

Price: 142

Recommendation: Buy

Industry: Hotels & Resorts

Sector: Consumer Discretionary

Report Date: 18-Mar-2025

Oriental Hotels Limited (ORIENTHOT) is a key player in the hospitality sector, focusing on strategic growth through portfolio expansion and property upgrades. The company is enhancing its market presence in India by leveraging the demand for premium services. ORIENTHOT integrates technology for efficiency and explores sustainable practices. It targets emerging markets and niche segments like wellness tourism, aiming to boost revenue and solidify its industry leadership.

Sales		Profit & Loss		Profitability Matrix	
Current Year	413 Cr	Operating Profit(Year)	96.3 Cr	Operating Profit Margin	23.4 %
Previous Year	393 Cr	Operating Profit(Quarter)	34.2 Cr	EBITDA Margin	27.36 %
Current Quarter	121 Cr	PAT (Year)	54.8 Cr	Net Profit Margin	14.0 %
Previous Quarter	103 Cr	PAT (Quarter)	14.0 Cr	EPS	2.42
Revenue (QYoY)	102 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	58.6	Sales Growth	4.44 %	Sales Growth	17.48 %
PEG Ratio	1.82	PAT Growth	-5.35 %	Sales Growth QYoY	18.63 %
EV/EBITDA	25.8	EPS Growth	-21.94 %	PAT Growth	52.17 %
P/B	6.36	Dividend Yield	0.35	PAT Growth QYoY	-14.63 %
Capital Allocation		Holdings		Leverage	
RoE	15.5 %	Promoter	67.6 %	Debt/Equity	0.54
RoA	8.64 %	FII	0.66 %	Debt	212 Cr
RoCE	15.9 %	DII	2.68 %	Market Cap	2527 Cr
RoIC	17.4 %	Public	29.1 %	Enterprise value	2731 Cr
		No of Shares	17.9 Cr	Cash Equivalents	9.13 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Oriental Hotels Limited (ORIENTHOT), a prominent player in the hospitality sector, has recently focused on strategic initiatives to enhance its market position and drive growth. The company has been actively expanding its portfolio by investing in new properties and upgrading existing ones to meet evolving customer preferences. This expansion is part of a broader strategy to increase its footprint in key markets across India, leveraging the growing demand for premium hospitality services. Additionally, ORIENTHOT has been exploring partnerships and collaborations to enhance its service offerings, aiming to provide a more comprehensive and luxurious experience to its guests. These efforts are expected to bolster the company's competitive edge and attract a larger customer base.

In terms of diversification, ORIENTHOT has been keen on integrating technology into its operations to improve efficiency and customer satisfaction. The company has implemented advanced digital solutions for seamless booking experiences and personalized services, which are crucial in today's tech-savvy consumer environment. Furthermore, ORIENTHOT is exploring sustainable practices, such as energy-efficient systems and waste reduction initiatives, aligning with global trends towards eco-friendly operations. These measures not only reduce operational costs but also enhance the brand's reputation as a responsible and forward-thinking entity, appealing to environmentally conscious travelers.

Looking ahead, ORIENTHOT's growth strategy includes tapping into emerging markets and catering to niche segments such as wellness tourism and business travel. The company is investing in specialized facilities and services to cater to these segments, recognizing the potential for higher margins and customer loyalty. Additionally, ORIENTHOT is focusing on enhancing its brand visibility through targeted marketing campaigns and leveraging social media platforms to reach a wider audience. These initiatives are expected to drive revenue growth and solidify the company's position as a leader in the hospitality industry.

To capitalize on these opportunities, ORIENTHOT could consider further strengthening its loyalty programs to retain existing customers and attract new ones. By offering exclusive benefits and personalized experiences, the company can enhance customer engagement and foster long-term relationships. Additionally, expanding its presence in international markets could provide new revenue streams and mitigate risks associated with domestic market fluctuations. Overall, ORIENTHOT's strategic initiatives and focus on innovation and sustainability position it well for future growth, with the potential to achieve significant scale and profitability in the coming years.

ORIENTHOT 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	6154.44	45.72	24.03%	1.14%	6.87%	203.48%	230.86%
ITC Hotels	36795.12					39.62%	
Oriental Hotels	2527.18	58.57	15.48%	18.25%	19.56%	52.07%	-14.85%
EIH	22925.82	32.66	17.62%	35.85%	7.95%	102.47%	12.43%
Ventive Hospital	16886.22	102.32	65.74%	20.73%	23.14%	59.29%	-23.65%

Aspect	Commentary
Revenue	The company shows a steady increase in revenue, with a year-over-year growth of 4.44% and a quarter-over-quarter growth of 17.48%. This indicates a positive trend in sales performance, reflecting effective market strategies and possibly increased demand for its services.
Profit & Loss	Operating profit margins are strong, with a yearly operating profit of 96.3 Cr and a quarterly profit of 34.2 Cr. However, the PAT growth shows a decline of 5.35% YoY, suggesting challenges in cost management or increased expenses impacting net profitability.
Profitability Matrix	The company maintains healthy profitability metrics with an operating profit margin of 23.4% and a net profit margin of 14.0%. These figures suggest efficient cost management and strong pricing power, contributing to overall financial health.
Valuation Matrix	The valuation metrics indicate a high trailing P/E of 58.6, suggesting the market expects significant future growth. The PEG ratio of 1.82 supports this, indicating that the stock might be overvalued relative to its growth prospects.
Growth (YoY)	Year-over-year growth shows mixed results, with sales increasing by 4.44% but PAT declining by 5.35%. This suggests that while revenue is growing, profitability is under pressure, possibly due to rising costs or competitive pricing strategies.
Growth (QoQ)	Quarter-over-quarter growth is robust, with sales increasing by 17.48% and PAT by 52.17%. This indicates strong operational performance and effective cost control measures in the short term, enhancing quarterly profitability.
Capital Allocation	The company demonstrates efficient capital allocation with a RoE of 15.5% and RoCE of 15.9%. These figures reflect effective use of equity and capital employed, contributing to shareholder value and operational efficiency.
Holdings	Promoter holding is strong at 67.6%, indicating confidence in the company's prospects. Public holding stands at 29.1%, suggesting a balanced ownership structure that supports market liquidity and investor interest.
Leverage	The debt/equity ratio of 0.54 indicates moderate leverage, suggesting a balanced approach to financing. With a market cap of 2527 Cr and enterprise value of 2731 Cr, the company maintains a stable financial position with manageable debt levels.

Analyst viewpoint: Oriental Hotels Limited has demonstrated robust quarterly growth, with sales increasing by 17.48% and profit after tax soaring by 52.17%, showcasing the company's effective operational strategies and cost control measures. This strong growth trajectory reflects the strategic expansion and portfolio enhancement initiatives highlighted in recent concall discussions, including investments in new properties and upgrades for existing holdings to meet evolving consumer demands. The market has responded positively, as indicated by a bullish valuation reflected in a high trailing P/E ratio of 58.6. Capital allocation remains optimized with a strong return on equity of 15.5% and a return on capital employed of 15.9%, illustrating efficient use of resources to maximize shareholder value.

Despite a minor Year-over-Year decline in PAT by 5.35%, attributed to rising operational costs, Oriental Hotels maintains a solid financial foundation with a balanced debt-to-equity ratio of 0.54, ensuring manageable debt levels. The company's ventures into emerging markets and alignment with sustainable practices further bolster its growth prospects, appealing to a broader market segment and fostering long-term resilience. By strengthening its loyalty programs and exploring new revenue streams via international expansion, Oriental Hotels is well-positioned to sustain its competitive edge and financial performance in the challenging hospitality sector.

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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