

# SAMHI Hotels | BUY



## One-offs mar quarterly performance; healthy outlook ahead

SAMHI Hotels (SAMHI) reported in-line revenue of INR 2.8bn (+36% YoY, +4% QoQ; JMFe: INR 2.8bn) aided by strong same-store RevPAR growth of 17% YoY and a higher room count due to the ACIC acquisition. Consequently, asset EBITDA increased 45% YoY to INR 1.2bn with a robust margin of 41%. Reported EBITDA (post ESOP and corporate G&A expenses) was a miss at INR 854mn, due to one-time expenses relating to the ACIC portfolio integration. Looking ahead to FY25, SAMHI is poised for robust growth led by continued RevPAR growth in the key markets, completion of the ACIC portfolio integration, strategic renovation, and rebranding initiatives. In our view, SAMHI is a play on both operating leverage (asset owner in an upcycle) and financial leverage (annualised finance cost down 60%) and we maintain our positive outlook on the stock. We trim our reported EBITDA estimates by 4-5% and maintain BUY with Mar'25 TP of INR 295. Any moderation in ARR growth and unexpected sharp slowdown in the broader economy remain key risks to our call.

- Upper Upscale & Upscale segment continues to outperform:** RevPAR growth was the highest in the Upper Upscale and Upscale segment (43% of revenue) at 23% YoY, as this segment benefitted from the significant growth of India's commercial office and aviation market. RevPAR growth in the Upper Midscale (42% of revenue) and Midscale (15% of revenue) segments stood at 8% and 12% YoY respectively. The management expects the upward trajectory to continue in the key markets driven by healthy office space absorption and growth in air passengers.
- Robust top line performance, profitability to improve considerably in FY25:** SAMHI reported revenue of INR 2.8bn (+36% YoY, +4% QoQ), which was broadly in line with our estimates. Reported EBITDA (post ESOP and corporate G&A expenses) was a miss at INR 854mn, due to one-time expenses relating to the ACIC portfolio integration. SAMHI reported a profit of INR 70mn (before taxes) and PAT adjusted for exceptional items came in at INR 77mn, as there was tax credit of INR 7mn. For FY24, SAMHI achieved a total revenue of INR 9.6bn, Asset EBITDA of 3.8bn and Reported EBITDA of INR 2.7bn. In FY25, profitability is expected to improve considerably, as FY24 profitability was impacted due to non-recurring expenses (one-time bonus, integration costs etc.). ESOP-related expenses should also reduce from INR 459mn in FY24 to INR 177mn in FY25.
- Development pipeline:** SAMHI has several assets (total: 302 keys) that are set to open in FY25E as they are currently either under renovation, rebranding or yet to be launched: (1) Addition of 54 rooms at its Holiday Inn Express Bengaluru Whitefield; (2) New Holiday Inn Express hotel in Kolkata (111 keys); and (3) Renovation and rebranding of Caspia Greater Noida (137 rooms) hotel as a Holiday Inn Express. Incremental capex outlay on the aforementioned assets is estimated to be INR 400mn. Over FY25-FY28E, SAMHI is also expecting to re-brand 5 hotels (17% of the total inventory) post renovation.
- Maintain BUY with a Mar'25 TP of INR 295:** We maintain our positive outlook on the stock with a BUY rating and a Mar'25 TP of INR 295.

Sumit Kumar  
sumit.kumar@jmfl.com | Tel.: (91 22) 66303089

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	295
Upside/(Downside)	61.6%
Previous Price Target	310
Change	-4.8%

### Key Data – SAMHI IN

Current Market Price	INR183
Market cap (bn)	INR40.2/US\$0.5
Free Float	85%
Shares in issue (mn)	218.0
Diluted share (mn)	218.0
3-mon avg daily val (mn)	INR347.8/US\$4.2
52-week range	238/127
Sensex/Nifty	73,886/22,489
INR/US\$	83.3

