

Hotels


Manthan

Samhi Hotels: Then versus Now

We initiated on SAMHI IN in April-25. While the stock has remained relatively flat over last one year, three positive developments have unfolded in that time frame. In this edition of MANTHAN, we take you through those developments that have made the business model much more resilient. Which positive developments are we talking about and if the business model has turned resilient why has the stock under-performed? Read on to find out more.

Development 1:- BS strength has improved

One of the biggest concerns with SAMHI IN was leverage. Have a look at exhibit 1 below.

Exhibit 1 : Debt/EBITDA multiple to be at 1.8x in FY28E

Particulars (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Debt	26,900	20,763	21,285	15,285	14,285	12,785
EBITDA	2,377	2,665	4,071	4,493	5,860	7,214
Debt/EBITDA	11.3x	7.8x	5.2x	3.4x	2.4x	1.8x

Source: Company, PL

As can be seen, in FY25, the debt/EBITDA was at 5.2x. However, after fund infusion by GIC to the tune of Rs7,520mn in the newly formed JV for upscale hotel assets, the debt/EBITDA multiple is expected to decline to 3.4x in FY26E. Here is a short recap of the GIC transaction. In May-25, SAMHI IN transferred 5 hotels, with 779 operational rooms (1,021 rooms once all the hotels become operational) into the newly formed JV platform with GIC. Funds infused by GIC to acquire 35% stake in the platform have been utilized to pare down the debt by Rs6,030mn odd. Thus, GIC transaction has improved the BS strength of SAMHI IN.

Development 2: Entry into the Navi Mumbai market

In 2023, pursuant to the acquisition of ACIC portfolio comprising of 962 keys, SAMHI IN had access to a parcel of leasehold land in Navi Mumbai. Due to legal issues and persistent delays in getting relevant approvals from MIDC, SAMHI IN had taken a provision for impairment of Rs768mn in 3QFY24. However, in Oct-25, MIDC accorded approval to the project. Accordingly, SAMHI IN plans to develop a dual branded hotel in Navi Mumbai with ~700 keys in the upper upscale (West In) and upper midscale (Fairfield by Marriott) category with an estimated capex of Rs10,000mn. We believe MIDC approval is of critical importance given hotel will be located close to the newly inaugurated Navi Mumbai airport. As the region is starved of inventory and given the location advantage, time required to stabilize the hotel is also expected to be shorter.

Exhibit 2 : Snapshot of inventory in Navi Mumbai market

Particulars	FY21	FY22	FY23	FY24	FY25
Inventory in Navi Mumbai	1,000	1,395	1,222	1,456	1,539

Source: Company, PL

Development 3: Entry into leisure segment via the asset light route

SAMHI IN is an asset owner with a business centric hotel portfolio. However, in Mar-26, SAMHI IN entered the leisure segment via an asset light route by acquiring 70% stake in RARE India, a luxury hospitality platform with a portfolio of 67 hotels comprising 990 rooms. Further, affiliation with Marriott will not only open up new income stream by enabling direct bookings via the B2C route but also increase listings on the platform by onboarding new owners given strong brand parentage. We expect B2C commission income of Rs425mn/Rs556mn in FY27E/FY28E, respectively. We believe acquisition of RARE India provides SAMHI IN an exposure to leisure segment through an asset light route diversifying the business model and lending scale advantage.

Exhibit 3 : Financials of Rare India

Financials of RARE India (INR mn)	FY27E	FY28E	FY29E
B2C revenue	425	556	709
B2B revenue	41	46	51
Total revenue	465	602	760
EBITDA margin	25%	25%	30%

Source: Company, PL

Our view: Despite three positive developments over the last year, we believe temporary headwinds have acted as an overhang on the stock price. For instance, reduction in GST rate from 12% (with ITC) to 5% (without ITC) on hotel rooms with ARR of less than Rs7,500 impacted the EBITDA margin by 2% in 3QFY26. Further, Middle East crisis in 4QFY26E has impacted the FTA influx (~20-25% of guest mix) and thereby occupancy. Despite these headwinds, from a structural standpoint, the business model of SAMHI IN has become resilient as compared to last year as 1) BS strength has improved, 2) diversification is on the cards and 3) entry into Navi Mumbai market is guaranteed. The stock trades at EV/EBITDA multiple of 8.8x/7.0x our FY27E/FY28E EBITDA estimates (after adjusting for the minority interest factor in JV platform formed with GIC). We believe recent weakness offers a good entry point from a long-term perspective. Retain BUY on the stock with a TP of Rs268 (10.5x FY28E EBITDA).

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Apeejay Surrendra Park Hotels	BUY	207	114
2	Chalet Hotels	BUY	1080	754
3	Delhivery	BUY	526	442
4	DOMS Industries	BUY	2889	2346
5	Flair Writing Industries	BUY	387	296
6	Imagicaaworld Entertainment	BUY	71	47
7	Indian Railway Catering and Tourism Corporation	BUY	850	532
8	InterGlobe Aviation	HOLD	5203	4449
9	Lemon Tree Hotels	BUY	164	113
10	Mahindra Logistics	Buy	504	406
11	Navneet Education	Reduce	119	156
12	Nazara Technologies	BUY	318	248
13	PVR Inox	BUY	1236	955
14	S Chand and Company	BUY	291	185
15	Safari Industries (India)	HOLD	1989	1562
16	Samhi Hotels	BUY	268	154
17	TCI Express	BUY	694	514
18	V.I.P. Industries	REDUCE	267	319
19	Zee Entertainment Enterprises	BUY	122	79

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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Prabhudas Lilladher Pvt. Ltd.

Corporate Office: 6th Floor, Tower 2B South Annex, One World Centre, 841, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

Registered Office: 3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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