

**Price:** 502

**Recommendation:** Buy

**Industry:** Hotels & Resorts

**Sector:** Consumer Discretionary

**Report Date:** 18-Mar-2025

TAJGVK Hotels & Resorts Limited is a key player in India's hospitality sector, focusing on growth and expansion. The company is upgrading properties and exploring new locations, aligning with post-pandemic recovery trends. It is diversifying into wellness and experiential travel, enhancing guest experiences and opening new revenue streams. TAJGVK is also leveraging technology for efficiency and customer engagement, while pursuing sustainability and international collaborations for competitive advantage.

Sales		Profit & Loss		Profitability Matrix	
Current Year	441 Cr	Operating Profit(Year)	147 Cr	Operating Profit Margin	33.3 %
Previous Year	384 Cr	Operating Profit(Quarter)	49.6 Cr	EBITDA Margin	30.16 %
Current Quarter	127 Cr	PAT (Year)	75.2 Cr	Net Profit Margin	18.4 %
Previous Quarter	105 Cr	PAT (Quarter)	33.9 Cr	EPS	14.7
Revenue (QYoY)	111 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	34.2	Sales Growth	11.4 %	Sales Growth	20.95 %
PEG Ratio	1.35	PAT Growth	-5.76 %	Sales Growth QYoY	14.41 %
EV/EBITDA	20.6	EPS Growth	23.53 %	PAT Growth	72.96 %
P/B	5.55	Dividend Yield	0.30	PAT Growth QYoY	40.08 %
Capital Allocation		Holdings		Leverage	
RoE	14.8 %	Promoter	75.0 %	Debt/Equity	0.16
RoA	9.50 %	FII	1.68 %	Debt	90.6 Cr
RoCE	18.8 %	DII	2.60 %	Market Cap	3149 Cr
RoIC	17.0 %	Public	20.7 %	Enterprise value	3160 Cr
		No of Shares	6.27 Cr	Cash Equivalents	79.2 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

TAJGVK Hotels & Resorts Limited, a prominent player in the Indian hospitality sector, has been actively pursuing growth and expansion strategies to strengthen its market position. Recently, the company has focused on enhancing its portfolio by upgrading existing properties and exploring new locations for expansion. This aligns with the broader industry trend of capitalizing on the post-pandemic recovery in travel and tourism. TAJGVK's strategic initiatives include refurbishing its flagship properties to offer enhanced luxury experiences, which is expected to attract high-end clientele and boost occupancy rates. Additionally, the company is exploring opportunities in tier-2 and tier-3 cities, recognizing the untapped potential in these emerging markets.

In terms of diversification, TAJGVK is expanding its service offerings to include wellness and experiential travel, which are gaining popularity among modern travelers. The company is investing in spa facilities, wellness retreats, and curated local experiences to cater to the growing demand for holistic travel experiences. This diversification not only enhances the guest experience but also opens new revenue streams, contributing to the company's financial resilience. Furthermore, TAJGVK is leveraging technology to improve operational efficiency and customer engagement, with initiatives such as digital check-ins and personalized guest services, which are expected to enhance customer satisfaction and loyalty.

Looking ahead, TAJGVK's growth prospects appear promising, supported by a robust pipeline of projects and strategic partnerships. The company is actively seeking collaborations with international hospitality brands to bring global standards to its properties, which could significantly enhance its competitive edge. Additionally, TAJGVK is focusing on sustainable practices, such as energy-efficient operations and waste reduction, aligning with global sustainability trends. These efforts not only reduce operational costs but also appeal to environmentally conscious travelers, potentially increasing the company's market share in the eco-friendly segment.

To capitalize on these opportunities, TAJGVK could consider further strengthening its brand presence through targeted marketing campaigns and loyalty programs. Emphasizing its unique value propositions, such as luxury and sustainability, could differentiate it from competitors. Additionally, investing in staff training and development would ensure high service standards, crucial for maintaining a premium brand image. By continuing to innovate and adapt to changing market dynamics, TAJGVK is well-positioned to achieve sustainable growth and enhance shareholder value in the coming years.

