MIRAE ASSET Sharekhan

Viewpoint

Result Update

Samhi Hotels Ltd

Good Q1; Balance sheet strengthens

Consumer Discretionary	Sharekhan code:SAMHI

Reco/View: Positive	↔	CMP: **Rs. 206** (as on Aug 19, 2025)	Upside potential: **29%**	↑

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

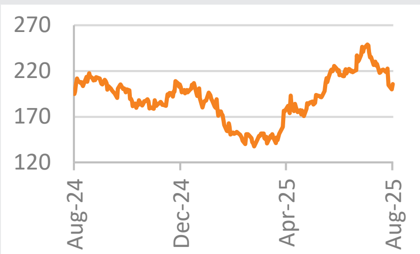
Company details

Market cap:	Rs. 4,552 cr
52-week high/low:	Rs. 255/120
NSE volume: (No of shares)	19.8 lakh
BSE code:	543984
NSE code:	SAMHI
Free float: (No of shares)	22.1 cr

Shareholding (%)

Promoters	0.0
FII	48.8
DII	15.1
Others	36.2

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-16.3	10.3	35.4	5.5
Relative to Sensex	-16.0	11.0	28.1	4.2

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Samhi Hotels' (Samhi's) Q1FY26 performance was hit by moderate disruptions in May due to geopolitical events leading to 9% and 8% y-o-y revenue and EBITDA growth, respectively. Adjusted PAT grew 2.1x y-o-y on lower interest cost.
- Company plans to rebrand 473 rooms and add 596 rooms across segments in key markets during FY26-29. By FY29, the share of upscale portfolio is expected to rise to ~60% from ~42% currently, aiding strong revenue and PAT growth.
- Post the Caspia Delhi sale, net debt:EBITDA fell to 3x versus 4.4x at FY25-end. The management expects to generate a strong investible surplus of ~Rs. 1,730 crore over the next 5 years, which will help in accelerating growth through M&A and long-term leases.
- Stock has corrected 19% from recent highs and trades at an attractive valuation of 9x/8x its FY26E/FY27E EV/EBITDA, respectively. We maintain our Positive stance with a 29% upside.

Samhi's Q1FY26 operating performance was hit by geopolitical events leading to high-single digit revenue and EBITDA growth, while lower interest costs aided in strong PAT growth. Consolidated revenues grew 8.9% y-o-y to Rs. 272 crore, largely in line with our expectations of Rs. 276 crore. Same-store RevPAR increased by 10.3% y-o-y to Rs. 4,760 per night. Occupancy stood flat y-o-y at 74%. The upper-upscale and upscale portfolio (43% revenue share) reported 11% y-o-y RevPAR growth, the upper-midscale portfolio (42% revenue share) posted 12% y-o-y RevPAR growth and the mid-scale portfolio (15% revenue share) registered a 7% y-o-y RevPAR growth. EBITDA margin (post-ESOP) marginally fell by 36 bps y-o-y to 32.5%, missing our expectation of 34.3%. Adjusted PAT grew by 2.1x y-o-y to Rs. 13 crore, against our expectation of Rs. 15 crore. Considering the exceptional items, reported PAT came it at Rs. 22 crore.

Key positives

- Upper upscale portfolio reported ARR growth of 17% y-o-y.

Key negatives

- EBITDA margin (post ESOP) came in at 32.5% versus expectation of 34.3%.

Management Commentary

- Performance in May was temporarily affected due to geopolitical events, leading to a short-term deviation. However, y-o-y performance metrics reverted to April levels from June, indicating a return to normal operating conditions.
- In Q1, exceptional items include 1) One time income of ~Rs. 9.1 crore on account of write-off of unamortised premium towards repayment of minority interest instrument in a subsidiary, 2) One-time SAMHI-GIC JV transaction expense of ~Rs. 2.1 crore and 3) Loss due to sale of Four Points by Sheraton, Chennai OMR of ~Rs. 0.3 crore.
- Samhi lost revenue of ~Rs. 1.8 crore in Q1, due to conversion of commercial space into hotel rooms at Sheraton, Hyderabad.
- As a part of its asset recycling strategy, Caspia, Delhi, was divested for Rs. 65 crore during Q1.
- Post the Caspia Delhi Sale, net debt reduced to Rs. 1,370 crore and net debt:EBITDA reduced to 3x versus 4.4x at FY25-end. Interest rate declined to 8.5% versus 9.2% at FY25-end.
- Since 2023, Samhi has concluded over Rs. 210 crore of asset sales at average EV/EBITDA multiple of ~20x and raised incremental ~Rs. 750 crore from GIC through minority dilution in selected SPVs.
- Capex for FY26E/FY27E is estimated to be at Rs. 170-200 crore/Rs. 180-200 core, respectively.
- ESOP expenses are expected to decline from ~Rs. 2.4 crore per quarter in FY26 to ~Rs. 1 crore per quarter in FY27.

