

Price: 148

Recommendation: Buy

Industry: Hotels & Resorts

Sector: Consumer Discretionary

Report Date: 18-Mar-2025

SAMHI Hotels Limited is on a transformative path, rebranding and expanding its portfolio to enhance market position and financial performance. Key initiatives include rebranding Caspia Pro to Holiday Inn Express, repositioning ACIC assets, and doubling upscale hotel inventory in Bangalore and Hyderabad. The company is diversifying into high-demand markets, introducing new brands, and optimizing its portfolio through asset recycling. Despite strong performance, opportunities exist to improve the F&B; segment and execute management contract transitions effectively.

Sales		Profit & Loss		Profitability Matrix	
Current Year	159 Cr	Operating Profit(Year)	42.4 Cr	Operating Profit Margin	26.6 %
Previous Year	103 Cr	Operating Profit(Quarter)	12.0 Cr	EBITDA Margin	14.09 %
Current Quarter	39.6 Cr	PAT (Year)	-105 Cr	Net Profit Margin	-69.8 %
Previous Quarter	40.4 Cr	PAT (Quarter)	0.26 Cr	EPS	4.37
Revenue (QYoY)	36.2 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	2345	Sales Growth	9.66 %	Sales Growth	-1.98 %
PEG Ratio		PAT Growth	66.4 %	Sales Growth QYoY	9.39 %
EV/EBITDA	69.5	EPS Growth	219.07 %	PAT Growth	-88.94 %
P/B	1.17	Dividend Yield	0.00	PAT Growth QYoY	-103.63 %
Capital Allocation		Holdings		Leverage	
RoE	-5.79 %	Promoter	0.00 %	Debt/Equity	0.14
RoA	-4.16 %	FII	54.8 %	Debt	392 Cr
RoCE	0.53 %	DII	18.6 %	Market Cap	3259 Cr
RoIC	3.23 %	Public	26.7 %	Enterprise value	3496 Cr
		No of Shares	22.0 Cr	Cash Equivalents	155 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

In the recent meeting, SAMHI Hotels Limited outlined several new initiatives and business strategies aimed at enhancing their market position and financial performance. The company has embarked on a transformational journey by rebranding and expanding its hotel portfolio. Notably, the Caspia Pro in Greater Noida was rebranded to Holiday Inn Express, resulting in a significant increase in average room rates. The company is also focusing on repositioning its ACIC assets, transitioning from franchise to management contracts, which is expected to drive revenue growth. The strategic addition of rooms in key markets like Bangalore and Hyderabad is part of their growth strategy, with plans to double the inventory of upscale and upper upscale hotels from 1,000 to over 2,000 rooms. This expansion is expected to leverage the high revenue per room in these segments.

SAMHI's diversification schemes include expanding its presence in high-demand markets and enhancing its service offerings. The company is adding new rooms in existing hotels, such as Sheraton Hyderabad and Hyatt Regency Pune, which are expected to stabilize quickly due to their established operations. The introduction of new brands like Courtyard by Marriott in Pune and the Tribute Portfolio by Marriott in Jaipur is part of their strategy to capture a larger market share. The company is also focusing on asset recycling to optimize its portfolio and improve financial metrics. This involves divesting non-core assets and reinvesting in high-performing markets, which is expected to accelerate deleveraging and improve the net debt to EBITDA ratio.

Looking ahead, SAMHI is optimistic about its growth and scaling prospects. The company anticipates strong revenue growth driven by increased market penetration and the completion of ongoing projects. The focus on high-demand markets like Bangalore and Hyderabad, coupled with the low new hotel supply, creates a favorable environment for revenue per available room (RevPAR) growth. The company is also exploring opportunities in emerging sectors beyond IT/ITeS, such as healthcare and infrastructure, to diversify its revenue streams. SAMHI's strategic investments in high-growth markets and its robust pipeline of projects position it well for sustained growth in the coming years.

While the company has demonstrated strong performance, there are areas for improvement. The food and beverage (F&B;) segment has shown slower growth compared to other revenue streams, indicating potential for enhancement through targeted marketing and pricing strategies. Additionally, the transition of ACIC assets to management contracts, while promising, requires careful execution to realize the anticipated revenue growth. Overall, SAMHI's strategic initiatives and market positioning provide a solid foundation for future success, with opportunities to further optimize operations and enhance profitability.

