very powerful distribution platform, gives the portfolio a very wide visibility. So we think as we transition RARE from current B2B model to B2C, the

subscription fee will really become kind of a moot point honestly, it's a very small amount, negligible. The real source of income will be the B2C business that RARE India will start generating because of it being the exclusive partner for this region for Outdoor Collection by Marriott Bonvoy.

Jinesh Joshi: Got that. So just to confirm 18% to 20% commission is what we'll get once a hotel typically lists on the platform and the booking essentially happens through that platform. That understanding is correct, right?

Ashish Jakhanwala: Correct.

Jinesh Joshi: Right. And sir a second question with respect to platform ownership and expanding the network coverage is that, say for example there is an isolated owner and if he intends to partner with Marriott, I mean he can also do that directly given the fact that quite a bit of the properties that are listed on the platform have an ARR of approximately INR 25,000 plus which indicates that portfolio is quite mature.

So what is the advantage of having an access to Marriott's network via the RARE platform which essentially will benefit us rather than independently approaching the branding partner? So just wanted to understand this bit from you.

Ashish Jakhanwala: Very good question actually. So today if you see we need to go back into the history and pedigree of RARE. The reason why RARE as a bootstrapped company with its current founder and team has sustained itself for over two decades and has had some legendary owners and properties remain a part of it is because of its underlying thesis of only selecting highly curated, experiential, story-led, host-led hotels. And this is a relationship business Jinesh, right?

So if you look at a lot of owners who built the RARE community, I always tell my team it's more a community than a company actually, right? That community is all about authentic stories, experiences, host-driven. That sort of story is what has remained RARE's strength. And will continue to be RARE's strength by the way. And RARE continues to do that even when it was not affiliated with any distribution platform, it did that successfully even when it didn't have a substantial investment to back growth.

So with the investment and the ability to put those hotels on a global distribution platform, we think RARE's attractiveness for future owners becomes even higher. Now, can a RARE owner go to Marriott directly? Answer is yes, but there are nuances to it.

If you are directly going to Marriott for a franchise or a management agreement, a very small 15-room hotel in Nubra Valley or a tea estate in Darjeeling or up in Uttarakhand or in the backwaters of Kerala, does it want to change its look and feel and design and all of those nuances to be a Marriott branded hotel? I don't think it will make economic sense.

So there is a huge pool of assets where the whole value is in the authenticity and the story and not necessarily a quintessential traditional brand standard. So RARE helps us to aggregate or collect all of those portfolios together and get them distributed.

If somebody has a 50-room hotel or a 40-room hotel which it is willing to rebrand, renovate, bring to a certain brand standard and then make a part of the Marriott core brands, of course he can do that. And there'll always be a case like that by the way.

Jinesh Joshi:

Got that. Sir one last question from my side. We have mentioned in the presentation that the revenue potential from this platform could be about INR 90 crores to INR 100 crores in medium term and effectively the number of hotels and rooms are doubling. So just wanted to get some sense whether we have already shortlisted those hotels that could perhaps come under the RARE umbrella or is it a bit early to comment as of now?

Ashish Jakhanwala:

So the journey of RARE from current 67 to about 100 is fairly visible. There is an active pipeline of about 25 odd properties. So I will caution you that RARE and its founder Shoba have a fairly strict checklist before they onboard a RARE hotel, which will include as I said things like authenticity, story, involvement of the host, but more important the touchpoints on sustainability and community.

So unlike many other aggregator platforms where they chase numbers as to, we've signed 100 and 200 and 300, I don't think we as an investor support that sort of a story. So there is a very careful selection and curation of the properties which can come on RARE, but in spite of that high bar, there is almost a 25 to 30 active pipeline. So the path from I would say current 67 to about 90 to 100 is fairly visible, and Jinesh post the 100 going to 120 to 150 is a systematic growth of the portfolio.

If you see the geographic distribution, we think RARE has built a remarkable reputation in the north, in the mountains, especially Leh Ladakh, Spiti, Uttarakhand. It has very, very strong presence in the West segment in India like Rajasthan, Gujarat, Central India. I think there is a lot of undiscovered gems and jewels in South of India. They've just done their first hotel in Bhutan which will open up a new market for them.

