SAMHI Hotels Ltd.
CIN: L55101DL2010PLC211816
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06th June 2025

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

Scrip Code: 543984

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

Scrip Code: SAMHI

Sub: Transcripts of Q4 FY25 Earnings Conference Call

Dear Sir / Madam,

Please find enclosed the transcripts of the Q4 FY25 Earnings Conference Call with the Investors or Analysts held on **Thursday, 30th May 2025 at 11:30 a.m. (IST)**.

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

Thanking You.

Yours faithfully,

For **SAMHI Hotels Limited**

SANJAY JAIN
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Date: 2025.06.06 18:02:19 +05'30'

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SAMHI Hotels Limited

Q4 FY25 Earnings Conference Call

May 30, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th May 2025 will prevail.

MANAGEMENT: MR. ASHISH JAKHANWALA –MD & CEO
MR. RAJAT MEHRA – CFO
MR. GYANA DAS – EVP & HEAD OF INVESTMENTS
MR. NAKUL MANAKTALA – VP (INVESTMENTS)

Moderator: Ladies and gentlemen, good day, and welcome to SAMHI Hotels Limited Q4 FY '25 Earnings Conference Call. 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 performance and involve risks and uncertainties that are difficult to predict.

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

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

Ashish Jakhanwala: Thank you. Good morning, ladies and gentlemen. Welcome to SAMHI Hotels Earnings Call for the quarter ending March 31, 2025. I have with me today, Gyana Das, who is EVP and Head of Investments, Rajat, who's the CFO, Nakul, who's VP of Investments. We also have on call our Investor Relations Advisors, Strategic Growth Advisors. We have uploaded our Quarter 4 FY '25 financials and presentations on the exchanges and I hope everybody had an opportunity to go through the same.

To begin with, I would give you all a quick recap of financial year 2025 and what all we've achieved thus far. This will also set the pace for our future endeavors, as we look at financial year 2026 and beyond. We'll then have Rajat, give a quick snapshot of our quarter 4 of FY '25 and full year FY '25 financials, following which we will open the floor for Q&A.

For financial year 2025 has truly been a transformational year for SAMHI as it is our first full financial year post our IPO in September 2023. Our portfolio led by markets in Bangalore, Hyderabad, Pune and NCR continues to drive strong growth in both top line and bottom line. Our same-store assets delivered a 16.5% year-on-year RevPAR growth, which led to our group level revenue increasing by 17.5% year-on-year to INR1,150 crores.

Flow-through and margins remain healthy and EBITDA pre noncash ESOP was at INR443 crores for the full year, which sets the base for strong same-store growth going forward. From a growth perspective, we have made 2 very strong acquisitions this year, which complement our current portfolio and will augment our same-store growth over the next few years.

First, as you know, is the acquisition of the operating 142 rooms, Trinity Hotel in Whitefield Bangalore. We are in advanced stages of design and development of this asset, which will be converted into 362 rooms Westin and Tribute portfolio dual-branded hotels.

On current average rates, we expect this hotel to operate at about INR50 lakh to INR55 lakh per revenue range. So we are looking at an additional INR180 crores to INR200 crores of revenue from this asset on FY '25 average room rate basis.

Next is the long-term variable lease we have signed in Hi-tech City, Hyderabad for the conversion of an office building to a 170-room hotel being to be managed in the Marriott's W brand. Development has already started, and we expect the hotel to open in the second half of FY '27.

We believe that the strength of the market, a very strong and recognizable brand and the product shall position the hotel towards the top of the concept, with revenues per key upwards of INR60 lakhs, which will add another INR100 crores of total revenue on an FY '25 room basis for this hotel.

In addition to the above, we have 300-odd new rooms within the Holiday Inn Express portfolio in Calcutta, Greater Noida and Whitefield, Bangalore, which are now operational. Add to that, the 54 new rooms in Sheraton Hyderabad and 22 rooms in Hyatt Regency Pune. You will start seeing incremental revenues coming from this new inventory in FY '26, adding to our same-store growth.

Next is the milestone strategic partnership we have established with GIC, Singapore's sovereign wealth fund. GIC brings unparalleled institutional capabilities for us to benefit from. In addition to committing INR750 crores of capital of which INR580 crores have been received as of May 27th. This partnership has multiple benefits for SAMHI.

It strengthens our balance sheet by taking the net debt-to-EBITDA down to 3.2x on an FY '25 basis, thus unlocking substantial free cash flow generation going forward. It provides us INR150 crores of capex funding for the Western Tribute portfolio Whitefield development, where there is about INR375 crores of pending capex. It gives us access to a marquee institutional investor and capital partner in GIC to accelerate our growth.