### Price Performance

%	1M	6M	12M
Absolute	-6.4	4.1	0.0
Relative*	-5.7	-5.6	0.0

\* To the BSE Sensex

### Financial Summary

	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	7,386	9,574	11,867	13,181	14,488
Sales Growth (%)	128.8	29.6	24.0	11.1	9.9
EBITDA	2,377	2,665	4,406	5,075	6,000
EBITDA Margin (%)	32.2	27.8	37.1	38.5	41.4
Adjusted Net Profit	-3,578	-1,614	1,263	1,956	3,015
Diluted EPS (INR)	-16.4	-7.4	5.8	9.0	13.8
Diluted EPS Growth (%)	0.0	0.0	0.0	54.9	54.1
ROIC (%)	7.9	6.2	10.5	13.1	16.6
ROE (%)	0.0	-139.8	11.4	15.2	19.6
P/E (x)	-11.2	-24.7	31.6	20.4	13.2
P/B (x)	-4.9	3.8	3.4	2.9	2.4
EV/EBITDA (x)	27.6	22.3	13.0	10.8	8.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 30/May/2024

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**■ Key Conference call takeaways:**

- Including ACIC for the full year, SAMHI has achieved revenue of INR 10.5bn and EBITDA (pre-ESOP) of INR 3.7bn.
- Hyderabad, Bengaluru, Pune and NCR are the top markets in India in terms of aviation growth over the past decade and also on the basis of size of office space per hotel room
- Given SAMHI's locations across all three office markets other than Mumbai and across price points, it is well poised to capitalise on India's growth story
- ACIC portfolio (acquired in August) has reported EBITDA margin of c.39% in 4QFY24 and 37.5% in 2HFY24 vs. margin of 30% prior to acquisition
- Even at similar revenue levels, we expect a margin expansion of ~5pps
- Expect to accumulate c. INR 4.5bn of cash over the next 2 years, adding to the current cash position of INR 2.6bn, which will be used to pare debt, for renovation related expenses and growth opportunities
- Expect to reach 3.5x Net Debt to EBITDA by end-FY25
- One-time cost of about INR 45mn on account of completing the integration of the corporate team (ACIC and SAMHI)
- Tax shield of c. INR 6bn, which will be recognised as Deferred Tax Assets on the books starting late FY25
- The property at Sriperumbudur, Chennai, has done extremely well (37% RevPAR growth) due to the increased traction at the industrial park in the neighbourhood

**Exhibit 1. Financial snapshot**

INR mn	4QFY24	4QFY23	YoY	3QFY24	QoQ	FY23	FY24	YoY
Revenue from operations	2,792	2,048	36%	2,678	4%	7,386	9,574	30%
Cost of sales	193	145	33%	207	-6%	580	719	24%
Gross margin (%)	93%	93%	16bps	92%	79bps	92%	92%	34bps
Employee expenses	401	313	28%	448	-11%	1,204	1,678	39%
Other expenses	1,343	891	51%	1,174	14%	3,225	4,512	40%
EBITDA	854	699	22%	850	1%	2,377	2,665	12%
EBITDA margin (%)	31%	34%	-353bps	32%	-111bps	32%	28%	-435bps
Depreciation	315	233	35%	312	1%	963	1,137	18%
Interest costs	577	1,349	-57%	651	-11%	5,221	3,451	-34%
Other income	107	68	58%	54	98%	229	213	-7%
PBT	70	-816	NM	-60	NM	-3,577	-1,709	-52%
Tax	-7	0	NM	-84	NM	0	-95	NM
Minority Interest	0	0	NM	0	NM	0	0	NM
Adjusted PAT	77	-816	NM	24	NM	-3,578	-1,614	-55%
Extraordinary Income	36	79	NM	-768	NM	192	-732	NM
PAT	113	-737	NM	-744	NM	-3,386	-2,346	NM