They've always had presence in Nepal which can grow, and we think in times to come Sri Lanka is a fairly interesting market. So with such a broad spectrum, their reputation and now the ability to distribute alongside an investment on marriott.com, I guess 120 to 150 should be considered as a near-term target and not a long-term target.

Jinesh Joshi:

Got that, got that. Thank you so much and all the best.

Ashish Jakhanwala:

Thank you Mr. Jinesh.

Moderator:

Thank you. Our next question comes from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna:

Yes, thanks for the opportunity. Ashish, just one question. You mentioned that over 70% of the RARE hotels operate at a pricing level higher than INR 25,000 per night. Once these properties are integrated into the Marriott Bonvoy ecosystem, do you anticipate a further uplift in the rates due to the global distribution or is the strategy primarily focused on increasing occupancy through the Marriott loyalty member base?

Ashish Jakhanwala: Not just that Karan, if we dig deeper into the RARE portfolio, more than 50% hotels today are static pricing, which means they follow a fixed pricing methodology, which is very rare, as the word says. We think that the distribution always helps both. It helps you with pricing and it helps you with volumes, right?

So we believe that the RARE distribution, by the way Karan we're also bringing the powerhouse of our Marriott shared services cluster to boost revenue for the RARE properties. So it will not just be an electronic M.com distribution. We also think that this massive infrastructure that we have co-built for our Marriott operated hotels will also be kind of used to boost the sales volume in these hotels.

So we do expect and these properties are unique and special. So do they deserve the higher price? The answer is absolutely yes, you know. So we do think that both the pricing power and the volumes will significantly go up with this whole partnership that we've put together, of course in addition to the platform growth.

Karan Khanna: Just a follow-up and you know in a nutshell if you look at so the strategy going forward given that historically you've looked at acquiring underappreciated assets and now perhaps an underappreciated platform. So how does this transaction change the long-term thought process in terms of acquiring assets or focusing on Tier 1 markets?

Now there's experiential perhaps more avenues which you would look to sort of tap into or is this just one-off and perhaps depending on this you'd look at more opportunities in let's say experiential or leisure segment?

Ashish Jakhanwala: So Karan, I think our focus remains Tier-1 business and I cannot repeat that enough. Not kind of telling that this is not significant, I think this creates a massive future value in RoCE's scalability. The fact that we now have the ability to grow our platform Karan without every time putting capital.

So we were seeking an opportunity where the same skill set that we've applied to assets turnaround which are extremely capital intensive, can be used to get to a more operating asset-light platform where the same effort, same industry knowledge, same relationships can help us expand.

So there's a lot of value here, but we should not forget the fact that if you and I were to talk in FY '30, right, I think our leisure asset-light would probably be not more than 5%, right? 5%-7% of our top line. We are running for a INR 3,000 crores top line by that year. So if the asset-light strategy comes to being even INR 150 crores to INR 200 crores or INR 225 crores, that's honestly sub 10%. So we should not deviate from what really makes us money and what has gotten us this far and what's a high conviction bet on the growth of the office and the aviation market.

We've been tracking leisure as we've kind of spoke to a lot of investors in the past. We've been tracking leisure for the last two years. We were trying to find a unique set of opportunity for ourselves. And when we saw RARE with the scale, the size, the legacy, the team, the ability to partner and grow this, we just thought it was a very good adjacent opportunity for us.

Now, point two. You know our love for data. Okay and the reason why we never invested in leisure was because we thought that our circle of competence is in business hotels. You know our Sid platform, the data that we have on that is all business hotels. So our ability to underwrite leisure hotels was highly diluted because we didn't have any data.

But we do think that investing in RARE will help us build a database of information and knowledge about leisure market and can we leverage that for selective turnaround bets in the leisure assets space? I think that's something that we'll evaluate as time comes.

But what we know for certain is that this very small investment we are making A, has its own benefits of compounding, but two, there is a side effect that we'll start getting a lot of data about the leisure segment, which could turn out to be very valuable for us in future as we seek that segment.

Karan Khanna: Great, that's helpful. Thank you, Ashish.

Ashish Jakhanwala: Thanks Karan.

Moderator: Thank you. Our next question comes from the line of Achal Kumar from HSBC Bank. Please go ahead.