With a strong balance sheet and significant freeing up of cash from operations post the debt reduction, we are now focused on growing our platform using our time-tested acquisition and conversion strategy. But also increasing through long-term variable leases. We have visibility of an actionable pipeline in our core markets. We're also very pleased to inform you that this was our first full year of profit. Obviously, after we've gone public.

With this, now I'll request Rajat to give us a summary of our financial performance for the quarter and the full year, and over to you, Rajat.

Rajat Mehra: Thank you, Ashish. Good morning, everybody. It gives me immense pleasure to announce SAMHI's financial performance for the quarter ending March 31, 2025. On same-store assets, we have recorded a healthy 15.8% year-on-year growth in topline for the quarter, resulting in an EBITDA growth of 22%.

Complementing this is the ACIC portfolio, which now has crossed 40% milestone after multiple cost intervention steps taken over in the last 18 months since the acquisition. We will now truly unlock the value of ACIC portfolio in FY '26 and FY '27 once the revenue management of Marriot kicks in and we convert the Pune and Jaipur assets to Courtyard by Marriot and Tribute Portfolio, respectively.

The net result of this is a consolidated income of INR324 crores for the quarter ending March 31, 2025, representing a year-on-year growth of 12%.

Consolidated EBITDA for the quarter stood at INR 131 crores with a year-on-year growth of 21%. After accounting for a noncash ESOP expense of INR 4.4 crores our reported consolidated EBITDA for the quarter stood at INR126 crores, delivering a 31% year-on-year growth.

The PBT for the quarter stood at INR42 crores and accounting for exceptional items, the PAT is INR 46 crores. I'm also happy to report that on a full year basis, we have reported a topline of INR 1,150 crores in the financial year 2025, delivering a growth of 18% on a year-on-year basis.

Consolidated EBITDA pre-ESOP stood at INR 443 crores, growing at 27% on a year-on-year basis, which gives us a strong base to deliver future growth. ESOP costs stood at INR 18 crores for the year, which will reduce to INR 10 crores in FY '26 and will stabilize at that level. Depreciation and amortization expense are largely stable at INR 117 crores.

Our overall finance cost stood at INR 229 crores, which includes INR 30 crores of noncash expenses relating to amortization of processing fees, interest on lease liability and other noncash in their accounting entries. Accounting for ESOP costs, depreciation and finance expenses, we have reported a profit before tax PBT of INR 80 crores.

Further accounting for exceptional items, as mentioned, our reported profit after tax was INR 86 crores for the full financial year. From a capital structure perspective, our net debt as on March 31, 2025, stood at INR 1,967 crores with a weighted average cost of debt of 9.2%, with a 20 bps reduction in our costs from the previous quarter.

With GIC capital infusion, our net debt is now around INR 1,430 crores mark, taking our net debt down to 3.2x, thus materially strengthening our balance sheet. After adjusting for the INR 250 crores of capital allocated towards growth projects such as Trinity Whitefield which has negligible EBITDA contribution in our financials at the current state, our net debt to EBITDA for our operating assets stood at 2.7x. The growth in EBITDA of our same-store assets coupled with the unlocking of value in our balance sheet post the GIC transaction, will lead to a strong cash flow generation for the funding of the capex commitment that we have in the future and further accelerate our growth through tactical merger and acquisition opportunities and long-term leases.

With this, now I open the floor for questions. Thank you.

Moderator: Thank you very much. We'll now begin with the question and answer session. The first question is from the line of Karan Khanna from Ambit Capital.

Karan Khanna: Ashish, the first question, if I look at Slides 22 through to 24 of your presentation, what I can see is that the occupancies for upper mid-scale and the mid-scale hotels seem to be peaking out. Let's say, downward trend in your mid-scale occupancies, while even in case of upper mid-scale, it seems to be stable quarter-on-quarter and year-on-year.

So is that a trend that you're seeing where supply seems to have caught up on the mid-scale side because of which occupancies have been peaking out? Or is it your conscious strategy to focus more on the RevPARs rather than the occupancies in this segment?

Ashish Jakhanwala: So Karan, the strong RevPAR growth is a clear demonstration of the fact that there is no supply pressure on the performance. I think every operator and owner understands that our revenue driven by rate is more profitable than a revenue driven by just volumes. So this is a classic revenue management, yield management play. We're seeing absolutely no stress from supply, and therefore, the RevPAR performance continues to be very strong, driven by average rates.