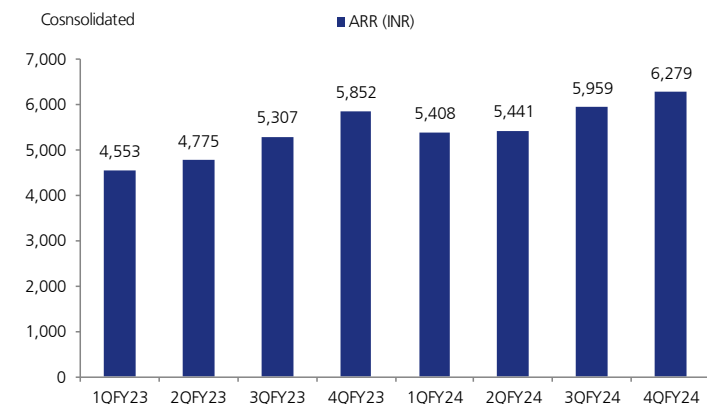
Source: Company, JM Financial

**Exhibit 2. Operational efficiency**

Particulars	1QFY24	2QFY24	3QFY24	4QFY24
<b>Asset Income</b>	<b>1,914</b>	<b>2,211</b>	<b>2,692</b>	<b>2,813</b>
Payroll	318	381	422	435
Payroll (as a % of revenue)	17%	17%	16%	15%
Fixed	176	215	244	246
Fixed (as a % of revenue)	9%	10%	9%	9%
Variable	382	444	563	571
Variable (as a % of revenue)	20%	20%	21%	20%
Utilities	149	166	167	165
Utilities (as a % of revenue)	8%	8%	6%	6%
Management Fees	87	113	131	141
Management Fees (as a % of revenue)	5%	5%	5%	5%
Lease Rentals	25	30	35	37
Lease Rentals (as a % of revenue)	1%	1%	1%	1%
Ownership Expenses	58	51	45	55
Ownership Expenses (as a % of revenue)	3%	2%	2%	2%
<b>Asset EBITDA (incl. Other income)</b>	<b>719</b>	<b>811</b>	<b>1,085</b>	<b>1,163</b>
Asset EBITDA Margin (%)	38%	37%	40%	41%
Net Corporate G&A	69	73	65	87
<b>Consol EBITDA (excl. ESOP &amp; One Time) (incl. Other income)</b>	<b>650</b>	<b>739</b>	<b>1,020</b>	<b>1,076</b>