Achal Kumar: Yes hi. Thanks. So just couple of questions. So, first of all, I think you're showing that the revenue potential is almost 30x from where you are today. So how, any, can you show us the path to reach that INR 90 crores to INR 100 crores of revenue and how far we are talking about?

Ashish Jakhanwala: So, Achal, Page number 11 of our investor deck, and I think there are three or four levers to that really, right? The first lever is of course the network, how far the network grows. So right now it's about 60 plus. We expect it to almost double, and as I was responding to the earlier question, that doubling is based on a very visible pipeline of about 25, 30, and the balance of course is a broader opportunity. So one variable to that jump is really the network effect.

The second is the fact that currently there is zero B2C income, or when I say zero, negligible B2C income, right? That's a new stream that will get created as we invest our money, convert RARE from B2B to B2C, start their website to become tech-enabled to start taking direct bookings, integrate that with marriott.com and Bonvoy, right?

So what will happen is that all of that integration will create a new source of revenue, which is today zero. So it's not a multiplication, it's actually the fact that it's a new source of business that is going to be generated through this whole partnership investment, tech and then the affiliation with Marriott.

So, so that I don't look at multiple, it's just the simple business of how much business you can produce and what's your take out, what's your fee rate on that? I think that's what we have underwritten.

In terms of timeline, we expect what we have shown on Page number 3 to be a three to four year deliverable, that in that period this portfolio should get to a INR 100 crores top line really.

- Achal Kumar:** Right, just one clarification. So you've given the rate of INR 25,000 average pricing. What is the average overall occupancy rate for these RARE at the moment?
- Ashish Jakhanwala:** So currently the occupancy ranges from 35% to 45%. So it's a low occupancy, typically these are also a lot of these hotels tend to be seasonal, but I think there's 35% to 45% occupancy. We think there's tremendous opportunity to boost occupancy for the owners here using the distribution. And too, as you boost occupancy, you get more visibility of the business, you have the ability to price them, you know.
- Achal Kumar:** Okay, fine. I think rest of my questions were answered. Thanks.
- Ashish Jakhanwala:** Thank you Ms. Achal.
- Moderator:** Thank you. Our next question comes from the line of Mr. Vaibhav Mulay from Haitong Securities. Please go ahead. Mr. Vaibhav, you may please proceed ahead with your question.
- Vaibhav Mulay:** Hi sir. Thanks for the opportunity. Am I audible?
- Ashish Jakhanwala:** Yes, you are. Yes.
- Vaibhav Mulay:** Okay, great. My first question was regarding the tech capabilities required for the B2C transition. Does RARE currently possess those capabilities or does SAMHI need to make additional investments and build those tech capabilities to transition towards the B2C model?
- Ashish Jakhanwala:** So Mr. Vaibhav, the investment we're actually making in RARE is to enable that transition. But here is a lesson, building a simple tech interface to take a booking is not that expensive and actually there are a lot of off-the-shelf products available. The real expense comes when you're trying to build the distribution, and which we believe is extremely expensive given the world is becoming more and more competitive.
- That's why we took this strategic call that alongside our investment in RARE, we also have an in-parallel discussion going on for an affiliation with Marriott. Because that access to distribution in my opinion is I believe it's insanely expensive if you want to build it on your own. So that as always, we have done in our business hotel segment, that's something we're accessing through an existing operator who's also happens to be a world leader honestly in terms of distribution.
- So our investment that we are making in RARE, Vaibhav, is towards enabling RARE India to build its tech platform which enables it to link to marriott.com. And then allow individual RARE properties also to link to RARE India. So that's the investment we are making in RARE.
- Vaibhav Mulay:** Understood sir. Second question was on the key risk factors that we have mentioned in the presentation, mainly regarding the some of the properties may not be transitioning to Marriott distribution platform within the intended timeframe. Can you elaborate more on that? How many properties do you expect actually to transition without any specific hurdles because of, you know, conflicting affiliations?

Ashish Jakhanwala: So Vaibhav, as of today we don't see a definitive numerical risk here, but we felt that it is a risk factor that we need to highlight to the markets and the investor community. There are 67 hotels as we go through integration, there, as we've said there could be a potential that there's some properties which have a conflicting affiliation.