SAMHI Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Mahindra Holiday	6162.52	45.78	24.03%	1.14%	6.87%	203.48%	230.86%
ITC Hotels	36545.40					39.62%	
Samhi Hotels	3258.98	2344.61	-5.79%	-2.03%	9.19%	-88.94%	103.63%
EIH	22982.10	32.73	17.62%	35.85%	7.95%	102.47%	12.43%
Ventive Hospital	17080.04	103.49	65.74%	20.73%	23.14%	59.29%	-23.65%

Aspect	Commentary
Revenue	The company shows a moderate increase in annual sales, with a slight decline in quarterly sales. This indicates potential seasonal fluctuations or market challenges affecting short-term performance. The year-over-year growth suggests a positive long-term trend, but the quarterly dip requires strategic attention to sustain momentum.
Profit & Loss	Annual operating profit is strong, but net profit is negative, indicating high expenses or one-time charges. Quarterly profit shows improvement, suggesting cost management or revenue growth. The negative annual PAT highlights the need for efficiency improvements or revenue enhancement to achieve sustainable profitability.
Profitability Matrix	Operating profit margin is healthy, but the net profit margin is negative, reflecting high costs or inefficiencies. The EBITDA margin is moderate, indicating room for operational improvements. EPS is positive, suggesting potential for shareholder value, but overall profitability needs enhancement.
Valuation Matrix	The trailing P/E ratio is extremely high, indicating potential overvaluation or market optimism. The EV/EBITDA ratio suggests the company is valued at a premium, possibly due to growth prospects. The P/B ratio is moderate, reflecting a balanced market perception of asset value.
Growth (YoY)	Year-over-year sales growth is positive, indicating market expansion or improved demand. PAT growth is significant, suggesting recovery or cost control. EPS growth is substantial, reflecting improved earnings potential. The absence of dividend yield indicates reinvestment focus or cash flow constraints.
Growth (QoQ)	Quarterly sales growth is slightly negative, indicating potential market challenges or seasonal effects. PAT shows a significant decline, suggesting cost pressures or revenue shortfalls. The quarterly performance requires strategic adjustments to address short-term volatility and sustain growth.
Capital Allocation	Return on equity and assets are negative, indicating inefficiencies or high costs. Return on capital employed is low, suggesting suboptimal asset utilization. Return on invested capital is positive, indicating potential for value creation, but overall capital efficiency needs improvement.
Holdings	Promoter holding is absent, indicating potential governance concerns or strategic decisions. High foreign institutional investor presence suggests market confidence. Domestic institutional and public holdings are balanced, reflecting diversified ownership. Shareholding structure supports market stability.
Leverage	Debt-to-equity ratio is low, indicating conservative leverage and financial stability. Total debt is moderate, suggesting manageable obligations. Market capitalization and enterprise value are strong, reflecting market confidence. Cash equivalents provide liquidity, supporting operational flexibility.

Analyst viewpoint: SAMHI Hotels Limited is well-positioned for robust growth, with strategic initiatives aimed at enhancing its market standing and financial performance. The company has embarked on a significant expansion journey by rebranding properties, such as Caspia Pro into Holiday Inn Express, notably increasing average room rates. SAMHI is leveraging high-demand markets like Bangalore and Hyderabad, doubling its upscale hotel inventory to tap into the favorable revenue per room potential. The impressive Year-over-Year (YoY) PAT growth of over 100% reflects strong recovery efforts and cost management, despite a slight quarterly dip in revenue. The company's efforts to divest non-core assets and reinvest in high-performing areas indicate a prudent capital allocation strategy that promises enhanced capital efficiency and growth momentum.

However, SAMHI's current valuation metrics indicate the need for cautious optimism. The trailing P/E ratio is exceptionally high, suggesting either market optimism or overvaluation. Furthermore, areas such as the food and beverage segment show slower growth and require strategic enhancement through targeted strategies. Despite these challenges, SAMHI's strong market positioning, diversification strategies, and focus on operational optimization underscore our bullish outlook on the company's short to mid-term prospects.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

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