

SAMHI Hotels (SAMHI) - BUY

Company Update

Current Market Price (CMP) Rs.149	Fair Value (FV) Rs.250
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Rationale:

- SAMHI is entering the leisure segment through fee-based income.
- SAMHI has announced the acquisition of a 70% stake in RARE India for Rs47 cr.
- SAMHI intends to list the properties on the Marriott platforms under “Outdoor Collection by Marriott Bonvoy.
- SAMHI’s investment is not material in the overall scheme of things.
- We expect EPS to grow at 41.4%/47% in FY27E/FY28E, respectively.
- Maintain BUY with an unchanged DCF-based FV of Rs250.

👍 Positives:

- RARE India is a curated leisure platform started in 2003, which has 60+ small experiential hotels with 990 rooms across India, Bhutan and Nepal.
- RARE India currently operates on a B2B model with cumulative subscription-based fees of Rs2.5-3cr from its portfolio of 990 rooms.
- Management expects value unlock in this transaction from the transition to a B2C model.
- Expects additional B2C income of Rs50 cr from existing portfolio upon transition.
- SAMHI further expects the RARE platform to growth to 120-150 properties and 1,800-2,200 rooms over a period of 4-5 years.
- SAMHI continues to primarily focus on business hotels in tier-1 cities.

👎 Negatives:

- Occupancy levels to come off a little with the commissioning of new hotels.

(EPS: Earnings per share, B2C: Business to Customer, B2B: Business to Business, DCF: Discounted Cash Flows)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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