As I said, there is no brand affiliation in any of these properties. Shoba who is the founder has always been very clear about that. But there are similar experiential distribution platforms like Mr. & Mrs. Smith and SLH. Some of these properties may have those parallel affiliations and we'll need to work through as to how that conflict gets resolved.

Not material Vaibhav to answer you. It could be in single digits to be honest with you. And that's why we've said that while we see that as a key risk factor, but we feel that the total platform scale is not a threat because there's also a lot more new properties which are being evaluated to be added on really. So the scale is not a threat, but from the existing 67, we wanted to think that there could be some which may not be able to be transitioned to marriott.com.

Vaibhav Muley: Okay, but these properties will continue to remain listed on other OTAs?

Ashish Jakhanwala: No -- OTAs yes, of course OTA is like -- yes OTA is yes. I mean the good thing if at all good thing is that a lot of RARE hotels are not on OTAs today, which is as you know in today's world rather RARE. And we think that given the quality of these assets, the compelling stories they have to offer to the travellers, our ability to distribute them, they may not need to depend a lot more on external distribution platforms, but OTAs are always a formidable partner. So OTAs may remain a part of the distribution matrix, but I was talking about more branded distribution platforms, not the OTAs.

Vaibhav Muley: Understood sir. And in the past we have seen leisure being a very volatile segment in terms of demand visibility and it is more prone to all the geopolitical uncertainty as well, which is why SAMHI has always refrained from investing more into leisure and we have focused on core demand markets where there is a strong demand visibility for medium term. But this is a bit of a deviation from that strategy. Do you think we'll pursue more and more investments into leisure segment now going forward with this acquisition?

Ashish Jakhanwala: So Vaibhav, you've hit the nail on the spot. The reason about volatility, customer preferences changing very frequently is the reason that we've completely stayed away from making big box asset investments in leisure. I don't think our thesis changes with this. There's a reason why we've taken an asset-light bet, we've taken a bet on a very different segment of leisure which is small experience-led rather than big box product and investment-led investments.

So yes I think we'll continue as I said we continue to be a big believer of the office and the airline and the business hotels that drive that business. This is an asset-light, that's why we're deploying a very limited pool of capital. Just to put things in perspective, this INR 45 crores investment over a 12 month period will be probably just about 10% of our free cash that we are generating, but to get access to a fairly scalable platform, right? So yes, we'll remain focused on business when it comes to asset investments and we've taken this as a long-term strategic bet being asset-light.

- Vaibhav Muley:** Understood sir. Perfect. Thank you so much and all the best.
- Ashish Jakhanwala:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Ranodeep S from MAS Capital. Please go ahead.
- Ranodeep S:** Thank you for the opportunity and congratulations for entry in a new space, truly a remarkable moment. My question which you alluded to earlier Ashish was, this marks SAMHI's first structured entry into experiential leisure. As the platform scales, do you see SAMHI considering acquiring or incubating more experiential assets around RARE?
- Ashish Jakhanwala:** Not really. I mean, there could be one-off over a long-term period, but not really. We're not looking at starting to invest capital for experiential leisure because we just think the two don't go together. I mean these RARE hotels are experiential because their owners have for last 10, 15, 20, 25 years have created those stories and experiences.
- I don't think it can be replicated by an investor just putting capital even if that investor is us, Ranodeep, right? So that's why we found this story to be very compelling and honestly cannot be replicated because if you want to replicate RARE, it's not about INR 45 crores. It's not even about Marriott or any other distribution platform. It's the story of those 65, 67 hotel owners at remote places across India which have created these really, really charming stories.
- So we like this in an asset-light model where we are more a strategic investor, we are more providing the support of linking it to our existing operating partners for distribution. And after that I think Shoba and her team are the people who've built this company, they are totally committed and invested in scaling this up.
- So we can go back to doing what we do for a living and earn cash from there. We think this platform has a massive option value in future as it scales up, because I don't think it can be replicated because for that somebody does need if not 25 at least 10, 15 years, right? So that's the uniqueness about this opportunity.
- We don't see this getting us to start making sizeable, repeatable bets in creating leisure assets. One-off, I can never say no, we're an opportunistic investor, but other than that is it going to change us strategy of starting to deploy a lot of capital in the leisure space? The answer is no, not as of today.
- Ranodeep S:** Sure. In fact brings me to the next question. Given RARE currently operates for a average daily rate of around INR 25,000, which is almost 4x of our business hotels RevPAR and add to that Marriott Bonvoy's global distribution and add to that SAMHI's operational expertise, are we underplaying it by saying INR 100 crores opportunity or are we looking at a bigger number here?
- Ashish Jakhanwala:** See the fun, the good thing Ranodeep about asset-light is you need to really worry about your downside. Okay, because the upside is not requiring you to put more capital. If I talk about