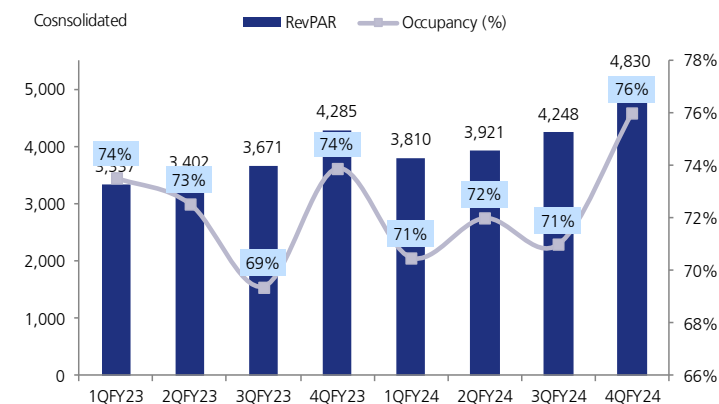
Source: Company, JM Financial

**Exhibit 3. Steady ARR...**



Source: Company, JM Financial

**Exhibit 4. ...and occupancy holding up healthy RevPAR levels**



Source: Company, JM Financial

## Exhibit 5. SAMHI portfolio

Hotel Brand	City	Location	Operator	Segment	Operating Rooms
Hyatt Regency	Pune	Nagar Road	Hyatt	Upper Upscale	301
Renaissance	Ahmedabad	SG Highway	Marriott	Upper Upscale	155
Sheraton	Hyderabad	Gachibowli	Marriott	Upscale	272
Courtyard by Marriott	Bangalore	Outer Ring Road	Marriott	Upscale	170
Hyatt Place	Gurugram	Udyog Vihar	Hyatt	Upscale	176
Four Points by Sheraton	Visakhapatnam	City Center	Marriott	Upper Mid-scale	123
Fairfield by Marriott	Bangalore	Whitefield	Marriott	Upper Mid-scale	104
Fairfield by Marriott	Bangalore	City Center	Marriott	Upper Mid-scale	148
Fairfield by Marriott	Bangalore	Outer Ring Road	Marriott	Upper Mid-scale	166
Fairfield by Marriott	Coimbatore	Airport	Marriott	Upper Mid-scale	126
Fairfield by Marriott	Chennai	Sriperumbudur	Marriott	Upper Mid-scale	153
Fairfield by Marriott	Pune	Kharadi	Marriott	Upper Mid-scale	109
Fairfield by Marriott	Goa	Anjuna	Marriott	Upper Mid-scale	130
Caspia	New Delhi	Shalimar Bagh	SAMHI	Upper Mid-scale	142
Holiday Inn Express	Ahmedabad	SG Road	IHG	Mid-scale	130
Holiday Inn Express	Bangalore	Whitefield	IHG	Mid-scale	161
Holiday Inn Express	Pune	Hinjewadi	IHG	Mid-scale	104
Holiday Inn Express	Gurugram	Sohna Road	IHG	Mid-scale	205
Holiday Inn Express	Pune	Pimpri	IHG	Mid-scale	142
Holiday Inn Express	Hyderabad	Hi-tech City	IHG	Mid-scale	150
Holiday Inn Express	Nashik	Ambad	IHG	Mid-scale	101
Holiday Inn Express	Hyderabad	Banjara Hills	IHG	Mid-scale	170
Holiday Inn Express	Bangalore	Tumkur Road	IHG	Mid-scale	115
Holiday Inn Express	Chennai	Thoraipakkam	IHG	Mid-scale	149
Caspia Pro	Greater Noida	Knowledge Park	SAMHI	Mid-scale	137
<b>Sub-total (Ex-ACIC Portfolio)</b>					<b>3,839</b>
Fairfield by Marriott	Hyderabad	Gachibowli	-	Upper Mid-scale	232
Four Points by Sheraton	Pune	Viman Nagar	-	Upper Mid-scale	217
Fairfield by Marriott	Ahmedabad	Ashram Road	-	Upper Mid-scale	147
Four Points by Sheraton	Jaipur	City Square	-	Upper Mid-scale	114
Four Points by Sheraton	Chennai	OMR	-	Upper Mid-scale	116
Fairfield by Marriott	Chennai	Mahindra World Centre	-	Upper Mid-scale	136
<b>Sub-total (ACIC Portfolio)</b>					<b>962</b>
<b>Grand Total</b>					<b>4,801</b>

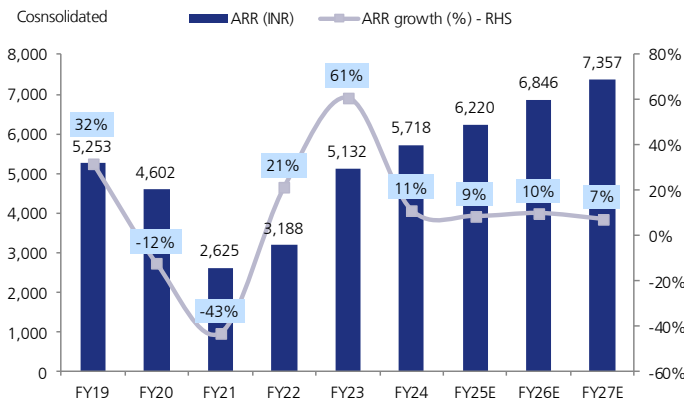
Source: Company, JM Financial

## Exhibit 6. EBITDA to grow at 31% CAGR over FY24-FY27E

Particulars (INR mn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	CAGR FY24-27E (%)
Keys	4,048	4,050	4,050	5,012	4,801	4,982	4,982	5,068	
Revenue from operations	6,189	1,696	3,227	7,386	9,574	11,867	13,181	14,488	14.8%
Hospitality EBITDA	1,721	-694	114	2,377	2,665	4,406	5,075	6,000	31.1%
EBITDA Margin (%)	27.8%	-40.9%	3.5%	32.2%	27.8%	37.1%	38.5%	41.4%	