Revision in earnings estimates – We have maintained our estimates for FY26 and FY27 and will keenly monitor performance in the coming quarters.

Our Call

Valuation – Stay Positive; expect upside of 29%: Favourable industry tailwinds and a defined business strategy of acquiring properties and growing them to optimum levels will help Samhi achieve consistent strong operating performance going ahead. The company become a profitable venture from FY25 led by its focus on deleveraging its balance sheet. The stock has corrected by 19% since recent highs and is trading at discounted valuations of 9x/8x its FY26E/FY27E EV/EBITDA, respectively, as compared to its peers. Improving cash flows and de-leveraging balance sheet will narrow the valuation gap with close peers in the near term. We maintain a Positive stance with a potential upside of 29% in the next 12 months.

Key Risks

Any drop in room demand due to a slowdown in the macro environment or Black Swan event or delay in the repayment of loans would act as a risk to our earnings estimates in the coming years.

Valuation (Consolidated) Rs cr

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	739	957	1,130	1,291	1,488
EBITDA margin (post-ESOP) (%)	32.2	29.4	35.9	37.4	37.8
Adjusted PAT	-356	-147	111	172	254
Adj. diluted EPS (Rs.)	-16.2	-6.7	5.0	7.8	11.5
P/E (x)	-	-	40.9	26.4	17.9
P/B (x)	-	4.4	4.0	3.5	2.9
EV/EBIDTA (x)	9.4	15.0	11.0	9.4	8.0
RoNW (%)	49.2	-	10.2	14.0	17.6
RoCE (%)	-	7.3	9.2	10.8	12.5

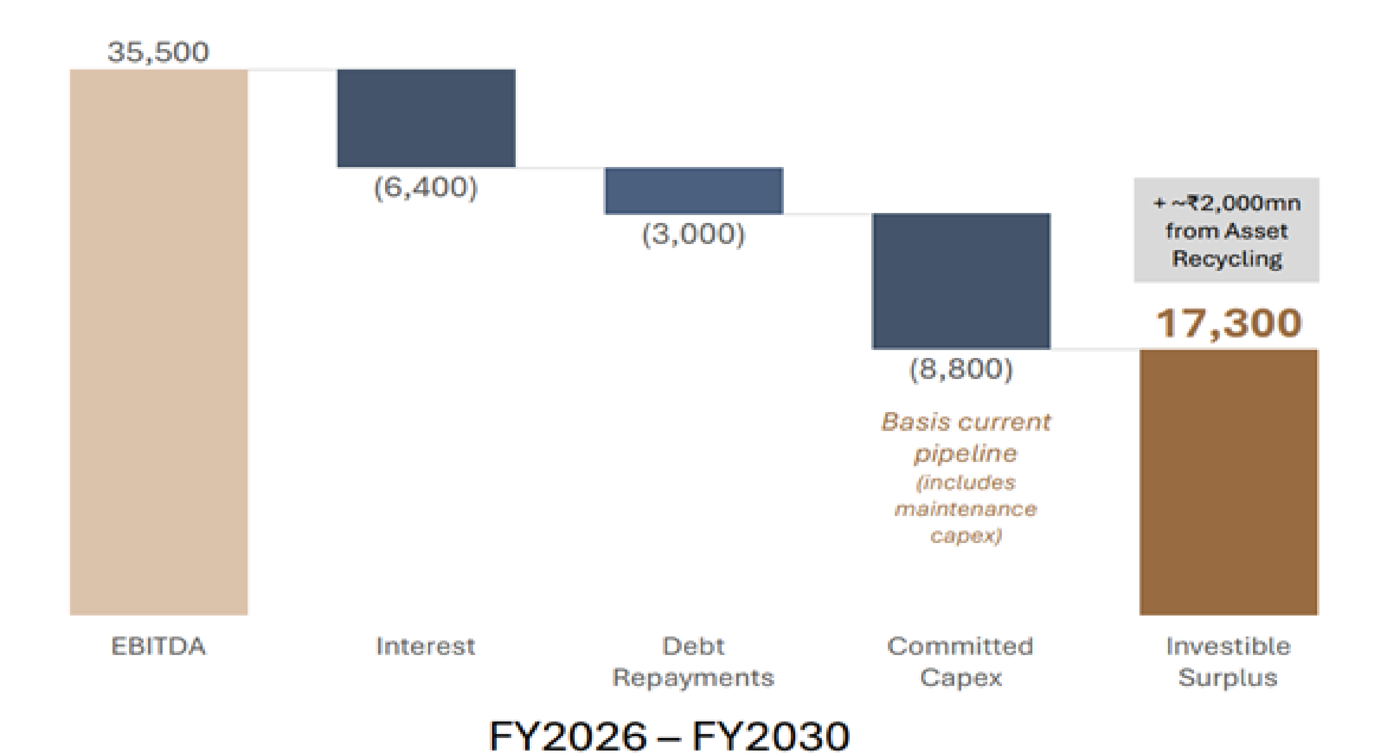
Source: Company; Mirae Asset Sharekhan estimates