SAMHI's core strategy, I know my downside, but for my upside I need to find these hotels where I have to buy the asset, in in many cases lease it, which is very capital efficient.

Here, we think that the portfolio size we may be underplaying grossly. We think this portfolio could be a lot bigger than what we've indicated on Slide number 11 because there are these existing unique properties across our subcontinent which are ready to be discovered and ready to be distributed and ready for the story to be told to the world.

In terms of the impact that RARE and this partnership can make for the performance of those hotels, we wanted to bite what we can chew. So we think that we can clearly help the property owners to uplift their both rates and definitely the volumes over the next 1.5 years, 2 years. Don't forget, while we talked about more than 70% of the hotels selling at upwards INR 25,000, there are probably 30% of the hotels today which sell upwards of INR 45,000 in this portfolio.

So this portfolio's pricing power could be substantially higher than what it is today because the discovery is what was missing. It was known to a thoroughbred community of RARE travellers or what was called RARE circle, but this story needs to be discovered by a much wider audience of travellers who are seeking not big box, repeatable, stone and marble, but very, very on-ground community-led travel stories.

So what is good for us Ranodeep is we're not entering a portfolio where positioning or reputation is a concern. Even today without distribution these hotels were delivering rate upwards of INR 25,000, many of them upwards of INR 45,000. So absolutely no risk on reputation. All we need to do is improve discovery and booking and I think we can unlock a lot more value. But in terms of number, I think given this is a first foray, it wouldn't harm us to be more realistic than optimistic at this stage. We will revise this if we feel we are being pessimistic in due course.

- Ranodeep S:** Appreciate that Ashish. I think always loved your thought process and all I can say at the closure is that Sam Zell must be smiling from above on this. Thank you.
- Ashish Jakhanwala:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Rajiv Bharati from Nuvama Wealth Management. Please go ahead.
- Rajiv Bharati:** Yes. Thanks for the opportunity. So on Slide 11, this INR 25,000 per stay which you said, let's say pre-COVID that this number was at what level?
- Ashish Jakhanwala:** Pre-COVID?
- Rajiv Bharati:** I mean couple of years back because I mean,
- Ashish Jakhanwala:** No, it's not a -- so the volumes have, but obviously Rajiv shifted during COVID, but I will at the cost of being a stuck record I'll repeat that we're buying into legacy, in terms of the quality of owners and properties. What we're just trying to get right is distribution and sales, right?

So, I repeated earlier, these properties always were highly reputable, had its own fan base of travelers. So, we have not really seen a big titanic shift in the pricing power of properties pre- and post-COVID. But I do think that the potential is a lot more.

Rajiv Bharati:

Sure. So, on your with B2C transition and you said it's a partnership firm and you know, because of let's say whatever legal thing, you can basically monetize this INR 50 crores instantly right if that transition happens? So, this INR 53 crores revenue subscription plus B2C is instant right is it how it is?

Ashish Jakhanwala:

Well, I wish anything in life was instant because the transition, Rajiv, itself will take a few quarters, right? But I think fundamentally what you're saying is not wrong. The investment we are making in this can easily be recovered once the platform is fully integrated in a 18-month period really, right? 18 to 20-month period.

So, I think that's why we've been saying that our entry price is so low that it allows to take a big bet on RARE becoming much bigger, being lot more useful to its community. So, you're right, our investment is so small that we think once the platform is stabilized, we should be able to recover it back in 18 months to 20, I wouldn't be as optimistic to say a single year, but we would think about 18 months to 24 months is what we will recover our investment.

Rajiv Bharati:

Yes. So, two questions here. So, one, because both the line items on the top line are fee income. Usually, fee income has a much larger flow through. So, we see only 25%, 30% flow through. So, one, why is that?