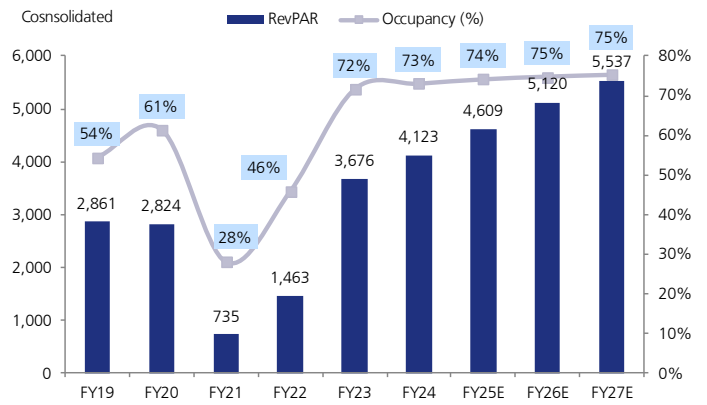
Source: Company, JM Financial

**Exhibit 7. Strong growth in ARR**



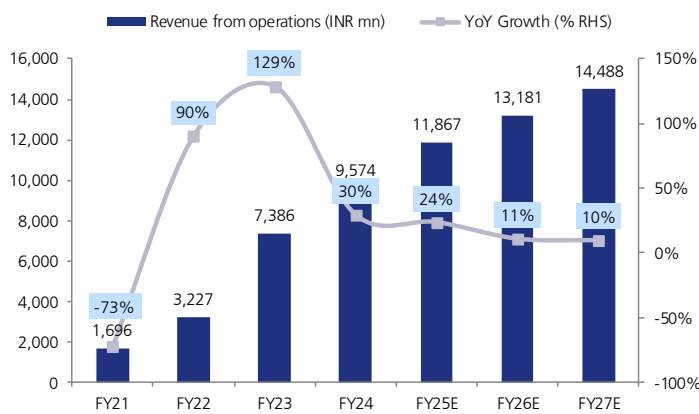
Source: Company, JM Financial

**Exhibit 8. Stable occupancy and steady RevPAR growth**



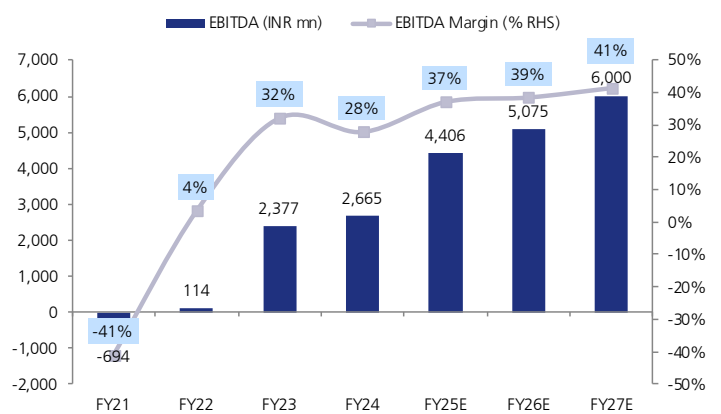
Source: Company, JM Financial

**Exhibit 9. Revenue growth led by ARR growth**



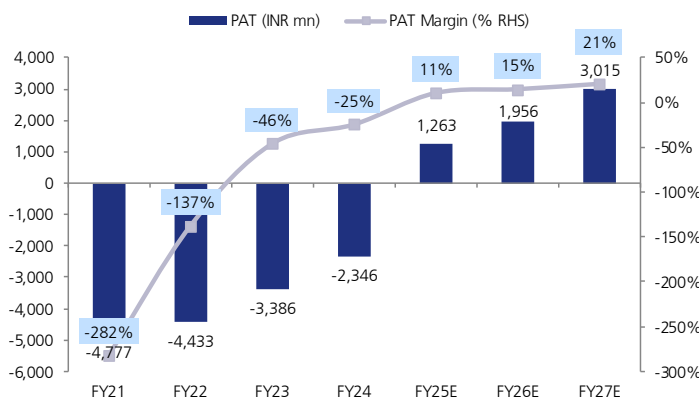
Source: Company, JM Financial

**Exhibit 10. Healthy margin profile**



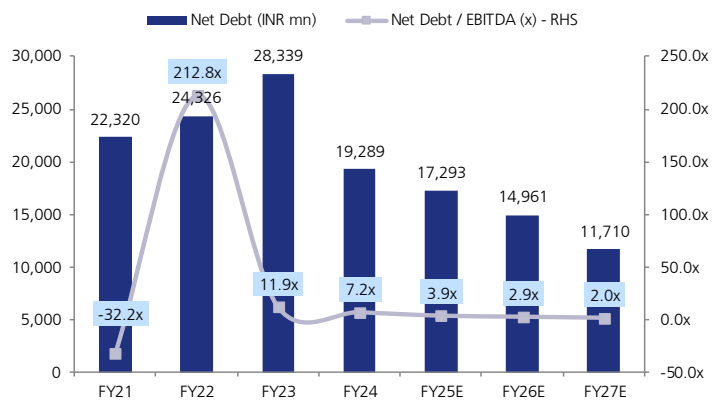
Source: Company, JM Financial

**Exhibit 11. Profitability on the horizon**



Source: Company, JM Financial

**Exhibit 12. FCF generation will bring down net debt**



Source: Company, JM Financial

**Exhibit 13. Mar'25 TP of INR 295**

<b>SAMHI Hotels (INR mn unless specified)</b>	
EV/EBITDA Multiple (x)	16x
EBITDA (Mar'26E)	5,075
<b>Total EV</b>	<b>81,195</b>
Net Debt	17,293
<b>NAV</b>	<b>63,902</b>
Shares Outstanding (INR mn)	218
<b>Mar'25 TP (INR)</b>	<b>295</b>
CMP (INR)	183
<b>Upside (%)</b>	<b>62%</b>