Multiple growth projects in the pipeline

#	Hotel	Segment	Growth Project	FY26	FY27	FY28	FY29
1	Holiday Inn Express, Greater Noida (Operating)	Mid-scale	Rebranding	133			
2	Holiday Inn Express, Kolkata (Operating)	Mid-scale	New Opening	113			
3	Sheraton, Hyderabad (Operating)	Upscale	Expansion	12			
4	Holiday Inn Express, Whitefield, Bangalore	Mid-scale	Expansion	56			
5	Sheraton, Hyderabad	Upscale	Expansion	42			
6	Hyatt Regency, Pune	Upscale	Expansion	22			
6	W, HITEC City, Hyderabad	Upscale	New Opening		170		
7	Courtyard by Marriott , Pune	Upscale	Conversion from Four Points by Sheraton		217		
8	Tribute Portfolio by Marriott, Whitefield, Bangalore	Upscale	Rebranding from Trinity			142	
9	Tribute Portfolio by Marriott, Jaipur	Upscale	Rebranding from Four Points by Sheraton			114	
10	Fairfield by Marriott, Sriperumbudur, Chennai	Upper mid-scale	Expansion			86	
11	Westin, Whitefield, Bangalore	Upscale	New Opening				220

Source: Company, Mirae Asset Sharekhan Research

Expect to generate strong investible surplus during FY26-30



Source: Company, Mirae Asset Sharekhan Research

Results (Consolidated) Rs cr

Particulars	Q1FY26	Q1FY25	y-o-y %	Q4FY25	q-o-q %
Revenue from operations	**272.2**	**249.9**	**8.9**	**318.8**	**-14.6**
Cost of materials consumed	21.7	17.8	22.1	21.6	0.4
Employee cost	44.3	39.8	11.2	40.1	10.4
Other expenditure	115.5	105.8	9.1	131.2	-12.0
Total expenditure	**181.4**	**163.4**	**11.0**	**192.9**	**-6.0**
EBITDA (pre-ESOP)	**90.8**	**86.5**	**5.0**	**125.9**	**-27.9**
ESOP Cost	2.4	4.4	-45.9	4.4	-45.5
EBITDA (post-ESOP)	**88.4**	**82.1**	**7.7**	**121.5**	**-27.2**
Other income	6.3	6.9	-9.2	4.8	31.2
Interest expenses	50.6	55.6	-8.9	55.3	-8.5
Depreciation	29.1	29.9	-2.9	29.0	0.4
Profit Before Tax	**15.0**	**3.5**	**-**	**42.0**	**-64.3**
Tax	1.7	-0.8	-	-23.3	-
Adjusted PAT	**13.3**	**4.2**	**-**	**65.3**	**-79.6**
Extra-ordinary gain / loss	8.7	0.0	-	-19.4	-
Reported PAT	**22.0**	**4.2**	**-**	**45.9**	**-52.0**
Adjusted EPS (Rs.)	0.6	0.2	-	3.0	-79.6
			bps		**bps**
GPM (%)	92.0	92.9	-86	93.2	-119
EBITDA Margin (pre-ESOP) (%)	33.4	34.6	-126	39.5	-613
EBITDA Margin (post-ESOP) (%)	32.5	32.8	-36	38.1	-564
NPM (%)	4.9	1.7	320	20.5	-
Tax rate (%)	11.2	-21.5	-	-55.5	-

Source: Company; Mirae Asset Sharekhan Research

Operating parameters Rs cr

Particulars	Q1FY26	Q1FY25	y-o-y	Q4FY25	q-o-q
Operating rooms	4,948	4,664		4,823	
Occupancy ratio (%)			**bps**		**bps**
Upper Upscale & Upscale assets	75.0	79.0	-400	82.0	-700
Upper Mid-scale assets	74.0	72.0	200	72.0	200
Mid-scale assets	74.0	74.0	0	73.0	100
ARR (Rs.)			**%**		**%**
Upper Upscale & Upscale assets	10,122	8,658	16.9	11,891	-14.9
Upper Mid-scale assets	6,350	5,598	13.4	7,275	-12.7
Mid-scale assets	3,638	3,382	7.6	4,359	-16.5
			%		%
RevPar (Rs.)	**4,760**	**4,276**	**11.3**	**5,958**	**-20.1**
Upper Upscale & Upscale assets	7,576	6,829	10.9	9,748	-22.3
Upper Mid-scale assets	4,515	4,033	12.0	5,314	-15.0
Mid-scale assets	2,684	2,509	7.0	3,176	-15.5

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Hotel industry to benefit from demand-supply gap

Higher demand from domestic leisure travellers, recovery in foreign tourist arrivals (FTAs), and a revival in corporate travels will keep room demand high for hotel companies (also help in achieving higher room rentals) in the short to medium term. Recent industry data shows that demand is expected to continue to grow in double digits (~12%). However, supply is expected to grow by ~9% in the next 4-5 years. This augurs well for the industry because hotel performance in India is highly sensitive to supply and demand dynamics. Hotels' margins are likely to expand, aided by better operating leverage coupled with various cost-saving initiatives undertaken by companies.