And then let's say even if we take let's say INR 15 crores EBITDA for you know which is let's say, 1-year or 1.5 years out and the promoters sold it for INR 49 crores. Looks extremely cheap right? I mean from seller's point of view. I mean, why did they sell so cheap is the question.

Ashish Jakhanwala:

Okay, so couple of things. our margins are low because we are not investing in building our own distribution, we are renting it, Rajiv, right? So, if we were to not have an affiliation with a global distribution like Bonvoy, on paper margins will look higher, but we are also aware that the upfront investment will be a lot more and the success rate may be really poor, okay?

So, we have taken the route of the margins being more moderated because we know that we are piggybacking on a global affiliation, that's point one. Point two, and absolutely right, this is what we've debated internally that from a financial return perspective if we really mess this up, this should be a 5x-6x, right? If we totally mess this up.

And if we do it right then this could be the sort of investment that all investors -- this could be the See's Candies moment for SAMHI where, you know, the investment you're making should be your return every year for the rest of the life, right?

Now why did the current team engage with us? So first of all, don't forget they continue to own 30% which is really sizeable as we scale up this business. You will all of you will meet Shoba at some point. She is an artist. And for her finding the right strategic partner was more important than seeking a headline number, right? And I think there was a bit of elegance when they recognized that the current business model is not producing the revenue.

So, the first question that Vikas asked about valuation, right? So, you take that first and the last thing and you realize somewhere in between is where you discover value where the existing shareholders have a lot more value to be created in future with this investment, therefore don't get fully priced for future value.

And we've also paid, we have not looked back in the past to value the portfolio, but we've looked at the future to make sure that all constituents seek excitement in terms of their wealth creation. So, I think, Rajiv, we felt that Shoba was looking for a strategic partner and not an investor. I completely agree with you, she may have found better valuation with strategic investors and the sort of valuations being talked about today in this space are insane.

They're not even close to 35. You will at have to add one more zero to that really, right, for this scale. So, I think it's about finding that unique partner and she's not young start-up founder for the last 4, 5 years chasing valuation. She's a legend in this space who's been doing it for last 2.5 decades.

Her reputation precedes her, and I think she was looking for more than just investor, she was looking for a real partner, and our ability to stitch this whole affiliation between RARE and Marriott is I think what creates most value for everybody: us, her, property owners, and hopefully Marriott as well.

Rajiv Bharati: That's great. Can you just point out what is the enterprise-level revenue for this asset last year for 67?

Ashish Jakhanwala: No, no, it's only subscription fee they are not doing any B2C sales, it's the INR 3 crores.

Rajiv Bharati: No, no, the enterprise level in the sense if you were to let's say own the entire -- Yes.

Ashish Jakhanwala: What's the total enterprise sales of these 67 hotels? You have it in the model? Rajiv, give us a second, we'll come to you. We have it in the Excel. Yes.

Rajiv Bharati: Yes, while we do that, one slide above, which is Slide 10, the total investment you're doing is INR 47 crores. The post-money valuation is INR 72 crores, 49 plus 23. It comes to close to 65%, right? And you said 70%. Can you stitch the math? I mean what is the gap?

Ashish Jakhanwala: No so there is also secondary right? There's just not primary. It's primary and secondary.

Rajiv Bharati: So, the 47 includes primary, secondary right? I mean 47 divided by 72 -- Yes.

Ashish Jakhanwala: No, no, no. It includes everything, primary and secondary.

Rajiv Bharati: Yes, so 47 divided by?

Ashish Jakhanwala: Give the maths Nakul.

Ashish Jakhanwala: And by the way while Nakul comes here to answer, INR 250 crores is the enterprise-wide sales gross sales, yes gross sales.

