

Price: 455

Recommendation: Buy

Industry: Hotels & Resorts

Sector: Consumer Discretionary

Report Date: 03-Apr-2025

TAJGVK Hotels & Resorts Limited is a key player in the hospitality sector, focusing on growth and expansion. The company enhances its portfolio by upgrading properties and exploring new locations, aiming to meet the rising demand for luxury and business travel in India. TAJGVK invests in technology for better customer experiences and diversifies into food, beverage, wellness, and leisure. With a strong brand and eco-friendly practices, it targets emerging markets and tier-II cities for sustainable growth.

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	31.0	Sales Growth	11.4 %	Sales Growth	20.95 %
PEG Ratio	1.22	PAT Growth	-5.76 %	Sales Growth QYoY	14.41 %
EV/EBITDA	18.7	EPS Growth	23.53 %	PAT Growth	72.96 %
P/B	5.05	Dividend Yield	0.33	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	2856 Cr
RoIC	17.0 %	Public	20.7 %	Enterprise value	2867 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 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 development. This initiative is part of their broader strategy to capitalize on the growing demand for luxury and business travel accommodations in India. The company has also been investing in technology to improve customer experience, such as implementing advanced booking systems and personalized services, which are expected to drive customer satisfaction and loyalty.

In terms of diversification, TAJGVK has been exploring opportunities beyond traditional hotel services. The company is looking into expanding its food and beverage offerings, including the introduction of new dining concepts and partnerships with renowned chefs to attract a diverse clientele. Additionally, TAJGVK is considering venturing into wellness and leisure segments, recognizing the increasing consumer interest in health and well-being. These diversification efforts are aimed at creating new revenue streams and enhancing the overall guest experience, thereby positioning the company as a comprehensive hospitality provider.

Looking ahead, TAJGVK's growth prospects appear promising, supported by India's robust economic outlook and the anticipated recovery in the travel and tourism industry post-pandemic. The company is strategically planning to tap into emerging markets and tier-II cities, where there is significant potential for hospitality services. By leveraging its strong brand reputation and operational expertise, TAJGVK aims to capture a larger market share and achieve sustainable growth. Furthermore, the company's commitment to sustainability and eco-friendly practices is expected to resonate well with environmentally conscious travelers, providing a competitive edge in the industry.

To further enhance its growth trajectory, TAJGVK could consider forming strategic alliances with international hotel chains to expand its global footprint. Additionally, investing in digital marketing and social media campaigns could increase brand visibility and attract a younger demographic. Emphasizing employee training and development programs would also ensure high service standards and operational efficiency. By focusing on these areas, TAJGVK can strengthen its market position and continue to deliver value to its stakeholders. Overall, the company's proactive approach and strategic initiatives position it well for future success in the dynamic hospitality landscape.

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	6181.64	45.94	24.03%	1.14%	6.87%	203.48%	230.86%
ITC Hotels	42982.40					39.62%	
TajGVK Hotels	2856.02	31.01	14.79%	20.70%	14.23%	72.47%	39.98%
EIH	23569.98	33.51	17.62%	35.85%	7.95%	102.47%	12.43%
Chalet Hotels	19081.13	188.70	16.36%	21.41%	22.51%	169.69%	36.68%

Aspect	Commentary
Revenue	The company shows a robust revenue increase, with a year-on-year growth of 11.4% and a quarter-on-quarter growth of 20.95%. This indicates strong sales performance and effective market strategies, reflecting positively on the company's ability to capture market demand and expand its customer base.
Profit & Loss	Operating profit margins are healthy, with a significant quarterly profit increase of 72.96%. However, the year-on-year PAT growth is negative at -5.76%, suggesting challenges in cost management or external factors affecting net profitability.
Profitability Matrix	The company maintains a strong operating profit margin of 33.3% and a net profit margin of 18.4%, indicating efficient cost management and pricing strategies. The EPS growth of 23.53% further highlights the company's profitability and shareholder value enhancement.
Valuation Matrix	The valuation metrics show a trailing P/E of 31.0 and a PEG ratio of 1.22, suggesting the stock is priced for growth. The EV/EBITDA of 18.7 and P/B of 5.05 indicate a premium valuation, reflecting investor confidence in future earnings potential.
Growth (YoY)	Year-on-year growth metrics reveal a mixed performance, with sales growth at 11.4% but a decline in PAT by 5.76%. The positive EPS growth of 23.53% suggests improved earnings efficiency, despite challenges in net profit growth.
Growth (QoQ)	Quarter-on-quarter growth is strong, with sales increasing by 20.95% and PAT by 72.96%. This indicates effective short-term strategies and operational improvements, contributing to a robust financial performance in the recent quarter.
Capital Allocation	The company demonstrates efficient capital allocation with a RoE of 14.8% and RoCE of 18.8%. These figures suggest effective use of equity and capital employed, enhancing shareholder returns and operational efficiency.
Holdings	Promoter holding is high at 75%, indicating strong control and confidence in the company's prospects. Public holding stands at 20.7%, reflecting a balanced ownership structure that supports market liquidity and investor interest.
Leverage	The company maintains a low debt/equity ratio of 0.16, indicating prudent financial management and low leverage risk. This conservative approach to debt enhances financial stability and provides flexibility for future growth opportunities.

Analyst viewpoint: TAJGVK Hotels & Resorts Limited presents a compelling investment opportunity, driven by impressive growth metrics and strategic initiatives. The company reported robust quarterly sales growth of 20.95%, accompanied by an outstanding PAT increase of 72.96%, reflecting successful market strategies and improved operational efficiency. TAJGVK's focus on expanding its portfolio through property upgrades and exploring new markets, especially in tier-II cities, aligns with the anticipated recovery in the travel sector. Valuation metrics like a P/E ratio of 31 indicate the stock is priced with growth expectations, supported by a PEG ratio of 1.22. Additionally, the company's commitment to sustainability and diversification into wellness and leisure further solidifies its position as a comprehensive provider in the hospitality landscape.

Beyond traditional hospitality services, TAJGVK is enhancing its offerings by investing in advanced technology to elevate customer experiences and expanding its portfolio with innovative dining and wellness options. The strategic emphasis on emerging markets underlines a visionary approach to growth. However, a mild concern arises with the year-on-year PAT growth declining by 5.76%, which suggests potential challenges in cost management. Despite this, the company's robust financial health, reflected in a low debt/equity ratio of 0.16 and a high RoCE of 18.8%, ensures a solid foundation for sustained growth. Overall, TAJGVK's proactive strategies and market positioning indicate a positive trajectory, making it a noteworthy consideration for investors looking for short to mid-term gains.

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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