TAJGVK 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	36753.50					39.62%	
TajGVK Hotels	3146.36	34.22	14.79%	20.70%	14.23%	72.47%	39.98%
EIH	22897.68	32.62	17.62%	35.85%	7.95%	102.47%	12.43%
Ventive Hospital	16950.44	102.71	65.74%	20.73%	23.14%	59.29%	-23.65%

Aspect	Commentary
Revenue	The company shows a strong revenue performance with a significant increase in both annual and quarterly figures. This growth indicates effective market strategies and a robust demand for its services, reflecting positively on its financial health and operational efficiency.
Profit & Loss	The profit and loss statement reveals a healthy operating profit margin, though net profit growth is slightly negative. This suggests that while operational efficiency is high, there may be external factors affecting net profitability, requiring strategic adjustments.
Profitability Matrix	The profitability matrix highlights strong operating and EBITDA margins, indicating efficient cost management. However, the net profit margin suggests room for improvement in converting revenue into profit, which could be addressed through strategic cost reductions.
Valuation Matrix	The valuation metrics, including a high P/E ratio, suggest the market has high expectations for future growth. The PEG ratio indicates growth is priced fairly, while the EV/EBITDA and P/B ratios reflect a premium valuation, possibly due to strong market positioning.
Growth (YoY)	Year-over-year growth metrics show robust sales and EPS growth, though PAT growth is negative. This indicates strong revenue generation but challenges in translating it into net profit, possibly due to increased costs or investments impacting short-term profitability.
Growth (QoQ)	Quarter-over-quarter growth is impressive, with significant increases in sales and PAT. This suggests effective short-term strategies and operational improvements, positioning the company well for continued growth and market competitiveness.
Capital Allocation	The capital allocation metrics reflect efficient use of resources, with strong returns on equity, assets, and capital employed. This indicates effective management strategies in deploying capital to generate returns, enhancing shareholder value.
Holdings	The holdings structure shows a high promoter stake, indicating confidence in the company's prospects. The relatively low institutional holding suggests potential for increased institutional interest, which could drive future stock performance.
Leverage	The company's leverage is low, with a favorable debt-to-equity ratio, indicating prudent financial management. This low leverage provides flexibility for future investments and growth opportunities without significant financial risk.

**Analyst viewpoint:** TAJGVK Hotels & Resorts Limited is well-positioned for significant growth in the short to mid-term, driven by its strategic expansion and portfolio enhancement efforts. The company's focus on upgrading existing properties and exploring new locations, in line with the industry's post-pandemic recovery, underscores its commitment to capturing market opportunities. Impressive quarter-on-quarter sales growth of 20.95% and substantial PAT growth of 72.96% highlight the effectiveness of its market strategies and robust demand for its luxury and diversified offerings. Additionally, TAJGVK is enhancing its service range with wellness and experiential travel, tapping into new revenue streams that strengthen its financial resilience. The robust valuation metrics, including a P/E ratio of 34.2 and a promising EV/EBITDA ratio, further reflect strong market positioning, forecasting sustained investor confidence and potential for capital appreciation.

From a financial and operational standpoint, TAJGVK demonstrates sound capital allocation with a strong return on equity of 14.8% and minimal leverage, evidenced by a debt-to-equity ratio of 0.16. These metrics point to prudent financial management and strategic capital deployment, fostering continued growth. The company's strategic initiatives, such as partnerships with international hospitality brands and a sharpened focus on sustainability, position it to maintain a competitive edge in the hospitality sector. Moreover, with a potential increase in institutional holding, there is further scope for stock performance enhancement. However, it's important to note that while operational efficiencies are high, the net profit margin indicates room for improvement, primarily in converting revenue into profit through strategic cost management initiatives.

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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