Karan Khanna: The second question actually was, if you look at RevPAR for your overall portfolio, this was up 18% Y-o-Y. The revenues were up just 14%. So could you shed some light on the difference? And as a follow-up, I think in the previous calls, you've spoken about ramping up the F&B offerings. So how is that progressing?

Ashish Jakhanwala: Yes. So Karan, we are seeing a stronger growth in room revenues largely driven by demand/supply airlines office. And that's why you would see in our portfolio, at least the RevPAR is continuing to remain ahead of total revenue growth. That's number one.

In terms of food and beverage, the steps have been taken, but they'll start showing results towards, I would say, H2 of FY '26. Things like the renovation of the ballroom and Sheraton Hyderabad, improvement of the ballroom in Hyatt Regency Pune.

Some of the F&B initiatives we are taking for our upscale hotels. So all of those efforts are underway with an intent that we should start seeing an equal contribution from food and beverage growth as we are seeing in room revenue growth.

Karan Khanna: Secondly, you seem to reverse some provisions for impairment, I think for the Navi Mumbai land litigation. So, could you share if that is the case and are you expecting any developments happening here anytime soon? Or is to pertaining to some I think claim from the sellers on the land?

Ashish Jakhanwala: Yes, so we had made provisions in quarter 3 of FY '24. As of today, of course, we had written off the value of that asset completely. We have fairly constructive dialogue going on with MIDC, which is the relevant authority Karan. As a team basis those conversations, we feel fairly confident that over the next quarter or 2 we would get written confirmation from MIDC, which will then allow us to write back that value of the asset into our books.

Karan Khanna: Sure. And my last question for the ACIC portfolio, while the margins seem to converging well, which is very encouraging, the RevPAR seems to be lagging compared to the same-store portfolio. So please state what was the RevPAR growth for ACIC portfolio in 4Q and FY '25 and your expectation is going ahead on the same?

Ashish Jakhanwala: So what we are expecting is, Karan, that in ACIC, we need to remember that we have the Four points in Pune and the Four points in Jaipur. Which are being prepped for renovation and rebranding. So obviously, these are large hotels. Pune is one of the second largest hotel in the ACIC portfolio after Hyderabad.

Of these hotels that are not due for rebranding, let's say, Hyderabad in all, we have seen pretty impressive year-on-year revenue growth starting quarter 4 actually. Prior to that, because it was self-managed the focus was on cost management.

Post Marriott taking over the portfolio we've seen encouraging revenue growth, but we need to be mindful of the fact that there's 2 hotels in ACIC, which will have a deferred income growth on account of the pending renovations. 13% for the 3 assets which are not due for renovation. So we've seen in quarter 4, total revenue growth of 13%, a RevPAR growth of 13%. But the 2 other assets are due for renovation. So there, you will see flattish trends.

Moderator: Next question is from line of Jinesh Joshi from PL Capital.

Jinesh Joshi: Sir, my question is on the sale of the Chennai hotel. I think when we did this transaction a couple of months back, the sale price was approximately INR53 crores. However, in the results press release, we have stated that the sale price is approximately INR3 crores. And we have recorded some exceptional loss on that exit?

So if you can just explain this part a bit better and also a related follow-up is that given we have an asset recycling plan in place and we may choose to exit certain nonperforming assets in future as well. So is there a possibility that you might see such losses come through in future whenever we plan to basically exit?

Ashish Jakhanwala: So Jinesh just 2 clarifications. The sale price is INR 53 crores. I don't know what...

Rajat Mehra: There was a debt in that particular asset close to about INR50-odd crores. So net proceeds...

Ashish Jakhanwala: Yes, INR 3 crores on net proceeds post settling the leverage on that asset but the sale price was INR53 crores. That's point one. Point two, this was an asset acquired through the ACIC portfolio, whereas the time of the acquisition, we've had to create certain goodwill. So what we have basically done is written off the goodwill Jinesh.

Otherwise, we have sold the asset at a fair value. Answering your question about subsequent assets, there are very few assets where we have this issue of, I would say, material goodwill on top of the asset value. The assets that we are currently reviewing for asset recycling, none of those assets have any such issue. So we do not expect any such accounting adjustments to come for the future assets.

Rajat Mehra: It will be positive.

Ashish Jakhanwala: Yes. Actually, some of those assets based on the current discussions will end up leading to profit rather than any accounting losses.

Jinesh Joshi: Understood. And sir, in response to the previous participant's question, you mentioned that given you are expecting a feasible verdict from MIDC. There could be some write back also, which could come through as you saw in this quarter. So can you just share what was the total written down amount? And how much of it can be expected to be written back?