- Nakul Manaktala:** Hi, Rajiv. Nakul here. So, the transaction is structured into a primary and a secondary. Primary is of around INR 23 crores again divided in two tranches. One is upfront, the second would be within 12 months. The secondary is around INR 24 crores, again part of it is upfront and part within 12 months. Total enterprise value on a pre-money basis is around INR 49 crores. So that's kind of how the transaction is stitched. Total cumulative investment is INR 47 crores.
- Rajiv Bharati:** And Nakul I got that. So, your pre-money is 49. 23 is your primary. Put together post-money becomes 72. And your total investment you're putting is 47. 47 divided by 72 becomes 65 versus 70% is what you said. So, there's are we missing something here?
- Ashish Jakhanwala:** No, no, because we are buying the secondary purchase is happening right now at INR 49 crores, right. Actually, two stages. The first is happening at INR 40 crores, right? So, you're right. The first primary purchase is happening at not 49, but INR 40 crores. The second one is happening at a price to give the blended value of INR 49 crores. So, you're absolutely right, it's slightly lower than that. The way math works.
- Rajiv Bharati:** Got it. That's all from my side. Thanks a lot.
- Ashish Jakhanwala:** Rajiv, we'll put it on an Excel if you need it just to kind of clarify how the structure is. But because the deal is being structured in a 12-month phase, even though it's a small amount, what's happening is that the first round actually that we're investing now or will invest in the next month or so will be at a pre-money of INR 40 crores.
- It's the second round which takes it to a blended value of INR 49 crores. But we already have some primary upfront as well right, secondary upfront as well. So that's why the gap of 5% on a calculation is coming.
- Rajiv Bharati:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Raghav Malik from Jefferies. Please go ahead.
- Raghav Malik:** Yes hi. Thank you for the opportunity and congrats on the acquisition. Just a question a follow-up on the pipeline that you have in place, the 25 hotels that are already said to come up. So how many of those would be in that 40k, 45k plus sort of pricing range obviously on overall scale? And what is the time period for these 25 hotels to come up?
- Ashish Jakhanwala:** I think it'll follow the same pattern, so when we talk about 70% of hotels remaining upwards of INR 25,000, I think the pipeline it's fair to assume will remain very similar, especially when you onboard those properties. How you yield manage and enhance the productivity and performance obviously is a factor of distribution.
- So, for future properties we should not assume any significant rate variation. We should follow the similar trend, right? About 30% of the properties are upwards of INR 40,000 highly experiential, very unique. Most properties are upwards of INR 25,000 again very, very experience-led in very unique locations. So, I think the ARR distribution will remain pretty much the same actually, you know.

- Raghav Malik:** So but there'll be a delta that will come in post the Marriott integration right on the?
- Ashish Jakhanwala:** My sense is Yes, my sense is 15%, 15% odd improvement is just the power of distribution and the ability to fill up the demand curve brings you that 15%, 20% upside. That's what we've seen in actually any segment in this -- in sector. But in the end, a lot of it also depends on the RARE owners because they are the custodians of those hotels and how do they want to drive the performance.
- Raghav Malik:** Sure, sure, understood. And for the 120, 150 like what is the rough medium-term timeline? I mean indicator?
- Ashish Jakhanwala:** So, I think as I said that the path to from current 67 to let's say 90 to 100 is pretty short term we should think in the next 12 to 15 months, right? And then we would expect that another year or so we should get to that intended 120, 150 number. I think that's based on mapping the existing pool of opportunities because don't forget RARE typically looks at a property having had some legacy, has been in operation, so typically a new-built asset is highly unlikely to be a RARE hotel.
- But therefore which means that the pipeline that we're talking about there is a reasonable amount of scanning which has been done. So we think that 120 to 150 should be as we've mentioned here should be a three-year target. The first target being met in 15 to 18 months and the second let's say a 1-1.5 year after that.
- Raghav Malik:** Sure, sure. That's very clear. Thank you and all the best.
- Ashish Jakhanwala:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Abhishek Khanna from Kotak Securities. Please go ahead.
- Abhishek Khanna:** I was just wanting to check when you said INR 250 crores of revenue from the full platform as things stand today, does that not feel a little lower in the context of a INR 25,000 ARR and a 40% odd occupancy? I would have thought that number comes closer to a INR 400 crores, INR 500 crores. That's one.
- For the INR 250 crores, I think the numbers that I'm getting is maybe a INR 25,000 ARR and an occupancy which is more closer to 22%, 23% unless something I'm going wrong with. The second when you say you're expecting a INR 50 crores of B2C income, what is the level of revenue that you are assuming these hotels to generate versus if the current number is about INR 250 crores or so.
- Ashish Jakhanwala:** Yes so Abhishek, what we've done is we've taken a 35% occupancy and just an average rate of about INR 20,000 to get to that INR 250 crores. That's just a modeling number. In terms of the occupancy, we clearly think that when we looked at the demand patterns, we've really looked at the fact that the occupancy should be not less than I mean 50%, 55% and the rate should move up at least in our opinion about 15%-odd.