■ Company Outlook – Better prospects ahead

Samhi's Q1FY26 operating performance was impacted by geopolitical events leading to 8-9% revenue and EBITDA growth each, while lower interest cost aided in strong PAT growth. Matured portfolio's RevPAR growing by 14-15%, incremental revenue coming from new room additions, and upgradation in the ACIC portfolio will help revenue and EBITDA to report a CAGR of 15% and 18% over FY25-FY27, respectively. Net debt/EBITDA reduced from 8.7x in FY23 to 4.4x at FY25-end and further to 3x post Caspia, Delhi sale. Continued RevPAR growth in same-store hotels, completion of ACIC portfolio integration, strategic renovation, and rebranding initiatives will drive revenue growth in the coming years, while growth in EBITDA, reduction in ESOP, and corporate G&A expenses will aid PAT growth going ahead.

■ Valuation – Retain a Positive stance with a potential upside of 29%

Favourable industry tailwinds and a defined business strategy of acquiring properties and growing them to optimum levels will help Samhi achieve consistent strong operating performance going ahead. The company become a profitable venture from FY25 led by its focus on deleveraging its balance sheet. The stock has corrected by 19% since recent highs and is trading at discounted valuations of 9x/8x its FY26E/FY27E EV/EBITDA, respectively, as compared to its peers. Improving cash flows and de-leveraging balance sheet will narrow the valuation gap with close peers in the near term. We maintain a Positive stance with a potential upside of 29% in the next 12 months.

Peer valuation

Companies	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Indian Hotels	61.5	49.8	41.3	33.8	27.6	23.9	16.7	17.9	19.3
Lemon Tree Hotels	48.4	36.0	26.9	18.7	15.6	13.2	12.7	15.4	17.8
Chalet Hotels	57.9	37.1	31.2	26.8	16.9	14.8	11.0	15.6	15.9
Samhi Hotels	40.9	26.4	17.9	11.0	9.4	8.0	9.2	10.8	12.5

Source: Company; Mirae Asset Sharekhan Research

About company

Samhi is a prominent branded hotel ownership and asset management platform in India with an institutional ownership model, experienced leadership, and professional management team. The company has a long-term management arrangement with three of the established and well-recognised global hotel operators, namely, Marriott, IHG, and Hyatt. Samhi has a portfolio of 32 operating hotels comprising 4,948 keys and has a diverse geographic presence in 14 cities across India, including National Capital Region (NCR), Bengaluru, Hyderabad, Chennai, and Pune.

Investment theme

Samhi operates a portfolio of prominent international brands catering to upper upscale, upscale upper midscale, and mid-scale hotels with a large presence in important business metros in India. The company has added ~90% of its existing room inventory of ~4,900 rooms under the acquisition and turnaround strategy with a strong demonstration of robust growth in RevPAR of most of the acquired hotels. As a result of this along with a strong portfolio of brands under management, the company is expected to post robust operating performance over FY25-FY27, with revenue/EBITDA growing by 15%/18%, respectively. The company targets to reduce net debt/EBITDA to 3x in the coming years through consistent improvement in operating cash flows.

Key Risks

- Any drop in room demand due to the emergence of a black swan event/sustained high inflationary environment or a significant increase in room supply in the coming years would act as a key risk to our earnings estimates.
- Any delay in the launch of new hotels/rooms will impact profitability.

Additional Data

Key management personnel

Name	Designation
Ashish Jakhanwala	Chairman, Managing Director and Chief Executive Officer
Rajat Mehra	Chief Financial Officer
Sanjay Jain	Company Secretary & Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	ACIC Mauritius 1	14.98
2	Republic of Singapore	7.68
3	Tata Asset Management Pvt. Ltd.	5.38
4	Steinburg India Emerging Opportunities Fund Ltd.	3.01
5	TT Internation Funds PLC/Ireland	2.79
6	Aditya Birla Sun Life AMC Ltd.	2.70
7	Emirate of Abu Dhabi United Arab Emirates	2.67
8	ACIC Mauritius 2	1.95
9	Oversea-Chinese Banking Corp Ltd.	1.50
10	Persistence Capital Fund I	1.29

Source: Bloomberg

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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