Ashish Jakhanwala: So Jinesh, we actually took a total hit of INR 76 crores in our December quarter financials in FY '24. When we get the favorable order, the entire amount will actually be reversed. There cannot be any partial reversal. It's a very binary situation. Once the order is there in our hand, which will be favorable since our discussions as of now. There will be a complete reversal of INR76 crores in our balance sheet and the P&L.

Jinesh Joshi: Sure. So the reversal that happened in this quarter, it pertains to this only, right?

Rajat Mehra: It pertains to some other properties. The INR 76 crores of reversal still has not been taken into consideration. As we speak, we have close to about INR 138 crores worth of impairment that we have still not reversed. That's an opportunity which is available for us in the future, which includes the INR 76 crores that we are talking about.

Ashish Jakhanwala: So Jinesh, the number that has come in this current quarter is not for the Navi Mumbai. It's certain impairment provisions we had created during COVID times, right? And some of that, I think, reversed as we've seen consistently strong performance through the last several quarters, right?

And in addition to what has been taken in the current quarter, as Rajat clarified, there is approximately INR130-odd crores -- INR138 crores of potential impairment reversals and INR76 crores is a part of that INR138 crores. So even if that -- Navi Mumbai does not come, you're potentially still talking about INR 50 crores, INR 60 crores of impairment reversals to happen over the course of the next few quarters.

Rajat Mehra: Maybe at the end of the year.

Ashish Jakhanwala: End of the year, actually. Impairment testing will be done at the end of the year.

Moderator: Next question is from the line of Murtuza from Kotak Securities.

Murtuza: Just a question. If I look at my quarter 4 asset income that's grown by about 14% your same-store RevPAR growth is closer to about 20%. How do we reconcile the two? Is there any -- I would have typically expected. So is it that the other revenues are growing at a slower pace? Or what should be the in-built if I were to look at quarter 4 asset income versus quarter 4 FY '25 asset income. What should be the implicit sort of room rental growth against that 14% overall revenue growth?

Ashish Jakhanwala: So Murtuza, thank you for asking that. Let me clarify it will be a benefit to all. So as you rightly said, if you look at the same-store for quarter 4, the total RevPAR growth was about 20%. And if you look at the Page number 16, where we've given the bridge for quarter 4, the same-store revenue growth was about 16%.

So there is this 4% drag because of the F&B and other income during the quarter, where the total RevPAR growth has kind of is higher than the total revenue growth. A large part of that, Murtuza, is we needed to do with if you ask me, what's happening in the food and beverage. Where we are seeing fairly muted growth year-on-year.

And as I mentioned earlier in response to Karan's question, actually, F&B growth is about 6.6% year-on-year Murtuza to be precise, right…

Murtuza: For the 4th quarter?

Ashish Jakhanwala: Yes, for the relevant quarter, the quarter 4. So that is a drag. But having said that, as we've explained earlier, 2 of our big ballrooms, the one in Hyatt Regency, and the other one in the Sheraton Hyderabad are now under planning for renovation. And you would see in H2 because of that work being completed, the dilutive effect of food and beverage on total revenue will start to taper off.

Murtuza: So we should move again to the overall RevPAR growth more or less reflecting in the revenue growth number. Because the F&B...

Ashish Jakhanwala: Yes. But Murtuza, we need to be mindful of the fact that RevPAR growth, I would expect our portfolio to remain slightly ahead of the total revenue growth because we don't expect or underwrite the F&B to grow at the same momentum as we can expect rooms to grow.

I mean in markets like Bangalore and Hyderabad which are big markets for us, the demand supply and balance for guest rooms is leading to -- I mean, just to put things in context, Murtuza. In a market like Bangalore in quarter 4, we saw a total RevPAR growth of 40% year-on-year.

Now when you see rooms growth being so bullish it will be difficult for F&B to catch up, honestly, right? So I think we should set our expectations for RevPAR growth to remain slightly higher than the total revenue, but 6.6% is also not the right number for F&B growth. The F&B growth should grow in double digits, right? So that the dilutive effect is not so large.

Moderator: Next question is from the line of Pradyumna Choudhary from JM Financial.

Pradyumna Choudhary: Congrats on a good set of numbers. I just have 1 question. What was the Y-o-Y growth in Q4 for the ACIC portfolio?

