

Price: 277

Recommendation: Buy

Industry: Hotels & Resorts

Sector: Consumer Discretionary

Report Date: 03-Apr-2025

The company is advancing its market position through digital expansion, investing in technologies to enhance operations and customer engagement. Partnerships with tech firms aim to leverage AI and machine learning. Sustainability is a priority, with plans to reduce carbon footprint. Customer-centric strategies focus on emerging markets, diversifying revenue. The company is optimistic about growth, driven by digital transformation and market expansion.

Sales		Profit & Loss		Profitability Matrix	
Current Year	262 Cr	Operating Profit(Year)	71.1 Cr	Operating Profit Margin	27.1 %
Previous Year	224 Cr	Operating Profit(Quarter)	33.9 Cr	EBITDA Margin	34.05 %
Current Quarter	84.8 Cr	PAT (Year)	19.2 Cr	Net Profit Margin	8.60 %
Previous Quarter	65.0 Cr	PAT (Quarter)	25.2 Cr	EPS	13.0
Revenue (QYoY)	62.8 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	21.3	Sales Growth	17.6 %	Sales Growth	30.46 %
PEG Ratio	-4.00	PAT Growth	-71.04 %	Sales Growth QYoY	35.03 %
EV/EBITDA	9.47	EPS Growth	-25.71 %	PAT Growth	119.13 %
P/B	2.43	Dividend Yield	0.00	PAT Growth QYoY	129.09 %
Capital Allocation		Holdings		Leverage	
RoE	7.09 %	Promoter	57.8 %	Debt/Equity	0.41
RoA	3.12 %	FII	0.00 %	Debt	137 Cr
RoCE	15.5 %	DII	4.53 %	Market Cap	816 Cr
RoIC	44.4 %	Public	37.7 %	Enterprise value	939 Cr
		No of Shares	2.95 Cr	Cash Equivalents	14.6 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

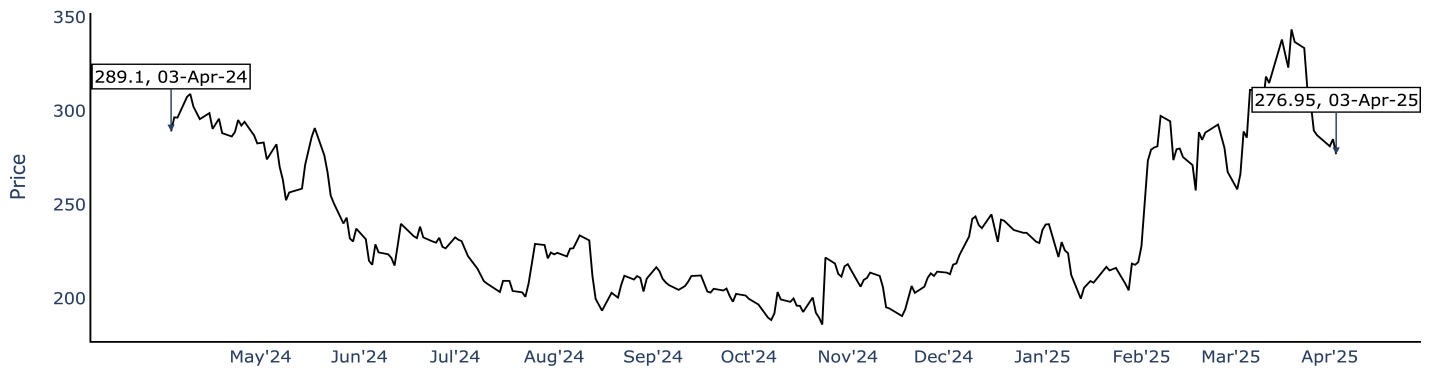
The company has embarked on several new initiatives aimed at enhancing its market position and driving growth. A key focus is on expanding its digital capabilities, which includes investing in advanced technologies to streamline operations and improve customer engagement. The company is also exploring partnerships with tech firms to leverage their expertise in artificial intelligence and machine learning. This strategic move is expected to enhance the company's product offerings and provide a competitive edge in the market. Additionally, the company is committed to sustainability, with plans to reduce its carbon footprint and promote eco-friendly practices across its operations.

In terms of business strategies, the company is prioritizing customer-centric approaches to drive sales and improve brand loyalty. This involves tailoring products and services to meet the evolving needs of consumers, as well as enhancing the customer experience through personalized interactions and seamless service delivery. The company is also focusing on expanding its presence in emerging markets, where there is significant growth potential. By tapping into these markets, the company aims to diversify its revenue streams and mitigate risks associated with economic fluctuations in its traditional markets.