So the occupancies need to really move up and that's just the power of distribution. So most of the upside will actually come from occupancy increase. We have assumed or we have underwritten that there will be approximately a 10%-odd CAGR in the rates over the next two years as we strengthen the distribution.

And that's how with the network with the 120 or 125 odd hotel network, we think that the total value of the income in the assets will be about INR 800-odd crores, right, which is currently about INR 255 crores, INR 260 crores. So it will be about INR 800-odd crores and then the total B2C income will be in circa about INR 100-odd crores.

Abhishek Khanna: Okay. So INR 800 crores for the full 140, 150 hotels, which means ballpark...

Ashish Jakhanwala: 125.

Abhishek Khanna: 125 which means let's say INR 400-odd crores is the potential for the existing portfolio as things stand today, against which you're expecting a B2C income of INR 50 crores and EBITDA of INR 15 crores. Just to confirm one thing, while I got the sense of it from a response to an earlier participant, but the delta between the EBITDA and your B2C income is largely what would go to the affiliate partner out there?

Ashish Jakhanwala: Absolutely. So majority is the affiliation fee and very small overheads really.

Abhishek Khanna: Just one final question. I agree this is something, again going back to the same question of why not going directly to Marriott and I understand that Marriott would probably not be interested in doing these 15, 20 key properties as things stand today. Do you think there is an outer chance that once they've created a category with you, they might just be open to do it anyway with the partner directly without making too many enhancements to the asset per se?

Ashish Jakhanwala: So, as you know that Marriott has launched this platform called Outdoor Collections by Marriott Bonvoy in the US. And the Outdoor Collection is exactly intended to, curate a platform of these, back and beyond experiential small properties. What is important, Mr. Abhishek, is to note that RARE now under the affiliation will have an exclusive rights for Outdoor Collection by Marriott Bonvoy for India, Nepal, Bhutan and Sri Lanka.

So it's a pretty substantial commitment from both partners that they are allowing RARE to be the exclusive partner for Outdoor Collection by Marriott Bonvoy, which is the platform which helps them curate such assets in the US. So we think that this affiliation and by the way, Marriott will also commit capital, through a different manner to ensure that as we launch this platform, there is very strong marketing funds available from the Outdoor Collection Marriott Bonvoy.

So it's not just our, investment that we are making in RARE, it's also that Marriott will also co-sponsor especially more on the funding the opex in the initial time. So it's a while the numbers are very small, but it's a substantial commitment from both all three actually, RARE, SAMHI and Marriott to be able to use RARE as the exclusive platform for the Outdoor Collection.

So will there be a possibility that if somebody is doing a 60, 70 room hotel Abhishek, answer is absolutely yes and that is usually not a typical RARE hotel also. So that segment that scale we

cannot comment on, but Yes the smaller the true 12, 15 with a history, we'd like to believe that majority of them will remain to be on the RARE. There are always leakages in these things, Abhishek, which we can't deny, but I'm just talking about the intended strategy and commitment of the partners today.

Abhishek Khanna: Sure. All right. Thanks a lot.

Moderator: Thank you. Ladies and gentlemen, due to the time constraint, that was the last question for today. I would like to hand the conference over to the management for the closing comments. Thank you and over to you team.

Ashish Jakhanwala: So, thank you so much everybody for your time today. As I mentioned earlier, we have stayed away from leisure, but we feel that taking this small asset-light bet will give us entry into a segment which honestly with the discretionary and the disposable income in India growing could well itself be a very large segment.

So while we remain focused on what we know best, do best, love most, which is tier-one boring business hotels which make a lot of money, we do think that our strategic investment in RARE with the existing team and Marriott affiliation will turn out to be a pretty sizeable platform that I think will just enjoy not just as investors but I also hope all of you will enjoy as travelers also. So look forward to talking to you all soon. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, on behalf of SAMHI Hotels Limited, that conclude this conference. Thank you for joining us and you may now disconnect your line.