Ashish Jakhanwala: Pradyumna, just give us a second. I'll give you overall and then for the 3 assets which are not under renovation. So the 3 assets which are not under renovation, the Y-o-Y growth was 12.9% RevPAR and 6% was total revenue growth, 11% was EBITDA growth.

So those are the 3 numbers. If we add the Jaipur and Pune assets with are now due for renovation, which is where the total income growth becomes flattish, actually, it's about 3.6%, but the EBITDA growth is still 8.2%.

Pradyumna Choudhary: Okay. So if we add Jaipur assets, then the total revenue growth is getting flattened. So basically, there's been a degrowth in the Jaipur asset. Is it right?

Ashish Jakhanwala: No, in both Pune and Jaipur, if you take them together, there is still a growth of about flat about 0.5%. But EBITDA growth is about 4%.

Pradyumna Choudhary: Understood. And when are we expecting these 2 assets to be converted?

Ashish Jakhanwala: So the work on Pune has actually started. We are in the process of completing the mock-up rooms. And through this year, we'll continue with the renovation. As you know, we are not shutting down the hotel for innovation. So therefore, we don't want to lose the existing revenue and profits we're getting from that hotel, right?

So the mock-up rooms are underway, should be ready in the next 1.5 months or so. And immediately after that, the work will start. So we expect that by the same time next year, we would have the hotel fully renovated and rebranded to Courtyard by Marriot.

Pradyumna Choudhary: All right. And what about the Jaipur?

Ashish Jakhanwala: Jaipur will start same time next year because we want to do the full renovation in that. So unlike Pune, Jaipur has high seasonality, we see a significant difference in the revenues in H2 and H1 in Jaipur market largely because it's got a lot of inbound. So the Jaipur renovation will really happen between, I would say, April 2026 and I would say around August of 2026.

Pradyumna Choudhary: Okay. We just want to ensure that for H2, it's available basically H2 FY '27, the Jaipur?

Ashish Jakhanwala: Pradyumna, you booked 80% of your profits in that hotel in H2 really. So you want to make sure that you won't lose much in the H1. And actually, because of the renovation and rebranding you will recover more than enough for whatever you lose in H1 and H2 with the revised brand.

Pradyumna Choudhary: So then right now, there is work going on, right, in Jaipur. So why is Jaipur not really growing in line with the overall industry?

Ashish Jakhanwala: No. So Jaipur because it needs a renovation and rebranding, Pradyumna till the time we don't improve the product, we really don't expect. It's being held in operations. But otherwise, there's nothing for us in terms of products to be able to push it in comparison to the competition.

Moderator: Next question is from the line of Vaibhav Mule from Yes Securities.

Vaibhav Mule: First question on the Bangalore market. You said you saw total RevPAR growth of 40% year-on-year, which is actually very fabulous, but significantly higher than your peer set, which is operating in a similar location as yours. So I just wanted to understand the reason of such strong RevPAR growth for Bangalore market?

Ashish Jakhanwala: So Vaibhav, I always therefore caution us from generalizing anything, including market performances. I mean today, Bangalore is a very large hotel market, it has very defined precincts and micro markets, which don't always necessarily behave in sync, right?

We benefit from 2 of our hotels, which is a 1 single hotel complex Courtyard Fairfield Bangalore, situated in outer-ring road Bangalore. And that stretch of road has seen to the best of our knowledge has seen the strongest of absorption and therefore, performance growth also.

So it's a very micro market-driven outcome. And therefore, there could be some discrepancies, so to say, between us and the broader Bangalore peer set. But yes, in our hotel, for the quarter, not -- I mean, for our portfolio in Bangalore, we saw 40% Y-o-Y for the quarter.

And for the entire year, also, it was 22.8%, actually. So it was not 1 quarter wonder. For the whole fiscal year FY '25, we saw the RevPAR for the city moved from INR 5,120 to INR 6,290, which is a growth of about 22.8%.

Vaibhav Mule: Correct. And now you are opening Holiday Inn Express in Whitefield Bangalore only, it's under preopening. So do you expect similar RevPAR trend for this property as well?

Ashish Jakhanwala: Yes. So what will also happen is that and while the inventory is small, Vaibhav it's 56 rooms, and our Bangalore inventory pool is pretty large, actually. But if you see the Holiday Inn Express, the current product is 14 square meter and has been doing really well. It's got about 160-odd rooms.

The 56 rooms addition is actually 17 square meters, and they are being positioned at a higher category. So actual RevPAR realization for the incremental inventory would be substantially higher than from the existing inventory in that hotel. So we do expect that to obviously also have a positive impact.