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	7,386	9,574	11,867	13,181	14,488	
Sales Growth	128.8%	29.6%	24.0%	11.1%	9.9%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>7,386</b>	<b>9,574</b>	<b>11,867</b>	<b>13,181</b>	<b>14,488</b>	
Cost of Goods Sold/Op. Exp	580	719	1,009	1,120	1,159	
Personnel Cost	1,204	1,678	1,780	1,977	1,956	
Other Expenses	3,225	4,512	4,672	5,009	5,373	
<b>EBITDA</b>	<b>2,377</b>	<b>2,665</b>	<b>4,406</b>	<b>5,075</b>	<b>6,000</b>	
EBITDA Margin	32.2%	27.8%	37.1%	38.5%	41.4%	
EBITDA Growth	1,979.6%	12.1%	65.3%	15.2%	18.2%	
Depn. & Amort.	963	1,137	1,294	1,273	1,204	
EBIT	1,415	1,528	3,113	3,802	4,796	
Other Income	229	213	215	218	220	
Finance Cost	5,221	3,451	2,065	2,064	2,002	
PBT before Excep. & Forex	-3,577	-1,709	1,263	1,956	3,015	
Excep. & Forex Inc./Loss(-)	192	-732	0	0	0	
PBT	-3,386	-2,441	1,263	1,956	3,015	
Taxes	0	-95	0	0	0	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	-3,386	-2,346	1,263	1,956	3,015	
<b>Adjusted Net Profit</b>	<b>-3,578</b>	<b>-1,614</b>	<b>1,263</b>	<b>1,956</b>	<b>3,015</b>	
Net Margin	-48.4%	-16.9%	10.6%	14.8%	20.8%	
Diluted Share Cap. (mn)	218.0	218.0	218.0	218.0	218.0	
<b>Diluted EPS (INR)</b>	<b>-16.4</b>	<b>-7.4</b>	<b>5.8</b>	<b>9.0</b>	<b>13.8</b>	
Diluted EPS Growth	0.0%	0.0%	0.0%	54.9%	54.1%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	-8,076	10,385	11,825	13,876	16,931	
Share Capital	85	220	220	220	220	
Reserves & Surplus	-8,162	10,165	11,605	13,656	16,711	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	26,900	20,763	20,354	19,914	19,144	
Def. Tax Liab. / Assets (-)	-146	86	86	86	86	
<b>Total - Equity &amp; Liab.</b>	<b>18,677</b>	<b>31,235</b>	<b>32,265</b>	<b>33,876</b>	<b>36,160</b>	
Net Fixed Assets	19,358	29,830	30,109	29,957	29,894	
Gross Fixed Assets	26,439	34,589	36,270	37,494	38,734	
Intangible Assets	1,036	6,314	6,226	6,143	6,064	
Less: Depn. & Amort.	8,319	11,398	12,692	13,965	15,168	
Capital WIP	202	325	305	285	265	
Investments	0	0	0	0	0	
Current Assets	3,126	4,316	6,135	7,863	10,416	
Inventories	33	40	40	40	40	
Sundry Debtors	513	605	831	659	724	
Cash & Bank Balances	1,185	1,324	2,910	4,802	7,283	
Loans & Advances	0	0	0	0	0	
Other Current Assets	1,395	2,347	2,354	2,361	2,368	
Current Liab. & Prov.	3,807	2,911	3,978	3,944	4,149	