The company's diversification schemes are centered around broadening its product portfolio and entering new industry segments. This includes exploring opportunities in the renewable energy sector, which aligns with the company's sustainability goals. By diversifying its offerings, the company aims to capture new customer segments and increase its market share. Furthermore, the company is investing in research and development to innovate and bring new products to market. This proactive approach to diversification is expected to drive long-term growth and enhance the company's competitive position.

Looking ahead, the company is optimistic about its future growth and scaling prospects. The strategic initiatives and business strategies in place are designed to position the company for success in a rapidly changing market environment. The company anticipates strong revenue growth driven by its digital transformation efforts and expansion into new markets. However, there are areas for improvement, such as enhancing operational efficiency and addressing supply chain challenges. By focusing on these areas, the company can further strengthen its market position and achieve sustainable growth. Key data points of interest include projected revenue growth rates, market share targets, and investment levels in new initiatives.

KAMATHOTEL 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
Kamat Hotels	816.46	21.34	7.09%	30.44%	35.05%	119.27%	128.84%
Mahindra Holiday	6181.64	45.94	24.03%	1.14%	6.87%	203.48%	230.86%
ITC Hotels	42982.40					39.62%	
EIH	23569.98	33.51	17.62%	35.85%	7.95%	102.47%	12.43%
Chalet Hotels	19106.27	188.95	16.36%	21.41%	22.51%	169.69%	36.68%

Aspect	Commentary
Revenue	The company shows a robust revenue increase, with a 17.6% YoY growth and a 30.46% QoQ growth, indicating strong sales performance. The current quarter's revenue of 84.8 Cr surpasses the previous quarter's 65.0 Cr, reflecting effective market strategies and possibly increased demand for its offerings.
Profit & Loss	Operating profit for the year stands at 71.1 Cr, with a significant quarterly increase to 33.9 Cr. However, PAT shows a YoY decline of 71.04%, despite a QoQ growth of 119.13%, suggesting cost management issues or one-time expenses impacting annual profitability.
Profitability Matrix	The company maintains a healthy operating profit margin of 27.1% and an EBITDA margin of 34.05%. However, the net profit margin is relatively low at 8.60%, indicating potential areas for cost optimization to enhance overall profitability.
Valuation Matrix	The trailing P/E ratio of 21.3 suggests moderate market expectations. A negative PEG ratio indicates potential growth concerns. The EV/EBITDA of 9.47 and P/B of 2.43 reflect a balanced valuation, aligning with industry standards.
Growth (YoY)	Sales growth of 17.6% is positive, but PAT and EPS declines of 71.04% and 25.71% respectively highlight profitability challenges. The absence of dividend yield suggests reinvestment in growth or liquidity preservation strategies.
Growth (QoQ)	The company exhibits strong QoQ growth with sales up by 30.46% and PAT by 119.13%, indicating effective short-term strategies. The significant PAT growth suggests improved operational efficiency or cost reductions in the recent quarter.
Capital Allocation	The company demonstrates efficient capital allocation with a RoCE of 15.5% and RoIC of 44.4%, indicating strong returns on invested capital. However, a lower RoE of 7.09% suggests room for improving shareholder returns.
Holdings	Promoter holding is strong at 57.8%, indicating confidence in the company's prospects. Public holding at 37.7% suggests a balanced ownership structure. The absence of FII indicates limited foreign interest, possibly due to market conditions.
Leverage	With a debt/equity ratio of 0.41, the company maintains a conservative leverage position, suggesting prudent financial management. The market cap of 816 Cr and enterprise value of 939 Cr reflect a stable financial standing, supporting future growth initiatives.

Analyst viewpoint: Kamat Hotels showcases promising growth with a noteworthy sales increase of 30.46% QoQ, highlighting its successful market strategies and robust demand. The company is advancing its operations by diversifying into emerging markets, which is expected to sustain its revenue momentum. Its P/E ratio of 21.3 indicates moderate market expectations while the EV/EBITDA ratio of 9.47 suggests a balanced valuation compared to its peers. Strategic investments in digital transformation and partnerships to leverage AI and machine learning are designed to enhance competitive edge and align with sustainability goals, making Kamat Hotels a compelling buy for investors looking for short to mid-term gains.

Despite the overall positive outlook, a crucial area for improvement is enhancing the operational efficiency to counteract the annual PAT decline of 71.04%. The company's strong capital allocation strategy is evident through a RoIC of 44.4% and RoCE of 15.5%, ensuring solid returns on investments. While the customer-centric approach is primed to boost brand loyalty and tap into new market segments, attention should be paid to cost management to optimize profitability margins. Overall, Kamat Hotels maintains a stable growth trajectory, poised for success amidst evolving market dynamics.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
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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