Generally, during the current year, we've seen North Bangalore, where we have a Fairfield by Marriott and Holiday Inn Express do extremely well, Rajajinagar and Tumkur Road. Outer Ring road, the Courtyard and Fairfield continue to do really well.

And then in Whitefield, we have 2 hotels, operational one is the Trinity that we acquired recently. And all 3 hotels are actually doing reasonably well. So we continue to expect seeing good performance from this market.

Vaibhav Mule: Okay. So you don't expect any sort of moderation in ARR in the coming year?

Ashish Jakhanwala: To be blunt, we have not underwritten such RevPAR growth rates. So we only feel really happy. If you're referring to 40% and 22%, and I will always say moderate your expectations. But I think this market will continue to deliver good double-digit RevPAR growth.

Vaibhav Mule: Okay. Great. And just the last bit on the renovation side. You said you are renovating 2 ballrooms. So what is the renovation expense for these 2 and any other renovation planned in the current year? And what is the total R&M expense related to that?

Ashish Jakhanwala: Okay. So let me take you through. There's a fair bit happening actually good that you asked that question. So in terms of total planned activities, we would have the opening of the additional rooms in Sheraton Hyderabad and Hyatt Regency, Pune. The work is going on. We expect them to be operational in at least starting of H2 plus/minus a month, depending on the final consent that we would require.

We then would also be renovating as I mentioned, the Sheraton ballroom and the ballroom in Hyatt Regency, Pune in addition to the additional rooms there. The ballroom renovation actually is a low capex, it's about INR5 crores between the two renovations. The room inventory, of course, we've given the numbers earlier in terms of what the renovation budget would be. This is the majority of the renovations planned. And of course, the work that we start for converting Four Points, Pune into Courtyard Pune, that would start getting incurred during the current year.

Overall, we do expect about INR 175 crores to INR 200 crores of capital expenditure during the fiscal year FY '26 of which INR 50 crores will be contributed by GIC in the specific Bangalore asset and about, let's say, INR 125-odd crores would be spent by us from our own cash flows.

Vaibhav Mule: Understood. And post renovation for these 2 ballrooms, do you expect better rates? Or do you expect occupancy improvements? So where is it currently lacking?

Ashish Jakhanwala: So I will allude to Murtuza's questions earlier about why total income is 15.5% when RevPAR is growing at 20% or 21%. And the result is that the total F&B growth is around 6.5%, 7%. Now if you look at our portfolio, a majority of our F&B income actually comes from our upscale portfolio, and these 2 hotels are a large contributor to the upscale portfolio.

So as we get the better penetration and usage of these 2 large ballrooms in 2 big hotels, what we expect to do is see a higher growth in F&B income on a year-on-year basis, which means that if my RevPARs are growing at 20%, I expect the revenues to not grow at just 15%, but 16%, 17%, 18%.

As I mentioned, I always expect total revenue to remain short of RevPAR growth in markets like India, because the room demand is really, really strong. But the 5 percentage point dilutive effect that we saw last quarter, we should narrow it down to maybe 2, 2.5 percentage points really.

Vaibhav Mule: Understood. And just one last bit on the brand up-gradation. So can you expect the delta in terms of percentage ARR improvement that you expect for conversion to Courtyard, Fairfield and Tribute maybe for all 3 respective categories?

Ashish Jakhanwala: Yes. So I think our big opportunity is right now in Four Points to Courtyard and Four Points to Tribute. In Four Points Pune to Courtyard, our expectation, and we have said it earlier, it's about 20%, 25% total revenue growth.

In Jaipur actually because the asset is grossly underperforming. And there is a combination of both really bad product and also the brand that we're trying to bring in stronger. There, we expect the total revenue and RevPAR growth to be upwards of 30% change. So we see this sort of change in both the market.

I would like to take your attention to the data on airline growth. And if you see markets like Hyderabad, Bangalore have grown between 12% to 16.5% year-on-year change in passenger traffic. And that's a good indicator for what's happening to hotel rooms also in these markets.

Moderator: Next question is from the line of Bharat Sheth from Quest Investment Advisors.

Bharat Sheth: Congratulations Ashish and team. Ashish, as you alluded that for the company growth will not be in line with the RevPAR because of lower growth in F&B. But in that case, how do we think about the impact on the EBITDA margin really can play out? If you can give some color onour EBITDA margin for the room as well as F&B and then overall impact.