Current Liabilities	2,164	1,919	2,986	2,952	3,157	
Provisions & Others	1,643	992	992	992	992	
Net Current Assets	-681	1,405	2,156	3,919	6,267	
<b>Total - Assets</b>	<b>18,677</b>	<b>31,235</b>	<b>32,265</b>	<b>33,876</b>	<b>36,160</b>	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	-3,386	-2,441	1,263	1,956	3,015	
Depn. & Amort.	963	1,137	1,294	1,273	1,204	
Net Interest Exp. / Inc. (-)	5,156	3,341	2,065	2,064	2,002	
Inc (-) / Dec in WCcap.	-267	-330	835	130	133	
Others	-284	1,154	177	95	40	
Taxes Paid	-8	-114	0	0	0	
<b>Operating Cash Flow</b>	<b>2,174</b>	<b>2,747</b>	<b>5,634</b>	<b>5,517</b>	<b>6,393</b>	
Capex	-75	-379	-1,680	-1,225	-1,240	
Free Cash Flow	2,100	2,368	3,953	4,293	5,153	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	759	-190	108	104	99	
<b>Investing Cash Flow</b>	<b>684</b>	<b>-569</b>	<b>-1,572</b>	<b>-1,121</b>	<b>-1,140</b>	
Inc / Dec (-) in Capital	0	11,437	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	10,798	5,249	-5,166	0	0	
Others	-13,985	-18,809	2,691	-2,504	-2,772	
<b>Financing Cash Flow</b>	<b>-3,187</b>	<b>-2,123</b>	<b>-2,475</b>	<b>-2,504</b>	<b>-2,772</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-328</b>	<b>54</b>	<b>1,586</b>	<b>1,893</b>	<b>2,481</b>	
Opening Cash Balance	1,514	1,269	1,324	2,910	4,802	
Closing Cash Balance	1,185	1,324	2,910	4,802	7,283	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	-48.4%	-16.9%	10.6%	14.8%	20.8%	
Asset Turnover (x)	0.4	0.4	0.4	0.4	0.4	
Leverage Factor (x)	0.0	22.5	3.0	2.6	2.3	
RoE	0.0%	-139.8%	11.4%	15.2%	19.6%	

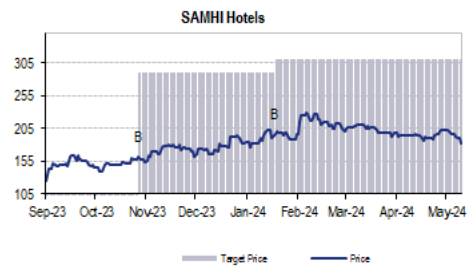
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	-37.0	47.6	54.2	63.6	77.7	
ROIC	7.9%	6.2%	10.5%	13.1%	16.6%	
ROE	0.0%	-139.8%	11.4%	15.2%	19.6%	
Net Debt/Equity (x)	0.0	1.9	1.5	1.1	0.7	
P/E (x)	-11.2	-24.7	31.6	20.4	13.2	
P/B (x)	-4.9	3.8	3.4	2.9	2.4	
EV/EBITDA (x)	27.6	22.3	13.0	10.8	8.6	
EV/Sales (x)	8.9	6.2	4.8	4.2	3.6	
Debtor days	25	23	26	18	18	
Inventory days	2	2	1	1	1	
Creditor days	102	67	116	107	112	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
16-Nov-23	Buy	290	
7-Feb-24	Buy	310	6.9

Recommendation History





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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