Ashish Jakhanwala: So Bharat, fantastic question. And let me tell you, whenever you see a total revenue growth driven by room revenue, you do expect the margins to expand significantly, right, because rooms produce higher contribution margin as compared to food and beverage.If you see overall margin profile, if you look at quarter 4, which is Slide number 18, you would realize that our asset level

EBITDA has reached about 43% for the quarter after accounting for net corporate G&A is about 40.5%. We expect this to be a trend we should see on an annualized basis going forward.

So our expectation and endeavor is that not just for quarter 4, which we all know and accept as a strong quarter, we should see this margin profile remain applicable for all of SAMHI for the full year period. And we do expect to get there, I would think, in the next 4 to 6 quarters, so that the whole company is reporting these sorts of margins, not just for a quarter, but for the whole year.

Bharat Sheth: And what are kind of a margin one should look forward for F&B?

Ashish Jakhanwala: So Bharat, if you look at Uniform System of Hotel Accounting, which is the only way to articulate departmental profit, in a USHA format, you would see rooms division producing about 60-odd percent contribution margins. And then F&B would be between 40%, 45%, right? But the big gap there is that HLP is accounted for below.

So unfortunately, it's not a true reflection of the margins because we all know food and beverages energy guzzler. So accounting for utilities expenses within the Uniform System of Hotel Accounting are actually below departmental profit, we would think the F&B margins are not more than 35% really.

So there is a big gap between what margin rooms can produce and more so in a high capacity utilization, higher rate environment related to what food and beverage can produce. So, we love the fact that our business is driven by very predictable, sustainable, repeatable rooms business. We just want to make sure that any drag which F&B brings to RevPAR to total revenue can minimize that drag in the times to come.

Moderator: Next question is from the line of Pranav Shrimal from PINC Wealth Advisory.

Pranav Shrimal: Just a couple of questions from my side. Sir, firstly, are we still seeing any supply, demand mismatch going forward in our main areas which is Bangalore and Hyderabad?

Ashish Jakhanwala: So Bangalore, Hyderabad, Pune, NCR, which are 4 markets where probably we get 75% of our total revenues, right? We are seeing negligible. So Bangalore is still seeing some supply, but thankfully, the market size is so large that on a relative basis, the supply growth is just about 4% , 4.5%, 5%, against airline growth of 11.5%, 12%, office growth of about 8%, 9%.

So we are seeing demand remain 2x of supply growth in Bangalore. In Hyderabad, Pune and NCR, we actually just are not able to see any supply. So we actually expect Hyderabad to grow fairly rapidly. Interestingly, for the same segment of hotel, Hyderabad is still selling rooms at a reasonable discount to Bangalore.

And it is our expectation that over the next few quarters, we would see that gap narrow down, if not be completely the same actually rates for the same set of hotels. So we are not seeing any reasons to worry about supply side. And one of the good thing about the sector is that because supply needs a hard asset to be built it's not something that will be surprised by next year.

So we think we have a clear runway over the next at least 3 years before we start worrying about supply, having any meaningful impact. But I would caution you my optimism is extremely myopic about the market we are presenting and the markets that we are investing our capital in.

It should not be applied to all markets, in all cities. Some of the Tier 2, Tier 3, we may see some higher supply growth relative to the Tier 1 market. But your answer -- your question was about our market, we remain fairly upbeat about what we are seeing on demand and supply.

Pranav Shrimal: And coming to a Hyatt Regency and Sheraton in our PPT we said that we'll complete by this FY. Is there any quarter target that we have set to be opened by Q2 and...

Ashish Jakhanwala: Yes, quarter 3 is when we expect this inventory to be operational for both these hotels.

Pranav Shrimal: We can sort of estimate that H2 these 2 inventory will be contributing?

Ashish Jakhanwala: Yes, it will be.

Moderator: Next question is from line of Nirvana Laha from Badrinath Holdings.

Nirvana Laha: I have 2 questions. So the first question is if I look at the H2 revenue growth for the company when ACIC has been in the base, it's been about 12%. So going forward for FY '26, do you think that's a fair rate of growth that we can look forward to? And also if you can give the ACIC revenue and EBITDA for FY '25 and FY '24, please?

Ashish Jakhanwala: Okay. So in terms of total revenue growth, Nirvana, I think we've always maintained that for same-store hotels. And I think we'd like to repeat ourselves several times that when we look at KPIs and revenue growth, it's important to look at the same set of hotels because the moment you add new openings it just confuses a trend, right?

So for the same set of hotels, we expect the total revenue growth to remain in the early double digits, right? We've been saying it for the last several quarters, but market has been supporting a higher growth, but we maintain that for a sustainable long-term growth for same set of hotels should be a total revenue growth of early double-digits, right?

In terms of actual absolute, you would see about INR 190 crores revenue from ACIC for both years. Actually, 2024 was INR 192.2 crores, 2025 is INR 190 crores. So this is for all the 5 hotels put together.

Nirvana Laha: Okay. And in terms of EBITDA, please, for the 2 years?

Ashish Jakhanwala: EBITDA was INR 66.8 crores in FY '24, it is INR 74.2 crores now.

Nirvana Laha: And coming to a question on -- so I think in the press release I'm forgetting which document. I think you've indicated that interest costs, your projection is INR 140 crores for next year. And then there are some noninterest finance costs, etc., which I think this year was close to INR 50 crores, you can confirm that.

So I'm just trying to understand next year, as we grow in early double digit and the EBITDA grows a little bit more, and the CFO that we generate next year after finance cost and capex, you indicated INR 125 crores of capex I think from SAMHI's profit. So do you expect some cash to go towards further deleveraging. My math is telling me you might have about INR 100 crores organic cash for further deleverage. So if you can comment a little on this?

Ashish Jakhanwala: So you're absolutely right. I mean even if you just look at -- and we hate doing a point forecasting for the future. But even if you look at FY '25 numbers and what to draw pro forma for the current year, you would see that against the INR 443 crores of cash EBITDA pre-ESOP, we would have a cash interest expense of INR 143 crores. So you would see about INR 298 crores free cash before capex.

Now for the next year, if you were to apply, let's say, a 15% growth on EBITDA, backed by, let's say, 10%, 11% growth in total revenue you would expect the EBITDA to expand by about INR60-odd crores. And all of that is a straight flow through to your free cash. So you would expect about let say INR 360-odd crores of free cash.

And our current estimate is that we need about INR 125 crores to INR 150 crores for growth capital expenditure and about additionally INR 20 crores of maintenance capital expenditure. And the rest is the free cash available, which is obviously available for either growth or deleveraging.

Moderator: Next question is from line of Raghav Malik from Jefferies India.

Raghav Malik: Congrats on a good set of numbers. My first question is a follow-up to one of the previous questions. So the GIC co-investment on Four Points you mentioned, the Four Points conversion mentioned is INR 50 crores. But the other conversions that are happening and integrations into the upscale portfolio, talking about investment, what would the GIC co-investment the amount that you could quantify?

Ashish Jakhanwala: So Raghav, just to clarify, when you look at our total capital expenditure growth plan, the largest bit in that today is the Westin and Tribute Bangalore, where we have INR 375 crores of pending capex over the next 3 years, of that INR 375 crores pending capex, GIC will first bring INR 150 crores to get to a 35% position and the subsequent incremental will be funded in -- by both partners in a 65%, 35%.

But we need to remember that the three subsidiaries that are part of the joint venture today have a trailing EBITDA of about INR 140 crores and a net debt of about INR 150 crores, INR160 crores. So we do expect a lot of free cash to come through those subsidiaries. And our expectation is that, that itself will fund a reasonable amount of capital expenditure required to build out the Westin and Tribute.

For the other assets which are outside of the joint venture, let's say, the W in Hyderabad, the conversion of the Four Points to a Courtyard or Four Points to a Tribute which are the big capital expenditure items, that is going to be done from the free cash that we are generating in our business.

Raghav Malik: Okay. So for that GIC will not be contributing?

Ashish Jakhanwala: No.

Raghav Malik: And the other question that I had was for May, what would revenue or RevPAR impact kind of have been because of any cancellations or rescheduling that we may have seen?

Ashish Jakhanwala: So we saw April being very strong and May because of that 1 week of escalations, we are for the month maintaining a reasonably, we're still maintaining a reasonable -- small growth over last year. But for the quarter, we're maintaining a reasonable growth, actually. So because of a very strong April, we are maintaining a reasonable growth in the current quarter. But for the month, it is so far kind of flattish because of what happened for those 2, 3 weeks really.

Raghav Malik: This is revenue growth, right?

Ashish Jakhanwala: Total revenue growth, yes.

Moderator: Ladies and gentlemen, we'll take that as the last question. I now hand the conference over to Mr. Ashish for closing comments.

Ashish Jakhanwala: Thank you so much. I'd like to thank you all for your time and of course, to our shareholders for their support. I think they're very proud of the fact that SAMHI has in just 14 years created an industry-leading platform. And we believe we are now ready to pivot the business towards this next phase of growth and value creation, and we look forward to continuing to talk to you and end up achieving that endeavor. Thank you so much, and talk to you soon.

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